



Canada Foundation for Innovation
Fondation canadienne pour l'innovation

Policy and Program Guide

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1. CFI OVERVIEW

1.1 Mission and Mandate

The Canada Foundation for Innovation (CFI) is an independent corporation created by the Government of Canada in 1997 to fund research infrastructure. The CFI's mandate is to strengthen the capacity of Canadian universities, colleges, research hospitals, and non-profit research institutions to carry out world-class research and technology development that benefits Canadians.

CFI funding enables institutions to set their own research priorities in response to areas of importance to Canada. This allows researchers to compete with the best from around the world, and helps to solidify Canada's position in the global knowledge-based economy. The CFI supports national science and technology objectives and strengthens Canada's capacity for innovation by:

- increasing Canada's capability to carry out world-class scientific research and technology development;
- expanding research and job opportunities for young Canadians;
- promoting productive networks and collaboration among Canadian postsecondary educational institutions, research hospitals, and the private sector;
- supporting economic growth and job creation, as well as benefiting Canadians' health and their environment through innovation.

High-quality infrastructure helps Canadian research institutions attract, retain, and train highly skilled research personnel. It also leads to the creation of spin-off ventures and the commercialization of discoveries.

The CFI promotes the optimal use of research infrastructure within and among Canadian institutions and creates the necessary conditions for sustainable, long-term economic growth. The innovative research that results from great minds and solid infrastructure leads to improvements in public policy as well as in our health, environment, and quality of life.

1.2 Funding Architecture

The CFI funding architecture is based on a three-way program delivery system:

1. Open competitions for transformative infrastructure projects. The Leading Edge and New Initiatives Funds competitions are the main open competitions.
2. Pre-determined allocation-based program which gives universities the flexibility and rapid turnaround time needed to facilitate the recruitment and retention of leading researchers. The Leaders Opportunity Fund addresses this need.
3. Program to defray a portion of operating and maintenance expenses to ensure optimal use of CFI-funded infrastructure. The Infrastructure Operating Fund addresses this need.

1.3 Definitions

Infrastructure

Equipment, scientific collections, computer software, information databases, and communication linkages, used or to be used primarily for carrying out research, including housing and installations essential for the use and servicing of the above infrastructure.

Innovation

Innovation is a process that begins with the creation of knowledge in research, and continues through its applications, for the benefit of Canadian society.

Research

Experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundation of phenomena and observable facts or on new knowledge directed primarily towards a specific practical aim or objective.

Technology Development

Systematic work, drawing on existing knowledge gained from research and/or practical experience, which is directed to producing new materials, products or devices, to installing new processes, systems and services, or substantially improving those already produced or installed.

Research Training

The training of highly qualified personnel through research, including:

- technicians;
- research associates;
- undergraduate students;
- graduate students;
- postdoctoral fellows;
- other trainees.

2. FUNDING ARCHITECTURE

The CFI's funding architecture is designed to deliver on the CFI's mandate by meeting the current needs of the research community, its partners, and stakeholders.

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3. Program to defray a portion of operating and maintenance expenses to ensure optimal use of CFI-funded infrastructure. The Infrastructure Operating Fund addresses this need.

In addition to the three core programs, the CFI has also provided for strategic investments through the National Platforms Fund and Research Hospitals Fund. Finally, the CFI has created the Exceptional Opportunities Fund to address the rare instances where an exceptional research opportunity would be missed if a project was required to wait out a national competition.

Information related to inactive funds can be found in the "Programs" section of CFI's website under the "Funds" subsection.

(<http://www.innovation.ca/en/programs>)

2.1 Leading Edge Fund / New Initiatives Fund

Reflecting the key role outlined for the CFI in the Government of Canada's Science and Technology Strategy, the Leading Edge Fund (LEF) and the New Initiatives Fund (NIF) seek innovative and transformative infrastructure projects covering the full spectrum of research and technology development activities, and in all disciplines that will lead to breakthroughs and benefits for Canadians.

The LEF/NIF competition seeks to strengthen and enhance Canada's capacity for highly competitive research and technology development in areas of institutional priority, in either:

- LEF: leading edge activities that build on past CFI investments at the applicant institution through the Innovation Fund (IF), the International Joint Venture Fund (IJVF), or the Research Development Funds (CRDF or URDF), and that are dependent upon the results and outcomes of these infrastructure projects;
- NIF: promising innovative directions in research and technology development that do not build on past CFI investments at the institution (through the IF, the IJVF, the CRDF, the URDF, the LEF, or the NIF), and that are not dependent on the results and outcomes of past infrastructure projects.

To a level appropriate to its magnitude and complexity, a proposal should:

- Demonstrate world-class excellence through:
 - world-class research or technology development currently beyond the means of Canadian institutions, and that is linked to new concepts as well as to different and better ways of performing research or technology development;
 - research that capitalizes on significant past CFI investments in areas of strategic importance and institutional strength where the research has been recognized as world class;
 - transformative research that involves new ways of approaching research questions that have the potential to challenge existing perspectives, create new fields of activity, and lead to new technologies;
 - projects that attract and retain the best researchers, and provide a stimulating and innovative training environment.
- Foster partnerships that lead to:
 - synergies among research infrastructure investments and disciplines;
 - collaboration among institutions and with external partners;
 - enhancement of existing networks and new regional, national, and international networks and partnerships.
- Focus on priorities showing:
 - evidence of substantial institutional support and commitment;
 - research and development opportunities that draw on local, national, and international intellectual capital.

- Generate impacts leading to:
 - improvements to society and quality of life, as well as the development of new public policies;
 - socio-economic benefits for Canada through the development and improvement of products and services;
 - facilitation of new technologies development (e.g., proof of concept, prototyping) and the commercialization of research results.

The *Call for Proposals* is available in the “Programs” section of CFI’s website under the “Funds” subsection. (<http://www.innovation.ca/en/programs>)

2.2 Leaders Opportunity Fund

The Leaders Opportunity Fund (LOF) is designed to assist universities in attracting excellent faculty to Canadian universities as well as retaining the best researchers for Canada.

To this end, the LOF offers universities the opportunity to:

- acquire infrastructure for their leading research faculty to undertake cutting-edge research;
- create competitive packages of research support – infrastructure and a portion of operating and maintenance costs from the CFI, direct research costs from partner organizations (e.g. Canada Research Chairs, Tri-Council agencies).

The LOF is an allocation-based fund whereby the CFI predetermines the maximum amount of funding available for each eligible institution. Universities that had a minimum annual average of \$300,000 in sponsored research income (excluding CFI awards) from 2000-2001 through 2002-2003, as reported by the Canadian Association of University Business Offices (CAUBO), have received a LOF allocation. These allocations may be reviewed periodically as new funds are made available to the CFI.

A university that has a LOF allocation may put forward a proposal for either a current faculty member who holds a full-time academic appointment, or for an identified candidate whom the university is in the process of recruiting to a full-time academic position. Universities are expected to submit LOF proposals to attract or retain faculty in priority areas as identified in their Strategic Research Plan. Research hospitals and research institutes may only apply through the eligible universities with which they are affiliated.

Candidates must be recognized leaders in their field of research, or show promise of becoming research leaders. They must be engaged in, or embarking on, an innovative research program for which the infrastructure is essential and which will provide an enriched research training environment.

The LOF is intended to serve the infrastructure needs of individual faculty, or small groups of up to three faculty members where there is a need to share infrastructure. The LOF is not intended to serve the infrastructure needs of larger groups, centres, departments, or institutions. As such, the CFI will not normally accept proposals under the LOF with total costs in excess of \$1 million.

The LOF has three streams. The nature of the application and review processes will depend upon whether the university is seeking funding for:

1. research infrastructure alone;
2. research infrastructure associated with a Canada Research Chair. Infrastructure should be requested at the time of the chair's nomination or renewal;
3. research infrastructure from the CFI and research support from federal funding agencies. The CFI has partnered with the Canadian Institute for Health Research (CIHR), the Natural Sciences and Engineering Research Council (NSERC), and the Social Sciences and Humanities Research Council (SSHRC) to jointly review applications.

The complete *Program Description* is available in the "Programs" section of CFI's website under the "Funds" subsection (<http://www.innovation.ca/en/programs>)

2.3 Infrastructure Operating Fund

The Infrastructure Operating Fund (IOF) is designed to contribute to the operating and maintenance costs of CFI-funded infrastructure.

When submitting a CFI infrastructure proposal, institutions provide an outline of the anticipated operating and maintenance costs of the infrastructure, and an indication of the sources of funding for these costs for the first five years of operation. Institutions must demonstrate that they have adequate funds to ensure the infrastructure will be operational and sustainable for at least five years. The IOF helps institutions with a portion of these costs to maximize the efficient utilization of CFI-funded infrastructure ([see Section 6.8](#)).

The institution's IOF allocation is based on the finalized CFI contribution for eligible projects. All CFI projects approved after July 1, 2001, generate IOF, with the exception of projects funded under the Canada Research Chairs Infrastructure Fund and the International Fund. Leaders Opportunity Fund projects give rise to an IOF allocation representing 20 percent of the total finalized CFI contribution. All other eligible projects give rise to an IOF allocation representing 30 percent of the total finalized CFI contribution. Institutions can view the details of their allocation on the CFI website, under the "Institutional Finance Login" section

([https://www2.innovation.ca/pls/frcfi/w2000\\$en.startup](https://www2.innovation.ca/pls/frcfi/w2000$en.startup)).

Each eligible institution is responsible for deciding on how the funds are divided among projects eligible to receive IOF. All CFI projects approved after July 1, 2001, are eligible to receive IOF, with the exception of projects funded under the Canada Research Chairs Infrastructure Fund, the Leaders Opportunity Fund (when the candidate is a Canada Research Chair holder), and the International Fund. Institutions can distribute their IOF allocation based on actual operating and maintenance needs as opposed to allocating the exact amount to the project that generated it, giving institutions maximum flexibility to support projects with different needs and scope, while ensuring accountability.

2.4 National Platforms Fund

The objective of the National Platforms Fund is to provide research infrastructure, resources, and services that meet the needs of many research areas, and that may require periodic reinvestments to stay competitive internationally because of the nature of the technologies. To achieve this objective, a pan-Canadian approach that builds on and transcends the priorities and development plans of single institutions is needed, and requires the support of a number of partners and agencies. So far, high performance computing, knowledge management infrastructure in the social sciences and humanities, as well as digital content infrastructure in the social sciences and humanities have been identified as meeting the purpose and intent of this funding mechanism.

2.5 Research Hospital Fund

To address current and future health challenges, support is needed for research that will lead to groundbreaking discoveries and knowledge that can be translated quickly and effectively into improved health for Canadians, more effective health services and products, and a better health care system.

Research hospitals are meeting these challenges by forming new, multidisciplinary, and solution-oriented research structures. But Canada's research hospital community requires, among other things, access to high-quality research infrastructure to compete at the international level, and to translate its research results in a timely fashion.

The Research Hospital Fund (RHF) was created by the federal government to contribute to large-scale, hospital-based research initiatives that take full advantage of high-quality equipment, innovative ways of doing research, and increased research capacity as a result of hiring highly qualified personnel. The RHF will help address the needs for further investment in research hospital infrastructure, especially for new and different space that takes a more integrated and multidisciplinary approach to health research.

It should be emphasized that the RHF differs from other CFI programs in one key respect: it is targeted at large-scale projects in which space is a key feature. This distinguishing feature has significant ramifications on eligible costs in that the space requirements are not restricted to that which is essential to house and use the research equipment.

There are two components under the RHF:

1. Large-Scale Institutional Endeavours (LSIE) that require space and other research infrastructure to support excellent research, training, and knowledge translation in one or more research themes of strategic importance to the hospital. Under this component, research hospitals will be seeking funding from CFI and their partners for infrastructure.
2. Regional/National Clinical Research Initiatives (CRI) that seek to build and enhance Canada's capacity for clinical research. This component will provide the opportunity to seek funding for infrastructure from the CFI and funding for research, training and operations from the Canadian Institutes of Health Research. Through the CRI, it is also possible to apply for funding for clinical research, training and operations without infrastructure.

2.6 Exceptional Opportunities Fund

While most infrastructure projects require significant time from conceptualization to implementation, there are rare instances where an exceptional research opportunity will be missed if a project has to wait out the normal cycle of a national competition before a decision can be rendered. To remedy this, the CFI created the Exceptional Opportunities Fund to further assist institutions and their partners to participate in unique opportunities.

To qualify for such an approach, a project must take advantage of an exceptional, urgent, and time-sensitive opportunity and partnership — such as the potential loss of funding for research from international sources or private sector — that justifies having the project considered outside the CFI's regular pan-Canadian competitive review process. The nature of the project must require the coordination and financial support of other relevant agencies for the funding of research, infrastructure, and operations in a timely manner. The infrastructure component must also be an indispensable element of the project. Projects which, in whole or part, have already been reviewed by the CFI are not eligible.

We expect to consider very few projects under this fund. For this reason, institutions should first approach their CFI Senior Programs Officer. The application process has two steps:

1. The institution submits a letter of intent that addresses the exceptional opportunity, the significance of the partnership, and the urgency and need for funding outside the normal process. A standing multidisciplinary committee will review the justification and recommend to the CFI Board of Directors whether a complete application should be invited.
2. The institution will submit the complete application upon invitation from the CFI. The assessment of complete applications will be tailored to the nature and complexity of each proposal.

The CFI will provide funding to a maximum of 40 percent of the total eligible costs of the infrastructure project. The remainder must be provided by the institution(s) and/or eligible funding partners.

3. ELIGIBLE INSTITUTIONS

Eligible institutions are permitted to apply for, receive and administer funding from the CFI.

3.1 Eligibility Guidelines

An eligible institution is defined as:

- A university, hospital, or post-secondary college or educational institution that:
 - is situated in Canada;
 - has demonstrated its capacity to support and conduct research.

or

- A non-profit institution that:
 - is not an agency of the federal government, a provincial government, a territorial government, or a for-profit organization;
 - has its activities primarily carried out in Canada;
 - has demonstrated its capacity to support and conduct research.

Every institution that wishes to apply for CFI funding and/or receive and administer CFI funding must request confirmation of eligibility from the CFI. Proposals for funding will only be accepted from an institution once its eligibility has been confirmed. Detailed eligibility conditions are described in the following sections.

3.1.1 Universities

The CFI may approve a university as an eligible institution if it demonstrates the following:

- Capacity to support and conduct research
- Ability to grant degrees (minimum Bachelor's level)
- Full qualification to carry out independent research and track record in research for the large majority of faculty members
- Engagement of faculty members in research
- Provision of sufficient time for faculty members to conduct research
- Capacity to provide the basic facilities and services to enable faculty members to carry out research

- No institutional constraints on the publication of research results
- Willingness and ability to administer CFI funding in accordance with the CFI's requirements

The institution must also include the following information to confirm its eligibility:

- An official statement of policy regarding the role of research at the institution in the context of its educational mandate
- A list of faculty members actively involved in research
- Brief descriptions of a representative sample of research conducted at the institution
- A list of publications authored by the institution's faculty members over the last three years
- A list of grants and contracts awarded to the institution and/or the institution's faculty members over the last three years

3.1.2 Other Post-Secondary Educational Institutions

The CFI may approve any other post-secondary educational institution (e.g. college or cégep) as an eligible institution if it demonstrates the following:

- Capacity to support and conduct research
- Ability to grant diplomas or "diplôme d'études collégiales (DEC)", in accordance with provincial or territorial standards
- Existence of an established research mission
- Availability of the necessary resources to carry out the research mission
- Full qualification to carry out independent research and track record in research for teachers proposed as principal investigators
- Provision of sufficient time for teachers to conduct research
- Capacity to provide the basic facilities and services to enable teachers to carry out research
- No institutional constraints on the publication of research results
- Willingness and ability to administer CFI funding in accordance with the CFI's requirements

The institution must also include the following information to confirm its eligibility:

- An official statement of policy regarding the role of research at the institution in the context of its educational mandate
- A list of teachers actively involved in research
- Brief descriptions of a representative sample of research conducted at the institution
- A list of publications authored by the institution's teachers over the last three years
- A list of grants and contracts awarded to the institution and/or the institution's teachers over the last three years

3.1.3 Hospitals

The CFI may approve a hospital as an eligible institution if it demonstrates the following:

- Capacity to support and conduct research
- Existence of an established research and training mission
- Availability of the necessary resources to carry out the research and training mission
- Full qualification to carry out independent research and track record in research for employees proposed as principal investigators
- Provision of sufficient time for employees to conduct research
- Capacity to provide the basic facilities and services to enable employees to carry out research
- No institutional constraints on the publication of research results
- Willingness and ability to administer CFI funding in accordance with the CFI's requirements

The institution must also include the following information to confirm its eligibility:

- An official statement of policy regarding the role of research and training at the institution
- The CVs of employees proposed as principal investigators
- Brief descriptions of a representative sample of research conducted at the institution
- A list of publications authored by the institution's employees over the last three years
- A list of grants and contracts awarded to the institution and/or the institution's employees over the last three years

3.1.4 Non-Profit Research Institutions

The CFI may approve a non-profit research institution as an eligible institution if it demonstrates the following:

- Non-profit status for income tax purposes
- Capacity to support and conduct research
- Existence of an established research and training mission
- Availability of the necessary resources to carry out the research and training mission
- Full-time appointment of researchers to conduct research
- Full qualification to carry out independent research and track record in research for researchers proposed as principal investigators
- Capacity to provide the basic facilities and services to enable researchers to carry out research
- No institutional constraints on the publication of research results
- Willingness and ability to administer CFI funding in accordance with the CFI's requirements

The institution must also include the following information to confirm its eligibility:

- Statutes, incorporation documents and by-laws
- A list of the members of the Board of Directors, including the current occupation of each member
- A detailed outline of the organization's research training activities, including the types (e.g. master's student, post-doctoral fellow, etc.) of individuals trained
- The institution's publication policy
- The CVs of the researchers employed by or appointed to the non-profit research institution (the CVs of researchers having a full-time appointment in another institution are not acceptable)
- Brief descriptions of a representative sample of research conducted at the institution
- A list of publications authored by the institution's researchers over the last three years
- The institution's operating and research budgets, including annual research and research training components, for the last three years

When a non-profit institution requests status as an eligible institution, the CFI must review the institution's statutes to ensure that the institution is not an agency of the federal government, a provincial government, a territorial government, or a for-profit organization. In cases where the legal status of an institution is unclear, the CFI will seek legal advice in advance of determining the institution's eligibility.

3.2 Exceptions

An institution that is affiliated, federated or closely associated with another eligible institution will not be considered eligible unless it:

- receives its operating budget directly from the provincial or territorial government; and
- has its own Board of Directors.

If the institution does not meet both the above-noted criteria, it will be expected to apply for CFI funding through the eligible institution with which it is affiliated, federated, or closely associated. The eligible institution will receive and administer funding.

Networks of Centres of Excellence (and similar organizations sponsored by provincial or territorial governments), Canadian Institutes of Health Research, and Genome Canada Centres may submit proposals to the CFI through one or more participating eligible institutions.

3.3 Exclusions

The following organizations will not be considered eligible and cannot apply for, receive, or administer CFI funding:

- For-profit organizations and agencies of for-profit entities
- Federal departments, departmental corporations, parent Crown corporations, or wholly-owned subsidiaries of parent Crown corporations
- Provincial or territorial departments, agencies, or Crown corporations (except for universities, colleges, other educational institutions, or hospitals)
- Non-profit corporations that have been established by any of the above

4. ELIGIBLE PROJECTS, COSTS AND CONTRIBUTIONS

The CFI will usually provide funding to a maximum of 40 percent of the total eligible costs of the infrastructure projects it supports. The remainder must be provided by the institution(s) and/or eligible funding partners.

4.1 Eligible Infrastructure Projects

An eligible infrastructure project involves the modernization, acquisition, development, or leasing of research infrastructure. The eligible infrastructure represents a new capital asset and provides new and/or improved research capability, including research tools and/or research facilities.

The CFI does not expect to receive separate proposals for each item of equipment or infrastructure. Rather, each proposal should include all the necessary and eligible infrastructure items required to successfully carry out the project.

4.2 Infrastructure Ownership

The eligible recipient of the infrastructure shall exercise de facto control over and hold a majority interest in the CFI-funded infrastructure. An eligible recipient is defined as the eligible institution — alone or as a member of a group (the majority of which are eligible institutions) — that receives and administers CFI funding as part of a proposal for an infrastructure project.

The eligible recipient will:

- operate and use the research infrastructure;
- exercise de facto control over and hold a majority interest in the research infrastructure for a period of five years from the date of acquisition and installation of the research infrastructure, or for another period that the CFI deems appropriate;
- assume responsibility to insure all CFI-funded research infrastructure, including powered vehicles.

During the five-year period, from the date of acquisition and installation of the research infrastructure, the eligible recipient may, with pre-approval from the CFI, transfer de facto control and majority interest in the research infrastructure to another eligible institution or to a group (the majority of which are eligible institutions).

4.3 Intellectual Property Ownership

The CFI does not keep or claim any ownership of, or exploitation rights to any intellectual property arising from CFI-funded infrastructure projects. The CFI expects the recipient institution to determine these rights, in accordance with its current institutional policies.

4.4 Location of Infrastructure

The infrastructure will normally be located at the eligible institution(s). The infrastructure may be located outside of the eligible institution when it is demonstrated to the CFI that the alternate location is required and of benefit to the funded project. In these cases, the eligible institution must exercise de facto control over and hold a majority interest in the CFI-funded infrastructure. The infrastructure must normally be located within Canada.

4.5 Eligible Costs for Infrastructure Projects

The costs of modernizing, acquiring, developing, or leasing research infrastructure are eligible. In the case of leasing, the application must demonstrate that leasing is at least as cost-effective as purchasing, and must justify the proposed term of the lease. Leases cannot include any ongoing operating, maintenance, or financing costs.

Eligible costs include all goods and services required to bring the new infrastructure into operation, as well as warranties and service contracts included in the infrastructure purchase price. Eligible costs may include taxes (net of credits received), shipping, and installation. However, taxes must not be calculated on the in-kind portion. Eligible costs

must include the full cost of each item, but exclude any part of the ongoing costs of operating and maintaining a facility.

Infrastructure used for purposes other than research is eligible as long as it is primarily used for research and that the total cost is pro-rated to include only the research portion of the infrastructure. To estimate the proportion of time that the infrastructure is used for research (i.e. time used for research divided by total available time), the following factors should be considered:

- Availability of the infrastructure for research. For the purposes of calculation, the time used for research may correspond to the time available for research.
- Normal operating period. For the purposes of calculation, the total available time may correspond to the normal operating period. For example, if the normal operating period for a particular piece of equipment is to operate on weekdays only, non-research use of the infrastructure during weekends does not need to be taken into account as this is outside the normal operating period.
- Variation of usage over time. If usage of the infrastructure is expected to vary over time, a weighted average over the required five-year period of de facto control should be calculated.

Examples of eligible and non-eligible costs are provided below. Additional details of costs relating to personnel, construction or renovation, databases, and digital libraries are provided in the following sections. Eligible costs associated with a specific competition are detailed in the relevant *Call for Proposals* archived in the “Programs” section of CFI’s website under the “Funds” subsection

(<http://www.innovation.ca/en/programs>). If a particular item is not clearly defined as either eligible or ineligible, the CFI will consider the request on a case-by-case basis.

Eligible Costs

- Research equipment and components
- Shipping or transportation of research infrastructure (including brokerage fees, excise taxes and duties)
- Warranty and/or service contract purchased at the same time as the research infrastructure. The initial warranty period plus any extended warranty/service contract period must not exceed five years.
- Software licences. Initial license period plus any upgrade(s) must not exceed five years.
- Laboratory furniture
- Communications infrastructure used for research activities (including infrastructure required for collaborations identified in the proposal)
- Travel to a manufacturer, dealer, or supplier to select the research infrastructure
- Initial training for the main operator(s) of the research infrastructure. It is expected that the main operator(s) will train other users. Alternatively, an initial group training session may be provided by the vendor at the institution.

- Professional, technical, and managerial personnel, consultants, and contractors directly involved in the design, engineering, manufacturing, installation, construction, or renovation of the infrastructure
- Construction or renovation of space essential for housing, and using the infrastructure effectively
- Acquisition of a database, or the time-limited design and development of a database to the point that it is ready for exploitation by a designated research community
- Costs associated with a digital library initiative that builds on the CFI-funded Canadian National Site Licensing Project

Non-Eligible Costs

- Purchase or lease of real property
- Supplies and consumables
- Infrastructure used for teaching and/or clinical care
- Infrastructure used for dissemination activities
- Office supplies and office furniture
- High-speed network access to the regional (Optical Regional Advanced Network) and national (CANet) backbones
- Trainees' stipends (undergraduate student, graduate student, and postdoctoral fellow) and researchers' salaries
- Operating costs related to the general maintenance and overhead of the research infrastructure, and of the building or other facility in which the research infrastructure is situated
- Research-related costs (e.g. primary data collection, recruitment initiatives, publication fees, etc.)
- Conference travel
- Administrative costs not specifically listed as eligible costs

4.5.1 Personnel

The costs of retaining professional, technical, and managerial personnel, consultants, and contractors directly involved in the design, engineering, manufacturing, installation, construction, or renovation of the infrastructure are eligible.

An institution may retain the services of an external provider, in which case the full cost paid to the external provider is considered eligible, assuming it is related to eligible activities. Alternatively, some institutions may have some professionals, technicians, managers and consultants on staff that perform the eligible activities.

Normally, there are established practices at each institution that dictate how costs associated with internal services will be charged. Although there are various internal practices, these will usually consist of one, or a combination of the following:

1. The use of the actual salary cost of the individual plus fringe benefits, multiplied by the actual amount of time spent
2. The use of an internal rate reflecting an average salary cost plus associated fringe benefits, multiplied by the actual amount of time spent
3. The use of an internal rate reflecting an average salary cost plus associated fringe benefits plus overhead component, multiplied by the actual amount of time spent*
4. The use of an approved internal fee for service. The fee may include an overhead component.*
5. In the case of architectural and/or engineering and/or project management costs related to construction/renovation projects, the use of a fixed percentage of total construction/renovation costs. The percentage may include an overhead component.*

*These departments usually operate on a full-cost recovery basis.

The CFI accepts practices 1 and 2 in all instances. Assuming that an institution does not recuperate more than the full costs of a department associated with providing the services through the use of an internal rate, fee, or fixed percentage, and that the costs of a department which are recovered from the CFI are not claimed for reimbursement from another source, the CFI will accept practices 3, 4 and 5 if:

- this is the normal practice of the institution for the employee providing the service or performing the work related to the eligible activity. This means that the practice used to report expenditures in a CFI-funded project must be consistent with the way expenditures are reported for similar services associated with activities not related to a CFI-funded project;
- the internal rate, fee, or fixed percentage of construction/renovation cost used is the same as the one used for all other internal clients;
- the rate, fee, or fixed percentage used is less or equal to fair market value.

If one of the above conditions is not met, then practices 1 or 2 must be used to report expenditures in a CFI-funded project.

4.5.2 Construction and Renovation

Infrastructure projects may involve the construction of a new building or the development of new space in an existing building (e.g. new floors, reconfiguration of existing space) only when the new space is essential to house and use the eligible infrastructure being acquired. Thus, instalment(s) for the equipment to be located in the constructed or renovated space will only be paid once this space is ready to house the equipment. Where there is an option to either renovate an existing building or construct a new building, the most cost-effective option must be chosen.

Eligible Costs

- Direct construction or renovation costs, soft costs (e.g. site development and planning, architectural and design services, professional fees, permits, and

insurance), and contingency costs (at the application stage only and not to exceed 10 percent of the construction costs) for the following types of eligible space:

- Space to house the infrastructure (e.g. laboratories, animal facilities, computer rooms, and greenhouses)
- Space to use the infrastructure or conduct research (e.g. workstations, storage areas, technicians' offices, and interview rooms)
- Additional space to house and use other eligible infrastructure (i.e. not part of the current proposal) that is essential to the use of the requested infrastructure. The primary justification for new or renovated space must be the housing and use of the requested infrastructure.
- Essential (i.e. as required by building codes) common elements, such as custodial areas, circulation areas, stairways, elevator shafts, mechanical and utility areas, and space occupied by structural features (e.g. fire walls)
- Costs related to the essential modification of the space immediately adjacent to the CFI-eligible constructed or renovated space that are a direct result of the construction or renovation of the eligible space

Non-Eligible Costs

- Direct construction or renovation costs, soft costs and contingency costs for the following types of spaces:
 - Space for non-research use (e.g. administration, teaching and clinical services)
 - Space to house non-eligible equipment
 - Office space for faculty, administrative staff, and students
 - Space for meeting or conference rooms
- Costs to relocate existing tenants
- Landscaping costs
- Art collections
- Administrative costs

Cost Allocation for CFI-Funded Construction or Renovation that are Part of a Larger Undertaking

When the CFI funds a portion of a larger construction or renovation undertaking, the estimated costs for the CFI-funded space must reflect, as accurately as possible, the actual cost of this specific space. Costs for common elements and soft costs must be pro-rated to the CFI-funded portion of the undertaking. It is the responsibility of the institution to develop an appropriate cost allocation method for each project where the CFI-funded construction or renovation is part of a larger undertaking. A framework for the evaluation of cost allocation methods, as well as examples of detailed and simplified cost allocation methods, are available in the "Finance" section of CFI's website under "Frequently Asked Questions"

(<http://www.innovation.ca/en/finance>) . The CFI will allow an institution to use a simplified cost allocation method only if the average cost of the CFI-funded space is representative of, or higher than, the average cost of the overall undertaking.

Requirements at the Application Stage

Infrastructure projects that include construction or renovations must be developed well beyond the conceptual stage at the time of submission of a proposal. The CFI expects the institution to have defined the needs for the building, explored and decided upon the most feasible option, and have reliable estimates of the construction or renovation costs (e.g. estimates by a quantity surveyor or contractor, use of industry standards, or experience with similar construction or renovation in recent years).

The CFI expects institutions to start the construction or renovation component of a funded project within 18 months following the award announcement. Within this time frame, contracts for construction or renovation must have been finalized, and the construction or renovation work begun. While the CFI recognizes that some projects may include large and complex construction or renovation components, institutions are expected to have completed planning and development work for such projects at the application stage. When a project involves construction or renovation on multiple sites, the construction or renovation on every site should start within 18 months.

For all projects involving construction or renovation, the institutions must provide the following information:

- Complete description of the entire new space, inclusive of common elements (e.g. corridors, washrooms, etc). The description should include the following information for all areas within the new space:
 - Location(s)
 - Size (in square feet or square meters)
 - Nature (wet lab, dry lab, office, greenhouse, etc.)
- Timeline identifying key dates for the various stages of the proposed construction
- Detailed breakdown of the overall cost of the construction or renovation project, categorized by cost component (i.e. direct construction costs, soft costs, and contingency costs)
- Rationale for special circumstances which may affect the cost
- Overall cost per square foot or meter
- When construction or renovation involves multiple rooms, floor plans of the proposed new area(s), showing where the infrastructure will be located and the scale of the plans

4.5.3 Databases

A research database is a systematic collection of information that is designed and structured for access and exploitation as a research tool or resource. A database may be held in one central location or distributed across a network. CFI funding will focus on

either the acquisition of a database, or the time-limited design and development of a database to the point that it is ready for exploitation by a designated research community.

Eligible Costs

- Computers, communications hardware, and software
- Purchase or lease of existing datasets. The initial access period plus any update must not exceed five years.
- Technical or professional work required for the time-limited design and development of a database to the point that it is ready for exploitation by a designated research community, including:
 - Data cleaning (i.e. verification, editing), coding, format conversion, data entry, and data transfer
 - Design, development, beta testing, piloting, commissioning, and integration of the database(s)
 - Merging and organizing existing data that are not currently in readily accessible reference units that can be used efficiently and effectively
- Development of documentation or electronic user manuals and guides designed to facilitate effective use of the database
- Construction or renovation to house and use the database

Non-Eligible Costs

- Research costs to produce a dataset or database, including:
 - Primary data collection
 - Questionnaire development
 - Survey protocol design
 - Development of sampling methodologies
 - Fieldwork
 - Conduct of surveys and interviews
- Non-technical personnel costs (e.g. privacy officers, security auditors, security personnel)
- Routine update of a database
- Access to a database for research use
- Research activities using the CFI-funded database

4.5.4 Digital Libraries

In 1999, the CFI awarded \$20 million to the Canadian National Site Licensing Project, which was intended to provide Canadian universities with access to electronic

publications in diverse research areas, including social sciences and humanities. Any new proposed project is expected to build upon this initiative.

Eligible Costs

- Initial acquisition of new forms of content (e.g. linked and structured databases, national site licenses)
- Creation or enhancement of an operational information collection (excluding conventional acquisitions) in a specific area of research application (e.g. health, environment)
- Acquisition and customization of tools for supporting regional or national networked content (e.g. hardware, communications, security, and applications software)
- Acquisition and customization of tools to enhance value to the user (e.g. intelligent search, analysis and representation agents)

Non-Eligible Costs

- Construction or renovation of libraries
- Upgrade of facilities for accessing conventional library collections
- Costs to maintain library collections (e.g. digitizing or conversion to electronic form of existing, conventional collections)
- Conventional collections

4.6 Eligible Costs for the Infrastructure Operating Fund

Under the Infrastructure Operating Fund (IOF), the costs of operating and maintaining CFI-funded infrastructure are eligible. Unlike the majority of CFI's programs, no partner funding is required.

An eligible operation and maintenance cost for the IOF must meet the following conditions:

- The infrastructure item to which it relates must have been funded by the CFI as part of an infrastructure project eligible to receive IOF (i.e. it appears on the [Itemized List](#)). All CFI projects approved after July 1, 2001, are eligible to receive IOF, with the exception of projects funded under the Canada Research Chairs Infrastructure Fund, the Leaders Opportunity Fund (when the candidate is a Canada Research Chair holder), and the International Funds;
- The CFI-funded infrastructure project to which it relates must have passed the stage of award finalization (i.e. an award agreement is in place for the infrastructure project);
- The operation and maintenance activities are needed to ensure the infrastructure can be used to carry out the proposed research;

- The infrastructure must still be used for research purposes. There is no maximum number of years for which IOF can be claimed, as long as the infrastructure is still being used for research purposes during the period claimed.

Only the proportion of operation and maintenance costs associated with the research portion of the infrastructure is eligible.

Eligible Costs

- Salaries (including benefits) of highly qualified personnel (technicians or professionals) directly involved in the operation and maintenance of the CFI-funded infrastructure. Up to the full salary of the highly qualified personnel may be eligible if the infrastructure cannot be operated without the assistance of the highly qualified personnel
- Maintenance and repairs, including maintenance contracts
- Extended warranties and/or service contracts (including parts and professional labour) not included in the initial application for the infrastructure project
- Extensions to warranty coverage and software upgrades
- Replacement parts
- Replacement of a CFI-funded infrastructure item needing repair only if replacement is more cost effective than the repair of the existing item. The replacement item must have similar functionality
- Services (e.g. electricity, security, cleaning) that directly support the CFI-funded equipment, or CFI-funded constructed/renovated space. Only the portion attributable to the CFI-funded infrastructure is eligible
- Supplies and consumables that are needed to operate the research infrastructure (not to exceed 10 percent of the cumulative total IOF claimed by the institution)

Non-Eligible Costs

- Cost of equipment, installation, and construction or renovation that would be deemed eligible under a CFI infrastructure project
- Upgrades related to the infrastructure
- Extended warranties and/or service contracts included in the initial application for the infrastructure project
- Telephone, internet, and cable or satellite television services that are not needed to ensure the infrastructure can be used for research
- Insurance

- Costs that are not directly related to the CFI-funded infrastructure (e.g. maintenance contract for equipment not acquired through a CFI-funded infrastructure project that is eligible to receive IOF, services related to space for which the CFI has not funded the construction or renovation, etc.)
- Trainees' stipends (undergraduate student, graduate student, and postdoctoral fellow) and researchers' salaries
- Personnel with a primary responsibility for training users
- Administrative, secretarial, or clerical personnel who are not directly related to the operation and maintenance of the infrastructure (e.g. research services office, library and finance services)
- Any research cost
- Costs attributed to the dissemination of information such as promotion, publications, or conferences
- Expenditures claimed for reimbursement from another source

4.7 Eligible Partner Contributions

The definition of eligible costs also applies to funding provided by eligible partners. Only those contributions to the eligible costs of a project will be accepted as eligible partner contributions.

Eligible Partners (Canadian or foreign)

- Institutional funds, trust funds, or foundations
- Departments and agencies of the federal government
- Departments and agencies of provincial, territorial, and municipal governments
- Firms and corporations
- Non-profit organizations
- Individuals

Non-Eligible Partners

- Canadian Institutes of Health Research (CIHR)
- Natural Sciences and Engineering Research Council (NSERC)
- Social Sciences and Humanities Research Council (SSHRC)
- Tri-council programs (e.g. the Networks of Centres of Excellence, the Canada Research Chairs, and the Indirect Costs Program)

However, the CFI will allow the cost of eligible item(s) to be covered in part by the above-listed non-eligible partners provided that this portion is not used to leverage CFI funds. The portion of an eligible item's cost on which the CFI funding will be calculated (usually a maximum of 40 percent) will be the total cost of eligible item(s) less the funding received from the Tri-Council agency or program.

For example:

Full actual cost of eligible item(s):	\$200,000
Funding source(s) mentioned above used for the purchase of eligible item(s):	\$40,000
Portion of cost on which CFI funding will be calculated (\$200,000 - \$40,000):	\$160,000
Maximum CFI funding (40% x \$160,000):	\$64,000
Other eligible funding source(s) (\$200,000 - \$40,000 - \$64,000):	\$96,000

A partner contribution that has already been used in full or in part to match funds for another project funded by CIHR, NSERC, SSHRC, and any tri-council program will not be recognized as an eligible partner contribution to a project.

All partner contributions must be secured within nine months following the CFI decision. At the application stage, a persuasive plan for securing the funds within this timeframe must be provided. A funding request to a provincial program constitutes a persuasive plan. An application to an agency that reviews and decides on funding independently of the CFI's decisions is not considered a persuasive plan.

The source of the partner contributions is not a selection criterion. Nevertheless, the presence of a specific source of funding may demonstrate commitment to the project, interest of potential users of the infrastructure, interest of beneficiaries of research results, or interest of potential employers of the highly qualified personnel.

In addition, partners may contribute to projects for purposes other than those included in the definition of eligible infrastructure. These contributions should be described in the proposal to further highlight the interest and commitment to the project. However, these contributions will not be counted as part of the funding of infrastructure when the cost sharing formula is applied.

4.8 Eligible In-Kind Contributions

In-kind contributions are defined as eligible non-monetary resources that external eligible partners provide to eligible projects. The CFI considers all contributions made by an eligible institution to a project to be a cash contribution.

The CFI will recognize eligible infrastructure items involving in-kind contributions at fair value. In-kind contributions must be eligible contributions in the acquisition and development of infrastructure. In-kind contributions to the operating costs of research will not be accepted. In-kind contributions may include, in whole or in part, the value of capital items (e.g. equipment and facilities) that eligible external partners donate to the eligible institution. The value, in whole or in part, of certain non-capital eligible items that are needed to bring the infrastructure into service, such as professional services and training, may also be included as in-kind contributions.

4.9 Valuation and Reporting of Items Involving In-Kind Contributions

4.9.1 Definitions

The following definitions apply in this section:

Fair market value (eligible cost)

The price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arm's length who are fully informed and not under compulsion to transact. The fair market value is the price an institution would normally be expected to pay in such circumstances, after normal and educational discounts, but prior to consideration of any special CFI discount that may be offered as a contribution towards a CFI-funded project.

Normal discount

The discount that would normally be offered to the institution, taking into consideration factors such as its current volume of transactions and its location. Discounts for early settlement or for settlement in cash are considered normal discounts.

Educational discount

The discount that would normally be offered to the institution given its educational status.

Net selling price

Cash consideration paid or payable by the institution.

Special CFI discount (eligible in-kind contribution)

Any discount in excess of the normal and educational discounts normally offered to the institution, and which is specifically offered as a contribution towards a CFI-funded project. The special CFI discount is equal to the fair market value of the item less the net selling price. For example:

List price	\$500
Less: Normal discount (if any)	(\$20)
Less: Educational discount (if any)	(\$80)
Fair market value (eligible cost)*	<u>\$400</u>
Less: Net selling price (cash consideration)**	(\$300)
Special CFI discount (eligible in-kind contribution)	<u>\$100</u>

* In some cases, the fair market value of the item may not be known and the value must be assessed using commonly accepted methods. Institutions should refer to [Section 6.5.3](#) for a complete list of acceptable valuation practices.

**Nil in the case of wholly donated items.

4.9.2 Valuation of Items Involving In-Kind Contributions

The valuation method depends on the nature of the item. In some cases, the fair market value of the item is known. In other cases, the value must be assessed using commonly accepted methods (see examples of acceptable valuation practices in the table below). The following table describes how items involving in-kind contributions should be valued. If an item is not specifically referenced in the table below, please contact the CFI.

Nature	Scenario	Acceptable Valuation Practices
Equipment, warranties, components, software licenses and upgrades.	<p>Item is regularly sold to other customers (i.e. not one-of-a-kind); and more than one supplier is willing to provide the item</p> <p style="text-align: center;">or</p> <p>Item is not regularly sold to other customers (i.e. one-of-a-kind), but more than one supplier is willing to provide the item</p> <p style="text-align: center;">or</p> <p>Sole source and item is regularly sold to other customers (i.e. not one-of-a-kind)</p>	<p>Fair market value of the item upon transfer of ownership to the institution</p>
	<p>Sole source and item is not regularly sold to other customers (i.e. one-of-a-kind)</p>	<p>Supplier's incremental manufacturing cost (excluding general R&D costs).</p> <p style="text-align: center;">or</p> <p>Fair market value of the item upon transfer of ownership to the institution</p>
	<p>Used item from contributor who is not in the business of selling the item</p> <p>Note: If used item is donated by supplier who is in the business of selling the item, same guidelines as indicated in previous sections apply</p>	<p>The initial cost of the item less maximum capital cost allowance prescribed by the Income Tax Act</p> <p style="text-align: center;">or</p> <p>Fair market value of the item upon transfer of ownership to the institution</p>
	<p>Long-term loan/lease</p>	<p>Cost of rental equivalent to most favoured customers (excluding financing charges)</p>

External professional services	Similar services provided to fee paying clients	Fair market value of the services (actual rates or fees charged for similar services provided to fee-paying clients) Note: Commercial rates are not acceptable if they differ from rates actually charged to fee paying clients
Datasets	Sold to third parties	Price of dataset charged to a third party plus incremental costs to customize
	Not otherwise sold to third parties	Incremental cost to customize
Travel	Travel costs incurred by a supplier that are donated to a particular project	Travel costs (economy) incurred by a supplier

Information regarding special requirements and documentation practices for the valuation process are outlined in [Section 6.5](#).

4.9.3 Reporting of Items Involving In-Kind Contributions

Items involving in-kind contributions must be assessed and reported as an eligible cost in a CFI-funded project at fair market value.

Associated sources of funding for this item will usually consist of cash and an in-kind contribution. It is important to note that only a special CFI discount in excess of the normal and educational discounts constitutes an eligible in-kind contribution that can be reported to the CFI. The special CFI discount (eligible in-kind contribution) is equal to the fair market value of the item less the net selling price.

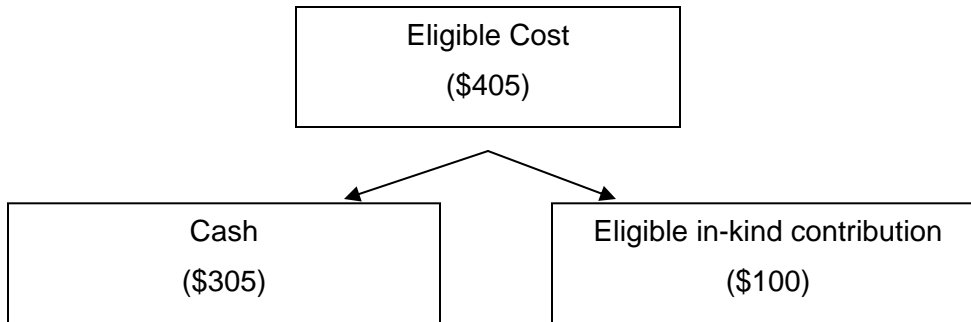
For example:

List price	\$500
Less: Normal discount (if any)	(\$20)
Less: Educational discount (if any)	(\$80)
Fair market value (Eligible cost)*	\$400
Less: Net selling price (cash consideration)**	(\$300)
Special CFI discount (Eligible in-kind contribution)	\$100

* In some cases, the fair market value of the item may not be known and the value must be assessed using commonly accepted methods. Institutions should refer to [Section 6.5.3](#) for a complete list of acceptable valuation practices.

**Nil in the case of wholly donated items.

Taxes associated with the cash portion of an item involving an in-kind contribution, net of any rebate received, can be included in the eligible cost reported to the CFI. Taxes must not be calculated and reported for the portion of the item constituting an in-kind contribution. Therefore, in the above example, if we assume that taxes of \$5 were paid on this purchase (net of rebate received), then the institution should report the following to the CFI:



4.10 Dates of Eligibility

When applying to the CFI and monitoring actual eligible expenditures and contributions, the institution is responsible for ensuring that cash and in-kind contributions from partners, as well as expenditures incurred by the institution, have taken place after the date of eligibility set for each fund. Expenditures are considered incurred when goods are received, services have been rendered, or work has been performed.

The following table summarizes the dates of eligibility of active funds.

Fund	Decision Date	Date of Eligibility
Leading Edge Fund / New Initiatives Fund	June 2009	January 1, 2007
Leaders Opportunity Fund	March, June and October of each year	Six months prior to the submission of the application

The following table summarizes the date of eligibility of inactive funds.

Fund	Decision Date	Date of Eligibility
Leading Edge Fund / New Initiatives Fund	November 2006	January 1, 2004
Innovation Fund (including Regional/National Facilities)	October 1998 March 1999 June 1999	July 1, 1997
	July 2000	January 1, 1999
	January 2002	July 1, 2000
	February 2004	January 1, 2002
International Joint Ventures Fund / International Access Fund	June 2002	July 3, 2001
International Joint Venture Project 2005	November 2006	Not applicable
University Research Development Fund	October 1998 – June 2001	July 1, 1997
College Research Development Fund	June 1999	July 1, 1997
	July 2000	January 1, 1999
New Opportunities Fund	August 1998	July 1, 1995
Ongoing New Opportunities Fund	September 1998 – October 2005	Six months prior to the candidate taking up the faculty appointment
Canada Research Chairs Infrastructure Fund	December 2000 – February 2006	Six months prior to the candidate taking up the Chair position
Career Awards (Michael Smith Prize or Steacie Fellowship)	Once a year	After the date of the announcement of the award

5. APPLICATION AND REVIEW PROCESS

5.1 Before Submitting a Proposal

5.1.1 Institutional Agreement

Before submitting proposals to the CFI, eligible institutions must sign the *Institutional Agreement*. This agreement defines the conditions under which eligible recipients may use CFI funding.

In the *Institutional Agreement*, the President/CEO of the institution may designate the following individuals to act on his or her behalf:

- A CFI Account Administrator who has custody of the CFI funds and is accountable for the institutional CFI financial accounts, related records and supporting documentation, and the submission of financial reports to the CFI
- One or two individuals authorized to sign proposals to the CFI on behalf of the institution
- A person who will act as the liaison between the institution and the CFI

Any changes to these designates should be communicated to the CFI immediately in writing by the President/CEO of the institution. The letter should include the signatures of the new designates. Alternatively, the institution may forward a revised *Institutional Agreement* to the CFI. The *Institutional Agreement* is available on the CFI website at (<http://www.innovation.ca/en/cfi-online/download-reference-forms>).

5.1.2 Multi-Institutional Projects

For projects that involve two or more eligible institutions that will share the CFI funding, the proposal must be submitted by one of these institutions acting in the capacity of lead institution. Other participating eligible institutions that will receive funding must be identified in the proposal and must also have signed the *Institutional Agreement*.

If the project is funded, the lead institution will then be responsible for:

- ensuring that a proper Inter-Institutional Agreement is in place, signed by all participating eligible institutions (including affiliated entities), in order to receive the funding. This agreement should state, at minimum:
 - the institution that will act as the administrative centre for the project;
 - the roles and responsibilities of each institution for the infrastructure project;
 - the long-term operation and maintenance plan for the infrastructure;
 - the fund-sharing agreement between institutions (including any infrastructure operating funds);
 - the current plan for access to the infrastructure;

- ensuring that all participating eligible institutions are knowledgeable of CFI's guidelines with respect to the administration of CFI awards, as well as the maintenance of all supporting documentation;
- receiving funds and making payments to other participating eligible institutions as per the Inter-Institutional Agreement;
- ensuring that distribution of funds for purposes of acquiring the infrastructure is only made to institutions that have been ruled as eligible by the CFI;
- ensuring that only institutions that have been ruled as eligible by the CFI will exercise de facto control over and hold a majority interest in the CFI-funded infrastructure;
- preparing consolidated financial reports, annual progress reports, and institutional reports;
- liaising with the CFI for change requests, reporting of significant variances, and addressing other issues, as required;
- coordinating audit work in the event that the project is selected for audit (e.g. obtaining transaction details, supporting documentation, resolving issues, etc.);
- having adequate oversight processes and controls to ensure proper management of CFI funds at participating eligible institutions in the event that the Inter-Institutional Agreement does not transfer the responsibility for proper management of CFI funds to participating eligible institutions.

The lead institution will be the institution ultimately accountable for the award, and thus may want to consider including clauses in the Inter-Institutional Agreement to mitigate its risk and provide recourse.

However, in some cases, this institution may request to the CFI in writing that the responsibility for receiving and administering the CFI funds be given to another eligible institution that is part of the proposal.

5.1.3 Special Requirements for Certain Types of Infrastructure Projects

Each institution must ensure that researchers follow existing guidelines and adhere to the requirements for the facilities where research takes place. When it signs the *Institutional Agreement* with the CFI, an eligible institution agrees to conform to these guidelines.

Infrastructure for research involving human subjects

The CFI requires that institutions monitor the ethical acceptability of all research that uses the proposed infrastructure for research involving human subjects. Institutions must adhere to the guidelines set out in the *Tri-Council Policy Statement – Ethical Conduct for Research Involving Humans*. The statement is available at <http://pre.ethics.gc.ca/english/policystatement/policystatement.cfm>.

Infrastructure for clinical trials

If infrastructure is used for clinical trials involving human subjects, in addition to complying with the guidelines as outlined above, the institution must also comply with Health Canada's *Food and Drug Regulations*, and associated policies and guidelines. More information is available at http://www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clin/index_e.html

Database containing personal information

When a database contains any personal information (e.g. health data), it is the responsibility of the institution to ensure that researchers adhere to all ethical and legal requirements relating to privacy, confidentiality, and security of information in the database. More information is available at <http://www.cihr-irsc.gc.ca/e/29373.html>.

Facilities for the care and treatment of animals

When infrastructure projects involve the care and treatment of animals for research, the institution must adhere to the guidelines of the Canadian Council on Animal Care (CCAC). The institution must:

- conform to CCAC guidelines for providing facilities to house and care for animals;
- maintain local animal care committees to assess and control animal experimentation;
- obtain certification from the local animal care committee stating that the proposed facility complies with the principles outlined in the CCAC guide, which can be found at http://www.ccac.ca/en/CCAC_Programs/Guidelines_Policies/GUIDES/ENGLISH/toc_v1.htm.

Research involving biohazards

When infrastructure for research may involve biohazards, the institution must adhere to the standards outlined in the *Laboratory Biosafety Guidelines* (2004), which can be found on the Public Health Agency of Canada's Web site at <http://www.phac-aspc.gc.ca/publicat/lbg-ldmbl-04/index.html>.

Research involving radioactive materials

When facilities are used for conducting research involving radioactive materials, the institution must comply with all Canadian Nuclear Safety Commission regulations, recommended procedures, and safety precautions governing the use of such materials in Canada. These regulations can be found at <http://www.nuclearsafety.gc.ca/eng/regulation/>.

Facilities involving a possible adverse impact on the environment

The CFI expects institutions to comply with all provincial, territorial, and federal government regulations pertaining to environmental assessment (*Canadian Environmental Assessment Act*). For more information, please go to http://www.ceaa-acee.gc.ca/013/index_e.htm.

Licenses for facilities in the Yukon, Nunavut, and the Northwest Territories

All research facilities in the Yukon, Nunavut, and the Northwest Territories must be licensed. More information is available at

http://www.crsng.gc.ca/professors_e.asp?nav=profnav&lbi=p7#7.

5.1.4 Strategic Research Plan

The CFI requires each eligible institution to have an institutional Strategic Research Plan that sets priorities based on its strategic vision for the future. Institutions are especially encouraged to set priorities in areas that integrate ideas and knowledge from many disciplines and sectors, and that build on their distinct advantages. The *Strategic Research Plan Summary* is a document that should:

- outline the major objectives of the institutional Strategic Research Plan;
- outline the major areas of research and research training;
- focus on those areas for which the institution intends to request support from the CFI;
- describe briefly what the institution has done to support the development of research and research training in the priority areas, and what it intends to develop in the future for these and new areas of research;
- mention briefly the planned inter-institutional and inter-sectoral collaborations;
- describe briefly how success in meeting the objectives will be assessed;
- describe briefly the planning and approval process at the institution (and the involvement of affiliated institutions).

Because most institutions have evolving plans, the CFI expects to receive an updated *Strategic Research Plan Summary* on an annual basis. During major competitions, the CFI may request updated *Strategic Research Plan Summary* for those eligible institutions submitting a proposal. The updated *Summaries* will be provided to the assessment committees.

5.2 Submitting a Proposal

Forms and instructions for applying for CFI funds are available on the CFI website in the “CFI Online” section (<http://www.innovation.ca/en/cfi-online/download-reference-forms>). This section provides a repository of application forms and reports, as well as secured storage of institutional proposals submitted, or to be submitted, to the CFI. Applications must be completed by researchers and submitted electronically by the institution using the online forms. For reference purposes, PDF versions of these forms are available for printing.

The following table summarizes the important dates for each fund:

Program	Expected Timeline
Leading Edge Fund / New Initiatives Fund	<i>Call for Proposals</i> issued: February 2008 <i>Notice of Intent</i> : June 30, 2008 Application deadline: October 3, 2008 <i>Strategic Research Plan Summary</i> : October 10, 2008
Leaders Opportunity Fund Stream 1 Leaders Opportunity Fund Stream 2 Leaders Opportunity Fund Stream 3	Application deadlines: annually on February 15, June 15, and October 15 Canada Research Chairs application deadlines: twice a year Federal research funding agencies application deadlines
Infrastructure Operating Fund	One claim per institution per year, due by June 15

Exact deadlines of partner funding agencies can be found on their respective Web sites:

- Canada Research Chairs: <http://www.chairs.gc.ca/>
- Canadian Institutes of Health Research: <http://www.cihr-irsc.gc.ca/>
- Natural Sciences and Engineering Research Council of Canada: <http://nserc.ca/>
- Social Sciences and Humanities Research Council of Canada: <http://www.sshrc.ca/>

5.3 Assessment Criteria

All requests for CFI funding are subject to formal independent review and assessment. In the case of the competition-based funds (e.g. Leading Edge Fund / New Initiatives Fund), the review process will determine the degree to which a request satisfies the CFI criteria for support relative to competing requests. In the case of the allocation-based fund (Leaders Opportunity Fund), the review process will determine the degree to which a request satisfies the criteria relative to CFI standards of excellence.

The CFI evaluates all proposals using the following three key criteria reflecting its mandate:

1. Quality of research and need for infrastructure
 - 1.1. Quality of research
 - 1.2. Quality of researchers
 - 1.3. Need for infrastructure

2. Contribution to strengthening the capacity for innovation
 - 2.1. Training of highly qualified personnel
 - 2.2. Collaboration
 - 2.3. Operation and maintenance plans
3. The potential benefits of the research to Canada.

A proposal must satisfy all three key criteria to a degree appropriate to the size and complexity of the infrastructure project in order to be funded. It is incumbent upon the applicant to demonstrate in the proposal how the project satisfies the requirements outlined in each criterion.

5.4 Review Process

The CFI strives to assess all proposals without imposing an undue workload on the research community. As a result, the review process varies according to the size of the requested investment, the complexity of the proposal, and the fund under which the proposal is submitted.

The review process is always independent and rigorous, and focuses on the degree to which a request satisfies the criteria. Depending on the fund and the nature of the request, the CFI will use one or a combination of the following types of reviews:

- Competition-based funds (e.g. Leading Edge Fund / New Initiatives Fund)
 - External expert
 - Expert committee
 - Multidisciplinary Assessment Committee (MAC)
 - Special Multidisciplinary Assessment Committee (S-MAC)
- Allocation-based fund (Leaders Opportunity Fund)
 - External expert
 - College of Reviewers member
 - Leaders Opportunity Fund Advisory Committee (LOFAC)

The CFI regularly explores ways of jointly assessing proposals with the other federal funding agencies. Particular attention is given to projects needing significant amounts of research funding directly related to an infrastructure project.

The CFI and the provinces may share reviews of projects to avoid duplication of efforts.

5.4.1 Competition-Based Review Process

Individual Experts and Expert Committees

Experts consulted will include (as appropriate):

- researchers from various sectors, depending on the discipline(s) or areas(s) of research covered by a proposal;
- university and business administrators;
- research procurement officers, and technology transfer experts;
- potential users of the research and technology.

Expert advice is obtained either from individuals or from groups of individuals (expert committees). The role of individual experts is to review the proposals and to submit written comments to the CFI. All reviews are prepared using a common report format. For large and complex infrastructure projects, an expert committee may also meet with a select number of representatives of a project to obtain further clarification on aspects of the proposal. In the case of an expert committee, a single report, based on the consensus decisions and comments of the committee members, is submitted to the CFI.

Multidisciplinary Assessment Committees (MAC)

A MAC is composed of a chair and members with broad expertise in research, research management, and the use of research results and technology. Quality and experience are the CFI's prime considerations when it selects committee members. In addition, the CFI strives to achieve a reasonable balance of language, gender, region, sector of the economy, discipline, and type of institution. To benchmark applications against international standards, committee members are also selected from abroad.

The MAC considers the degree to which each request satisfies the assessment criteria relative to other competing infrastructure projects in order to make brief written recommendations to the CFI. These recommendations are based on the MAC's review of the proposals and relevant reports of expert reviewers and/or committees.

Special Multidisciplinary Assessment Committees (S-MAC)

The S-MAC reviews and integrates the assessments of the various MACs. As excellence is paramount, the S-MAC plays a pivotal role in identifying those initiatives that have the greatest potential to transform the research environment.

The work of the S-MAC entails the following actions:

- Advise on and ensure consistency among the MACs.
- Ensure that the applications recommended for funding provide for a rich portfolio of investments in infrastructure of various sizes and across diverse fields of research and technology development.

- Should the MAC recommendations exceed the available resources, recommend to the CFI Board, among proposals recommended for funding, those that most effectively support the mandate of the CFI and represent the most effective portfolio of investments in infrastructure for Canada. This entails strategic consideration of the alignment with institutional priorities as well as provincial and federal science and technology priorities in instances of projects of equivalent scientific merit.

5.4.2 Leaders Opportunity Fund Review Process

For each LOF application submitted, the CFI will solicit written assessments from at least two reviewers: usually, one reviewer from the LOF College of Reviewers with experience assessing candidate-based proposals and familiarity with the CFI mandate; and one expert who is suggested by the university or chosen by CFI staff. Both reviewers will be asked to complete a structured written review of the application using a common report format.

Given the goals of the LOF, the focus of the assessment is the candidate(s), as opposed to the other users or collaborators in the research process. Other users may be included in the project team, however, their CVs will not be included with the application and their presence on the application should not be considered when evaluating the candidate(s).

Reviewers are asked to pay close attention to the:

- qualifications and experience of the candidate(s) in relation to the proposed research and research training;
- infrastructure that is being requested for use by the candidate(s) and why it is essential to carry out the candidate's proposed research;
- value added of an additional award in cases where the candidate has previously been supported through the LOF, New Opportunities Fund, Canada Research Chairs Infrastructure Fund, or Career Award.

Since the LOF aims to address both attraction and retention of full-time faculty members, candidates are assessed according to the stage of their career.

When the initial reviews are in agreement, the CFI staff draft recommendations to the CFI's Board of Directors. When initial experts have submitted conflicting reviews, the CFI seeks advice from additional experts in the form of either additional written reviews or committee meetings. To this end, the CFI has convened a LOF Advisory Committee (LOFAC) whose members are drawn from all research fields and from different sectors. The CFI groups proposals by research fields and convenes specific meetings with LOFAC members whose expertise is appropriate.

5.4.3 Governing Principles for Expert Reviewers and Committees

Expert reviewers and committee members are expected to maintain the highest standards of ethics in fulfilling their role. They are appointed as individuals. They are not advocates or representatives of their discipline, or delegates of any organization.

The CFI has adopted a Statement on Ethics to which all experts and committee members must adhere. All experts and members must also sign a *Confidentiality and Non-Disclosure Declaration* in which they agree not to discuss their deliberations.

The CFI expects that members of the research community will not contact committee members to get information on committee deliberations. Committee members are instructed not to enter into discussions of any kind related to the review process or specific projects with other members of the research community. Committee members will not receive additional information or representations relating to projects except when the CFI provides them directly. Committee members must refer all inquiries or other material directed to them personally to the CFI for response.

5.4.4 Collaboration with the Provinces

In consultation with provinces and institutions, the CFI will consider the following approaches to enhance coordination of review processes:

- Increase the sharing of information (e.g. reviewers and committee comments) between the CFI and the province throughout the process to avoid duplication and provide information on the merit of projects
- Provide an opportunity for provinces to submit their views on projects, within the framework of existing criteria, for which they are being asked for funding

5.4.5 Final Decisions

All final decisions are taken by the CFI's Board of Directors. For each proposal, the written reviews produced by the expert reviewers and the reports produced by the committees which considered the proposal are provided to the applicant institution.

6. ADMINISTRATION OF CFI AWARDS

The information presented below applies to infrastructure projects. Guidelines pertaining to the Infrastructure Operating Fund are included in [Section 6.10](#).

6.1 Making the Best Use of CFI Funds

The CFI operates on the principle that its funds must be used effectively and economically. To maximize the purchasing power of its investment and ensure a fair and transparent process, the CFI requires that all purchases related to its projects follow an institution's usual tendering and purchasing policies and procedures. At minimum, these must comply with the requirements set forth in Annex 502.4 of the [Agreement on Internal Trade](#).

Items involving in-kind contributions must be assessed at fair market value ([see Section 6.5](#)). An overestimation inflates the total cost of a project. This is against CFI policy and unfair to all institutions because it decreases the amount available for funding other meritorious projects.

6.1.1 Acceptance of 'Cash Back' or Other Types of Benefits from a Supplier

Instead of a special discount (considered by the CFI as an in-kind contribution), suppliers may suggest that the equivalent in cash be given to the institution (i.e. cash back or rebate on future purchases). Other types of benefits unrelated to the CFI-funded project may also be offered to the institution. The CFI will accept such arrangements only if the benefit amount is included in the budget and counted as a contribution to the specific project.

The CFI does not endorse or recognize the procurement of infrastructure that would be predicated by, or linked to a promise of cash back, a cash rebate, or other types of benefits that are not related to a CFI-funded project, and counted as a contribution towards this project but which would benefit the institution in some other way.

If a supplier agrees to provide benefits related to the CFI-funded project which are not in the Itemized List (see [Section 6.2.5](#))—such as additional products at no additional charge or the coverage of specific expenses related to the project (e.g. a portion of future operating expenses)—the institution does not need to report them as a contribution and an eligible item. However, the infrastructure funded by the CFI which is purchased from this supplier must be presented at fair market value (as defined in [Section 6.5.1](#)) in the proposal, Itemized List, and financial reports to the CFI. The CFI will not accept that the fair market value of the infrastructure it funds be higher because of other benefits which may be derived from the purchase.

6.1.2 Changes to Contributions

The CFI will not normally increase its contribution to a project. There will not be any increases due to fluctuations in exchange rates, the price of commodities, or inflation. The CFI will only consider adjusting its contribution to a project in very exceptional situations, such as:

- An administrative error was made by the CFI (e.g. miscalculation, erroneous removal of items in cases of partial funding);
- The project was funded under a program that operates with institutional envelopes (e.g. Leaders Opportunity Fund) and compelling justification has been provided;
- A highly complex project is facing exceptional and unforeseeable circumstances that could put it at severe risk. In this case, the project must meet the following criteria:
 1. it is unique and complex (e.g. never before been done new technology, national or international scope);
 2. it is confronted with an exceptional situation that could not reasonably have been predicted at the application stage, despite due diligence;
 3. it is confronted with a funding shortfall that jeopardizes its success, timeliness and relevance;

4. it is confronted with unexpected cost increases representing between 20% and 35% of the total approved cost of the project. These cost increases must not be the result of a change in the nature of the project and its research objectives, which would require a reassessment of the project in the context of a competition;
5. it is within one year after award finalization and has incurred less than 30% of the total costs;
6. it provides evidence of a thorough investigation of alternative approaches showing that it cannot reduce its scope;
7. it can demonstrate its partners' collective interest in change and willingness to assist in the increased costs, with CFI providing 40 percent of the increase, and the partners, 60 percent.

The CFI expects few requests and reserves the right to review this approach for unique and highly complex projects based on its past experience.

6.2 Award Finalization

6.2.1 Conditions

Where applicable, institutions must respond to any specific conditions raised in the CFI funding decision, and document how the conditions will be, or have been, addressed. Conditions must be addressed in writing by the President/CEO or designated representative of the institution as per the Institutional Agreement, and be approved by the CFI before any funds will be released.

6.2.2 Award Finalization Documents

In order for the CFI to determine the final amount and instalment schedule for each approved project, eligible recipients must provide the CFI with:

- an [Itemized List](#);
- a [Summary of Secured Contributions](#);
- [Award Conditions](#) document.

The Itemized List and Summary of Secured Contributions must be submitted electronically using online forms available on the CFI website under “CFI Online” (<http://www.innovation.ca/en/cfi-online/download-reference-forms>) or “Finance” (<http://www.innovation.ca/en/finance>). PDF versions of the forms are available for reference purposes. Institutions are also required to submit a signed copy of the Award Conditions document for each project.

6.2.3 Time Frame for Award Finalization

Award finalization documents must be provided to the CFI within nine months of award approval. The CFI may grant an extension if a reasonable explanation is provided.

In exceptional circumstances, such as complex and longer duration projects, the CFI may agree to finalize the budget in stages. For these projects:

- the CFI will set a maximum CFI amount and total project costs;
- the CFI and the institution will agree on a schedule to finalize the budgeting details for each phase of the project.

Institutions should contact their CFI Senior Programs Officer if they wish to discuss this alternative for a specific project.

6.2.4 Time Limit to Reach the Building Phase of the Construction or Renovation Component of a Project

The CFI expects institutions to start the construction or renovation component of a funded project within 18 months following the award announcement. Within this time frame, contracts for construction or renovation must have been finalized, and the construction or renovation work begun. While the CFI recognizes that some projects may include large and complex construction or renovation components, institutions are expected to have completed planning and development work for such projects at the application stage. When a project involves construction or renovation on multiple sites, the construction or renovation on every site should start within 18 months.

Should an institution not be able to reach the building phase of the project within that time frame, it must provide the CFI with an explanation for this delay. If a compelling justification is provided, the CFI may consider an extension.

6.2.5 Itemized List

In the Itemized List, institutions must provide updated cost estimates and a timeline for the acquisition of the infrastructure, along with any changes to the original proposed infrastructure.

When submitting a proposal, institutions are required to ensure that the costs included for each budget item approximate the fair market value. At award finalization, the CFI expects institutions to update these cost estimates, as required, to ensure they reflect the expected purchase price as accurately as possible. Institutions must maintain supporting documentation for updated cost estimates and provided them upon request. Supporting documentation may include, for example, bids resulting from a competitive process, recent educational price lists, quotes, or price information requests.

At minimum, institutions are expected to obtain updated cost estimates if:

- There is a change in the nature of the proposed infrastructure;
- The expected cost of the item is greater than \$100,000*
- The institution suspects the estimated cost stated in the proposal has changed significantly.

*If there are two (or more) identical items, or if there are two (or more) items that will be bought together as a system, the sum of all items should be used for purposes of the threshold.

A formal competitive bidding process, as per the institution's usual tendering and purchasing policies and procedures, must take place prior to the purchase of each item. This requirement should be clearly communicated at the onset. The institution should not make any purchase commitments to suppliers when soliciting pricing information at the proposal and award finalization stages, ensuring that a formal competitive bidding process can be carried out prior to the actual purchase. The institution's tendering and purchasing policies and procedures must comply at a minimum with the requirements set forth in Annex 502.4 of the [Agreement on Internal Trade](#). For items involving in-kind contributions, institutions are also expected to follow their existing policies and procedures, which must meet the CFI guidelines and minimum requirements outlined in [Section 6.5](#).

The full estimated cost of all eligible items must be presented in the Itemized List, even if it exceeds the cost reported in the proposal to the CFI. Reporting of the partial estimated cost of an eligible item is not permitted. In addition, the cost of an item cannot be shared between CFI-funded projects.

It is important to note that, normally, new items which were not included in the proposal may not be added to the Itemized List. Changes to this list may be accepted with strong justification. The CFI may seek the advice of expert reviewers for requested changes. Modifications to proposed vendor or model (with similar functionalities) are acceptable and do not require CFI approval.

The CFI anticipates that some cost estimates may differ from those in the proposal. However, if the revised costs of warranties or service contracts are lower than originally stated, the CFI's contribution will be reduced.

An institution must notify the CFI if changes have been made to the construction and renovation information provided in the proposal (e.g. changes in floor plans, size and nature of the space, etc.), even if the changes result in little or no impact on the total construction or renovation cost. Revised floor plans and associated information must be forwarded to the CFI along with the Itemized List. If the CFI is not notified of any changes, the information provided in the proposal will form the basis for the Award Agreement.

6.2.6 Multi-Institutional Projects

For projects that involve two or more eligible institutions that will share the CFI funding, the award finalization documents must be submitted by the institution acting in the capacity of lead institution. This institution will be the recipient institution for the CFI award, and as such, will be responsible for receiving and administering the funds. However, in some cases, the lead institution may request in writing that the responsibility for receiving and administering the CFI funds be given to another eligible institution that was part of the proposal. If this is the case, the latter will become the recipient institution and must submit the award finalization documents to the CFI.

The recipient institution is responsible for:

- ensuring that a proper [Inter-Institutional Agreement](#) (see [Section 6.3.2](#)) is in place, signed by all participating eligible institutions (including affiliated entities), in order to receive the funding;
- ensuring that all participating eligible institutions are knowledgeable of CFI's guidelines with respect to the administration of CFI awards, as well as the maintenance of all supporting documentation;
- receiving funds and making payments to other participating eligible institutions as per the Inter-Institutional Agreement;
- ensuring that distribution of funds for purposes of acquiring the infrastructure is only made to institutions that have been ruled as eligible by the CFI;
- ensuring that only institutions that have been ruled as eligible by the CFI will exercise de facto control over and hold a majority interest in the CFI-funded infrastructure;
- preparing consolidated financial reports, annual project progress reports, and institutional reports;
- liaising with the CFI for change requests, reporting of significant variances, and addressing other issues, as required;
- coordinating audit work in the event that the project is selected for audit (e.g. obtaining transaction details, supporting documentation, resolving issues, etc.);
- having adequate oversight processes and controls to ensure proper management of CFI funds at participating eligible institutions in the event that the Inter-Institutional Agreement does not transfer the responsibility for proper management of CFI funds to participating eligible institutions.

The recipient institution will be the institution ultimately accountable for the award, and thus may want to consider including clauses in the Inter-Institutional Agreement to mitigate its risk and provide recourse.

6.3 Agreements and Instalment Schedule

6.3.1 Institutional Agreement

Before submitting proposals to the CFI, institutions must sign the Institutional Agreement. For multi-institutional projects, other participating eligible institutions identified in the proposal to receive funding must also have signed this Agreement. The Institutional Agreement defines the conditions under which eligible recipients may use CFI funding.

In the Institutional Agreement, the President/CEO of the institution may designate the following individuals to act on his or her behalf:

- A CFI Account Administrator who has custody of the CFI funds and is accountable for the institutional CFI financial accounts, related records and supporting documentation, and the submission of financial reports to the CFI;
- One or two individuals authorized to sign proposals to the CFI on behalf of the institution;
- A person who will act as the liaison between the institution and the CFI.

Any changes to these designates should be communicated to the CFI immediately in writing by the President/CEO of the institution. The letter should include the signatures of the new designates. Alternatively, the institution may forward a revised Institutional Agreement to the CFI. The Institutional Agreement is available on the CFI website at (<http://www.innovation.ca/en/cfi-online/download-reference-forms>).

6.3.2 Inter-Institutional Agreement

For projects that involve two or more eligible institutions that will share the CFI funding, an Inter-Institutional Agreement must be signed by all participating eligible institutions (including affiliated entities) before the CFI releases any funds for such projects. This agreement should state, at minimum:

- the institution that will act as the administrative centre for the project;
- the roles and responsibilities of each institution for the infrastructure project;
- the long-term operation and maintenance plan for the infrastructure;
- the fund-sharing agreement between institutions (including any infrastructure operating funds);
- the current plan for access to the infrastructure.

6.3.3 Award Agreement

For each approved project, the CFI prepares an Award Agreement with the recipient institution. The institution is required to sign the agreement, thereby accepting the terms and conditions of the funding.

The Award Agreement indicates the agreed CFI share of eligible costs and maximum CFI amount. It also contains the instalment schedule and financial reporting requirements which vary depending on the size and complexity of the project, as well as any additional conditions of funding imposed by the CFI.

6.3.4 Release of Funding

The CFI releases funding to the recipient institution once all finalization documents have been received and satisfactorily reviewed, and any specific conditions have been addressed.

The CFI sends funds only to eligible institutions. In the case of multi-institutional projects, the institution acting as the recipient institution is responsible for receiving and distributing the funds to other eligible institutions according to the terms of the Inter-Institutional Agreement (see [Section 6.3.2](#)).

When funding for construction or renovation is requested, instalment(s) for the equipment to be located in the constructed or renovated space will only be paid once this space is ready to house the equipment.

The CFI makes periodic electronic deposits to a pre-arranged bank account, or will issue payments by cheque on an exceptional basis. The CFI provides to the CFI Account Administrator and to the CFI Liaison at the institution a list of projects for which a payment is made. The CFI Account Administrator administers the funds on the institution's behalf.

6.3.5 Instalment Schedule

For awards where the CFI contributes less than \$400,000, and where the project is to be completed before the following March 31, the CFI amount will normally be paid in one instalment less the holdback amount (see [Section 6.3.6](#)). Otherwise, the CFI will make instalments over two or more fiscal years (April 1 to March 31), in accordance with the timing of forecasted disbursements for the project.

For awards where the CFI contributes more than \$400,000, the initial instalment represents the agreed CFI share of the eligible costs that the institution has incurred to date (including in-kind contributions received). The second and subsequent instalments will be made on a quarterly basis (January 15, April 15, July 15, and October 15), in accordance with the timing of forecasted disbursements for the project. For each fiscal year, the CFI contribution will not exceed the agreed CFI share of the cumulative total eligible costs up to the end of that year.

Instalments are based on the forecasted disbursements provided by the institution upon award finalization, and may be revised following the CFI's review of the forecast information submitted by the institution in the financial report.

6.3.6 Holdback Amounts

The CFI holds back a portion of the funding for each project. This amount is usually 10 percent of each instalment. The percentage of the holdback amount for large, very complex projects of longer duration may be negotiated on a case-by-case basis. The minimum holdback amount for any project is \$10,000.

The purpose of the holdback amount is to ensure that the CFI's contribution in any given period remains as close as possible to the agreed CFI share of eligible costs. The holdback amount for a given period—after adjustments to reflect actual expenditures—will normally be released within three months of submission of the financial report.

The amount of the holdback released every period for each project is based on the review of actual and forecasted expenditures presented in the financial report to ensure that:

- instalments match, as closely as possible, the expected disbursements;
- there is satisfactory progress in the development and acquisition of the infrastructure, as indicated to the CFI upon award finalization.

6.3.7 Final Instalment

The final instalment for the holdback is made after the project is completed, and once the final financial report has been received and satisfactorily reviewed (see [Section 6.7.3](#)).

The amount of the final instalment is calculated to ensure that the CFI's contribution does not exceed its share of actual eligible costs, or the maximum CFI amount, whichever is lower. When the project is completed, if total actual eligible costs are less than originally anticipated, the CFI's contribution will be limited to its agreed share of the actual total eligible costs of the project (see [Section 6.6.7](#)).

6.4 Account Administration

6.4.1 Tracking of Expenditures and Contributions, and Financial Records

The recipient institutions and other eligible institutions participating in a multi-institutional project are responsible for the administration of CFI contributions and for tracking project expenditures, as well as partner contributions. They must ensure that the expenditures and partner contributions comply with CFI regulations and policies as:

- outlined in this Guide;
- specified in the Institutional Agreement (see [Section 6.3.1](#));
- imposed as a condition of funding in the Award Agreement (see [Section 6.3.3](#)).

They must also ensure that cash and in-kind contributions received from partners, and expenditures incurred by the institution, have been made after the date of eligibility set for each fund, as outlined in [Section 4.10](#).

These institutions must maintain a verifiable audit trail for all transactions reported in a CFI-funded project, including in-kind contributions. Adequate financial records and separate project accounts for each CFI-funded project must be maintained.

The financial records must identify the various funding sources and the full actual cost of all eligible items in a CFI-funded project, even if the cost of these items exceeds the estimated cost reported to the CFI upon award finalization. Reporting of the partial cost of an eligible item to the CFI is not permitted. Eligible items are:

- those indicated in the Itemized List submitted upon award finalization (see [Section 6.2.1](#)), or subsequently approved by the CFI;
- those not indicated in the Itemized List submitted upon award finalization or subsequently approved by the CFI, which are reported as eligible items in the CFI financial report. These should not constitute a significant change under the terms of [Section 6.6](#).

Institutions must not report to the CFI nor provide financial records for items which do not constitute eligible items as defined above, even if they are related to the project.

Cash expenditures and contributions related to eligible items are normally expected to be tracked in separate accounts of the general ledger accounting system. Eligible in-kind contributions can either be tracked as part of this system or in other ways, such as in an Excel spreadsheet.

Costs must be assigned to appropriate project accounts on a regular basis, at a minimum prior to the filing of the CFI financial report. Financial records must reconcile to the financial report submitted to the CFI. Administration and accounting procedures for each project must conform to the institution's standards, practices, and policies.

The Account Administrator is responsible for ensuring that the CFI is not charged more than the agreed CFI share (per the Award Agreement) of the full actual cost of eligible items. For all projects, the maximum CFI amount cannot be exceeded.

Institutions must keep all financial records and supporting documentation for the project (see [Section 6.4.3](#)) for at least three years following the submission date of the final financial report to the CFI. All documentation must be retained on file at the institution for audit purposes, and provided to the CFI upon request. Institutions are advised to contact the CFI early in the process if they foresee a problem in complying with this guideline. Different requirements apply for the Infrastructure Operating Fund (see [Section 6.10.6](#)).

6.4.2 CFI-Funded Construction or Renovation that is Part of a Larger Undertaking

Cost allocation method

When the CFI funds a portion of a larger construction or renovation undertaking, the estimated costs for the CFI-funded space must reflect, as accurately as possible, the actual cost of this specific space. Costs for common elements and soft costs must be pro-rated to the CFI-funded portion of the undertaking. It is the responsibility of the institution to develop an appropriate cost allocation method for each project where the CFI-funded construction or renovation is part of a larger undertaking. A framework for the evaluation of cost allocation methods, as well as examples of detailed and simplified cost allocation methods, are available in the "Finance" section of the CFI website under "Frequently Asked Questions." (<http://www.innovation.ca/en/finance>). The CFI will allow an institution to use a simplified cost allocation method only if the average cost of the CFI-funded space is representative of, or higher than, the average cost of the overall undertaking.

Financial reporting

Once the construction/renovation contract has been awarded, the institution is in a better position to calculate and report the expected cost of the CFI-funded space using an established cost allocation method for the project. At this point, preliminary estimates can be replaced by firm estimates of costs to completion.

In the **interim** financial reports submitted to the CFI, institutions are expected to report both the actual cost at the reporting date and the expected cost at completion:

Expected cost at completion: The CFI expects institutions to produce an updated analysis of the estimated construction/renovation cost for the CFI-funded space every time there are significant changes to the construction/renovation project. However, if there are only minor changes, the institution can update its analysis only at the end of the project.

Actual cost at reporting date: The actual construction/renovation costs reported in the interim financial report must be based on the percentage of completion of the entire undertaking at the reporting date, multiplied by the expected cost at completion. However, if it can be demonstrated that the percentage at completion of the CFI-funded space is different than the one of the entire undertaking, then that percentage may be used. Equally acceptable to the CFI is the use of the percentage of billing to date to the most recent estimated cost to completion for the entire undertaking.

Once the construction is complete, the institution must update its cost analysis using the final actual costs and report this amount in its **final** financial report.

6.4.3 Supporting Documentation

Institutions must be prepared to provide the following required supporting documentation for expenditures and contributions related to each eligible item reported in a CFI-funded project. Original documentation must be retained on file at the institution for audit purposes, and provided to the CFI upon request.

Expenditures

- Purchase requisition;
- Request for bids. An example of a Request for Quotation that includes relevant information to be obtained can be found under the "Frequently Asked Questions" in the "Finance" section of the CFI website." (<http://www.innovation.ca/en/finance>). Please note that this is an example only. Other templates may also be acceptable;
- All bids received following a competitive bidding process;
- If a competitive bidding process was not undertaken, documentation justifying the exception. The exception must be permitted under the institution's purchasing policy;
- Summary form documenting bids received, evaluation, and rationale for selection of the successful supplier or service provider;
- Purchase order or contract;
- Receiving document or statement of work;
- Invoice;
- Proof of payment (i.e. cancelled cheque)

- For personnel costs, supporting documentation for time spent and nature of activities performed as follows:

Practice	Supporting documentation
<p>1. Actual salary + benefits, multiplied by the actual amount of time spent</p> <p style="text-align: center;">OR</p> <p>2. Internal rate reflective of average salary + benefits, multiplied by the actual amount of time spent</p> <p style="text-align: center;">OR</p> <p>3. Internal rate reflective of average salary + benefits + overhead component, multiplied by the actual amount of time spent</p>	<p>Time records signed by the individual and approved by the supervisor supporting the amount of time and activities performed (e.g. timesheets).</p> <p>At a minimum, these should be obtained prior to the filing of a CFI financial report (usually annually). A single time record covering the entire period since the last filing is acceptable, as are time records completed on a more frequent basis. The CFI also accepts a confirmation of this information from another person (e.g. project leader or department head) if this person is knowledgeable of the time spent and activities performed. A sample template can be found in the “CFI Online” section of CFI’s website under “Download Reference Forms.” (http://www.innovation.ca/en/cfi-online/download-reference-forms).</p>
<p>4. Fee for service</p>	<p>Description of services rendered or work performed.</p>
<p>5. Fixed percentage of construction/renovation costs for architectural and/or engineering and/or project management costs</p>	<p>Description of services rendered or work performed.</p>

Note: If the department is issuing an invoice for services rendered, the invoice may serve as acceptable documentation as long as it properly details the amount of time spent (if applicable) and provides a description of the services rendered or work performed.

- For personnel costs, supporting documentation for the rate, fee, or fixed percentage as follows:

Practice	Supporting documentation
1. Actual salary + benefits, multiplied by the actual amount of time spent	Supporting evidence for the individual's salary rate and fringe benefit charged (letter of hire or change in salary rate, payroll records, etc.).
2. Internal rate reflective of average salary + benefits, multiplied by the actual amount of time spent	<p>Description of the method used by the institution to establish the rate.</p> <p>Evidence to support that the internal rate used is the same as the one charged to other internal clients (e.g. approved rate by central administration, internal rate made public to the internal community, evidence of same rate charged to other internal clients not related to a CFI-funded project, etc.).</p>
<p>3. Internal rate reflective of average salary + benefits + overhead component, multiplied by the actual amount of time spent</p> <p style="text-align: center;">OR</p> <p>4. Fee for service</p> <p style="text-align: center;">OR</p> <p>5. Fixed percentage of construction/renovation costs for architectural and/or engineering and/or project management costs</p>	<p>Description of the normal practice of the institution and confirmation that the practice used to report expenditures in the CFI-funded project is consistent with the normal practice of the institution for other internal clients not related to a CFI-funded project.</p> <p>Description of the method used by the institution to establish the rate, fee, or fixed percentage.</p> <p>Evidence to support that the internal rate, fee, or fixed percentage used is the same as the one charged to other internal clients (e.g. approved rates by central administration, internal rates made public to the internal community, evidence of same rates charged to other internal clients not related to a CFI-funded project, etc.).</p> <p>Evidence to support that the rate, fee, or fixed percentage used is less or equal to fair market value (e.g. industry benchmarks published by Hanscomb Ltd or RS Means for the appropriate region and time period, invoices for similar services paid by the institution to external providers in the same time period, etc.).</p>

- For construction/renovation, scaled floor plans showing location of the area funded by the CFI, size (in square feet or square metres), description and nature of all such areas (wet lab, dry lab, office, greenhouse, etc.), including non-usable space or “common elements” (e.g. corridors, washrooms, etc.). The distinction between usable and non-usable space must be clear.
- For construction/renovation for which the CFI component is part of a larger undertaking:

- A description of the costing approach used and analysis leading to the determination of the eligible costs reported to the CFI in the Itemized List and financial reports. Institutions may wish to refer to the “Finance” section of the CFI website under “Frequently Asked Questions” (<http://www.innovation.ca/en/finance>) for examples of acceptable cost allocation methods;
- Confirmation from the architect of:
 - the actual gross and net floor areas for the entire undertaking;
 - the actual net area of the CFI-funded space, with reference to attached floor plans identifying the CFI-funded space.

Contributions

- Agreement or letter confirming the amount contributed and conditions of funding (if any);
- Proof of receipt (i.e. deposit slip stamped by the bank).

Other

- For New Opportunities or Canada Research Chairs Infrastructure awards, supporting evidence for date of appointment of the Canada Research Chairs position, or new faculty appointment;
- Supporting evidence for the research portion of the infrastructure if other than 100 percent;
- Supporting evidence of key controls in place (i.e. evidence of approval of purchase requisition, purchase order, receipt of goods or services, payment, review of significant changes and variances and timely request for CFI approval, reconciliation of financial records and CFI financial reports, etc).

Additional requirements apply to the Infrastructure Operating Fund (see [Section 6.10.6](#)). For items involving in-kind contributions, see [Section 6.5](#) as additional documentation requirements may also apply.

6.4.4 Foreign Currency Transactions

Foreign currency transactions must be reported in the CFI financial reports in Canadian dollars using the market exchange rate in effect at the date of the transaction (i.e. the date at which the expenditure gets recorded in the account). Any gain or loss which might result from this point on until time of payment is the responsibility of the institution and should not be included in the CFI financial report.

If an institution enters into a foreign exchange contract to protect itself against fluctuations in the foreign exchange rate for a specific transaction and this is approved by the institution’s treasury department, the CFI will accept that the contract rate be used in these instances to report the transaction. However, there must be a direct relationship between the foreign exchange contract and the transaction (i.e. same amount, same date of settlement of the contract and expected payment to the supplier

or service provider). This relationship must be documented at the onset of the contract by the institution.

6.5 Items Involving In-Kind Contributions

Items involving in-kind contributions must be assessed at fair market value. Institutions are expected to comply with the requirements described in this section.

The CFI reserves the right to make the final determination of eligibility and value for items involving in-kind contributions, to disallow expenditures, and reduce the CFI award. To avoid a situation where these items may later be deemed ineligible or incorrectly valued, institutions are encouraged to contact the CFI early in the process if they foresee problems in complying with the guidelines in this section for a given project.

6.5.1 Definitions

The following definitions apply in this section:

Fair market value (eligible cost)

The price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arm's length who are fully informed and not under compulsion to transact. The fair market value is the price an institution would normally be expected to pay in such circumstances, after normal and educational discounts, but prior to consideration of any special CFI discount that may be offered as a contribution towards a CFI-funded project.

Normal discount

The discount that would normally be offered to the institution, taking into consideration factors such as its current volume of transactions and its location. Discounts for early settlement or for settlement in cash are considered normal discounts.

Educational discount

The discount that would normally be offered to the institution given its educational status.

Net selling price

Cash consideration paid or payable by the institution.

Special CFI discount (eligible in-kind contribution)

Any discount in excess of the normal and educational discounts normally offered to the institution, and which is specifically offered as a contribution towards a CFI-funded project. The special CFI discount is equal to the fair market value of the item less the net selling price.

For example:

List price	\$500
Less: Normal discount (if any)	(\$20)
Less: Educational discount (if any)	(\$80)
Fair market value (eligible cost)*	<u>\$400</u>
Less: Net selling price (cash consideration)**	(\$300)
Special CFI discount (eligible in-kind contribution)	<u>\$100</u>

* In some cases, the fair market value of the item may not be known and the value must be assessed using commonly accepted methods. Institutions should refer to [Section 6.5.3](#) for a complete list of acceptable valuation practices.

**Nil in the case of wholly donated items.

6.5.2 Categories of Items Involving In-Kind Contributions

The CFI has divided individual items involving in-kind contributions into two categories:

- Category 1 items:
 - Individual items where the in-kind contribution is less than \$100,000
 - Individual items where the in-kind contribution is between \$100,000 and \$500,000 and represents 10 percent or less of the total eligible project costs
- Category 2 items:
 - Individual items where the in-kind contribution is between \$100,000 and \$500,000 and represents more than 10 percent of the total eligible project costs
 - All individual items where the in-kind contribution is greater than \$500,000

The same valuation principles apply to both categories, but the documentation requirements increase for Category 2 items. The threshold between the categories takes into consideration the level of risk associated with the valuation of the items involving significant in-kind contributions, while acknowledging the cost and effort required to provide the additional documentation.

When a purchase includes several items, the following guidelines should be used in the definition of the categories:

- If there are two (or more) identical items, then the sum of all items should be used in the definition of the category.
- If there are two (or more) different items and the items could be bought separately, then the items should be considered individually in the definition of the category.
- If there are two (or more) different items and the items are bought together as a system, then the sum of all items should be used in the definition of the category.

6.5.3 Valuation of Items Involving In-Kind Contributions and Documentation Requirements

The valuation method depends on the nature of the item, while the documentation required depends on the amount of the related in-kind contribution. In some cases, the fair market value of the item is known. In other cases, the value must be assessed using commonly accepted methods (see examples of acceptable valuation practices in the table below). In all cases, a description of the valuation method used must be provided to the CFI at the time of finalization of the award.

It is the responsibility of the institution to ensure that the fair market value reported to the CFI for an item involving an in-kind contribution is reasonable. All relevant supporting documents must be retained on file at the institution for audit purposes and provided to the CFI upon request.

The following table describes how items involving in-kind contributions should be valued and the minimum documentation requirements. If an item is not specifically referenced in the table, please contact the CFI.

Scenario	Acceptable Valuation Practices	Documentation
Equipment, warranties, components, software licences, and upgrades		
<p>Item is regularly sold to other customers (i.e. not one-of-a-kind) and more than one supplier is willing to provide the item</p> <p style="text-align: center;">OR</p> <p>Item is not regularly sold to other customers (i.e. one-of-a-kind) but more than one supplier is willing to provide the item</p>	<p>Fair market value of the item upon transfer of ownership to the institution</p>	<p>Category 1: Written confirmation from the supplier of the list price, the normal and educational discounts (if any), the special CFI discount, and the net selling price</p> <p>Category 2: Comparison of the fair market value stated in all bids received (minimum of two bids*) as a result of a formal competitive bid process, including a public bid notice to support the reasonableness of the fair market value reported by the institution to the CFI (refer to Section 6.5.6)</p> <p style="text-align: center;"><u>OR</u></p> <p>In the event that such a process is not possible at the outset:</p> <p>Third-party appraisal of fair market value of the item upon transfer of ownership to the institution (see Section 6.5.7)</p> <p>*If sole source, please see “sole source” sections below.</p>

Scenario	Acceptable Valuation Practices	Documentation
<p>Sole source and item is regularly sold to other customers (i.e. not one-of-a-kind)</p>	<p>Fair market value of the item upon transfer of ownership to the institution</p>	<p>Category 1: Written confirmation from the supplier of the list price, the normal and educational discounts (if any), the special CFI discount, and the net selling price.</p> <p>Category 2: Single bid received as a result of a formal competitive bid process, including a public bid notice</p> <p style="text-align: center;"><u>OR</u></p> <p>In the event that such a process is not possible at the outset, or if the item involves an in-kind contribution in excess of \$500,000:</p> <p>Third-party appraisal of fair market value of the item upon transfer of ownership to the institution (see Section 6.5.7)</p> <p>Note: For Category 2 items, sole source status must be confirmed via a competitive bid process, including the posting of a public bid notice, whenever feasible (see Section 6.5.4).</p>

Scenario	Acceptable Valuation Practices	Documentation
<p>Sole source and item is not regularly sold to other customers (i.e. one-of-a-kind)</p>	<p>Supplier's incremental manufacturing cost (excluding general R&D costs)</p> <p style="text-align: center;">OR</p> <p>Fair market value of the item upon transfer of ownership to the institution</p>	<p>Category 1: Written confirmation from the supplier of the incremental manufacturing cost, excluding general R&D costs. The confirmation should detail the cost of materials, number of hours and time value, as well as overhead rate applied</p> <p style="text-align: center;">OR</p> <p>Single bid received as a result of a formal competitive bid process, including a public bid notice.</p> <p>Category 2: Single bid received as a result of a formal competitive bid process, including a public bid notice</p> <p style="text-align: center;">OR</p> <p>In the event that such a process is not possible at the outset, or if the item involves an in-kind contribution in excess of \$500,000:</p> <p>Third-party appraisal of fair market value of the item upon transfer of ownership to the institution (see Section 6.5.7).</p> <p>Note: For Category 2 items, sole source status must be confirmed via a competitive bid process, including the posting of a public bid notice, whenever feasible (see Section 6.5.4).</p>

Scenario	Acceptable Valuation Practices	Documentation
<p>Used item from contributor who is not in the business of selling the item</p> <p>Note: If used item is donated by supplier who is in the business of selling the item, same guidelines as indicated in previous sections apply.</p>	<p>The initial cost of the item less maximum capital cost allowance prescribed by the Income Tax Act</p> <p style="text-align: center;">OR</p> <p>Fair market value of the item upon transfer of ownership to the institution</p>	<p>Category 1: Written confirmation from the contributor supporting the age and initial cost of the item (to allow the institution to calculate the maximum capital cost allowance and the current value of the item)</p> <p>Category 2: Written confirmation from the contributor supporting the age and initial cost of the item (to allow the institution to calculate the maximum capital cost allowance and the current value of the item)</p> <p style="text-align: center;">OR</p> <p>If the item involves an in-kind contribution in excess of \$500,000:</p> <p>Third-party appraisal of fair market value of the item upon transfer of ownership to the institution (see Section 6.5.7).</p>
<p>Long-term loan/lease</p>	<p>Cost of rental equivalent to most favoured customers (excluding financing charges)</p>	<p>Category 1: Written confirmation from supplier of rental equivalent to most favoured customer.</p> <p>Category 2: Third-party appraisal of fair market value of the loan/lease (see Section 6.5.7).</p>

Scenario	Acceptable Valuation Practices	Documentation
External Professional services		
Similar services provided to fee-paying clients	<p>Fair market value of the services (actual rates or fees charged for similar services provided to fee-paying clients).</p> <p>Note: Commercial rates are not acceptable if they differ from rates actually charged to fee-paying clients</p>	<p>Categories 1 and 2: Written confirmation from the service provider stating that the rates quoted or the value assigned to the donated service represent fair market value consistent with actual rates or fees charged to fee-paying clients for similar services</p> <p>Written confirmation from the service provider supporting the number of hours of service donated</p> <p>Category 2: Confirm with the CFI on a case-by-case basis whether additional documentation is required.</p>
Datasets		
Sold to third parties	Price of dataset charged to a third party plus incremental costs to customize	<p>Categories 1 and 2: Written confirmation from the supplier or contributor supporting the value of the dataset (or comparable dataset) as charged to a third party</p> <p>Category 2: Confirm with the CFI on a case-by-case basis whether additional documentation is required</p>
Not otherwise sold to third parties	Incremental cost to customize	<p>Categories 1 and 2: Written confirmation from the supplier supporting incremental costs to customize (e.g. hourly rate and number of hours)</p> <p>Category 2: Confirm with the CFI on a case-by-case basis whether additional documentation is required</p>
Travel		
Travel costs incurred by a supplier that are donated to a particular project	Travel costs (economy) incurred by the supplier	Written confirmation from the supplier of the amount paid and donated to the project

6.5.4 Special Requirements and Procedures with Respect to the Valuation of Items Involving In-Kind Contributions

Institutions are expected to follow existing institutional policies and procedures for the valuation of items involving in-kind contributions, which must meet the CFI guidelines and minimum requirements outlined in [Section 6.5.3](#).

It should be noted that for Category 2 items, the CFI requires that institutions follow a formal competitive bid process, including a public bid notice. Even if the purchase of a Category 2 item is thought to be from a sole source, this status must be confirmed via posting of a public bid notice.

However, if an institution decides to make a sole source purchase because it would be impossible to buy from other sources, it is not acceptable to carry out a competitive bid process simply to substantiate the fair market value as this would be a violation of the Laws of Competitive Bidding. In such instances, attestation from the head of purchasing or supply management departments should be kept on file with the reasons why a competitive bid process could not be undertaken.

Contributions by external partners that are treated as charitable donations for income tax purposes will typically be subject to existing policies and procedures of the institution and of the Canada Revenue Agency (CRA). The CFI will accept values deemed acceptable by the CRA.

6.5.5 Confirmations from Suppliers

Examples of acceptable written confirmations from suppliers would include a quotation, competitive bid document, invoice or a letter from the supplier indicating the list price of the item, the normal and educational discounts (if any), the special CFI discount, and the net selling price. The confirmation must be signed by an authorized agent, director, or employee of the supplier.

It is acceptable to use the information provided in a quotation or competitive bid document if the period of time between the quote and the date of transfer of ownership to the institution is relatively short (i.e. less than 12 months), and if the net selling price has not changed. In other instances, the CFI expects institutions to obtain a new confirmation from the successful supplier of the fair market value of the item upon transfer of ownership to the institution since this may have changed significantly.

An example of a Request for Quotation that includes relevant information to be obtained can be found in the "Finance" section of the CFI website under "Frequently Asked Questions." (<http://www.innovation.ca/en/finance>). Please note that this template is an example only. Other templates may also be acceptable.

6.5.6 Comparison of the Fair Market Value for Category 2 Items

The CFI does not prescribe how the purchasing decision should be made. Institutions are free to choose the successful supplier based on their established decision criteria.

However, as part of certain documentation requirements for Category 2 items (see [Section 6.5.3](#)), institutions may be required to perform a comparison of the fair market value as stated in all bids received as a result of a formal competitive bid process, including a public bid notice.

The purpose of this review is to ensure that the fair market value reported to the CFI is reasonable. To achieve this, the fair market values stated in all bid documents received should be compared by the institution to conclude on a reasonable fair market value that is reported as an eligible cost to the CFI. It is important to note that this value may differ from the value stated by the successful supplier.

In reaching a conclusion, the lowest fair market value stated in the various bids received must not necessarily be used if the specifications of the item of the chosen supplier differ from those of other bidders. In these instances, the assessment of the fair market value presents some challenges, and the CFI expects institutions to review if the higher value is justified and reasonable, and make adjustments to this value if necessary. An analysis should be kept on file supporting the institution's conclusion. The analysis should highlight the differences between the item purchased and the ones offered by other suppliers, and properly justify why a higher fair market value is warranted. All relevant documentation must be kept on file at the institution for audit purposes.

Institutions are responsible for performing an adequate assessment of the reasonableness of the fair market value reported to the CFI for all Category 2 items. This value is the one that must be used in the calculation of the eligible in-kind contribution to be reported to the CFI (see [Section 6.5.8](#)).

The expertise of purchasing or supply management departments, as well as departments that are responsible for the assessment of the valuation of gifts in-kind at institutions should be sought to perform these analyses. Attestation from the department head should be obtained and kept on file. If the institution is uncertain whether its analysis is appropriate, it should contact the CFI to avoid situations where the item may later be deemed incorrectly valued.

Examples of acceptable analyses can be found in the "Finance" section of the CFI website under "Frequently Asked Questions." (<http://www.innovation.ca/en/finance>).

6.5.7 Appraisals

For Category 2 items, there may be a requirement for a third-party appraisal of the value of the item if no alternative valuation method is available (see [Section 6.5.3](#)). Appraisals are not required at the time of proposal. They may only be required after a project has been approved by the CFI. In general, the CFI advises that appraisals be done close to the date of transfer of ownership of the eligible item to the institution.

Institutions are required to contact the CFI if they believe an appraisal is needed. The CFI will coordinate all appraisals related to Category 2 items, select the appraisers who will perform the evaluation, and will pay for the appraisal if it concludes that an alternative valuation method was not available to the institution to corroborate the value of the item from the outset. If it is found that an alternative method existed—such as a comparison of the fair market value stated in bids received as a result of a formal

competitive bid process, including a public bid notice—but that the institution did not follow this process as prescribed in [Section 6.5.3](#), then the institution will have to pay for the appraisal.

6.5.8 Reporting of Items Involving In-Kind Contributions

Items involving in-kind contributions must be assessed and reported as an eligible cost in a CFI-funded project at fair market value.

Associated sources of funding for this item will usually consist of cash and an in-kind contribution. It is important to note that only a special CFI discount in excess of the normal and educational discounts constitutes an eligible in-kind contribution that can be reported to the CFI. The special CFI discount (eligible in-kind contribution) is equal to the fair market value of the item less the net selling price.

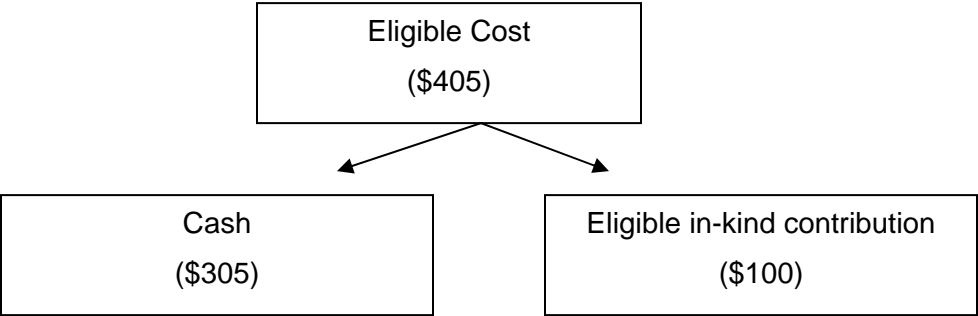
For example:

List price	\$500
Less: Normal discount (if any)	(\$20)
Less: Educational discount (if any)	(\$80)
Fair market value (Eligible cost)*	\$400
Less: Net selling price (cash consideration)**	(\$300)
Special CFI discount (Eligible in-kind contribution)	\$100

* In some cases, the fair market value of the item may not be known and the value must be assessed using commonly accepted methods. Institutions should refer to [Section 6.5.3](#) for a complete list of acceptable valuation practices.

**Nil in the case of wholly donated items.

Taxes associated with the cash portion of an item involving an in-kind contribution, net of any rebate received, can be included in the eligible cost reported to the CFI. Taxes must not be calculated and reported for the portion of the item constituting an in-kind contribution. Therefore, in the above example, if we assume that taxes of \$5 were paid on this purchase (net of rebate received), then the institution should report the following to the CFI:



6.6 Changes to Infrastructure Projects Once the Award Agreement is in Place

The guidelines outlined in this section apply to changes taking effect after the Award Agreement is in place. Institutions must keep proper documentation of all changes for audit purposes.

In this section, “total eligible costs” means the total eligible costs amount as per the Award Agreement.

6.6.1 Use of CFI Funds and Significant Changes

An institution must use CFI funds to purchase or develop the specific infrastructure project and to cover the specific eligible costs agreed to by the CFI and laid out in the Itemized List submitted upon award finalization. The CFI may consider and approve changes to the project and budget.

The institution must immediately notify the CFI Senior Programs Officer if any of the following conditions occur or are anticipated. (CFI approval may be required depending on the nature and scope of the proposed changes.)

Changes requiring notification

- the institution is unable to carry out or complete the project
- there will be a change in the designated project leader
- in the case of the Leaders Opportunity, New Opportunities, or Canada Research Chairs Infrastructure awards, there will be a change in status of any of the candidates
- there will be a significant delay in the acquisition of the infrastructure (see [Section 6.6.2](#))

Changes requiring prior CFI approval

- there will be a significant change to the infrastructure (see [Section 6.6.3](#))
- there will be a significant change in the nature or amount of space constructed/renovated (see [Section 6.6.4](#))
- there will be a significant change in the end date of the project (see [Section 6.6.5](#))
- there will be a change in location of a major infrastructure item

All notifications and requests for changes should be sent to the CFI Senior Programs Officer, and should include an explanation for the change, which demonstrates how it is essential to the approved project and describes the impact of the change on the project. The CFI may ask for additional information depending on the status of the project and the nature of the requested change.

6.6.2 Significant Delays in the Acquisition of the Infrastructure

It is important that institutions and the CFI properly monitor the progress of each project. The CFI also needs to ensure that instalment schedules for each project are appropriately established, based on current forecasts. For any given project, the CFI requires that it be notified on a timely basis of significant delays in the acquisition of the infrastructure and the impact of these delays.

The progress of each project is best assessed by comparing the timeline provided to the CFI upon award finalization for the acquisition and disbursements with the updated timeline.

There is a significant delay in the acquisition of the infrastructure when forecasted disbursements from one fiscal year to the next deviate from the forecasted disbursements in the Itemized List by more than 20 percent of the total eligible costs for the project, (or \$500,000, whichever amount is lower). Variances less than \$100,000 are not considered significant and do not need to be reported.

Institutions must have effective processes and mechanisms in place to properly monitor the progress of their projects and inform the CFI on a timely basis of significant potential or expected delays. Institutions are expected to take a risk-based approach to their monitoring activities, tailoring the extent of their monitoring activities to the risk of the project (e.g. quarterly monitoring for higher risk project; monitoring on an annual basis for lower risk project).

Notification of a significant delay must be submitted by the President/CEO or designated representative of the institution (per the Institutional Agreement) or the CFI Liaison. It should include detailed information regarding the nature of the delay and impact on the project, the total actual costs to date, as well as an updated forecast of future disbursements for the remainder of the project so CFI instalments can be appropriately revised.

6.6.3 Significant Changes to the Infrastructure

Institutions must request prior CFI approval if they wish to make a significant change to the infrastructure, as presented in the [Itemized List](#), and if this significantly changes the cost of an item. Modifications to proposed vendor or model (with similar functionalities) are acceptable and do not require CFI approval.

Significant changes to the infrastructure include:

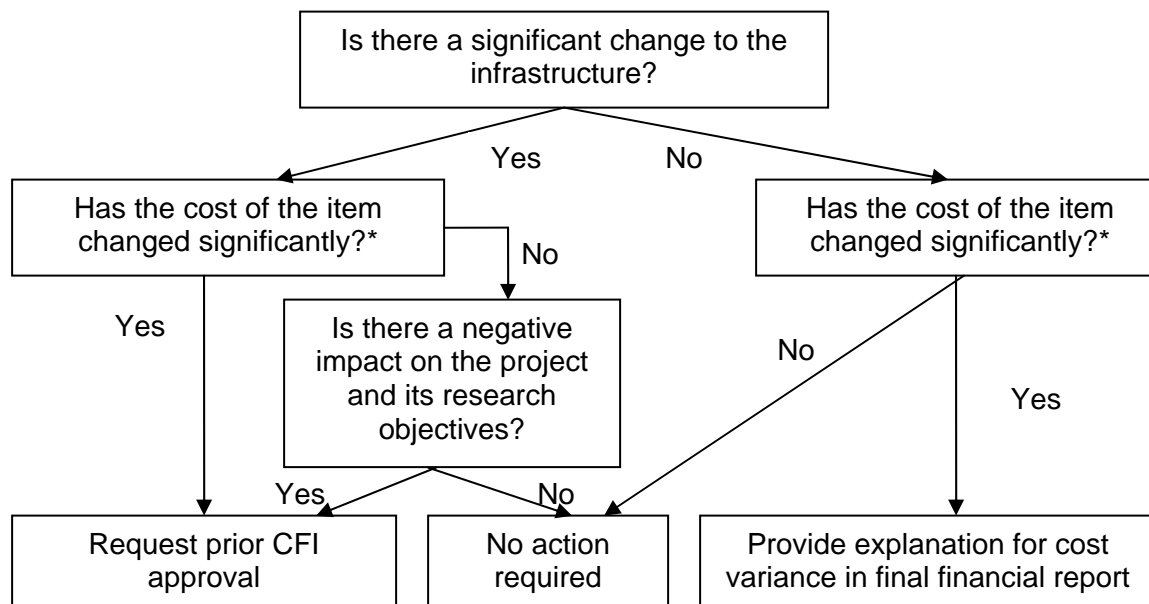
- The purchase of an infrastructure item with significantly different functionalities than the one in the Itemized List (i.e. significant enhancement or loss of functionality). The CFI considers that there is a significant enhancement or loss of functionality when the changes in the proposed infrastructure result in a significant benefit/detriment to the research project or to the institution compared to the item presented at award finalization. Such a benefit/detriment may be due to, for example:

- A significant increase/decrease in the infrastructure output capacity
 - A significant improvement/deterioration in the infrastructure output quality
 - A significant increase/decrease in the infrastructure's life expectancy
- The non-purchase of infrastructure item(s) included in the Itemized List at award finalization, including decreases in the quantity of an item already in the Itemized List;
 - Exceptionally, the purchase of infrastructure item(s) not included in the Itemized List at award finalization, including increases in the quantity of an item already in the Itemized List.

The CFI considers that the cost of an item changes significantly when the difference between the actual cost of an item and the updated estimated cost presented in the Itemized List is greater than five percent of the total eligible costs of the project (or \$50,000, whichever is lower). Determination of the need for CFI approval should be made per item – not based on cumulative changes to the project.

Although these thresholds establish minimum requirements, judgment should also be used. Institutions should obtain approval for any change having a negative impact on a project and its research objectives, regardless of cost implications. The CFI reserves the right to question any change at any time and make the final determination of eligibility for any item that changes after award finalization.

For instances where there is no significant change to the infrastructure but where the cost of the item has changed significantly (e.g. exchange rate fluctuation, price change after award finalization, minor changes in functionality, etc.), institutions must provide an explanation for the cost variance in their final financial report to the CFI. Provided there is no significant change to the infrastructure, the institution is not required to request prior approval for the cost variance.



* Difference between the actual cost of an item and the updated estimated cost presented in the Itemized List is greater than five percent of the total eligible costs of the project (or \$50,000, whichever is lower).

Refer to [section 6.6.4](#) for changes in the nature or amount of space constructed/renovated.

Requests for CFI approval of significant changes to the infrastructure must be submitted either by the President/CEO or designated representative of the institution (as per the Institutional Agreement) or the CFI Liaison.

Note: In this section, an “item” refers to an individual line on the Itemized List. If the line item as presented in the Itemized List includes several units or consists of one system with several components, the total as presented on the Itemized List for that line item must be used.

6.6.4 Significant Change in the Nature or Amount of Space Constructed/Renovated

Institutions must request prior CFI approval if they wish to make significant changes to the amount or nature of the space constructed/renovated, as presented in the CFI proposal or subsequently upon award finalization. Approval must be obtained even if the changes would result in little or no impact on the total construction/renovation cost.

The CFI considers a change to be significant if:

- the difference (either increase or decrease) in the total amount of space constructed/renovated is more than 10 percent of the total amount of space identified at award finalization;

OR

- the cumulative difference in the total amount of space for which there has been a change in nature (e.g. change of dry lab to wet lab) is in excess of 10 percent of the total amount of space identified at award finalization.

For all proposals submitted after November 1, 2002, transfer of funds in excess of five percent of the total eligible cost of the project (or \$50,000, whichever amount is lower) to cover increases in construction costs after award finalization must be approved.

For instances where there is no significant change in the nature or amount of space constructed/renovated but where the cost of the construction/renovation has changed significantly (e.g. price change after award finalization, minor changes in nature of space, etc.), institutions must provide an explanation for the significant cost variance in their final financial report to the CFI. The CFI considers that there is a significant cost variance when the difference between the actual cost of the construction/renovation and the updated estimated cost presented in the Itemized List is greater than five percent of the total eligible costs of the project (or \$50,000, whichever is lower). Provided there is no significant change in the nature or amount of space constructed/renovated, the institution is not required to request prior approval for the cost variance.

Requests for CFI approval of changes in the nature or amount of space constructed/renovated must be made by the President/CEO or designated representative of the institution (as per the Institutional Agreement) or the CFI Liaison.

6.6.5 Significant Change in the End Date of the Project

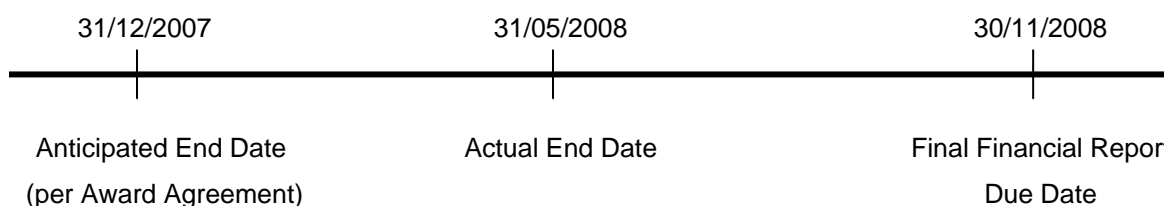
The actual end date of a project is the date at which:

- the CFI-funded infrastructure has been acquired or developed and all expenditures have been incurred (i.e. goods received, services rendered or work performed);
- the CFI-funded infrastructure is operational.

Upon award finalization, institutions must provide the anticipated end date for the project in the Itemized List. Institutions can incur expenditures after the anticipated end date of a project without requesting CFI approval as long as the actual end date of the project falls within six months of the anticipated end date indicated in the Award Agreement.

However, institutions must notify the CFI immediately and request prior CFI approval if they will not be able to acquire/develop every item within six months of the anticipated end date indicated in the Award Agreement. Any further revisions to the end date require CFI approval. Such requests must be made either by the President/CEO or designated representative of the institution (as per the Institutional Agreement), or the CFI Liaison.

The end date of the project is not the date of submission of the final financial report. Institutions have six months to submit the final financial report after the actual end date of the project (see [Section 6.7.1](#)).



6.6.6 Decrease in Cost of Warranties or Service Contracts

For all proposals submitted after November 1, 2002, if the revised costs of warranties or service contracts are lower than the finalized amounts, the CFI's contribution will be reduced by an amount equivalent to its agreed upon share of the cost reduction.

6.6.7 Differences in Final Total Actual Eligible Costs

When a project is completed, if the total actual eligible costs are lower than the costs estimated in the Award Agreement, and if other funding partners contribute their agreed share, the institution may acquire other eligible infrastructure directly related and essential to the project (including increases in the quantity of an item).

However, institutions must request prior approval for the purchase of any new item not included in the Itemized List at award finalization (including increases in the quantity of an item) for which the actual cost is greater than five percent of the total eligible costs of the project, (or \$50,000, whichever is lower). See [Section 6.6.3](#).

If the final total actual eligible costs are lower than the Award Agreement, the CFI's contribution will be limited to its agreed share of the actual total eligible costs of the project. If the decrease in the total actual eligible costs is due to a decrease in the total in-kind contributions for the project, and the agreed CFI share per the Award Agreement is less than 40 percent, the CFI may consider increasing its agreed share up to a maximum of 40 percent to compensate for the decrease in in-kind contributions only. Contact your CFI Senior Programs Officer if such a situation arises.

Once all infrastructure items have been acquired, if the final total actual eligible costs are higher than the costs anticipated in the Award Agreement, the institution is responsible for expenditures in excess of the funds approved.

Institutions must indicate in their financial reports the various funding sources and the full actual cost of all eligible items in a CFI-funded project, even if the cost of these items exceeds the estimated cost reported to the CFI upon award finalization. The CFI does not permit reporting of the partial cost of an eligible item (see [Section 6.4.1](#)).

6.6.8 Project Termination

The institution should promptly advise the CFI if it is unable, for any reason, to carry out or complete the project for which the award was approved, or if it is unable to comply with award conditions. Termination procedures will be established on a case-by-case basis.

6.7 Financial Reporting

6.7.1 Submission Deadlines

Institutions are required to submit an interim financial report annually by June 15 (cumulative results as of March 31 of the same year) for all ongoing projects that received CFI funds prior to April 1 of that year. An interim financial report does not need to be submitted by June 15 if the institution plans to submit a final financial report by September 30 that year. The CFI may request in some instances that quarterly or bi-annual financial reports be submitted for certain projects.

For projects with a CFI contribution of \$200,000 or less, the CFI may permit institutions to submit a financial report biannually. Institutions must request exemptions from the annual submission of financial reports once a year prior to June 15. Exemptions apply only to annual financial reports. The CFI reserves the right to deny exemption requests if important issues were noted in previous monitoring or auditing activities, or if questions or concerns have been raised about the implementation of a specific project.

The final financial report must be submitted within six months of the actual end date of the project (see [Section 6.6.5](#)).

All financial reports must be submitted electronically, and institutions must also send a signed copy of final financial reports to the CFI. These must be signed by the Account Administrator and the President/CEO or designated representative of the institution (as per the Institutional Agreement).

Forms and instructions for financial reports are available on the CFI website under “CFI Online” (<http://www.innovation.ca/en/cfi-online>) or “Finance” (<http://www.innovation.ca/en/finance>). PDF versions are available for reference purposes.

6.7.2 Content of Financial Report

The financial report includes information on:

- actual and forecasted eligible costs (for ongoing projects);
- actual and forecasted contributions to eligible costs from eligible partners, including assurance that funds have been received and spent (or will be received during the forecast period);
- indication of any actual or forecasted significant changes (see [Section 6.6](#)) not previously approved by the CFI. If so, indication of the expected time frame in which a request for approval will be submitted to the CFI;
- and for final financial reports only:
 - share of total eligible costs of any other participating institutions;
 - explanation for significant cost variances.

Institutions must disclose in their financial reports the various funding sources and the full actual cost of all eligible items in a CFI-funded project, even if the cost of these items exceeds the estimated cost reported to the CFI upon award finalization. The CFI does not permit reporting of the partial cost of an eligible item (see [Section 6.4.1](#)).

6.7.3 Request for Final Instalment

To request the final instalment for a given project, institutions must submit a final financial report. The report must state the final total eligible costs and contributions, and include certification that:

- the information provided in the financial report is accurate;
- the resources are available for the operation of the infrastructure;
- the administration of the funding requested from the CFI is in accordance with the Institutional Agreement, the CFI Policy and Program Guide, and conditions of award as specified in the Award Agreement;
- all elements of the infrastructure project have been acquired/constructed in accordance with the Award Agreement;
- the project is now complete (i.e. all the infrastructure has been acquired or developed and is operational, and all costs have been incurred).

Institutions must ensure that the CFI's contribution does not exceed the agreed CFI share of eligible costs, or the maximum CFI amount, whichever is lower.

6.8 Operations and maintenance of CFI-Funded Infrastructure

It is the institution's responsibility to ensure that sufficient funds are provided for the operations and maintenance of CFI-funded infrastructure. Institutions must have an internal plan or strategy to meet these obligations. The plan or strategy for the provision (and administration) of operations and maintenance support should be made public to all relevant stakeholders at the institution.

Because the Infrastructure Operating Fund (IOF) helps institutions with a portion of the operations and maintenance costs of CFI-funded infrastructure (see [Sections 2.3](#) and [6.10](#)), its utilization should be an integral part of the institution's operations and maintenance plan or strategy.

The institution's operations and maintenance plan or strategy must be retained on file and provided to the CFI upon request.

6.9 Monitoring and Auditing Activities

The CFI conducts periodic monitoring visits and contribution audits of projects to ensure compliance with its guidelines and proper management of its funds.

The CFI reserves the right to make the final determination of eligible costs and fair market value, to disallow expenditures, and reduce the CFI award. To avoid a situation where costs may later be deemed ineligible or incorrectly valued, institutions are advised to contact the CFI early in the process if they foresee problems in complying with the guidelines for a given project.

6.9.1 Monitoring Visits

Monitoring visits are conducted at recipient institutions to assess the adequacy and effectiveness of policies, processes, and controls that are in place for the management of CFI-funded projects. This helps ensure that funds are being used for their intended purposes, and in accordance with terms and conditions of award agreements as well as CFI policies and guidelines.

The objectives of the monitoring visits are to:

- obtain an understanding of key policies, processes, and controls in place at the institution and assess their adequacy;
- review a sample of expenditures and contributions to confirm the CFI's understanding of the various key processes and controls, as well as confirm their existence and effectiveness. In this process, the CFI also reviews whether the expenditures and contributions were made in accordance with the terms and conditions of the applicable award agreements, and if CFI policies and guidelines have been respected;
- disseminate information on CFI policies, guidelines, and expectations for financial accountability and integrity.

Institutions that are subject to a monitoring visit are also subject to an audit of their Infrastructure Operating Fund expenditures.

If the recipient institution has forwarded funds to another institution (i.e. an affiliated hospital or another eligible institution participating in a project), the CFI may monitor the project account at the location where the funds are spent.

6.9.2 Contribution Audits

The CFI conducts audits to ensure that the funding received by an institution for a given project has been used in accordance with agreed upon terms and conditions of the Award Agreement, and with applicable policies and guidelines. The CFI reserves the right to review and audit any CFI-funded project.

A risk-based audit approach is used for the selection of projects to be audited. The risk of a project will determine the scope, timeline, nature and extent of the audit activities. The CFI reviews project risk and assesses the need for audits periodically.

It should be noted that all projects with a CFI contribution exceeding \$10 million are automatically subject to an audit. The institution will be notified when one of its projects is selected for an audit.

Audit costs are not eligible costs, and cannot be reported as such in a CFI-funded project. Within certain guidelines, the CFI will pay for the audit costs out of its administrative budget. However, if the institution has not prepared the required documentation by the dates set by the auditors, or cooperated with the auditors by providing them with the required information on a timely basis, the CFI may request that the additional costs incurred as a result of these inefficiencies be paid by the institution.

6.10 Release of Infrastructure Operating Funds (IOF)

6.10.1 IOF Award Agreement

The CFI will prepare an IOF Award Agreement between the recipient institution and the CFI at the time of the first IOF request. This agreement will highlight how the institution's IOF allocation will be determined, the reporting requirements, and the general terms and conditions of the funding. Institutions must sign the agreement and return it to the CFI.

6.10.2 Requesting the release of IOF

Institutions are responsible for deciding how IOF funds are to be divided among projects eligible to receive IOF. Institutions have the flexibility to distribute their IOF allocation based on actual operating and maintenance needs as opposed to allocating the exact amount to the project that generated it. Institutions are therefore encouraged to carefully review and determine how they can make optimal use of the funding available to them.

Once the institution has determined the amount of funding it would like to request in a given year, the request for the release of IOF must be submitted online by the Account

Administrator by June 15 as part of the IOF Annual Report. Only one institutional request per year may be submitted. Cumulative requests cannot exceed the institution's available allocation at any given time. A copy of these documents, signed by the Account Administrator and the President/CEO or designated representative of the institution (as per the Institutional Agreement), must also be sent to the CFI. Once validated and approved the annual request becomes an integral part of the IOF Award Agreement.

If an infrastructure project involves two or more eligible institutions, the institution responsible for receiving and administering the CFI funds for the infrastructure project must submit the annual request on behalf of all institutions. The Inter-Institutional Agreement should state how the IOF will be shared among the institutions.

Expenditures reported under the IOF must be subject to the institution's usual tendering and purchasing policies and procedures.

6.10.3 Reporting of Actual Expenditures

The CFI wishes to keep the administration of this fund as simple as possible, minimizing the documentation and reporting requirements, while still ensuring accountability. In addition, actual operations and maintenance expenditures often exceed the institution's IOF allocation provided by the CFI. As such, the CFI will only require that an institution demonstrate in its IOF Annual Report that it had sufficient eligible IOF expenditures (not claimed for reimbursement from another source) for the amount of funding requested. Institutions are encouraged to focus their efforts on higher dollar value items, thus reducing the number of items and associated supporting documentation required.

The IOF Annual Report must be completed online and submitted electronically by the Account Administrator by June 15. A copy of this document, signed by the Account Administrator and the President/CEO or designated representative of the institution (as per the Institutional Agreement), must also be sent to the CFI.

Institutions should include in their IOF Annual Report expenditures incurred for the previous April 1 to March 31 period, including outstanding commitments, which are allowed only in cases where the expenditure has been incurred (i.e. work performed, goods received, or services rendered) but the invoice was not paid in the period ending March 31. Institutions must ensure that expenditures reported have not been claimed for reimbursement from another source, in which case, they are not eligible under the IOF.

For IOF related to infrastructure projects involving two or more eligible institutions, the institution responsible for receiving and administering the CFI funds for the infrastructure project must report the actual expenditures from all institutions.

6.10.4 Requesting Additional Funding

The CFI will pay for actual operations and maintenance expenditures that were not initially forecasted and requested if:

- these expenditures are reported at the end of the year in the IOF Annual Report for the period in which they were incurred, and

- such an amount is still available in the institution's allocation.

If total actual cumulative expenditures at the reporting date exceed the cumulative payments made by the CFI at that time, the CFI will issue a payment for the difference after receiving the IOF Annual Report.

The CFI will not pay for expenditures previously incurred that were not reported in a timely manner in the IOF Annual Report related to the year the expenditures were incurred.

6.10.5 Payment Schedule

The CFI pays 100 percent of expenditures reported under the IOF, up to the institution's available allocation. There is no holdback amount. Payment schedules are based on forecasted expenditures provided in the IOF Annual Report and take into consideration any CFI excess payment or shortfall for the preceding fiscal year. These documents must be submitted to the CFI by June 15.

The CFI will make instalment(s) as follows:

Annual Request	Timing
Less than \$400,000	July
Between \$400,000 and \$1,000,000	July (50%) January (50%)
Greater than \$1,000,000	July (50%) October (25%) January (25%)

If there is an excess CFI payment in the previous fiscal year, the CFI will reduce the July instalment by this amount. If there is a shortfall, the CFI will increase the July instalment accordingly.

6.10.6 Supporting Documentation

Institutions must be prepared to provide full supporting documentation for all actual expenditures reported in their IOF Annual Report.

Required documentation:

- originating documentation (refer to [Section 6.4.3](#));
- for salaries of highly qualified personnel (technicians or professionals) directly involved in the operation and maintenance of the CFI-funded infrastructure:
 - Description of the operations and maintenance activities performed, and certification that the infrastructure cannot be operated without the assistance of the highly qualified personnel. This certification must be obtained annually and signed by the employee and approved by the supervisor. The CFI will also accept a certification of this information from another person (e.g. project leader or department head) if this person is knowledgeable of the activities performed by the employee.
 - Supporting evidence for the individual's salary rate and fringe benefits (e.g. letter of hire or change in salary rate, payroll records, etc.)

- if the institution is reporting the cost of electricity related to CFI-funded equipment, the institution can choose to use a detailed method or a simple method for calculating these costs:
 - **Detailed method:** The institution must establish an appropriate method to calculate its actual cost of electricity and must maintain supporting documentation for all elements.
 - **Simple method:** The institution need not calculate its actual cost of electricity but must use the provincial rate prescribed by the CFI. (Rates are updated annually.) This rate should be multiplied by the electrical consumption of the equipment. Institutions must maintain supporting documentation for the electrical consumption of the equipment.
- if the institution is reporting facilities charges related to CFI-funded constructed or renovated space, the institution can choose to use a detailed method or a simple method for calculating these costs:
 - **Detailed method:** The institution must establish an appropriate method to calculate its actual facilities cost (per square foot or square metre) and must maintain supporting documentation for all elements.
 - **Simple method:** The institution need not calculate its actual facilities cost, but must use the provincial rate prescribed by the CFI for the type of space. (Rates are updated annually.) This rate should be multiplied by the amount of CFI-funded constructed or renovated space. Institutions must maintain supporting documentation for the amount of space.
- identification of the CFI-funded infrastructure project(s) for which eligible operations and maintenance costs are claimed. The expenditure must be directly related to an infrastructure project eligible to receive IOF.
- a confirmation obtained by the institution from the project leader(s) (at a minimum annually) that the infrastructure is still used for research purposes. These confirmations must be kept on file and provided to the CFI upon request. IOF Annual Reports should include certification that these confirmations have been obtained.

The following can be found in the “CFI Online” section of the CFI’s website under “Download Reference Forms” (<http://www.innovation.ca/en/cfi-online/download-reference-forms>) or the “Finance” section (<http://www.innovation.ca/en/finance>):

- sample templates for reporting salaries, the cost of electricity related to CFI-funded equipment, and facilities’ charges related to CFI-funded constructed or renovated space;
- annual rate table for the cost of electricity (for the simple method of reporting electricity costs);
- annual rate table for facilities charges (for the simple method of reporting facility charges).

All documentation must be retained on file at the institution for audit purposes for a minimum of five years following the submission of the IOF Annual Report, and provided to the CFI upon request.

6.10.7 Multi-institutional Projects and Associated IOF

When two or more institutions are involved in a project, the Inter-Institutional Agreement must address the plans to manage any associated operating and maintenance funds. Funds will be released to the institution responsible for receiving and administering the CFI award for the infrastructure project.

6.10.8 Monitoring and Auditing Activities for the IOF

The CFI reserves the right to review and audit actual expenditures reported in the institution's IOF Annual Report. The CFI monitors the management of IOF awards during its regular financial review visits and audits at institutions. When requested, institutions must provide access to the supporting documentation and other information related to the award, including funds transferred to other eligible institutions.

If the institution responsible for receiving and administering the CFI funds has forwarded funds to another institution (e.g. an affiliated hospital or another participating eligible institution), the CFI may monitor the award account at the location where the funds were spent.

The CFI reserves the right to make the final determination of eligible costs under the IOF, to disallow expenditures, and recover funds that have been paid out to the institution. To avoid situations where costs may later be deemed ineligible, institutions are advised to contact the CFI if they foresee problems in complying with IOF guidelines.

7. EVALUATION AND OUTCOME ASSESSMENT

Providing accurate, consistent, and timely information is required both as part of CFI's accountability to government and to support future directions and program planning. Drawing on its current Performance, Evaluation, Risk and Audit Framework (PERAF), CFI collects and analyzes information using evaluations and special studies, Project Progress Reports, Institutional Reports, and the Outcome Measurement Study (OMS). Evaluation-related documents dating back to 1999 are posted on the CFI's Web site:

<http://www.innovation.ca/en/accountability> .

7.1 Evaluations and Special Studies

CFI uses multiple lines of evidence to address evaluation issues. Evaluations and special studies are performed on a priority basis. Through its evaluation activities, CFI ascertains the degree to which its national objectives are achieved and examines issues such as relevance, efficiency, effectiveness, as well as performance, impact and sustainability.

7.2 Project Progress Reports and Institutional Reports

CFI is publicly accountable for its investments in research infrastructure, and therefore it must demonstrate the outcomes and impacts of its activities. As such, institutions are required to provide Project Progress Reports and Institutional Reports.

7.2.1 Project Progress Reports

Project Progress Reports help to demonstrate the results of investment in research infrastructure at Canadian institutions through such measures as the: attraction and retention of researchers; training of highly-qualified personnel; advancing and transforming research; partnerships and collaborations; and social and economic benefits. In addition, the reports provide information on issues such as the implementation status of various infrastructure projects, operations and maintenance, and the useful life of the infrastructure for evaluation and monitoring purposes.

Institutions must complete and submit, electronically, Project Progress Report Forms by June 30 of each year. These are required for every project for five years following the finalization of the award. CFI will return institution-specific project data to the CFI Liaison office as a worksheet in Excel by July 15.

The information collected by means of the Project Progress Report may be used to inform annual reporting, outcome measurement, and other evaluation-related special studies of the CFI.

7.2.2 Institutional Reports

Institutional Reports address the overall impact of CFI investments on the institution's ability to implement its strategic research plans in areas such as building capacity, partnerships promotion, and the generating of benefits for Canada. In addition, the Communication Activities section of the Institutional Report communicates the achievement of these strategic objectives (see [Section 8](#)).

The Institutional Report is due by July 31. Each institution that is required to submit one or more Project Progress Reports in a given year must also submit an Institutional Report in that year.

The information collected by means of the Institutional Report may be used to inform annual reporting, outcome measurement, and other evaluation-related special studies of the CFI. In addition, the communications section of the report will be used to identify opportunities to collaborate with and support institutions in their efforts to showcase the importance and benefits of research to their respective communities and beyond.

7.3 Outcome Measurement Study

The Outcome Measurement Study (OMS) is designed to assess the degree to which CFI's investment in research infrastructure is a critical contributing factor in the realization of five outcomes (strategic research planning, research capacity, highly-qualified personnel, research productivity, and innovation). The OMS also asks institutions to describe challenges faced in sustaining these outcomes. The current list

of outcome categories and indicators is available in the evaluation section of the CFI's Web site (<http://www.innovation.ca/en/accountability>). The OMS helps demonstrate to the CFI Board, the Government of Canada, the Canadian public, and other key stakeholders the extent to which CFI is achieving its mandate. It also provides information resources for evaluation and planning purposes, and features prominently in the evaluation framework.

The OMS is a learning exercise done in partnership with participating institutions and is not a typical merit-review process. No funding is contingent on the findings, nor are the findings used to rank research activities or institutions. The OMS methodology involves an in-depth questionnaire submitted to institutions with a follow-up validation by a visiting expert panel whose report is the key output of the exercise. The scope is unique, looking across an institution and a specific theme rather than examining an individual project or program. The theme is selected following discussion with institutions and is based on several factors, including the degree of synergy between the institution's Strategic Research Plan and areas of major CFI investment. This approach captures with quantitative and qualitative data the outcomes of investment across the spectrum, from basic research to innovation and societal benefits.

The OMS recognizes CFI as one player in a large and complex system of research support. Careful discussion of the relative contributions of funding programs, organizations, and other factors external to CFI is coupled with longitudinal analysis in order to ensure issues of attribution are addressed accurately and in context. Other stakeholder funding agencies (e.g. provincial, federal) not only contributed to the design of the OMS tool, but regularly send representatives to the visits as observers, maximizing the return on the resources invested by the institution and CFI for data collection.

Selected institutions are notified at least 9 months in advance of the visit. Institutions wishing to participate in an OMS should contact the CFI evaluation team. In recognition that institutions may need to invest additional resources in data collection and other activities to support the OMS exercise, the CFI will make a one-time contribution of \$5,000 to participating institutions once the OMS visit is successfully completed.

8. COMMUNICATING RESULTS

For federal research funding to continue in Canada, it is critical for all parts of the research enterprise to demonstrate impacts, benefits, and return on investment to the Canadian public and governments.

CFI places great importance on being open, transparent, and accountable to the public regarding the impact and outcomes of its investments in research infrastructure. Accordingly, CFI-funded research institutions are also expected to communicate the results of these investments to Canadians.

8.1 Submitting Communication Updates

As part of the annual Institutional Report (see [Section 7.2.2](#)), and to showcase the impacts and outcomes of CFI's investments, CFI requires information on the communication activities undertaken in the past year, along with activities planned for the coming year. Institutions are requested to provide information on media activity (e.g. news releases, television or radio items, newspaper articles, web postings, or any other publications) and special events (e.g. official openings, funding announcements, conferences, public outreach activities). This information assists CFI in identifying opportunities for collaboration, and in supporting institutions in their efforts to showcase the importance and benefits of research to their respective communities and beyond.

8.2 Announcing CFI Funding Decisions

CFI makes a national funding announcement following every meeting of its Board of Directors. In most cases, a funding announcement event is organized in conjunction with a recipient institution. Following national announcements, CFI looks to the recipient institutions themselves to showcase their individual or collective awards through various communications mechanisms (e.g. media profiles, awards ceremonies, and publications, such as science magazines, alumni news, etc.). Special events (e.g. openings, ribbon cuttings, groundbreakings, and milestone celebrations) also provide good opportunities for institutions, their researchers, and their partners—along with government representatives, the media, and CFI—to showcase the research taking place in their community.

Where a significant demand exists for services from the institution to the public in one or both of Canada's official languages, the institution will communicate with the public in the language or languages applicable.

8.3 Showcasing the Impacts of Research

CFI welcomes any opportunity to partner with funded institutions to showcase in a significant way the results that institutions have achieved and how this benefits Canadians. These activities can target the media, the general public, government decision-makers, and other key stakeholders in an effort to further acquaint them with research activities enabled by CFI funding and those conducting this work.

One such initiative created by CFI is its online magazine, InnovationCanada.ca. This website, first launched in 2002, showcases excellence in Canadian research, and receives more than 20 million hits per year from all sectors of the population. It is also used by media as a source for science information. CFI-funded institutions have the opportunity to directly reach this sizable audience by submitting success story articles to CFI for posting on InnovationCanada.ca. CFI looks forward to working with communications staff at CFI-funded institutions to take advantage of this opportunity for significant national and international visibility.

ANNEX 1 – SUMMARY OF REFERENCED HYPERLINKS

CFI's Web Site: <http://www.innovation.ca>

“Programs” Section: <http://www.innovation.ca/en/programs>

Active Funds (*Call for Proposals*): <http://www.innovation.ca/en/programs/funds>

Leading Edge Fund / New Initiatives Fund (*Call for Proposals*):

<http://www.innovation.ca/en/programs/funds>

Leaders Opportunity Fund (*Program Description*):

<http://www.innovation.ca/en/programs/funds>

Inactive Funds (*Call for Proposals*): <http://www.innovation.ca/en/programs/funds>

“Finance” Section: <http://www.innovation.ca/en/finance>

Frequently Asked Questions: <http://www.innovation.ca/en/finance/frequently-asked-question>

Framework for the Evaluation of Cost Allocation Methods, Example of a Detailed Cost Allocation Method (Hanscomb Limited), and *Simplified Cost Allocation Method*:

<http://www.innovation.ca/en/finance/frequently-asked-question>

Request for Quotation: <http://www.innovation.ca/en/finance/frequently-asked-question>

Examples of Analyses of the Comparison of the Fair Market Value for Category 2 Items:

<http://www.innovation.ca/en/finance/frequently-asked-question>

Infrastructure Projects Award Finalizations Instructions, *Award Conditions* document, and *Financial Report Instructions Manual*: <http://www.innovation.ca/en/cfi-online/download-reference-forms>

“CFI Online” Section: <http://www.innovation.ca/en/cfi-online/download-reference-forms>

Online forms and *Institutional Agreement*: <http://www.innovation.ca/en/cfi-online/download-reference-forms>

Itemized List and Summary of Secured Contributions: <http://www.innovation.ca/en/cfi-online/download-reference-forms>

Institutional Infrastructure Operating Fund Allocation: <http://www.innovation.ca/en/cfi-online/download-reference-forms>

Template for personnel costs – CFI infrastructure projects:

<http://www.innovation.ca/en/cfi-online>

In relation to the Infrastructure Operating Fund:

Certification – Salary of technicians and professionals

(<http://www.innovation.ca/en/cfi-online/download-reference-forms>)

Template for facilities charges – CFI-funded construction and

renovation(<http://www.innovation.ca/en/cfi-online/download-reference-forms>)

Template for electrical costs – CFI-funded equipment

(<http://www.innovation.ca/en/cfi-online/download-reference-forms>)

Annual rate table – Electricity (<http://www.innovation.ca/en/cfi-online/download-reference-forms>)

Annual rate table – Facilities Charges (<http://www.innovation.ca/en/cfi-online/download-reference-forms>)

“Evaluation” Section: <http://www.innovation.ca/en/accountability>

External Web Sites

Canada Research Chairs: <http://www.chairs.gc.ca/>

Canadian Institutes of Health Research: <http://www.cihr-irsc.gc.ca/>

Natural Sciences and Engineering Research Council of Canada: <http://nserc.ca/>

Social Sciences and Humanities Research Council of Canada: <http://www.sshrc.ca/>

Tri-Council Policy Statement – Ethical Conduct for Research Involving Humans:

<http://pre.ethics.gc.ca/english/policystatement/policystatement.cfm>

Health Canada's Food and Drug Regulations: http://www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clini/index_e.html

Ethical and Legal Requirements Relating to Privacy, Confidentiality, and Security of Information: <http://www.cihr-irsc.gc.ca/e/29373.html>

Canadian Council on Animal Care Guidelines:

http://www.ccac.ca/en/CCAC_Programs/Guidelines_Policies/GUIDES/ENGLISH/toc_v1.htm

Laboratory Biosafety Guidelines (2004): <http://www.phac-aspc.gc.ca/publicat/lbg-ldmbl-04/index.html>

Canadian Nuclear Safety Commission Regulations:

<http://www.nuclearsafety.gc.ca/eng/regulation/>

Canadian Environmental Assessment Act: http://www.ceaa-acee.gc.ca/013/index_e.htm

Licenses for Facilities in the Yukon, Nunavut, and the Northwest Territories:

http://www.crsng.gc.ca/professors_e.asp?nav=profnav&lbi=p7#7

Agreement on Internal Trade: http://www.ait-aci.ca/index_en/intro.htm