

NCE Management Response to the Summative Evaluation of the Industrial Research and Development Internship (IRDI) Program

Context

The Industrial Research and Development Internship (IRDI) program helps meet Canada's need for trained highly skilled workers. It gives graduate students and postdoctoral fellows opportunities to gain valuable industry experience by doing hands-on work solving private-sector challenges. Created in 2007, the IRDI program increases the science and technology capacity of businesses, while creating new opportunities for highly qualified personnel. The program supports collaborative projects in any academic discipline involving graduate students and postdoctoral fellows, their supervising professors, and industry partners. Through a competitive review, the IRDI program funds successful recipient organizations to take on the responsibility of matching graduate students and post-doctoral fellows with private sector host organizations for private sector research internships.

Two competitions to fund recipient organizations were held in 2008 and in 2011. In 2008, Mitacs Inc. was the sole organization funded to deliver the program for three years. In 2011, Mitacs Inc. and AUTO21 Inc. were selected as the recipient organizations to deliver the program. The 2011 competition results are as follows:

- Mitacs Inc. – Mitacs Accelerate Program – 850 internships per year for five years.
- AUTO21 Inc. – Connect Canada Program – 150 internships per year for five years.

This is the first evaluation of the program and covers activities implemented from the origin of the program in 2007-08 to 2011-12. Ference Weicker & Company Ltd. was contracted, via a competitive process, to conduct the summative evaluation. A final report addressing the main issues of this evaluation, (1) relevance, (2) implementation and (3) performance (effectiveness, efficiency and economy) was submitted for approval to the NCE Steering Committee in March 2013.

The present management response addresses the recommendations of the summative evaluation of the IRDI program. Detailed responses to each recommendation are provided below and a summary and action plan is presented in table 1.

NCE Management Response

Overall comments:

While recognizing that this summative evaluation captures only the first few years of the IRDI program, the NCE Management Committee regards the evaluation report as a sound analysis of the available information and agrees with the conclusions and recommendations made in the report. The evaluation was carried out as per the timing set out in the program's 2008 Results-based Management and Accountability Framework and Risk-Based Audit Framework (RMAF-RBAF); therefore, the various lines of evidence for this evaluation came mainly from internships delivered through the Mitacs Accelerate program given that AUTO21's Connect Canada program only began operations in 2011-12. It is expected that the next summative evaluation of the program will be based on evidence from both programs.

Recommendation #1:

In the context of evolving programs, a forward looking review should be undertaken of the relative role of the IRDI within the broader environment of funding for internships and other industrial placements.

To date, overlap between the IRDI program and other industry placement-related programs is not significant. However, other federal or provincial sources of funding accessed by the Mitacs-Accelerate program can be used to fund follow-on internships, which raises the possibility of overlap between Mitacs-Accelerate and other programs even if there is no overlap between the IRDI program (where funding is normally limited to two internships) and other programs. Based on the results of the review, consideration should be given to making adjustments, where warranted, to ensure that IRDI is well-coordinated with other sources of funding to the recipient organizations and complementary to other industrial placement programs.

The review should focus on clearly defining the role of IRDI relative to the other sources of funding. The review would benefit from the active participation of federal government sources of funding for these internships but should, at minimum, seek input from those organizations. Any future agreements should more explicitly define the expected role of the IRDI funding. Annual reporting requirements should be structured to enable the NCE Secretariat to gain a clear understanding of how the IRDI funding was utilized and fits into the financial statements of the IRDI funded internship program.

Response:

Management agrees with this recommendation. A forward-looking review of the IRDI program to ensure the program is well-coordinated with other sources of funding and complementary to other industrial internship programs in Canada would be appropriate.

Proposed Action:

The NCE Steering Committee will plan, in collaboration with Industry Canada, a review of the scope of the IRDI program and other internship programs in Canada. This review could be done by an independent body or by a working group consisting of federal government officials. Considering the launch of the next IRDI competition is anticipated for January 2015, the review would need to be completed by September 2014 for it to influence, if necessary, any changes to the IRDI program and the next competition.

Recommendation #2:

The program should continue to monitor the effectiveness and efficiency of using multiple recipient organizations and, prior to the next competition, determine whether to continue to allow for multiple recipient organizations or restrict to a single recipient organization.

The multi-deliverer organization model has only been in place for one fiscal year. More time is needed to determine whether the potential advantages of the model (i.e. increased program reach and opportunities to benchmark performance, compare different approaches, and share best practices and lessons learned) outweigh the possible disadvantages (confusion among stakeholders, greater

difficulties in establishing a recognizable brand, overlap in program promotion, and increased overhead cost through diseconomies of smaller scale operations).

The assessment should compare the advantages and disadvantages of the current model. Based on the results, refinements could be made to the process for selecting and funding recipient organizations, the selection criteria, and the types of organizations and delivery models eligible to receive IRDI grants. Should the decision be made to continue to allow for multiple recipient organizations, a formal outreach strategy should be developed to increase the number of qualified applications received.

Response:

Management agrees with this recommendation. A competitive process for selecting recipient organizations fosters innovation, creativity and allows new organizations to apply. Management considers that it is also too early to fully determine the advantages and/or disadvantages of the multiple recipient organization model as this model had only been in place for one fiscal year at the time of the evaluation. Management will continue to monitor the effectiveness and efficiency of this model.

Proposed Action:

The NCE Secretariat will continue to monitor the multi-recipient organization model. A consultative process will be developed to determine the most effective model before the end of the current cycle of program commitments.

Recommendation #3:

The performance measurement strategy and reporting requirements should be revised to improve the usefulness, comprehensiveness and integrity of the information reported and ensure that the data reported annually by recipient organizations enables the NCE Secretariat to effectively monitor, assess and report on the results of the IRDI program and support future evaluations.

While some improvements have been made to the reporting system, further improvements are needed. There is a need to improve the accuracy, validity and comprehensiveness of participant data; more clearly differentiate between interns, internship units, applications and projects; comment directly on performance against specific terms of the funding agreements (e.g. the percent of interns who have never participated before, sponsors have not participated within the past two years, and interns who have participated in more than two internship units); and ensure the exit surveys collect adequate data for measuring immediate and intermediate outcomes.

The program should establish standards with respect to data capture, storage and reporting by recipient organizations to ensure clear differentiation between interns, internships, proposals and projects; facilitate improved reporting against specific terms of the funding agreements; improve the quality and integrity of participant data; improve the usefulness of the exit survey information; and better align the results with the information needs of future evaluations. The number, timing and content of the exit surveys should be defined clearly to ensure coordination across recipient organizations and alignment with the performance measurement strategy and future evaluations. When revising the performance measurement system and reporting requirements, consideration should be given to working with the recipient organizations and other sources of federal government funding for the internship programs to develop common data requirements, procedures and definitions for reporting.

Response:

Management agrees with this recommendation. The initial Performance Measurement Strategy Framework was developed with the Terms and Conditions at the start of the program in 2008 and annual reports were designed based on this initial framework. Although there were adjustments made to the Performance Measurement Strategy in 2010, the Performance Measurement Strategy and annual reporting process will be improved in order to ensure data accuracy and proper program monitoring.

Proposed Action:

The Performance Measurement Strategy and annual reporting instructions and templates will be reviewed and revised to better reflect the specific requirements of the program and include standards for recipient organizations pertaining to data capture, storage and reporting. As part of this review, performance indicators available for other internship programs will be considered. By example, the NCE Secretariat will compare the IRDI Performance Measurement Strategy with the one in development by Industry Canada for its funding support to the Mitacs Accelerate program to attempt alignment of both reporting systems to lighten the load and the cost and ensure better data collection.

Recommendation #4:

The NCE Secretariat should work with the recipient organizations to develop a better understanding of the future cost associated with delivering the IRDI program and, where possible, identify opportunities to reduce these costs over time as a percent of total expenditures.

The IRDI is an expensive program to administer. While there is a desire to reduce administrative costs, there is also the recognition that a unilateral reduction in the allowable costs may reduce administrative expenditures but also significantly reduce the level of internships and outcomes generated. Administrative costs (but not necessarily the IRDI contribution towards those costs under the existing model) may be expected to decline somewhat over time as awareness increases and the program becomes more established. The maximum rate that can be charged under the existing grant agreement is equal to 25% of total expenditures, which is higher than the administrative costs for the Mitacs-Accelerate program overall (which totalled 21% in 2011-12). The IRDI program needs to better understand the administrative costs incurred by recipient organizations to deliver internships in general, and specifically IRDI funded internships, and what level of administrative costs are reasonable to deliver industrial internships.

The IRDI program should work with the recipient organizations, possibly in association with the other federal government sources of funding for the internship programs, to review the existing cost structure and the role of the various sources of funding in supporting operating expenditures, conduct internal and external benchmarking, review the business development and administrative processes, identify possible best practices, and analyze opportunities to enhance program promotion and business development, streamline processes, promote cost savings and increased efficiencies. Based on this understanding, the program should define more clearly the role of the IRDI funding in supporting the operating expenditures of the recipient organizations and, in that context, assess the appropriateness of the current funding model for administrative expenses including the definition of eligible expenses and the funding formula.

Response:

Management agrees with this recommendation. The maximum allowable administration cost for the IRDI program is 25% of the total amount of the IRDI grant held by the recipient organization. Both recipient organizations maintained their operations within this ratio. Administrative costs are likely to decline somewhat over time as awareness increases and the program becomes more established. Nonetheless it is necessary to better understand the costs incurred by recipient organizations to develop and deliver internships in general, and specifically IRDI funded internships, and determine if current administrative cost limits for the delivery of the program remain reasonable. This assessment should take into account the full cost of each internship (including the substantial matching funding provided by the private sector and the university), and develop a fair assessment of the operating ratios of the internship program. Based on this, the need to revise the current allowable limit and eligibility of administrative costs will be assessed.

Proposed Action:

The NCE Secretariat will work with the recipient organizations to improve annual reporting related to operating costs in order to better distinguish between administration costs and business development costs, and the ratio of operating cost to the full funding allotted to each intern from IRDI and matching funds. The NCE Secretariat will work with Industry Canada, and where possible, other federal government funders, to review the current administrative cost structure of the IRDI program as well as the role of the various sources of funding, in supporting the program. The review will begin this summer to allow for revisions to be incorporated into next year's annual reporting process.

Contacts: For further information on the Program Management Response, please contact Lisa Drouillard, Deputy Director, NCE Secretariat, or Susan Morris, Director, NSERC-SSHRC Evaluation Division.

NCE-IRDI Program Management Response Summary and Action Plan

Recommendation	Agree/ Disagree	Action	Responsibility	Timeline
<i>In the context of evolving programs, a forward looking review should be undertaken of the relative role of the IRDI within the broader environment of funding for internships and other industrial placements.</i>	Agree	The NCE Steering Committee will plan, in collaboration with Industry Canada, a review of the scope of the IRDI program and other internship programs in Canada.	NCE Secretariat and Industry Canada	Completed by September 2014
<i>The program should continue to monitor the effectiveness and efficiency of using multiple recipient organizations and, prior to the next competition, determine whether to continue to allow for multiple recipient organizations or restrict to a single recipient organization.</i>	Agree	The NCE Secretariat will continue to monitor the multi-recipient organization model. A consultative process will be developed to determine the most effective model before the end of the current cycle of program commitments.	NCE Secretariat	Completed by January 2015

Recommendation	Agree/ Disagree	Action	Responsibility	Timeline
<p><i>The performance measurement strategy and reporting requirements should be revised to improve the usefulness, comprehensiveness and integrity of the information reported and ensure that the data reported annually by recipient organizations enables the NCE Secretariat to effectively monitor, assess and report on the results of the IRDI program and support future evaluations.</i></p>	Agree	<p>The Performance Measurement Strategy and annual reporting instructions and templates will be reviewed and revised to better reflect the specific requirements of the program and include standards for recipient organizations pertaining to data capture, storage and reporting. As part of this review, the NCE Secretariat will consider performance indicators available for other internship programs.</p>	NCE Secretariat with support from NSERC Evaluation Division	Completed by March 2014
<p><i>The NCE Secretariat should work with the recipient organizations to develop a better understanding of the future cost associated with delivering the IRDI program and, where possible, identify opportunities to reduce these costs over time as a percent of total expenditures.</i></p>	Agree	<p>The NCE Secretariat will work with the recipient organizations to improve the annual reporting requirements related to operating costs in order to better distinguish between administration costs and business development costs, and the ratio of operating cost to the full funding allotted to each intern from IRDI and matching funds. The NCE Secretariat will work with Industry Canada, and where possible, other federal government funders, to review the administrative cost structure of the IRDI program as well as the role of the various sources of funding, in supporting the program.</p>	NCE Secretariat	Will start in June 2013 and be completed by March 2014