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SSHRC
SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL OF CANADA

CANADIAN INSTITUTES OF HEALTH RESEARCH (CIHR)

and

NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL (NSERC)

and

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL (SSHRC)

A MONITORING APPROACH

FOR

A FINANCIAL REVIEW VISIT

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CIHR/NSERC/SSHRC
www.cihr-irsc.gc.ca
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Canada

A MONITORING APPROACH FOR A FINANCIAL REVIEW VISIT

1. PURPOSE OF VISIT

The Canadian Institutes of Health Research (CIHR), the Natural Sciences and Engineering Research Council (NSERC) and the Social Sciences and Humanities Research Council (SSHRC) are federal granting agencies responsible for promoting and supporting research in the natural sciences and engineering, in the social sciences and humanities and in the medical sciences, respectively. The Funding Agencies do this by funding, via a competitive process, research based in Canadian universities, and in some instances, in colleges and hospitals, through a number of programs that support research training as well as basic or applied research carried out by individuals or groups of researchers.

Since CIHR, NSERC and SSHRC receive their funding through parliamentary appropriations, they have a responsibility to Parliament and to Canadian taxpayers to ensure that the funds entrusted to them are well managed and used effectively, economically, and in the best interest of the research supported by the award. This responsibility is shared with the institution administration, which undertakes to manage the funds on behalf of the researchers.

Officers of the NSERC/SSHRC Finance Division, Financial Monitoring team (FMT) and from CIHR conduct periodic visits to Canadian universities and/or research centres, institutes, colleges and hospitals to ensure that appropriate and sound financial practices are in place at these institutions and that the Agencies'guidelines are followed (CIHR's *Grants & Awards Guides,* NSERC's *Researcher's Guide and* SSHRC's *Grant Holder's Guide)*.[1]

Research Chairs are also subject to review visits as are the grantees of the Networks of Centres of Excellence (NCE). Their Secretariats, however, are presently subject to separate audit requirements.

The visits also help to maintain good communication between Funding Agencies' staff and their institution counterparts and provide an opportunity for feedback on the Agencies' policies and procedures.

The objectives of the review visit are to:

- review the effectiveness of the policies, controls and systems in place at the institution to ensure that CIHR, NSERC and SSHRC policies and regulations are followed and that research funds are well managed;
- review the expenditures of researchers to ensure that they were made in accordance with the Agencies' policies, regulations and guidelines as described in CIHR's *Grants & Awards Guides*, NSERC's *Researcher's Guide* and SSHRC's *Grant Holder's Guide*, and for the purposes intended;

[1] The monitoring approach follows the spirit of the Tri-Agency Memorandum of Understanding.

- review the control framework in place at the institution to administer CIHR, NSERC and SSHRC scholarships and fellowships funds and to ensure that these funds are administered according to the Agencies' guidelines;
- assess if researchers are well supported by Research and Financial Services and have the tools necessary to properly and effectively manage their research funds; and
- share and disseminate information on guidelines and expectations for financial accountability and integrity.

2. STEPS TO BE FOLLOWED

The review of accounts at the institution is limited to CIHR, NSERC and SSHRC grants accounts and normally covers the last complete fiscal year. The FMT using a statistical sampling approach and targeted accounts, selects award holders from CIHR, NSERC and SSHRC grants accounts for review. Ledger sheets are requested from the institution for these specific accounts. From these, a number of transactions from various categories of expenses are selected for review, based on volume, dollar value and area of risk. Then, a listing of these individual transactions is sent to the institution for retrieval of the original supporting documentation.

The FMT will also review global payments of fellowships and scholarships at the institution. To proceed, the FMT will select a random sample of scholarships and fellowships recipients and, while on site, look at processes used by the institution to manage these funds.

Prior to the visit, the FMT advises researchers, fellows and scholars that it will be looking at their accounts. This letter is normally sent about one month before the review visit.

At the beginning of the visit, the FMT conducts an information session to gather details, comments and concerns from administrators at the institution. Generally, two or three people from the Agencies meet with representatives of Financial Services and the Research Grants Office; sometimes, they meet with individuals from other departments as well, such as Ethics and Human Resources.

During the monitoring visit, the FMT looks at transactions and may ask officers at the institution for further details. If the documentation available seems insufficient, the FMT contacts the researchers or the departmental assistant to get more information. Certifications required for research are also reviewed.

In cases where the documentation held by the Research Accounting section does not provide sufficient information to assess the eligibility of the expenses, the FMT communicates these findings directly to researchers. When ineligible expenses are charged to grant accounts, the grant accounts must be reimbursed. The FMT then requests confirmation from the institution that the reimbursement was made to the proper grant account.

The FMT will also contact scholars and fellows, as well as researchers to obtain their comments regarding the administration of their funds at the institution. These meetings are informal and are meant to improve the Agencies' support to the research community. To assess the community's understanding of the Agencies' guidelines, the FMT also inquires on their knowledge on this subject.

Normally, officers from the Agencies will hold an information session during the week to cover topics such as the responsibility of the three partners (the grantee, institutions and agencies), and on financial accountability. This session is intended to be interactive. Questions and feedback from the participants are encouraged.

At the end of the visit, a debriefing session is held with institution staff to review findings and provide an opportunity for both groups to give feedback and ask any remaining questions.

The FMT may need to complete the follow-up on transactions with researchers and institution staff over several weeks following the visit depending on the volume of transactions reviewed. Following this, a draft report will be prepared that includes findings and relevant information obtained prior to, during and after the visit. Once approved internally within the Funding Agencies, the draft report will be sent to the institution for comments.

The institution provides comments in the draft report. Depending on the nature of the comments, the FMT engages in further discussion with the institution and revises the draft report in the context of those discussions. The final version is sent to the institution's authority. This completes the FMT exercise, unless a follow-up visit is required.

N.B. The process for one institution generally lasts four to six months.

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