



**Social Sciences and  
Humanities Research  
Council (SSHRC)**

**Audit of the Adequacy,  
Effectiveness and Efficiency of  
the Non-Financial  
Administration of the  
Fellowships, Scholarships and  
Prizes Program**

**Audit Report**

**July 20<sup>th</sup>, 2007**



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## Executive Summary

The objectives of the audit of the Adequacy, Effectiveness and Efficiency of the Non-Financial Administration of the Fellowships, Scholarship and Prizes Program were to provide an independent and objective assessment of the extent to which:

- Social Sciences and Humanities Research Council's (SSHRC) current management practices provide timely, relevant and reliable management information, both financial and non-financial, to facilitate decision making and accountability in the use of resources (Governance);
- Effective integrated risk management practices are designed to help ensure an appropriate allocation of resources and efforts toward areas of higher risk (Risk Management);
- Effective management and operational practices are designed to ensure compliance with relevant authorities, including Treasury Board's and SSHRC'S policies and procedures (Internal Controls).

The scope of the audit was limited to the current management and operational practices related to the award programs under the responsibility of the Fellowships and Institutional Grants Division.

The audit was conducted in accordance with the Institute of Internal Auditors *Standards for the Professional Practice of Internal Auditing* and Treasury Board's *Policy on Internal Audit*.

This audit report details the significant findings identified during the audit; provides recommendations for improvement in these areas; and also highlights any noteworthy management practices. This audit report is for use of the CPEA Division and KPMG for the purposes of documenting the results of the audit. It provides a basis for discussion of the key findings, recommendations and management action plan items.

## Conclusion and Key Findings

### Governance

The audit found a number of good systems and practices related to governance emerging within SSHRC and the Fellowships and Institutional Grants Division. Specifically, both SSHRC and the Fellowships Division have made progress in using more formal management tools and practices to measure and report performance results and there is a growing recognition of the importance to support SSHRC's accountability reporting to Parliament through the DPR, RPP, and PAA. Further, there is also a greater recognition that SSHRC's funding delivery model needs to be grounded with strong controls, risk management and performance measures. Our review of a sample of award holder files noted that there is a sound application and peer review process in place between Fellowships and university-based selection committee members.

However, the audit identified a number of areas for improvement and it is recommended that the Director of Fellowships and Institutional Grants Division implement a formal mechanism to measure, monitor and report Fellowship award holder outcomes and performance information; implement a formal business planning mechanism that considers financial and HR requirements on an annual basis; and review the current process to help ensure that sufficient supporting documentation is kept in order to substantiate all applicant evaluations.

## **Risk Management**

The audit noted that Fellowships does not have a formal mechanism to systematically monitor risk specific to its awards and it is recommended that the Director of Fellowships and Institutional Grants Division implement a risk identification and management mechanism and that risk be formally considered in the monitoring of award holders.

## **Communication**

Key community stakeholders noted that Fellowships does a good job of clearly communicating information, expectations and program changes to the awards in a timely manner and that Fellowships has continuously made efforts to improve its understanding of, and meet stakeholder needs. The audit noted that the Memorandum of Understanding is a key agreement between SSHRC and the university in establishing performance expectations, service standards and accountability for management of award holder funds. Committee members stated that the information and guidance provided by Fellowships for the adjudication of applications was clear.

The audit identified a number of observations that should be addressed by Fellowships management, specifically the issue that some staff feel excluded from some knowledge and information sharing processes. In addition, the audit noted an absence of documented policies and procedures within Fellowships – an issue that also appears to be Council-wide. Further, some university representatives noted the tight competition timelines during the fall and winter semesters does not leave sufficient time for students to fully understand and complete the applications requirements. Finally, a number of university representatives stated that they have requested from Fellowships an explanation of how the university award allocation/quota is calculated; however, none have received any information from Fellowships.

Related to these observations, it is recommended that the Vice-President Programs and the Director of Fellowships and Institutional Grants Division review internal communications strategies and the overall rationale, utility and value of using some knowledge and information sharing processes. In addition the Director of Fellowships and Institutional Grants Division should formally document the competition policies and procedures and any other required policies and procedures and communicate it to all staff; review its current external communication strategy to determine its effectiveness in communication of key attributes of the program information to all stakeholders; and determine the appropriateness of communicating the methodology and criteria used to calculate the university's award allocation.

## **Information Management/Information Technology**

Fellowships management and staff noted that AMIS is not a sufficiently integrated business tool and only gives the basic data extractions. Although AMIS serves the current and ongoing reporting requirements, it will not, in its current form meet future performance reporting requirements. Recently, both SSHRC and NSERC launched a joint IM/IT strategy to improve information management consistency, integrate planning, and develop common standards.

It is recommended that the Vice-President Programs and the Director of Fellowships and Institutional Grants Division continue to support the Bi-Council IM/IT strategy and lever value from the initiative toward improving its own IM/IT and performance measurement and reporting processes.

## Human Resources

Consultations with Fellowships management noted that Program Officers, Assistants and other staff possess the skills and abilities to effectively fulfill their roles and responsibilities and to deliver quality service to clients. Fellowships staff have a good understanding of their roles and responsibilities and are highly committed to SSHRC goals and objectives; Fellowships program goals and objectives; and delivering quality service to award holders and partner institutions.

The audit noted some areas for management attention related to the high level of staff turnover at the Program Officer level; the number of acting positions and the effect on decision-making; the level of effort required of adjudication committee members; and the level of effort required to prepare the competition binders.

Related to these observations, it is recommended that the Director of Fellowships and Institutional Grants Division:

- revise its recruitment and retention strategies and align it with federal best practice benchmarks and to develop and implement an HR strategy that is integrated with annual business planning;
- clearly communicate to all Fellowships staff and managers the plans, priorities and other strategies in a timely manner in order to minimize the risk of misinterpreting key award management and delivery expectations;
- examine the possibility of aligning staff training needs with the level of experience and implement a mentoring process to further support the development of individuals currently in acting positions;
- review the current competition timeliness to determine if application deadlines could be pushed further in the fall and winter semester and/or if the process could be streamlined for committee members; and
- streamline the binder preparation process and improve the effectiveness of the Program Assistant in the award management and delivery process by reducing the volume of photocopying currently produced for the committee members.

In addition it is recommended that the Vice-President Programs and the Director of Fellowships and Institutional Grants Division:

clearly communicate to all Fellowships staff and managers the plans, priorities and other strategies in a timely manner in order to minimize the risk of misinterpreting key award management and delivery expectations;

## Background

SSHRC is an arm's-length federal agency whose mandate is to promote and support university-based research and training in the social sciences and humanities. SSHRC's overall strategic objective is to build a first-class research capacity in the social sciences and humanities by supporting advanced, high-quality research training.

Aligned with SSHRC's strategic objective are three key strategic outcomes:

- People: a first-class research capacity in the social sciences and humanities;
- Research: new knowledge-based on excellent research in the social sciences and humanities; and
- Knowledge Mobilization: the transfer, dissemination and use of social sciences and humanities knowledge.

To achieve its mandate, SSHRC partners with the National Science and Engineering Research Council (NSERC) and the Canadian Institute of Health Research (CIHR) – the Tri-Councils and/or Federal Granting Agencies – in the delivery and management of common grant funds to award recipients and institutions. A Memorandum of Understanding (MOU) governs the Tri-Council relationship and sets out the roles and responsibilities of each partner in the areas of financial management, ethics, integrity, peer review, etc. With the exception of certain grants and fellowships, SSHRC does not directly fund award recipients. SSHRC transfers funds, administered by the eligible Canadian and/or foreign universities, which distribute funding to the award recipients. The eligible universities are required to sign a MOU with SSHRC and the other Federal Granting Agencies. Among other things, the MOU's address the specific roles and responsibilities of the recipient institutions and the award recipients with respect to the appropriate use of funds. The MOU also requires that the institutions have appropriate systems in place to help ensure the continued eligibility of recipients as well as the expenses incurred.

SSHRC's priority over the next five years will be its transformation on how it conducts its business. SSHRC is moving from a traditional granting agency which focuses on funding peer-review research focusing on promoting and supporting research in the broader role of "knowledge council", which includes the influence and impact of research findings, and seeking to maximize the benefits of research for Canadians. This will be accomplished through more intense and sustained connections among researchers and users of research, and through more widespread and effective mobilization, transfer, and application of knowledge created through research.

## Program Overview

To achieve its overall objective, SSHRC has developed a suite of award programs to assist recipients explore, invent and develop expertise in a wide variety of social science and humanities disciplines.

## Organizational Structure

SSHRC is governed by a 22-member Board which meets regularly, determines program and policy priorities, initiatives, and budget allocations, and monitors their implementation. SSHRC is assisted by six standing Council Committees who help guide SSHRC's direction and ensure that its grant and fellowship programs meet the needs of Canadians. The award programs are aimed at Canadian students who demonstrate high levels of academic achievement and the potential to become leading researchers and research users in the social sciences and humanities, and aimed at retaining excellent researchers in Canada.

The Vice-President, Programs Branch reports to the President and is responsible for the Fellowships and Institutional Grants Division which manages fellowships and scholarship programs, as well as prizes awarded to students and researchers for outstanding achievements. The other two programs reporting to this Vice-President are:

- Research and Dissemination Grants Division which is responsible for grants to investigator-driven research; and
- Strategic Grants and Joint Initiatives Division which manages targeted research and training initiatives and strategic research development

The Fellowships, Scholarships and Prizes Programs are managed by the Director of Fellowships and Institutional Grants, who has overall accountability for these award programs.

## Peer Review

SSHRC funding is awarded through a peer-review process, which helps ensure that only the best research projects are recommended and approved for funding. Volunteer selection committees, made up of independent Canadian university-based researchers with some non-academic members, in various disciplines who adjudicate all SSHRC applications based on rigorous criteria. There are several multidisciplinary selection committees to assist Fellowships in the adjudication of its award programs.

## Award Programs

There are five main award programs related to Fellowships, Scholarships and Prizes Program:

- **Canada Graduate Scholarships (CGS) Program – Master’s**

Recipients are awarded a \$17,500, non-renewable scholarship which is tenable at Canadian universities only.

- **Canada Graduate Scholarships (CGS) Program – Doctoral Scholarships and SSHRC Doctoral Fellowships**

SSHRC offers two types of awards for doctoral-level study: the CGS Doctoral Scholarships and the SSHRC Doctoral Fellowships. The CGS Doctoral Scholarships are valued at \$35,000 per year for three years. The SSHRC Doctoral Fellowships are valued at \$20,000 per year.

- **Postdoctoral Fellowships**

The Postdoctoral Fellowships are valued at \$38,000 per year, plus an accountable research allowance of up to \$5,000 per award. These are non-renewable fellowships, tenable for a minimum of 12 months and a maximum of 24 months. Applicants are eligible to hold their award at a foreign university only if their PhD was earned at a Canadian university.

- **Special Research Fellowships**

- ***Bora Laskin National Fellowship in Human Rights Research***

Awarded annually, the Fellowship consists of a \$45,000 stipend plus \$10,000 for research and research-related travel expenses and is non-renewable fellowship, tenable for 12 months in Canada.

- ***Thérèse F. Casgrain Fellowship***

Awarded every second year, the award consists of a \$40,000 stipend, paid in three instalments, of which up to \$10,000 may be used for travel and research-related expenses. The award is non-renewable fellowship, tenable for 12 months in Canada.

– ***Jules and Gabrielle Léger Fellowship***

Awarded every second year, the fellowship consists of a \$40,000 stipend \$10,000 for research and research-related travel expenses. The fellowship is non-renewable, and is tenable for 12 months with no restrictions on place of tenure.

▪ **Prizes**

In addition to scholarships and fellowships, SSHRC promotes social sciences and humanities research through the following highly visible prizes:

▪ **Gold Medal for Achievement in Research**

Awarded annually, the prize is valued at \$100,000 and is awarded to an individual whose leadership, dedication, and originality of thought have significantly advanced understanding in his or her field of research, enriched Canadian society, and contributed to the country's cultural and intellectual life;

▪ **Aurora Prize**

Awarded annually and valued at \$25,000, the Aurora prize recognizes an outstanding new researcher for exceptional contributions to, and innovation in, social science and humanities research;

▪ **Postdoctoral Prize**

Awarded annually and valued at \$10,000, the Postdoctoral prize is awarded to the most outstanding SSHRC Postdoctoral Fellowship recipient;

▪ **William E. Taylor Fellowship Award**

Awarded annually and valued at \$5,000, the award recognizes the most outstanding SSHRC doctoral award recipient; and

▪ **Molson Prize**

Awarded annually to two recipients by the Canada Council for the Arts and administered by SSHRC. Each prize is valued at \$50,000 each – one in the arts and one in the social sciences and humanities. The prizes are funded by a \$1 million endowment from the Molson Family Foundation and honours Canadians who have made important contributions to Canada's cultural and intellectual heritage.

## Objectives

The objectives of the audit were to assess the extent to which:

- SSHRC's current management practices provide timely, relevant and reliable management information, both financial and non-financial, to facilitate decision making and accountability in the use of resources (Governance);
- Effective integrated risk management practices are designed to help ensure an appropriate allocation of resources and efforts toward areas of higher risk (Risk Management);
- Effective management and operational practices are designed to ensure compliance with relevant authorities, including Treasury Board's and SSHRC'S policies and procedures (Internal Controls).

These objectives support Treasury Board's *Policy on Internal Audit* which requires internal audit activity to assess governance, risk management, and internal controls. The audit sought evidence to support the following:

- Management's actions for complying with Treasury Board's *Policy on Transfer Payments* are adequate;
- Management's actions for complying with Treasury Board's *Policy on Transfer Payments* are effective and non-financial controls and practices are working as intended; and
- Management's actions for complying with Treasury Board's *Policy on Transfer Payments* are effective based on operating goals and objectives that have been established, the existence of appropriate criteria to assess the extent to which goals and objectives have been achieved, and the existence of mechanisms to monitor actual results consistent with established goals and objectives.

The core elements of the management control framework consisting of the policies, procedures, processes, practices and other means by which the Fellowships award programs are designed and delivered were assessed against the criteria selected for the audit. A deviation from the audit criteria that would put at material risk the achievement of the Fellowships and Institutional Grants Division objectives would be reported as a significant deficiency. The audit criteria are outlined in Appendix A of this report.

## Scope

The scope of the audit was limited to the management and operational practices currently in place for the award programs under the responsibility of the Fellowships and Institutional Grants Division. These include:

- Canada Graduate Scholarships - Master's and Doctoral components;
- SSHRC Doctoral Fellowships;
- Postdoctoral Fellowships;
- Special Research Fellowships; and
- Prizes.

The audit did not include an examination of the financial aspects of award holder funding nor did it include any examinations of controls and practices related to account verification, payments, accounting, review of transactions and monitoring activities performed and conducted by Finance. In addition, due to the limited number and cost of Special Research Fellowships and Prizes, representing less than 1% of awards, project files for these awards were not included in the thirty files reviewed.

## **Approach and Methodology**

The audit was conducted in accordance with the approach detailed in the internal audit plan finalized on May 25<sup>th</sup> 2007. The approach included a review of documentation related to the management of the awards program, interviews and a review of 30 awards file.

The audit was conducted in accordance with the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing and Treasury Board's Policy on Internal Audit.

### **1. Review Documentation**

KPMG reviewed all relevant documentation to obtain an understanding of the current risks, risk management processes, management control frameworks and information used for decision making with respect to the Programs. A list of documentation examined is included in appendix B.

### **2. Interviews**

A total of 34 interviews were conducted with representatives from various areas responsible for program management, delivery and program support. The Interviews focussed on obtaining an understanding of the current management control framework, risk management processes and mitigation strategies, and information for decision making, including aspects of compliance, economy, efficiency and effectiveness as they relate to each of the audit criteria identified in the audit plan. In consultation with Fellowships management, the KPMG audit team assisted in the selection of the individual interview participants.

### **3. Application Review**

The audit team conducted a review of a sample of award holder files to test the effectiveness of the controls in place for key areas under Fellowship's responsibility.

The audit sample included:

- 15 CGS Masters project files, with five files from each of the 2004/05, 2005/06 and 2006/07 award years; and
- 15 SSHRC and CGS Doctoral project files, consisting of nine CGS Doctoral files with three from each of the 2004/05, 2005/06, and 2006/07 program years; and six SSHRC Doctoral files with two from each of the 2004/2005, 2005/06, and 2006/07 award years.

## **Observations and Recommendations**

At the request of the Project Authority, the audit expectations, observations, analysis and recommendations have been organized according to the following five main categories: Governance, Risk Management, Communication, Information Management/Information Technology and Human Resources. This was done to clearly outline the findings and issues raised during the conduct of the audit.

# 1 – Governance

## Expectations

Based on the audit criteria developed, it was expected that the audit findings would demonstrate the following with respect to governance:

- Expected results are: clear, measurable and directly related to program objectives; are monitored, communicated and reported on a regular basis; and support effective and timely management decision-making;
- Business planning is performed annually to identify financial and human resource requirements to meet program objectives over the planning cycle;
- Applicant's eligibility, knowledge and capability is evaluated;
- Assessment criteria are defined and support program objectives;
- Program guidelines are consistent with the TBS Policy on Transfer Payments; and
- Award holder terms and conditions are defined and a mechanism exists to verify these have been met.

## Observations

The audit noted that a number of good systems and practices related to governance are emerging within SSHRC and the Fellowships and Institutional Grants Division ("Fellowships"). Both SSHRC and the Fellowships Division have made progress in using more formal management tools and practices to measure and report performance results. Under the leadership of the new President and senior management, an organizational culture aligned with the current climate of federal governance and accountability reporting initiatives is emerging. There is a growing recognition of the importance to support SSHRC's accountability reporting to Parliament through the DPR, RPP, and PAA. There is also a greater recognition that SSHRC's funding delivery model needs to be grounded with strong controls, risk management and performance measures. This change in culture has also been attributed to the collaborative working relationship between senior Council management and the Corporate Performance, Evaluation and Audit group.

The application approval process is based on a rigorous peer review both within the university pre-selection committees (for CGS Masters and Doctoral awards and for the National Selection Committees (for CGS Doctoral awards).

However, the audit noted the following issues that are worthy of management's attention:

- 1) Fellowships does not have a formal approach to measure, monitor and report award holder outcomes and/or performance information;
- 2) Fellowships does not have a formal process for planning financial and/or human resource requirements on an annual basis;
- 3) The documentation substantiating the evaluations for Masters, Doctoral and Postdoctoral awards is not sufficient.

## Analysis

### 1) Fellowships does not have a formal mechanism to measure, monitor and report award holder outcomes and/or performance information

Currently, Fellowships is limited in its reporting of meaningful and tangible performance results. Although there has been recent progress in using more formal management tools and practices to measure and report performance results, the level of information currently collected and reported meets only the basic requirements for RPP and DPR reporting purposes.

Representatives within and outside Fellowships agreed that the current approach to operational performance measurement and reporting is not aligned with the new climate of federal accountability performance reporting. The consensus among SSHRC and Fellowships representatives is that a formal performance measurement and reporting approach is required to more fully demonstrate the value of Fellowship funding activities. The approach should also be linked to SSHRC's RMAF to help ensure that performance measures are aligned with strategic and operational goals and objectives.

### 2) Fellowships does not have a formal process for planning financial and/or human resource requirements on an annual basis

Although annual budgets are completed at the Council level, the audit noted that a formal business planning process within Fellowships does not exist. Such a process could help assist Fellowships by planning the financial and/or human resource requirements on an annual basis necessary to meet its objectives.

### 3) The documentation substantiating the evaluations for Masters, Doctoral and Postdoctoral awards is not sufficient

The applicant scores for the CGS Masters, Doctoral and SSHRC Postdoctoral awards are noted in the applicant letter that is kept in each award holder file. Although the scores are maintained and can be referenced back to an Excel file with the grades and the names of the adjudicators, there is no evidence that these were and are the approved scores. For example, there is no documentation of the final scores that is printed and signed off/approved by the committee chair and other members. As a result, this process does not provide sufficient evidence to determine the validity of the applicants score and the approval by the committee Chair and members. In addition, Excel may not be a media providing enough security in regards to the integrity of the data.

## Recommendations

It is recommended that:

- 1) The Director of the Fellowships and Institutional Grants Division implement a formal mechanism to measure, monitor and report Fellowship award holder outcomes and/or performance information.
- 2) The Director of the Fellowships and Institutional Grants Division implement a formal business planning mechanism that considers financial and HR requirements on an annual basis.
- 3) The Director of the Fellowships and Institutional Grants Division review the current process to help ensure that sufficient supporting documentation is kept in order to substantiate applicant evaluations.

## 2 – Risk Management

### Expectations

Based on the audit criteria developed, it was expected that the audit findings would demonstrate the following with respect to risk management:

- A mechanism exists to identify and share lessons learned, knowledge and expertise; and
- A risk-based approach to the monitoring of award holders exists and is followed.

### Observations

As discussed in the governance section, there is a greater recognition that SSHRC's funding delivery model needs to be grounded with strong controls, risk management and performance measures.

However the audit observed the following area where Fellowships could improve its approach risk management:

- Fellowships does not have a formal mechanism to systematically monitor risk specific to its award programs.

### Analysis

1) Fellowships does not have a formal mechanism to systematically monitor risk specific to its award programs:

During the course of our audit we observed the absence of a formal risk monitoring system within the Fellowships program. This was confirmed by staff who noted that due to the rapid growth of the Canada Graduate Scholarships (CGS) program, risk management may not have been a key consideration/priority in the development of the program.

A formal risk monitoring mechanism will allow Fellowships management to identify, manage and report on risks that may threaten the achievement of objectives specific to its award programs. Specifically it will allow management the opportunity to document and assess key risk areas on an ongoing basis, implement risk mitigating strategies and improve management decision-making.

A risk-based approach is not currently taken to the monitoring of award holders. A risk-based approach could be used in the selection and extent of monitoring activities conducted to increase efficiency and effectiveness of monitoring.

### Recommendation

- 1) It is recommended that the Director of the Fellowships and Institutional Grants Division support the implementation of a risk identification and management mechanism specific to the Fellowships awards and that risk be formally considered in the monitoring of award holders.

## 3 – Communication

### Expectations

Based on the audit criteria developed, it was expected that the audit findings would demonstrate the following:

- A mechanism exists to identify and share lessons learned, knowledge and expertise; and
- Defined roles and responsibilities exist for managing and delivering the award programs between SSHRC and the universities.

## Observations

Key community stakeholders (university administrators, student liaison officers, pre-selection and National Selection Committee members) noted that overall; Fellowships does a good job of clearly communicating information, expectations and changes to the award programs in a timely manner. Consensus among these stakeholder groups also noted that Fellowships has continuously made efforts to improve its understanding of, and to meet stakeholder needs. SSHRC senior management, the Fellowships Director, staff and university representatives stated that the Memorandum of Understanding is a key agreement between SSHRC and the university in establishing performance expectations, service standards and accountability for management of award holder funds. Committee members (pre-selection and NSC) noted no major issues with the information and other guidance provided by Fellowships and also noted that the materials provided for the adjudication of applications were clear.

The audit observed the following areas where Fellowships could improve both internal/external communication and delivery of its award programs;

- 1) Fellowships does not have a formalized knowledge and information sharing process;
- 2) There is an absence of formally documented policies and procedures within Fellowships; and
- 3) The timeliness and quality of information provided at the University level could be further improved.

## Analysis

### 1) Fellowships does not have a formalized knowledge and information sharing process for internal information

Some Fellowships staff noted that they are excluded from some knowledge and information sharing forums and as a result believe that they do not receive timely information. Specifically they have noted that the senior officer review and communication process of problem cases leads to inefficiencies as issues discussed in this forum are not always completely discussed and/or discussed in a timely manner. This may have the effect of delaying the response time to implementing required actions in regards to the resolution of issues.

Integrating all Program Officers and Fellowships staff into the information mechanism will help improve overall communication and the quality of knowledge and information throughout the Division. In addition this will help avoid the perception of non-transparency. More inclusive participation and/or in knowledge and information sharing mechanisms by Fellowships staff will likely increase the effectiveness, efficiency and timeliness of award program management and delivery.

### 2) There is an absence of formally documented policies and procedures within Fellowships

It was noted by a number of SSHRC senior management representatives that there is an absence of documented policies and procedures within Fellowships Council representatives also noted that this is an organization-wide issue and not unique to Fellowships.

By clearly defining and documenting roles and responsibilities, Fellowships management will help establish clear internal performance expectations. In addition this documentation will assist in training new personnel and protecting against the loss of corporate memory.

### 3) The timelines and quality of information provided at the University level could be further improved

Both Fellowships and university representatives noted that despite the cost and level of effort, informing students of the Fellowships funding opportunities is a key success factor in achieving SSHRC objectives. Moreover, that students are aware of and understand the award application requirements is equally important. Some university representatives noted that although they understood that the task of informing a wide and diverse student population in all the faculties that comprise the social sciences and humanities disciplines is difficult, they felt that some students may still not have a complete understanding of the application process and requirements.

These same representatives noted that SSHRC/Fellowships have not identified a communications strategy aimed at undergraduate students. In addition, some university officials and committee members noted that the SSHRC website was not sufficiently user friendly to permit effective navigation. Further, these representatives stated that they did not possess a clear understanding of the scoring methodology/formula used by Fellowships to calculate the number of awards allocated to their university on an annual basis. Representatives stated that they have requested clarification from Fellowships; however, no responses have been provided.

### **Recommendations**

It is recommended that:

- 1) The Vice-President of Programs and the Director of the Fellowships and Institutional Grants Division review internal communications strategies and the overall rationale, utility and of value of using the senior officer review of problem cases as a knowledge and information sharing process. Should this process continue, a predetermined timetable for the internal dissemination of information should be established and followed.
- 2) The Director of Fellowships and Institutional Grants Division formally document the competition policies and procedures and any other required policies and procedures and communicate it to all staff.
- 3) The Vice-President of Programs and the Director of Fellowships and Institutional Grants Division review its current external communication strategy to determine it's effectiveness in communication of key attributes of the program information to all stakeholders.
- 4) The Vice-President of Programs and the Director of Fellowships and Institutional Grants Division determine the potential additional communication needs with respect to the methodology and criteria used to calculate the university's award allocation and provide additional communication if required.

## **4 – Information Management/Information Technology**

### **Expectations**

Based on the audit criteria developed, it was expected that the audit findings would demonstrate the following:

- Management information systems facilitate the collection of information to enable timely and effective decision making.

## Observations

In June 2006, both SSHRC and NSERC launched a joint IM/IT strategy led by the Common Administrative Services Directorate (CASD). Having developed this IM/IT strategy will improve consistency, integrate planning, and develop common standards between SSHRC and NSERC. The current timeline for completion and implementation is slated as between 18 and 24 months.

The audit observed the following area where Fellowships could improve IM/IT processes:

- The Award Management Information System (AMIS) is not meeting user needs.

## Analysis

1) The Award Management Information System (AMIS) is not meeting user needs

IM/IT management has been an evolving and challenging area for SSHRC. IM/IT investments over the past decade have been significant, particularly for the Award Management Information System (AMIS). Fellowships management and staff noted that AMIS is not a sufficiently integrated business tool and only gives the basic data extractions. Although AMIS serves the current and ongoing reporting requirements, it will not, in its current form meet future performance reporting requirements.

This integrated IM/IT effort between SSHRC and NSERC aims to improve Council as well as management service delivery and reporting. This is a priority initiative and has the full support of the President as it is expected to improve SSHRC's performance management/measurement approach. This initiative is of particular significance and importance for Fellowships. Should Fellowships accept the previous recommendation to "develop an integrated RMAF/RBAF"; this could be aligned/integrated with the IM/IT strategy to help ensure that the approach will be compatible with the new IM/IT platform. Alignment/integration will allow Fellowships to lever value from the IM/IT platform and will help enable more effective, timely and meaningful performance reporting, as well as offer flexible, improved and timelier service delivery to its clients and university community stakeholders

## Recommendation

1) It is recommended that the Vice-President of Programs and the Director of the Fellowships Division continue to support the Bi-Council IM/IT strategy.

## 5 – Human Resources

### Expectations

Based on the audit criteria developed, it was expected that the audit findings would demonstrate the following:

- Management and staff skills, knowledge and capacity; and
- Effective use of Selection Committee member time and resources.

## Observations

Consultations with Fellowships management noted that Program Officers, Assistants and other staff possess the skills and abilities to effectively fulfill their roles and responsibilities and to deliver quality service to clients. The audit noted that Fellowships staff have a good understanding of their roles and responsibilities and are highly committed to SSHRC goals and objectives; Fellowships program goals and objectives; and delivering quality service to award holders and partner institutions.

The audit also observed that there have been some HR related issues caused by a number of staff departures and unfilled acting positions, as well as opportunities to increase value-added time by staff. Some specific issues for management consideration included:

- 1) Staff turnover at the Program Officer level;
- 2) Number of acting positions may lead to decision-making gaps;
- 3) The level of effort is required of committee members; and
- 4) Preparation of the competition binders

## Analysis

### 1) Staff turnover at the Program Officer level

Both Fellowships management and staff noted the difficulty in retaining staff at the Program Officer level. Specifically it was noted that the turnover at the junior level was particularly high due to the fact that as individuals gather experience they are seeking increased roles, responsibilities and compensation both within SSHRC and other organizations. This high turnover rate could create certain award management and delivery inefficiencies and increase the risk of corporate memory loss within SSHRC and Fellowships.

### 2) Number of acting positions may lead to decision-making gaps

Some Fellowships staff and senior Council management have indicated that there may be a SSHRC-wide/Fellowships leadership gap created by numerous acting positions which has led to some confusion in regards to decision-making authority, plans and priorities. As a result, this could also lead to inconsistent oversight of Fellowships staff. There are currently various competitions to staff the numerous acting positions, including that of Director – Fellowships and Institutional Grants.

### 3) The level of effort required by committee members

All committee members noted that they took great pride in participating in the competition process. However, a significant number noted that the level of effort required to complete their adjudication responsibilities is substantial and falls during peak times of the fall and winter semesters.

Given the required time commitment, there is a risk that Fellowships may face difficulty in attracting committee members to participate in the award adjudication process in the future.

### 4) Preparation of the competition binders

A Program Assistant currently prepares the binders for all National Selection Committee members. In doing so, all applications are copied and inserted into the binder for review by NSC members. Committee members should only review those applications for which they have been assigned. The volume of photocopying is not efficient to the binder preparation process or the award management

and delivery process. Moreover, it decreases the value-added time the Program Assistant could be allocating to other award management and delivery activities.

### **Recommendations**

It is recommended that:

- 1) The Director of the Fellowships and Institutional Grants Division re-assess Fellowships' recruitment and retention strategies and align these with federal best practice benchmarks. In addition SSHRC/Fellowships should consider the development and implementation of an HR strategy. This strategy should also be integrated with annual business planning (financial and HR).
- 2) The Vice-President of Programs and the Director of the Fellowships and Institutional Grants Division clearly communicate to all Fellowships staff and managers the plans, priorities and other strategies in a timely manner in order to minimize the risk of misinterpreting key award management and delivery expectations.
- 3) The Director of the Fellowships and Institutional Grants Division examine the possibility of aligning staff training needs with the level of experience and implement a mentoring process to further support the development of individuals currently in acting positions.
- 4) The Director of the Fellowships and Institutional Grants Division review the current competition timeliness to determine if application deadlines could be pushed further in the fall and winter semester and/or if the process could be streamlined for committee members.
- 5) The Director of the Fellowships and Institutional Grants Division streamline the binder preparation process and improve the effectiveness of the Program Assistant in the award management and delivery process by reducing the volume of photocopying currently produced for the committee members.

## Appendix A – Audit Criteria

Audit Criteria	Key Risk Area	Key Audit Procedures
<b>Audit Objective #1 - Governance</b> - Management practices to provide timely, relevant and reliable management information, both financial and non-financial, to facilitate decision making and accountability in the use of resources.		
a) Results expected from the program are clear, measurable, directly related to program objectives, and are monitored, communicated and reported on a regular basis, and support effective and timely management decision-making at both the project and program levels.	Capacity to meet external stakeholder expectations	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Examination of operational plans and budgets, RMAF, terms and conditions for each award program, and performance reports</li> </ul>
b) A mechanism exists to identify and share lessons learned, knowledge and expertise between the Program and other programs within SSHRC, and between SSHRC and its partners.	Ability to implement decisions which align with new strategic plan	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff, and representatives from NSERC</li> </ul>
c) Business planning is performed annually to identify financial and human resource requirements to meet program objectives over the planning cycle	Capacity to attract and retain appropriate staff and ensure succession	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Examination of operational plans and budgets, business planning procedures, and relevant management reports</li> </ul>
d) Roles and responsibilities for managing and delivering the program are clearly defined between the Program and the universities.	Capacity to meet enhanced governance and accountability requirements	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff, and representatives from select universities</li> <li>▪ Examination of the MOU</li> </ul>
e) Program changes and notification of awards are communicated on a timely basis	Capacity to meet enhanced governance and accountability requirements	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff, and representatives from select universities</li> <li>▪ Examination of the website for documented programs guides and notification of changes and awards</li> </ul>
<b>Audit Objective #2 – Risk Management</b> - The implementation and operation of effective integrated risk management practices designed to ensure an appropriate allocation of resources and efforts toward areas of higher risk.		
a) A mechanism exists to systematically identify, assess, monitor and report on risks facing the program	Quality, credibility and viability of decision-making for the allocation of grants and scholarships	<ul style="list-style-type: none"> <li>▪ Interviews with management</li> <li>▪ Examination of program risk assessments, business planning documentation, and other relevant reports</li> </ul>
b) A risk-based approach to the monitoring of the award holders exists and is followed	Quality, credibility and viability of decision-making for the allocation of grants and scholarships	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Examination of the RBAF/RMAF and operating and procedural manuals</li> </ul>

Audit Criteria	Key Risk Area	Key Audit Procedures
<b>Audit Objective #3: Internal Controls</b> - The implementation and operation of effective management and operational practices designed to ensure compliance with relevant authorities, including Treasury Board's and SSHRC'S policies and procedures.		
a) Staff and management have the required skills, knowledge and capacity	Capacity to attract and retain appropriate staff and ensure succession	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Examination of organizational charts, training materials, and job descriptions</li> </ul>
b) Management information systems facilitate the collection and extraction of data/information in a timely manner and contribute to timely and effective decision-making.	Adequacy of information and technology systems and management	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Interviews with Information Systems staff</li> <li>▪ Examination of policies and procedures, end-user procedures, and service level agreements</li> </ul>
c) Applicant's eligibility is proven and documented	Capacity to meet enhanced governance and accountability requirements	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Interviews with representatives from Selection Committees</li> <li>▪ Examination of project files</li> </ul>
d) Applicant demonstrates appropriate knowledge and capability to undertake the project.	Capacity to meet enhanced governance and accountability requirements	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Interviews with representatives from Selection Committees</li> <li>▪ Examination of project files</li> </ul>
e) Assessment criteria are defined and support program objectives	Capacity to meet enhanced governance and accountability requirements	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Interviews with representatives from Selection Committees</li> <li>▪ Examination of project files/program guidelines</li> </ul>
f) There is an appropriate process to approve or reject applications by a delegated authority	Quality, credibility and viability of decision-making for the allocation of grants and scholarships	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Interviews with representatives from Selection Committees</li> <li>▪ Examination of project files/program guidelines</li> </ul>
g) The rationale for each funding decision is appropriately documented to permit supervision and monitoring	Quality, credibility and viability of decision-making for the allocation of grants and scholarships	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff, and representatives from Selection Committees</li> <li>▪ Examination of project files</li> </ul>
h) Policies and procedures outlining roles and responsibilities exist for selection committee members	Quality, credibility and viability of decision-making for the allocation of grants and scholarships	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff, and representatives from Selection Committees</li> <li>▪ Examination of project files</li> </ul>
i) There is a process in place to determine whether the project was successful in contributing to the expected program results.	Capacity to meet enhanced governance and accountability requirements	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Examination of project files, policies and procedures, and program guidelines</li> </ul>
j) An appeals process exists and all appeals are documented.	Quality, credibility and viability of decision-making for the allocation of grants	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff, and representatives from Selection Committees</li> <li>▪ Examination of project files/program</li> </ul>

Audit Criteria	Key Risk Area	Key Audit Procedures
<b>Audit Objective #3: Internal Controls</b> - The implementation and operation of effective management and operational practices designed to ensure compliance with relevant authorities, including Treasury Board's and SSHRC'S policies and procedures.		
	and scholarships	guidelines
k) Program guidelines are fully consistent with the Policy on Transfer Payments	Capacity to meet enhanced governance and accountability requirements	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Examination of program guidelines and the <i>Policy on Transfer Payments</i></li> </ul>
l) The terms and conditions of the awards are made available to the applicant, clearly outlining roles and responsibilities and expected results	Capacity to meet enhanced governance and accountability requirements	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Examination of program guidelines/project files</li> </ul>
m) A mechanism exists to verify that the terms of the awards have been met.	Capacity to meet enhanced governance and accountability requirements	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff</li> <li>▪ Examination of program guidelines/project files</li> </ul>
n) Monitoring and audit requirements of the program's RBAF are met and issues identified are resolved on a timely basis.	Capacity to meet enhanced governance and accountability requirements	<ul style="list-style-type: none"> <li>▪ Interviews with management and staff, and Corporate Performance, and Audit and Evaluation</li> <li>▪ Examination of management reports</li> </ul>

## Appendix B – Documentation reviewed

- Strategic, corporate and/or operating plans;
- Annual Reports and Reports on Plans and Priorities;
- Risk-Based Audit Framework and Results-Based Management and Accountability Framework;
- Mandates and/or terms of reference of relevant Council committees;
- Organizational charts;
- Budget and planning documents;
- Memorandums of Understanding with universities;
- Scholarship, Fellowship and Prizes award program descriptions;
- Job descriptions and delegation instruments;
- Applicant guidelines and forms;
- Sample of applicant files;
- Notices of awards to successful applicants;
- Treasury Board's Policy on Transfer Payments;
- KPMG's best practices database in grants and contributions programs and alternative service delivery; and
- Other information identified.

## Appendix C – List of Interviews

- Vice-President – Programs
- Vice-President – Partnerships
- Vice-President – Common Administrative Services Directorate
- Corporate Secretary
- Acting Director – Corporate Performance, Evaluation and Audit
- Senior Evaluation Officer – Corporate Performance, Evaluation and Audit
- Senior Policy Officer
- Director – Strategic Programs and Joint Initiatives
- Acting Director – Fellowships and Institutional Grants
- Director, Public Affairs
- Auditor – NSERC
- Program Officers (4)
- Program Assistants (4)
- Database Administrator – Helpdesk
- Team Leader – Website/Electronic Services Delivery
- Project Manager – Award Management Information System (AMIS)
- Team Lead – AMIS
- Strategic Advisor – Electronic Service Delivery
- National Committee Members (2)
- Pre-selection Committee Members (2)
- 1 Associate Director, Graduate Studies
- 1 Associate Dean – Scholarships, Finance and Administration
- Student Liaison Officers (4)