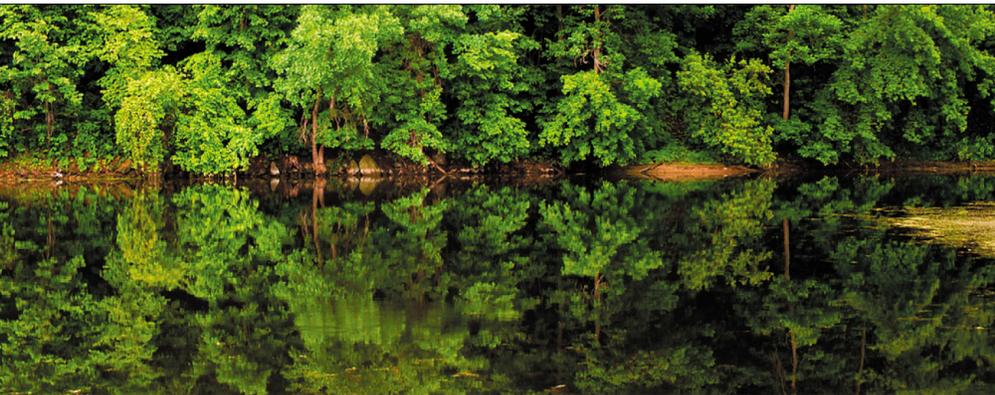




SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

Audit of Controls over the Integrity of Information in the Report on Plans and Priorities

Final Report



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EXECUTIVE SUMMARY

This document summarizes the results of an audit conducted in the spring of 2007, to assess the adequacy and effectiveness of internal controls over the integrity of information in the 2007-08 Report on Plans and Priorities.

The mandate and scope for this audit focused around the data, systems, and processes of the RPP and four specific related points of control as follows:

1. **Financial and Non-Financial Information** - Financial and non-financial information is consistent, comprehensive, balanced and reliable
2. **Strategic Planning and Priority-Setting** - SSHRC's strategic planning and priority-setting process feeds the development of the RPP.
3. **Roles, Responsibilities and Accountabilities** - Roles, responsibilities and accountabilities over preparation of the RPP are clearly articulated and understood by stakeholders.
4. **Oversight and Quality Assurance** - Effective oversight and quality assurance mechanisms are in place to oversee development, approval, monitoring and updating of the RPP.

Our findings directly address the audit criteria as established in the approved audit program and provide valuable comments with respect to the RPP at SSHRC, as well as provide what we consider to be realistic and achievable recommendations to address areas for further progress.

In particular, our audit focused on controls intended to ensure compliance with TBS reporting requirements in the RPP. The TBS requirements are at a high level and are intended for two purposes: to provide parliamentarians with the information they require to stay informed and make appropriate decisions and to provide a level of assurance that the organization is focused and working towards agreed upon outcomes.

The Report on Plans and Priorities is intended to provide the framework for the establishment of not just Plans and Priorities, but also Expected Results and Result Indicators. While we found that Plans and Priorities were addressed in the RPP, they were at a high level and were too vague to provide explicit direction over the next three-year period. There was a near absence of stated Expected Results and Results Indicators in the RPP. Further investigation confirmed that, for the most part, not only were Expected Results and Results Indicators not quantified but systems to track expected results were not developed.

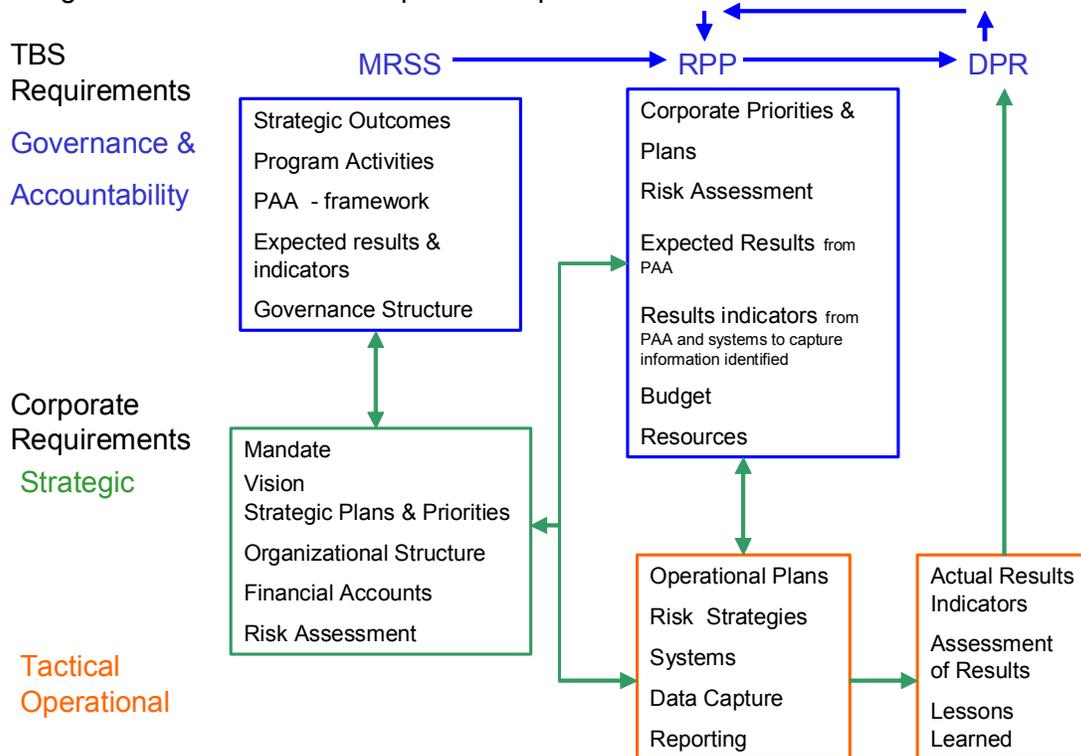
Achievements of results are typically indications of a well-run organization, but in order to assess the accomplishments, the expected results must first be stated and second be compiled and interpreted. Without this information, it is not possible to determine if the organization has moved towards its desired Strategic Outcomes.

Therefore, those of even greater importance to SSHRC are the findings related to the organization as a whole that have emerged from our audit investigations concerning the RPP.

These broader findings relate to the overall governance, stewardship, and inherent cultural environment that currently exist at SSHRC and, in our view, comprise the more critical challenges and potential risks facing the organization.

As mentioned in Section 2.4, there are several linkages between TBS requirements and corporate requirements.

Linkages between TBS and Corporate Requirements



To prepare the RPP in accordance with the four TBS principles, other strategic and tactical plans, structures and procedures must be in place and be effective such as Strategic Plans, Operational Plans, Risk Strategies, Information Systems (both financial and non-financial), Governance, Organizational Structures, Policies and Procedures. The reviews of both the RPP document and related processes provided evidence that there are serious deficiencies at a corporate level in some of these areas.

Although some of these broader findings may be considered to be beyond the scope of the RPP audit program, we consider that we would be remiss in our role of bringing SSHRC valuable insight into its organization if we did not bring these critical findings to management’s attention. While these broader issues are “pan-organizational” in character, they all relate to, and are reflected in, SSHRC’s RPP.

The standards applied in conducting the audit are based on TBS Policies and Guidelines, including but not limited to, the Guide for the Preparation of 2006-2007 Part III of the Estimates: RPP (Report on Plans and Priorities) and DPR (Departmental Performance Report), Management Resources and Results Structure (MRRS) and related Program Activity Architecture (PAA), Risk Management, Performance Reporting – Good Practices Handbook, Policy on Transfer Payments (Grants & Contributions), TBS: A Review of Business Planning, TBS Policy on Internal Audit, , TBS Policy on Internal Audit, and the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Audit, and the Internal Auditing Standards for the Government of Canada (IIA Professional Practices Framework).

In the context of SSHRC, we wish to acknowledge that management is currently initiating discussion and developing action plans that are expected to lead to improvements in some of the broader issues that have been identified. In particular, we recognize that SSHRC is starting to make progress to address its need for an overall corporate planning and reporting framework. We encourage management to support these efforts to maintain momentum in implementing these corporate initiatives.

Assessment and Recommendation Summary

Control Element	Audit Criteria	Assessment	Recommendations
Financial and Non-Financial Information Financial and non-financial information is consistent, comprehensive, balanced and reliable.	<ul style="list-style-type: none"> Transactions are coded and recorded accurately (i.e. according to the approved PAA) and in a timely manner to support accurate and timely information processing Information processing controls are in place to ensure the integrity of information. Information sources are clearly specified/referenced in the RPP. The organization's RPP is based on SSHRC's approved PAA. 	Financial information is fully effective Non-financial information is somewhat effective	<ul style="list-style-type: none"> N/A <ol style="list-style-type: none"> The President should ensure that an assessment of the appropriateness, relevance and practicality of expected results indicators, including those identified in the PAA, is conducted. The President should also ensure that related reporting systems and indicators are developed, functional (tested), implemented and maintained. The President should ensure that the human and financial resources required to achieve specific high priority planned activities are identified in the RPP and are adequate.

Audit of Controls over the Integrity of Information in the Report on Plans and Priorities

Control Element	Audit Criteria	Assessment	Recommendations
	<ul style="list-style-type: none"> The activities and resources needed to achieve objectives have been integrated into the budget (i.e. line items of the budget can be clearly linked with the organizational PAA). The RPP is developed in accordance with TBS reporting requirements. Factual, independently verifiable information is used in the RPP. The RPP provides a balanced, comprehensive picture of SSHRC. The RPP includes information on third party and internal reviews. 	<p>TBS Reporting Requirements somewhat effective</p>	<p>4. The President should ensure that the RPP contains all specific components required by TBS, specifically clear and concise information on plans, priorities, expected results, results indicators over a three-year planning period as well as lessons learned, to provide better support for the decision making of parliamentarians and the government.</p>
<p>Strategic Planning and Priority-Setting SSHRC's strategic planning and priority-setting process feeds the development of the RPP.</p>	<ul style="list-style-type: none"> A formal strategic planning process exists. The strategic planning process feeds the development of the RPP. 	<p>Strategic Planning is not effective</p>	<p>5. The President should ensure that SSHRC formalizes, implements and assigns an ongoing regular, periodic (annual basis) strategic planning process; and,</p> <p>6. The President should ensure that SSHRC incorporates the strategic planning function into SSHRC's current initiative to design a comprehensive and integrated planning and reporting cycle framework.</p> <p>7. The President should ensure that future strategic plans are structured according to the PAA structure to strengthen the linkage with the RPP.</p>

Audit of Controls over the Integrity of Information in the
Report on Plans and Priorities

Control Element	Audit Criteria	Assessment	Recommendations
	<ul style="list-style-type: none"> Strategic plans clearly cascade down into a set of operational and tactical plans, describing resources required to achieve outcomes. The organization's plans and priorities link to government-wide priorities. 	Operational Planning is not effective	8. The President should ensure that SSHRC institutes a formal, integrated operational planning function as part of its "Fiscal Year Integrated Planning and Reporting Cycle" framework.
	<ul style="list-style-type: none"> Roles, responsibilities and accountabilities for the development of the RPP are clearly defined and well understood. 	Government Wide Priorities is mostly effective	9. The Director, PPIA, should ensure that adequate internal controls are implemented to actively confirm the alignment of SSHRC's plans and priorities with the current year government-wide priorities at the time of RPP development.
Roles, Responsibilities and Accountabilities Roles, responsibilities and accountabilities over preparation of the RPP are clearly articulated and understood by stakeholders.	<ul style="list-style-type: none"> Roles, responsibilities and accountabilities for the development of the RPP are clearly defined and well understood. 	Roles, Responsibilities and Accountabilities is somewhat effective	10. The Director, PPIA should establish a documented formal challenge function comprised of one or more individuals whose role is to perform a robust challenge function for the development of the RPP. 11. The President, in cooperation with SSHRC's Council, should define, formalize and communicate the role of the Council with respect to the development of the RPP, a key corporate planning document.
Oversight and Quality Assurance Effective oversight and	<ul style="list-style-type: none"> Review and oversight mechanisms are in place to ensure the RPP is complete, accurate, appropriate, and reasonable. Review and approval is evidenced 	Oversight and Quality Assurance is somewhat effective	12. The President should support SSHRC's initiative to design and implement a corporate planning and reporting cycle framework that includes an integrated risk management framework.

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Control Element	Audit Criteria	Assessment	Recommendations
quality assurance mechanisms are in place to oversee development, approval, monitoring and updating of the RPP.	(signoff, email, minutes etc). • A formal process is in place to challenge the assumptions and related resource allocations within the budget.		

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1 INTRODUCTION

1.1 PURPOSE OF THIS DOCUMENT

This document provides the detailed results and substantiation of the Audit of Controls over the Integrity of Information in the Report on Plans and Priorities (RPP) for the Social Sciences and Humanities Research Council of Canada (SSHRC).

1.2 AUDIT OBJECTIVE

The audit objective was to assess the adequacy and effectiveness of internal controls over the integrity of RPP information. The integrity of information is defined by its relevance, reliability, comparability and balance.

It is important to note that the audit focused on the internal controls over the integrity of information and not on the information itself. Hence this was an audit of internal controls and not an attest audit of whether the information is correctly presented.

1.3 AUDIT SCOPE

The scope of the audit covers the RPP information related to the Management Representation Statement that is signed by the SSHRC Executive Vice-President and Chief Operating Officer. The Management Representation Statement is presented in the 2007-2008 RPP as follows:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat (TBS) guidelines;
- It is based on SSHRC's Strategic Outcomes and Program Activity Architecture, which were approved by Treasury Board
- It presents consistent, comprehensive, balanced and reliable information
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to SSHRC
- It reports finances based on approved planned spending numbers from TBS

As a result, the audit program aimed to address whether management had taken adequate and effective action to ensure that the RPP:

- Meets TBS requirements
- Is based on SSHRC's approved Program Activity Architecture
- Provides consistent, comprehensive, balanced and reliable information

- Provides a basis of accountability for the results achieved with the resources and authorities entrusted to SSHRC
- Reports finances based on TBS approved planned spending

The scope of the audit focussed on the 2007-08 RPP although the 2005-06 and 2006-07 RPPs were also reviewed. The audit specifically considered relevance, reliability, completeness, accuracy, comparability and balance. The audit focused on the internal controls over the integrity of information and not on the information itself.

1.4 AUDIT METHODOLOGY

Interis employed its standard internal audit approach for the conduct of this audit. The audit was conducted in accordance with the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing. The approach also applied the Canadian generally accepted auditing standards.

The audit approach had three main phases, which are illustrated and described below.

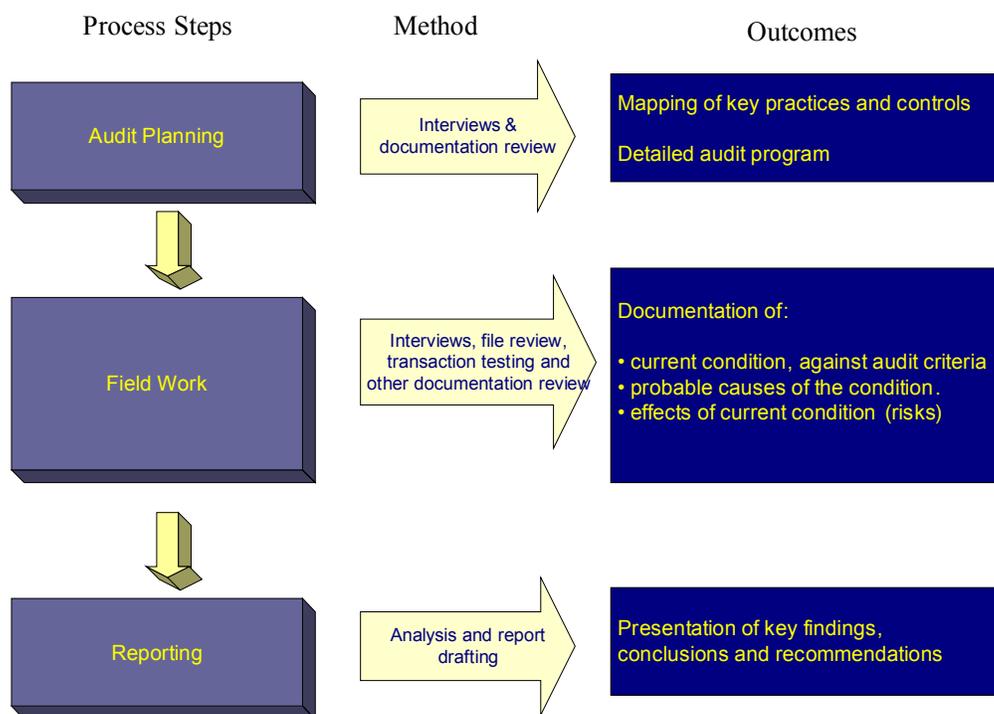


Figure 1 Audit Process

In the Planning Phase of the work, a detailed audit framework was developed which served as the terms of reference for the assignment and as the measure against which project progress

and outcomes were measured. Four control areas were identified and became the focus of this audit as follows:

1. **Financial and Non-Financial Information** - Financial and non-financial information is consistent, comprehensive, balanced and reliable
2. **Strategic Planning and Priority-Setting** - SSHRC's strategic planning and priority-setting process feeds the development of the RPP.
3. **Roles, Responsibilities and Accountabilities** - Roles, responsibilities and accountabilities over preparation of the RPP are clearly articulated and understood by stakeholders.
4. **Oversight and Quality Assurance** - Effective oversight and quality assurance mechanisms are in place to oversee development, approval, monitoring and updating of the RPP.

For each of these control areas, specific audit criteria were identified and agreed to by the Project Authority.

The audit planning framework was further developed based on these controls, to include key risks to which the operation's objectives are exposed, detailed audit procedures and the approach to sampling, all of which guided the execution of the field work.

During the Fieldwork Phase of the work, Interis administered the audit program developed during the Planning Phase. The analysis involved a two-pronged approach. First, the RPP document was assessed. Secondly, the RPP process was evaluated based on interviews and reviews of supporting documents.

Using these techniques, Interis assessed the effectiveness of each control area using a four-point scale as follows:

Not effective	Significant management attention is needed to improve these practices.
Somewhat effective	Some parts of this element are in place, but key deficiencies exist.
Mostly effective	Most parts of this element are working as intended, but more work is needed in some areas.
Fully effective	No action is required. Everything is working as intended.

A summary of this analysis is provided in Appendix A.

1.5 AUDIT STANDARDS

The standards applied in conducting the audit are based on TBS Policies and Guidelines, including but not limited to, the Guide for the Preparation of 2006-2007 Part III of the Estimates: RPP (Report on Plans and Priorities) and DPR (Departmental Performance Report), Management Resources and Results Structure (MRRS) and related Program Activity

Architecture (PAA), Risk Management, Performance Reporting – Good Practices Handbook, Policy on Transfer Payments (Grants & Contributions), TBS: A Review of Business Planning, TBS Policy on Internal Audit, , TBS Policy on Internal Audit, and the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Audit, and the Internal Auditing Standards for the Government of Canada (IIA Professional Practices Framework).

1.6 STRUCTURE OF THIS REPORT

Section 2 of this document provides an Overview of the RPP process. Sections 3 and 4 of this document provide the observations, assessments and, as applicable, recommendations, for each control element assessed. In coordination with the two-pronged approach to the audit these sections are split between the RPP Product and the RPP Process as follows:

Section 3 - Product Focused – Control Objective 1

- 3.1 Financial Information Controls
- 3.2 Non-financial Information Controls
- 3.3 TBS Reporting Requirements

Section 4 Process Focused – Control Objectives 2,3,4

- 4.1 Strategic Planning and Priority Setting
- 4.2 Operational Planning
- 4.3 Government Wide Priorities
- 4.4 Roles, Responsibilities and Accountabilities
- 4.5 Oversight and Quality Assurance

As mentioned above, Appendix A contains a summary of the Control Objectives, Audit Criteria, Assessment Ranking and cross-reference to the relevant section of the report.

2 OVERVIEW OF THE RPP

2.1 INTRODUCTION

The Report on Plans and Priorities (RPP) is an annual document required by Treasury Board Secretariat (TBS). RPPs provide planned spending information on a strategic outcome and program activity basis, as per the PAA¹, and describe departmental priorities, expected results, and the associated resource requirements covering a three-year period. The primary purpose of the RPP and related documents is to provide better support for the decision making of parliamentarians and the government.

For the RPP to be an effective public planning report, it must provide clear and concise information that demonstrates how resources and activities, as well as programs and services, logically support the achievement of strategic outcomes.

Two documents, the RPP and DPR² complement each other. The RPP reports on plans against priorities and expected results, and the DPR reports on actual results and accomplishments. The knowledge gained from the performance reporting exercise (DPR) is to be applied to the next set of plans (RPP) as a means of ensuring that the department learns from its experiences.

Specific financial and non-financial information to be included in the RPP includes the following:

- Background including internal and external challenges, issues and risks
- Priorities
- Plans
- Resources – both financial and people
- Outcomes
- Expected results
- Results indicators

Information used comes from 3 sources:

- Narrative type information provided by management and other staff.

¹ Program Activity Architecture

² Departmental Performance Report

- Financial accounting and budgeting systems.
- Information (non-financial) tracking systems (e.g. number of grants issued).
- Specific document sources (e.g. strategic plan, PAA, MRSS, ARLU funding allocations)

In order to assess the adequacy and effectiveness of internal controls over the integrity of RPP information, the audit started with assessing the information contained in the RPP based on the TBS requirements.

2.2 TBS REQUIREMENTS

The TBS guidelines state that Section 1 of the RPP must specifically address the following:

- Raison d'être
- Financial Resources
- Human Resources
- Departmental Priorities
- Program Activities by Strategic Outcomes
- Link to the Government of Canada outcome areas

The Departmental Priorities subsection is designed to provide information at the departmental level on each priority identified and to explain how these priorities contribute to the achievement of the department's strategic outcomes.

In section II, departments must explain for a three-year reporting period, how each program activity and, if applicable, how key programs and/or services support their plans, priorities and expected results identified in Section I. The performance measurement strategy and the related performance indicators that the department will use to report on expected results must also be identified.

Fundamentally, the content of the RPP should be relevant, reliable, balanced, and comparable to provide parliamentarians and Canadians with a comprehensive and effective picture of the government's plans and use of taxpayers' money.

2.3 TBS GUIDING PRINCIPLES

Treasury Board Secretariat recommends using four integrated reporting principles as the basis for preparing both RPPs and DPRs. They were developed to ensure linkages between plans, performance and managing for results. In our review, we looked for indications that these four principles had been applied / adhered too. The portions relevant to the RPP are outlined below:

Principle 1: Focus on the benefits for Canadians, explain the critical aspects of planning and performance, and set them in context

- Information in an RPP should be **relevant** to members of Parliament and to Canadians. The reports should provide a **comprehensive** but succinct picture of the department's endeavours and accomplishments over the reporting period. They should help parliamentarians bring government to account for voted appropriations and engage in an ongoing dialogue around the setting of government priorities and the allocation of resources.
- There should be a **focus on outcomes** and how departments contribute to them through its program activities (if applicable, key programs and services and their **expected results** as per the PAA) and how they support progress towards strategic outcomes that directly benefit Canadians and Canadian society. There should also be an indication of how departments' outcomes relate or contribute to the **government's broader priorities** as established by the Speech from the Throne or the Budget.
- The information reported should be straightforward, **flow logically** across key reporting elements (i.e. priorities, program activities, and their expected/actual results), and explain how they support or ultimately contribute to strategic outcomes.
- The operating environment and the strategic context of the department for the reporting period should be well described. **Internal and external challenges, risks, and opportunities** (including management and human resource capacity considerations) should be identified at the departmental level, along with an explanation of how these will affect plans and performance and be addressed in the delivery of program activities and/or key programs and services.
- Important **horizontal linkages** and involvement in government-wide initiatives should be identified and their implications surrounding planning and performance should be explained.
- The principal mechanisms by which programs and services are delivered to Canadians, e.g. policies, programs, regulations, grants, public participation, advocacy, etc. should be highlighted. The methods to achieve performance should be employed with propriety, sound stewardship of resources, and fair treatment of people. This should be demonstrated in the RPP.
- Departments are to briefly summarize any chapter of a report made by the **Auditor General** and add links to the department's response.
- RPPs are to identify any upcoming **internal audits** and/or evaluations and reference any significant findings (using electronic links) from any internal audits and/or evaluations not already identified in any previous RPP.

Principle 2: Present credible, reliable, and balanced information

- Readers should be confident of the **validity** and **reliability** of the information presented.

- Readiness to acknowledge performance that did not meet expectations shows a need or **recognition to adapt**, which should be reflected in subsequent RPPs.
- Information provided in the reports should be **consistent with the MRRS**, specifically the **PAA** component.
- **Expected results, performance indicators and actual performance results** should be drawn from **internal departmental management systems** used for planning, budgeting, and measuring performance and should be the same as those used in the PAA.
- Changes in plans, priorities, and resource allocation, as well as changes resulting from **lessons learned** should be explained, as should ways they might affect measuring and reporting on performance.
- **Financial** tables should be accurate and thorough, as they link to the financial appropriations given to departments. They are essential components of accountability to Parliament.

Principle 3: Associate performance with plans, priorities, and expected results, explain changes, and apply lessons learned.

- Information in an RPP and a DPR should facilitate **comparisons** between reports and over time.
- Planning information on **strategic outcomes, priorities, program activities** (and if applicable key programs and services), **expected results, and resources** should lay the **foundation** for departments to report on in their **performance documents**.
- Departmental plans are expected to change in response to changing environments or to **lessons learned** from past performance.
- Reporting should be **consistent** from year to year. If the basis for comparison changes (i.e. if there are internal reallocations or there is a shift in priorities), the reasons and the amendments should be explained in both reports and made clear to the reader.

Principle 4: Link resources to results

- At the most basic level, accountability means explaining what has been accomplished with the resources entrusted to a department. Planned and actual spending should be outlined in sufficient detail for the reader to understand the **linkages between program activities, expected and actual results, and the resources available** in support of the department's priorities and strategic outcomes.
- The **linkage between financial and non-financial information** is key in ensuring meaningful reporting to Parliament. It is important to demonstrate that resources are being used efficiently and effectively and that the quantity of resources expended corresponds to the departmental priorities being pursued and the outcomes being achieved.

2.4 LINKAGES BETWEEN TBS AND CORPORATE REQUIREMENTS

As shown in Figure 2 on the following page, there are several linkages between TBS requirements and corporate requirements. The TBS requirements are at a high level and are intended for two purposes; to provide parliamentarians with the information they require to stay informed and make appropriate decisions and to provide a level of assurance that the organization is focused and working towards agreed upon outcomes.

The Management, Resources and Results Structure Policy, Reports of Plans and Priorities and Departmental Performance Reports are designed to provide these levels of assurance because in order to prepare these documents in accordance with the four TBS principles, other strategic and tactical things must be in place and be effective such as Strategic Plans, Operational Plans, Risk Strategies, Information Systems (both financial and non-financial), Governance, Organizational Structures, Policies and Procedures.

The TBS requirements are a barometer to indicate how well the other components are working. The RPP provides one snapshot of the organizations effectiveness. Achievements of expected results are typically indications of a well-run organization, but in order to assess the accomplishments, the expected results must first be stated and second be compiled and interpreted. Lessons learned need to be translated into future actions to correct problems.

2.5 PREVIOUS ASSESSMENTS OF THE RPP AT SSHRC

TBS has conducted a Management Accountability Framework (MAF) Assessment on SSHRC's 2005-2006 RPP by TBS. SSHRC received a rating of "Acceptable" for Indicator 7. However, in the TBS MAF assessment, TBS identifies various strengths and weaknesses, which are as follows:

Strengths (relevant to RPP) for this measure (per TBS) are:

- Program outputs currently used to demonstrate performance are appropriate given that the return on investment of research generally takes a long time to be realized;
- SSHRC's PAA is the foundation for the DPR, and clearly links sub-activities with activities and strategic outcomes, with consistent transfer between the RPP and DPR.
- Areas to improve for this measure (as per TBS) are:
 - Program sub-activities are used for performance measurement, focusing on short-term outputs rather than preferred long-term outcomes and observable changes to Canada and society, though outputs are well-linked to program activities, outcomes and results;

- Performance of individual programs should be synthesized to present a clearer picture of program activity-level performance.
- For Indicator 2, TBS identified the following weaknesses:
 - “DPR and RPP should be improved to meet the requirements of the Management, Resources and Results Structure (MRRS) Policy” and “SSHRC’s five-year strategic plan (2005-2010) discusses the transformation to a knowledge organization, but the plan does not align with the PAA, reflect sector business plans, human and other resource plans, and is not risk based.”

The MAF Assessment is based on a set of 10 core Elements and 20 related Indicators (19 of which were rated in MAF Round IV 2006-2007; however, because SSHRC is a small arm's-length federal agency it was assessed for only 14 of the 19 indicators.) The MAF rating scheme consists of four (4) possible ratings; Attention Required, Opportunity for Improvement, Acceptable, and Strong. The TBS assessment criteria, methodologies and scoring scheme for each of the Indicators and their related Measures (sub-indicators) varied widely by each Indicator. For example, in some cases there was a straight summation of criteria scoring, in others a weighted-average scoring. Further, in some instances, the MAF Indicators capture a wide range of activities and the resulting Indicator rating is essentially a composite assessment that reflects this wide range of activities. Additionally, there may be activities that are identified by TBS as requiring improvement within the overall Indicator. Such is the case with respect to the MAF assessment relating to the RPP that is essentially captured in **Results and Performance – Indicator 7 - Integration, Use and Reporting of Performance Information (Financial and Non-financial)**, as well as under **Governance and Strategic Direction – Indicator 2 - Utility of Corporate Performance Framework**. It should also be noted that the MAF assessment relating to the RPP is not necessarily as in depth an examination as was conducted under this audit.

This audit provides an assessment for each of the criteria being examined. Contrary to the MAF assessment process, there is no “averaging” of assessment results. The audit conclusion describes the state of the internal controls as discovered through the audit process.

We consider our findings to be consistent with the TBS assessment.

Linkages between TBS and Corporate Requirements

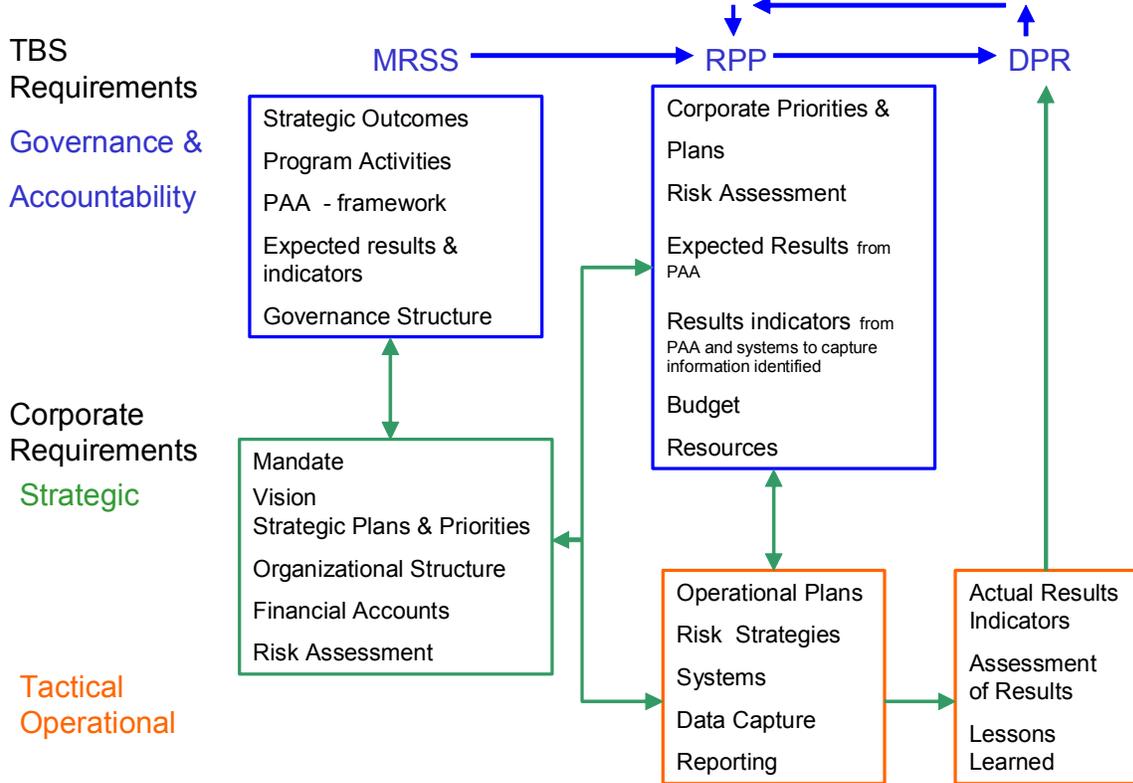


Figure 2

3 THE RPP DOCUMENT AUDIT FINDINGS

The starting point in assessing the integrity of the internal controls over the development of the RPP was the review of the actual RPP document. The RPP review was conducted to compile evidence as to whether or not the controls were working effectively under the premise that if the RPP followed the four TBS principles, and met the TBS content requirements, it was a good indication that controls are working as intended. Conversely, if there were issues with the RPP, it would provide an indication of where the problems might be.

DOCUMENT ASSESSMENT SUMMARY

Control Element	Audit Criteria	Assessment
Financial and Non-Financial Information Financial and non-financial information is consistent, comprehensive, balanced and reliable.	<ul style="list-style-type: none"> Transactions are coded and recorded accurately (i.e. according to the approved PAA) and in a timely manner to support accurate and timely information processing. 	Financial information is fully effective
	<ul style="list-style-type: none"> Information processing controls are in place to ensure the integrity of information. Information sources are clearly specified / referenced in the RPP. The organization's RPP is based on SSHRC's approved PAA. 	Non-financial information is somewhat effective
	<ul style="list-style-type: none"> The activities and resources needed to achieve objectives have been integrated into the budget (i.e. line items of the budget can be clearly linked with the organizational PAA). The RPP is developed in accordance with TBS reporting requirements. Factual, independently verifiable information is used in the RPP. The RPP provides a balanced, comprehensive picture of SSHRC. The RPP includes information on third party and internal reviews. 	TBS Reporting Requirements is somewhat effective

3.1 FINANCIAL INFORMATION CONTROLS

CRITERIA

Transactions are coded and recorded accurately (i.e. according to the approved PAA) and in a timely manner to support accurate and timely information processing.

ASSESSMENT RATING

Fully Effective: No Action is Required.

Transactions are coded and recorded accurately (i.e. according to the approved PAA) and in a timely manner to support accurate and timely information processing.

EXPECTED CONDITION

The RPP should contain financial tables that are accurate and thorough and linked to the financial appropriations given to SSHRC.

Accounting and financial reporting systems should ensure the accurate and timely recording of expenditures by program activity and program sub-activity.

FINDINGS AND ANALYSIS

Financial Systems and Reporting

The RPP contains financial tables that are accurate and thorough and linked to the financial appropriations given to SSHRC.

The RPP reports finances based on approved planned spending numbers from the Treasury Board Secretariat. The ARLU (planned spending) from TBS agrees to the financial budget reported in the RPP.

In accordance with the PAA, financial expenditures for each program activity are linked to the Chart of Accounts and Budget.

Accounting and financial reporting mechanisms appear to be functioning well.

There is an annual financial audit conducted by the OAG. The audit report has been unqualified for several years. Therefore, it is assumed that the financial controls, in particular the assignment of costs to specific expenditure/program activity accounts, are adequate.

RECOMMENDATIONS

None noted.

3.2 NON-FINANCIAL INFORMATION CONTROLS

CRITERIA

Information processing controls for non-financial data are in place to ensure the integrity of information.

Information sources are clearly specified / referenced in the RPP.

The organization's RPP is based on SSHRC's approved PAA.

ASSESSMENT RATING

Somewhat effective: Some parts of this element are in place, but key deficiencies exist.

Expected results and related result indicators have not been presented and supporting information systems for non-financial data have not been developed at SSHRC. Consequently, information processing controls for non-financial data are not in place and information sources are not clearly specified/referenced in the RPP.

As the information and related supporting systems are a critical component of the RPP, SSHRC is not in compliance with the TBS reporting requirements.

EXPECTED CONDITION

TBS guideline states that each department must adhere to the following requirements for their planning (RPP) report:

- Identify all strategic outcomes included in the department's PAA.
- Under each strategic outcome, identify all program activities as displayed in the Main Estimates that support it.
- For each program activity:
 - Provide a description as per the Main Estimates (Part II); however, more information may be provided if it permits a better understanding of the program activity's scope and nature of operations.
 - Describe the expected results and explain how they support the program and/or management priorities and strategic outcomes identified.
 - Using the PAA, identify the performance measurement strategy³ and the related performance indicators that the department will use to report on expected results.

³ This strategy and the performance indicators will form the basis for reporting on performance in the DPR and will help explain if the results achieved were successful.

Expected results and performance indicators should be drawn from internal departmental management systems used for planning, budgeting, and measuring performance and should be the same as those used in the PAA.

- Provide financial and human resources requirements over the three-year planning period.
- Departments should identify and explain any significant plans or performance issues with respect to human resources management capacity in the program activity area. These plans or performance issues should be consistent with and support the discussion on management priorities.

FINDINGS AND ANALYSIS

Strategic Outcomes and Program Activities

The RPP focuses on Strategic Outcomes and Program Activities based on the PAA and shows how programs support progress towards strategic outcomes.

The RPP is well aligned with SSHRC's approved PAA. Vision is clearly stated and matches PAA.

Section II: Analysis of Program Activities by Strategic Outcome provides detailed descriptions of programs and past accomplishments and sets the programs in context.

Plans and Priorities

Stated Priorities and Plans are developed based on the approved PAA. However, stated Priorities and Plans are at a broad level, giving insufficient direction and focus for the next three year period.

The RPP identifies five priorities for 2007-08 that are linked to Strategic Outcomes and Program Activities. The five priorities are:

1. Invest in the renewal and continued excellence of Canadian research in social sciences and humanities.
2. Support advanced, high-quality research training and an effective research training environment.
3. Ensure that knowledge generates benefits for Canadians.
4. Sustain a strong and balanced research environment.
5. Strengthen SSHRC's governance and internal operations.

For each priority, the department is to provide a plan it intends to follow. Plans are an articulation of how the department intends to achieve its priorities and should provide an explanation of the logic behind the strategies chosen to reach them.

The plans presented are not clearly articulated in the RPP. It is difficult to distinguish between specific new initiatives and ongoing routine programs. Annual operational plans do not exist, and therefore could not be referred to for clarification.

SSHRC's Plans and Priorities are essentially the same from year to year and cover SSHRC's mandate and therefore at a high level. They do not provide direction to management as to where they should direct their focus and resources for a short period of time.

Financial and Human Resources Requirements

Financial and human resources are linked to program activities based on the PAA. However, there is insufficient detail to determine whether budgets and human resources are linked to specific plans.

Resource allocations are identified in the RPP for each of three years according to Program Activities and Strategic Outcomes. However, as mentioned above, due to the high level of the plans it is not possible to confirm that the budget allocations are reasonable for achievement of all plans.

If Financial and Human Resources remain constant from year to year within Program Activities, rather than being adjusted to support high priority programs, the likelihood of achieving expected results may be diminished.

Expected Results

There are few references in the RPP of quantifiable expected results and how they support the priorities and strategic outcomes.

Principle 2 of the guideline states, "Expected results, performance indicators and actual performance results should be drawn from internal departmental management systems used for planning, budgeting, and measuring performance and should be the same as those used in the PAA."

The TBS guidelines state that the expected results should be described and the RPP should explain how they support the program and/or management priorities and strategic outcomes.

Since the RPP does not specify the expected results for each program it is difficult to assess the effectiveness of specific initiatives, as in the end it could be argued that all initiatives fall within the mandate of SSHRC. As stated earlier, the broad parameters of the stated priorities do not assist SSHRC in articulating specific results.

Result Indicators and Related Systems

There are few references in the RPP of how expected results will be measured.

Systems and controls are not in place to ensure that results indicators and related data sources referred to in the PAA are developed and that results are tracked, and analysed.

The TBS guidelines also state that the RPP should identify the performance measurement strategy and the related performance measurement indicators. However, required information on results indicators and data sources for these indicators is generally not stated in the RPP.

Two primary information systems are identified in the PAA. However, the RPP does not refer to either of them for tracking expected results. They are:

- Awards Management Information System (AMIS) contains information on grants and fellowships awarded – 27 references in PAA
- Corporate Inventory of Research Outcomes (CIRO) – includes Final Research Reports – 19 references in PAA

The PAA was finalized in early April 2005 yet there are no plans to determine when the indicators will be available. Results (performance indicator) systems referred to in the approved 2005 PAA as the data source either remain undeveloped or are incomplete.

At the completion of research projects and strategic programs, researchers are asked to complete a Final Research Report. These reports are to be stored in the Corporate Inventory of Research Outcomes (CIRO) system. These reports are not mandatory but they are required to remain eligible for future grants. They are to be completed 6 months after the completion of the research project. Staff have indicated that the information in the CIRO is not complete, largely due to the multi-year nature of many research projects and as a result they only report on the SRG program. Of note, the CIRO is not a database that can be used to easily compile data; significant manipulation is required. Significant system development would be required to obtain results indicators from the CIRO or a linked system.

The Awards Management Information System (AMIS) is the primary database for the collection and compilation of output and reporting data. It is used in each stage of the grant and fellowship process including the review of applications; the identification and selection of assessors; the award and payment of grants and fellowships; tracking of related files; adjustment and monitoring of grants and fellowships; and provision of statistics on program outputs and management and decision-making and for reporting to Parliament and to academia. External users (including those applying for grants and scholarships) enter data online via web forms.

A review of the AMIS system⁴ conducted in 2005-06 revealed many issues with the effectiveness in meeting operational needs. Relevant comments in the report include, “senior officials pointed to the difficulty in obtaining the appropriate information out of AMIS for decision-making purposes. They perceive AMIS to be outdated and not able to fulfill

⁴ Deloitte – Review of AMIS - final report dated April 28 2006

SSHRC's vision to become a Knowledge Council...Senior officials would like AMIS to provide...increased knowledge management capabilities (e.g. ability to easily extract business relevant information and knowledge)...There was a general consensus amongst interviewees that many data errors and duplicate data still reside in the system. Those interviewed indicated a lack of defined data ownership, a lack of validation of application data in the staging area (the "web" database) and a lack of input controls." At the completion of the Audit fieldwork in May 2007, interviews indicated that the management response to the recommendations was not finalized and the deficiencies had not been addressed, in part as there was lack of clarity as to who within SSHRC was accountable for the system.

Based on these findings, it was concluded that errors in AMIS data especially for areas not seen as a high priority (e.g. results and output indicators) and difficulties in extracting relevant information continue to limit the availability of relevant results indicators.

As these systems are not referenced in the RPP, it is inferred that the link between the compilation of expected results and the related analysis to understand whether SSHRC is actually working towards the desired results may not be thoroughly understood by management and/be or seen as a corporate priority.

Information Used to Assess Results

Systems and controls are not in place to ensure performance indicators exist and are measured. There was no evidence that a performance management strategy based on best practises was in place. As a result, actual results are not being complied and programs and resources cannot leverage results-information to adjust programs and to improve results.

TBS requires the RPP to contain detailed information on expected results, results indicators and data sources. As mentioned above these three areas were found to be deficient in the review of the RPP. The RPP document provides evidence to indicate whether the controls are working as intended to enable "management for results". Since the expected results information was not contained within the RPP, a brief review was conducted to determine if the information was developed but not reported in the RPP or whether they were just not developed. Evidence indicated that a performance management strategy does not exist. The audit observations are noted below.

Several references to planned evaluations were noted in the RPP; however reviews of evaluations to date indicate that the focus has not been on the expected results. In turn, this could lead to limited analysis of the effectiveness of programs in achieving the strategic outcomes.

Few results indicators are being collected and some of those that are collected do not facilitate analysis of progress (expected results) towards the specific strategic outcomes, especially by discipline. In particular, the majority of reported results are either not obtained from independent sources or are actually outputs not results oriented and therefore not a true

reflection of SSHRC's success in meeting specific Strategic Outcomes. Several specific examples are noted below.

The majority of research result indicators are provided by researchers who have received grant funding. Completion of the relevant reports is a condition of future funding. Questions direct researchers towards the "desired" answer. There is no evidence of independent verification of comments provided.

Principle 2 of the TBS guideline states, "Readers should be confident of the validity and reliability of the information presented", yet this is questionable without independent assessments of actual result indicators. The RPP should state the specific results indicators to be reported based on documented and objective data sources.

Several reports/questionnaires are requested to determine result outcomes. These include the following. Sample questions are also noted below to illustrate the point. While examples are requested in some cases, there is no requirement for hard facts.

- All Fellowships, Scholarships and Awards including Standard Research Grants – Final Research Report
 - Sample questions - "Will your research have an impact on our understanding of culture? Social issues and social development? Public policy debate?" (drop down menu of answers)
- Canada Research Chairs – Annual Report for Chairholders
 - Sample questions - "Were your research findings disseminated to decision makers?... What has been the impact of the CRC program on your level of collaboration – collaborated with other Chairholders? Other researchers?... To what extent would the collaboration have occurred if you did not hold a Chair position? "(examples of each impact are requested in the questionnaire/report).
- Canada Research Chairs – Annual Report for Universities
 - Sample questions - "Using the rating system (not important, somewhat important, important, very important), how important were the Chairs' awards including the associated CFI funding in retaining top researchers within your institution? Attracting top researchers from outside Canada?" What was the impact of the CRC on the research capacity at your institution – creation of new research teams/research centers? Retention and attraction of top students/post-docs to the institution? (provide one or two examples)."
- Aid to Research Workshops and Conferences in Canada – Final Activity report
 - Sample questions - "When compared to the objectives or expected results described in the application for funding, this conference achieved – most or all of its objectives/expected results, few of its objectives, none of its objectives?"
- Indirect Costs Program – Indirect Costs Outcomes Report

- Sample question – “Provide one or two examples of how the grant helped your institution maintain existing capacity? Enhance capacity?”
- Reports from Institutions
 - The Reports from Institutions are open-ended qualitative final reports. They are not in a format that can be analysed, tabulated, compiled.

Multi-year projects exceeding five years are subject to mid-term reviews. Other multi-year projects do not have interim reporting requirements. This result in a significant lag from the time the grant is awarded to the time the results/impacts are collected and processed.

The number of grants awarded is used as a key indicator for each program; however, it does not provide a strong link to actual results in relation to the Strategic Outcomes identified.

In the absence of valid results indicators, output indicators have been used, in particular in regards to the “People” and “Research” strategic outcomes. These are typically measured in terms of the awards (number of grants) and the success rate (discussed below). However, there are not specific performance indicators to assess whether there is a direct link between the funds awarded and the realized results with respect to the government wide strategic outcomes (with the exception of the Targeted Research and Training Initiatives Program Activity).

There is an assumption that the peer grant selection process provides controls to ensure grants are awarded (output) to the appropriate people to achieve both corporate strategic outcomes and government wide strategic outcomes. However, the selection process is based on the quality of the proposal and the researchers’ history that may or may not be relevant to the corporate strategic outcomes, especially by discipline. As results indicators are not tracked and/or analysed, SSHRC cannot assess the effectiveness of the grant programs and whether adjustments in focus/priorities should be considered.

The success rates are used as key indicators, however, it often conveys an inaccurate negative connotation to results achieved and does not provide a strong link to actual results in relation to the Strategic Outcomes.

“Success rate⁵” is a primary output measure noted in the PAA and RPP and reported on extensively in the DPR. However, it may not be a strong measure of either output or success

⁵ Three numbers specific to grant applications are tracked; all applications received, eligible applications (those which meet the criteria), and those which meet criteria but for which there were not sufficient funds. Success rate is expressed as the percentage of the number of awards to eligible applications. The “Year in Numbers 2005-06” provides additional extensive information and graphs reflecting success rates.

as it is based on the beginning of the program (award of grant) not the end. Targets are also expressed in terms of success rate, rather than an increase in either numbers or dollars. This does not express achievement, as although the funding may rise, if the applications rise faster, the success rate will fall. This is a negative way to assess performance as it focuses on shortfalls rather than improvements to the funding bodies; there will never be enough funds.

Studies have been initiated to examine and improve performance indicators and reporting, however, progress has been slow.

As mentioned above, initiatives have been undertaken to determine appropriate performance indicators and develop the required supporting systems such as the AMIS system, however, change has not been implemented to reflect the findings and recommendations. For example, Open Access (web-based access to all) was cited as a potential new indicator but relevant statistics are not requested on the final report/questionnaire.

RECOMMENDATIONS

1. The President should ensure that an assessment of the appropriateness, relevance and practicality of expected results indicators, including those identified in the PAA, is conducted.
2. The President should also ensure that related reporting systems and alternate indicators are developed, functional (tested), implemented and maintained.
3. The President should ensure that the human and financial resources required to achieve specific high priority planned activities are identified in the RPP and are adequate.

3.3 TBS REPORTING REQUIREMENTS

CRITERIA

The activities and resources needed to achieve objectives have been integrated into the budget (i.e. line items of the budget can be clearly linked with the organizational PAA).

Factual, independently verifiable information is used in the RPP.

The RPP provides a balanced, comprehensive picture of SSHRC.

The RPP includes information on third party and internal reviews.

The RPP is developed in accordance with TBS reporting requirements.

ASSESSMENT RATING

Somewhat effective: Some parts of this element are in place, but key deficiencies exist.

The organization's RPP is based on SSHRC's approved PAA; however, there is insufficient detail for priorities, plans, expected results and performance indicators.

The activities and resources needed to achieve objectives have been integrated into the budget, albeit at a very high level which does not allow assessing achievability of the plans. The RPP includes information on third party and internal reviews most of the time.

As a result, while the RPP contains valuable and informative information, due to the missing key components mentioned above, the RPP does not provide a balanced and comprehensive picture of SSHRC and therefore is not fully compliant with TBS reporting requirements.

EXPECTED CONDITION

The TBS guidelines state that Section 1 of the RPP must specifically address the following:

- Raison d'être –department's reason for existence;
- Financial Resources –financial resources the department manages;
- Human Resources –full- time human resources the department manages;
- Departmental Priorities –departmental priorities and identifies each priority as new; ongoing or those that were previously committed to.
- Program Activities by Strategic Outcomes –by strategic outcome each program activity and their planned spending over three years and which departmental priority the program activity supports.

Section I must also identify under a separate title "Link to the Government of Canada outcome areas" and provide a short discussion of how departmental strategic outcomes contribute to Government of Canada outcome areas found in the whole of the government framework.

In section II, departments must explain for a three-year reporting period, how each program activity and, if applicable, how key programs and/or services support their plans, priorities and expected results identified in Section I.

Fundamentally, the content of the RPP should be relevant, reliable, balanced, and comparable to provide parliamentarians and Canadians with a comprehensive and effective picture of the government's plans and use of taxpayers' money.

FINDINGS AND ANALYSIS

Linkages among Plans, Performance and Managing of Results

The RPP does not demonstrate adequate linkages among plans, performance and managing of results.

The activities and resources needed to achieve objectives have not been explicitly stated. As a result it is not possible to determine whether they have been specifically incorporated into the budget.

Principle 4 of the TBS guidelines states, “At the most basic level, accountability means explaining what has been accomplished with the resources entrusted to a department. Planned and actual spending should be outlined in sufficient detail for the reader to understand the linkages between program activities, expected and actual results, and the resources available in support of the department’s priorities and strategic outcomes. The linkage between financial and non- financial information is key in ensuring meaningful reporting to Parliament. It is important to demonstrate that resources are being used efficiently and effectively and that the quantity of resources expended corresponds to the departmental priorities being pursued and the outcomes being achieved.”

Activities are not clearly and explicitly stated in the RPP. It is not possible to determine if the stated budget specifically accommodates activities related to new initiatives (e.g. “enhance national partnerships and networks of world class researchers through the MCRI program”) and/or commitments (e.g. “stimulate new research on research results indicators”).

For example, one third of the budget (\$100 million) is directed to Fellowships, Scholarships and Prizes with the presumed intention to produce scholars. However, the primary measure is the number of awards as opposed to the number of graduates; there is no reported analysis to determine whether the grants have contributed to an increase in the number of highly qualified graduates.

Resources are identified in the RPP by Program Activity as required by TBS by program activity. The determination of the human resources required for each program activity is reasonable and is based on historical levels and the organizational structure. However, it is not possible to assess the adequacy for specific planning initiatives due to an absence of detail.

While the RPP provides valuable and informative material on the various programs it undertakes it is deficient on showing the link between very specific plans, utilization of resources and targeted actions to expected results that support the priorities and strategic outcomes. It does not provide the required information to provide assurance that the budgets allocated to each program activity have received sufficient scrutiny in terms of reaching the ultimate outcomes. The level of detail in the RPP does not provide or allow analysis of the

reasonableness and effectiveness of funding. While some expected results are mentioned they are typically vague such as “enhance the use and application of research-based knowledge”.

As stated previously, it is important to demonstrate that resources are being used efficiently and effectively and that the quantity of resources expended corresponds to the departmental priorities being pursued and the outcomes being achieved.” Without this information, SSHRC runs the risk of not being able to demonstrate SSHRC’s effectiveness to Parliament or TBS.

Completeness and Accuracy

The RPP contains most elements as defined in the TBS guidelines.

The RPP contains much factual independently verifiable information. However, efforts should be made to provide a more comprehensive picture; specifically, with more detail for plans and priorities, expected results and results indicators.

As discussed in earlier sections of this report, the RPP has limited/insufficient detail as it relates to plans and priorities, expected results and result indicators.

The RPP is based on the PAA with the exception of Results Indicators.

The RPP is generally based on the PAA, specifically Program Activities, Program Sub-activities and Output Indicators. However, the “Results” stated in the PAA are listed as the “Results Indicators”.

Specifically, the PAA identifies results, results indicators, data sources and frequency of reporting, but the PAA table in the RPP does not.

The RPP contains most information on third party and internal reviews and other internal documents.

The RPP includes a list of upcoming internal audits as required by TBS.

There is no reference in the 2006-07 or 2007-08 RPP to the OAG Chapter 6 – Management of Voted Grants and Contributions (for Indirect Costs). However, this audit was positive and there were no major recommendations for SSHRC.

There is no process to ensure the integration of commitments in relevant documents, such as accepted recommendations in audit reports and other studies.

Structure, Focus and Content of the RPP

The narrative content of the document increases the effort required to understand the plans and priorities of the organization. As well, the narrative format does not facilitate the assessment of what information is missing such as specific plans, expected results and results indicators, discussion of risk, lessons learned.

The RPP follows TBS formatting as follows:

- Section 1 – Departmental Overview
- Section 2 – Analysis of Program Activities by Strategic Outcome
- Section 3 – Supplementary Information
- Section 4 – Key Management Priorities

The RPP is written primarily in a narrative format. Section 2 is grouped by Strategic Outcome, then Program Activity then Program Sub-Activity. A large portion of this section discusses the operating environment and past accomplishments in accordance with TBS guidelines. However, this would be more appropriate in Section 1 – Departmental Overview.

A significant component of the document relates to the overview by Program Sub-activity. While this information is useful as background it should not be the most significant component. It would be more appropriate to provide a separate overview section for those not familiar with the programs. This would allow the knowledgeable reader to focus on the specific plans and results.

A review of RPPs for several other departments revealed that the RPPs which were the most effective in communicating the required components were those which were largely in tabular and/or bullet form with strategic use of sub-headings, bold text, etc.

The RPP tends to emphasize the justification of programs and activities rather than how to implement plans to achieve specific goals and identify the results to be reported.

In interviews, senior management indicated that the RPP is not used as an internal planning reference, but rather is prepared solely to meet TBS requirements. As such, the RPP has the flavour of a “sales document” rather than a planning document, with the emphasis on justification of programs and activities rather than how to implement plans and report on results and lessons learned.

Phrases such as, “SSHRC will work on defining the responsibilities...” and “SSHRC will collaborate...to explore the relationships...” and “SSHRC is examining new ways to improve the environments in which students are trained” are not effective in ensuring that individuals within the organization are held accountable with measurable results.

While Table 20 summarizes the commitments of the organization with a planned timeline, the commitments are not obvious within the report as they are generally embedded within the narrative. Commitments are not numbered or otherwise formatted so as to be readily apparent. Resources, deliverables, accountabilities, outputs or results are not matched to the commitments.

Of the 43 commitments identified in Table 20, 12 are identified as “Key Priorities” and are discussed in Section 1: Departmental Overview only. They are not cross referenced to the other commitments in Section 2: Analysis of Program Activities by Strategic Outcome or

otherwise discussed in Section 2 and, as such, it is difficult to determine the overall commitments by Program Activity.

As mentioned earlier, the RPP generally does not provide adequate information on expected results. This includes the results and the result indicators (independent measures on which to measure results). For the majority of commitments identified, no expected results and/or results indicators or even output indicators are stated.

Often output numbers, such as the number of grants issued, are stated but they are not always put in context; that is, it is not clear if they are an increase, decrease or constant from previous years. For example, “award 2,400 CGS scholarships at the master’s and doctoral levels – planned timeline ongoing”.

Usefulness as a Governance and Accountability Document

The RPP does not provide a comprehensive picture of SSHRC. It does not facilitate an assessment of whether the organization has a strategy, based on monitoring specific results achieved and adjusting priorities and programs accordingly in order to move towards the specific corporate Strategic Outcomes and/or Government of Canada outcomes

As illustrated in Figure 2, the RPP, in addition to the MRSS, PAA and DPR, is intended to provide a level of assurance that SSHRC is meeting the standards established for a consistent government-wide approach to planning and managing the relationship between resources and results and in helping parliamentarians understand the high-level priorities, overall spending, and planning and performance information.

For the RPP to be an effective public planning report, it must provide clear and concise information on plans, priorities, expected results and resources over a three-year planning period in accordance with the following four principles established by TBS.

- Principle 1: Focus on the benefits for Canadians, explain the critical aspects of planning and performance, and set them in context
- Principle 2: Present credible, reliable, and balanced information
- Principle 3: Associate performance with plans, priorities, and expected results, explain changes, and apply lessons learned.
- Principle 4: Link resources to results

In order to prepare the RPP so that it meets the four TBS principles, other strategic and tactical things must be in place and be effective such as Strategic Plans, Operational Plans, Risk Strategies, Information Systems (both financial and non-financial), Governance, Organizational Structures, Policies and Procedures. The RPP provides one snapshot of the organizations effectiveness.

In conclusion, the RPP does not provide a comprehensive integrated picture of plans, priorities and expected results; It does not facilitate an assessment of whether the organization

has a strategy, based on monitoring specific results achieved and adjusting priorities and programs accordingly in order to move towards the specific corporate Strategic Outcomes and/or Government of Canada outcomes. This puts at risk the RPP as being of limited value as a governance and accountability tool.

Usefulness as a Corporate Management Tool

While the RPP is not intended to replace key corporate processes, such as strategic and operational planning, in their absence, its usefulness to management was reviewed. The RPP is not an effective substitute for effective and comprehensive corporate management tools and systems, largely due to an absence of specific detail.

As shown in figure 2, the RPP should fall easily from corporate documents if there are clear and specific corporate priorities, a current and realistic strategic plan, comprehensive risk strategies, an integrated operational plan and effective performance indicator systems. In their absence (refer to sections 4.1 and 4.2), the RPP was assessed to determine if it was an effective corporate management tool.

As mentioned above, the RPP is largely historical rather than forward oriented and it does not provide a comprehensive integrated picture of plans, priorities and expected results. The plans and priorities are too general to direct managers to targeted areas for the operational plans for their areas and to ensure a consistent focus across the organization.

Council does approve the annual grants budget, however, funding is typically the same among the program activities from year to year. There does not appear to be any significant challenging of funding priorities partly because priorities are so broad and all encompassing that they are not truly priorities but more statements of long term goals.

The RPP should provide the direction and a checkpoint by which to measure whether program initiatives are worthwhile, or whether changes are warranted. Without stated expected results and results indicators, senior management and managers cannot be held accountable for their achievement of the results that support the strategic outcomes.

RECOMMENDATIONS

4. The President should ensure that the RPP conforms with all key elements with TBS guidelines to better support decision making of parliamentarians and the government.

4 THE RPP PROCESS AUDIT FINDINGS

Following the review of the RPP document, the audit then moved to an assessment of the internal controls over the development of the RPP. This included reviews of the processes, supporting systems, organizational roles, responsibilities and accountabilities used to feed and develop the RPP.

PROCESS ASSESSMENT SUMMARY

Control Element	Audit Criteria	Assessment
Strategic Planning and Priority-Setting SSHRC's strategic planning and priority-setting process feeds the development of the RPP.	<ul style="list-style-type: none"> A formal strategic planning process exists. The strategic planning process feeds the development of the RPP. 	Strategic Planning is not effective
	<ul style="list-style-type: none"> Strategic plans clearly cascade down into a set of operational and tactical plans, describing resources required to achieve outcomes. 	Operational Planning is not effective
	<ul style="list-style-type: none"> The organization's plans and priorities link to government-wide priorities. 	Government Wide Priorities is mostly effective
Roles, Responsibilities and Accountabilities Roles, responsibilities and accountabilities over preparation of the RPP are clearly articulated and understood by stakeholders.	<ul style="list-style-type: none"> Roles, responsibilities and accountabilities for the development of the RPP are clearly defined and well understood. 	Roles, Responsibilities and Accountabilities is somewhat effective
Oversight and Quality Assurance - Effective oversight and quality assurance mechanisms are in place to oversee development, approval, monitoring and updating of the RPP.	<ul style="list-style-type: none"> Review and oversight mechanisms are in place to ensure the RPP is complete, accurate, appropriate, and reasonable. Review and approval is evidenced (signoff, email, minutes etc). A formal process is in place to challenge the assumptions and related resource allocations within the budget. 	Oversight and Quality Assurance is somewhat effective

PROCESS ASSESSMENT SUMMARY

4.1 STRATEGIC PLANNING AND PRIORITY-SETTING

CRITERIA

A formal strategic planning process exists.

ASSESSMENT RATING

Not effective: Significant management attention is needed to improve these practices.

EXPECTED CONDITION:

Expected condition for processes with respect to developing the RRP is based on best management practices. It also refers to applicable TBS policies and guidelines.

As an agency of the Government of Canada, SSHRC falls under all the relevant legislation, rules, practices and guidelines as set by the Treasury Board Secretariat (TBS). SSHRC is required to incorporate and apply the elements as identified in the TBS Management Resources and Results Structure (MRRS), the purpose of which is to develop a common, government-wide approach to the collection, management, and reporting of financial and non-financial performance information in order to provide an integrated and modern expenditures management framework. Within the MRRS framework is the requirement to submit Reports on Plans and Priorities (RPP's) and Departmental Performance Reports (DPR's) in accordance with the TBS reporting cycle.

Figure 2 represents an overview of how the MRRS and its various components (PAA, RPP, DPR, etc.) relate to each other and at what level – organizational governance, strategic, or tactical/operational – each of the activities should be undertaken. It can be seen in Figure 2 that one of the key “building blocks” of the MRRS is organizational strategic planning from which cascade several components of the MRRS, including the development of the RPP. Hence, it is considered essential to developing a quality RPP that SSHRC has in place a formal and robust strategic planning process.

In accordance with best practices and TBS recommended business planning practices, it is expected that SSHRC would have a formally established strategic planning process that is ongoing in nature, resulting in an annually updated strategic plan. Strategic planning determines where an organization is going over the next year or more and how it's going to get there. Typically, the process is organization-wide.

It is particularly important for SSHRC to conduct strategic planning on a regular basis as it has set itself a target of major transformation from a “Granting Agency” to a “Knowledge Council”. This major shift in vision demands regular monitoring at the strategic level to ensure success. Further, the Strategic Plan is based on the key assumption that SSHRC's

budget will need to double to effect the complete transformation. This assumption and its associated risks need to be tested and validated through a regular strategic planning process to ensure that the strategic plan to effect the desired transformation remains successful.

Although it is not expected that changes to the strategic plan would necessarily occur each year, it is expected that SSHRC would have documented its annual review of the strategic plan and articulated arguments for either staying the course or making any required changes/shifts in strategic direction and any corresponding reallocation of resources. Included in such arguments would be a discussion of any changes to external/internal environmental conditions, an analysis of associated risks, and actions to mitigate such risks. As part of this analysis, it is expected that a review of SSHRC's strengths, weaknesses, opportunities and threats would be conducted with a view to determining what the organization must do as a result of the major challenges and opportunities facing the organization.

Additionally, a review of the organization's past year's experience and results would be taken into account with a view to identifying any lessons learned to be applied to future directions and activities.

The conclusions reached from this annual review would include the overall accomplishments (or *strategic outcomes*) the organization should achieve, and the overall methods (or *strategies*) to achieve the accomplishments. Strategic Outcomes should be designed and worded as much as possible to be specific, measurable, acceptable to those working to achieve the outcomes, realistic, and timely. In the context of SSHRC, any required shifts in strategic direction, outcomes, or supporting programs would feed changes to the Program Activity Architecture (PAA).

Strategic planning should be conducted by SSHRC's senior management team and communicated to all key executives and Council Board members (and stakeholders) to ensure a common understanding of the organization's direction, strategic outcomes, current priorities and actions to achieve those outcomes.

The resultant updated strategic plan should then be communicated to all management and staff to enable management to set the current year (or three year) corporate priorities and develop an integrated set of action plans or "operational plans" that specify how the strategic outcomes will be accomplished. Operational planning often includes specifying *objectives*, or expected results, for each strategic outcome. Therefore, reaching a strategic outcome typically involves accomplishing a set of objectives (expected results) along the way. It is from this set of integrated operational plans that it is expected SSHRC's Report on Plans and Priorities (RPP) would be developed.

It should be noted that the frequency of strategic planning becomes more critical as the degree of change experienced by an organization increases. The transformation of SSHRC from a "Granting Agency" to a "Knowledge Council" and all its attendant implications raises the importance and need for a frequent (at least yearly) strategic planning cycle.

It is expected that SSHRC would conduct an annual strategic plan update (i.e. exercise its strategic planning process) and use this updated strategic plan to form the basis from which to develop a set of annual corporate priorities and a set of integrated operational plans to support such priorities. The development of the corporate priorities and operational plans would involve conducting an analysis of the previous year's results (DPR), consider lessons learned, examine any changes to its internal/external environment, determine if risks have changed or new risks emerged, consider risk mitigation actions, consider budget and resource allocation limitations, and conclude with determining its critical, as well as subsidiary, priorities for the current fiscal year.

From this exercise, SSHRC would determine and logically link its priorities to program activities and define their expected results for the current year (or up to three years). Such priorities and program activities would also influence and help determine the required allocation of resources (funds and personnel) across the organization. The rationale for setting these priorities and program activities would be developed and they would support or ultimately contribute to SSHRC's strategic outcomes.

It would be based on these exercises and corporate instruments that SSHRC would develop its annual Report on Plans and Priorities (RPP).

FINDINGS AND ANALYSIS:

A formal strategic planning process existed for the development of SSHRC's Strategic Plan 2006-2011; however, currently SSHRC does not have a formal, regular ongoing, periodic strategic planning process.

It is reported that SSHRC struggles to set clear and commonly accepted priorities. The corporate priorities established at the senior management retreat are defined at such a high level (Enhancing Quality, Enabling Connection(s), and Demonstrating Impact) that there is no common understanding across SSHRC as to what they mean at an operational level.

SSHRC is currently at the conceptualization stage in building its strategic planning, priority setting and integrated operational planning frameworks, with planned changes to its governance structure to support the new frameworks.

A new strategic planning process was implemented for the development of SSHRC's Strategic Plan 2006-2011. Details of the strategic planning process were obtained through interviews with SSHRC employees. Through the course of interviews the following was established:

The strategic planning process was well defined, including such elements as an overall planning process document, defined roles and responsibilities, communication of roles and responsibilities, external environmental scan, and a review/discussion of environmental scan findings by senior management and Council Board. There were indications that SSHRC had a well-defined strategic planning process at the time the Strategic Plan 2006-2011 was developed.

However, this strategic planning process has not yet been “formalized” as an ongoing corporate process, i.e. processes and tools/activities were more of a “one-time” occurrence than a permanent implementation. For example, the stakeholder consultation process does not have a defined periodic schedule. The Transformation Support Group (TSG Team) that was established to conduct the environmental scan and the “Ginger Team” (sub-set of Board) that was established to draft the strategic plan have essentially been disbanded, i.e. they were not established as permanent bodies of the management structure.

It is more pertinent to consider the degree to which strategic planning is exercised as an ongoing activity at SSHRC rather than if a strategic planning process existed at a specific point in time (i.e. when the Strategic Plan 2006-2011 was developed).

At present, there is no evidence to suggest that SSHRC formally undertakes regular, periodic strategic planning. For example, a “Fiscal Year Integrated Planning & Reporting Cycle” for SSHRC is now being developed. The graphic schema for this framework was sighted.

This corporate planning and reporting framework would include, inter alia, strategic planning, priority setting, Program Activity Architecture, Report on Plans and Priorities (RPP), integrated corporate planning, financial planning, integrated risk management, audit and evaluation, and Departmental Performance Reports (DPR). Such corporate functions and related activities would be integrated with the timing of the federal government planning and reporting cycle.

Although this framework was not analysed for the purposes of this audit, it was evident from a cursory review that the framework contains many of the essential building blocks to ensure that SSHRC would have the necessary processes to implement effective management practices, including strategic planning, integrated operational planning and risk management. Implementation of this (or similar) reporting cycle framework would significantly strengthen SSHRC’s management practices and ensure that the necessary internal controls are in place to result in a strong strategic plan, linked operational plans and facilitate the development of the RPP. The framework alone would not guarantee management effectiveness, but would provide the tools with which SSHRC could continue to progress towards a strengthened planning and reporting environment.

In February 2007, SSHRC conducted a senior management retreat during which it set its annual priorities. A memorandum to “members of management”, dated February 28, 2007 was reviewed. The memorandum does not demonstrate the rationale, analysis, or considerations (risks, threats, opportunities, strengths, weaknesses, environmental changes) that were examined to arrive at the three corporate objectives of “Quality, Connection, and Impact”.

There are indications that there has been difficulty setting organizational priorities that are clearly focused, and well understood and accepted by management. The retreat was heavily focused on presenting a framework for determining the corporate objectives and articulating high-level action plans to support those objectives. It has been suggested that the resultant

corporate priorities, “Quality, Connection, and Impact” are at too high a level, not adequately defined and do not result in a common understanding throughout the organization.

The concept of a SSHRC scorecard was presented and it is intended that SSHRC will develop a scorecard to report on progress against the corporate objectives

In conclusion, SSHRC did implement a strategic planning process for developing the Strategic Plan 2006-2011. However, the process, tools, structures and activities were not formalized or implemented as permanent corporate structures and processes. As a result, SSHRC does not have a formal, ongoing periodic strategic planning process. SSHRC is currently at the stage of developing formalized strategic planning, priority setting and integrated operational planning frameworks and processes. Implementation of these frameworks remains to be undertaken.

SSHRC’s Strategic Plan 2006-2011 is essentially a static document rather than a 5-year “rolling” plan or living document. This increases the risk that either the yearly RPP priorities are out of sync with current realities in the world of research (i.e. external environmental changes but static Strategic Plan), or that the RPP evolves in sync with external realities but increasingly is out of sync with the Strategic Plan.

The absence of a formal strategic planning process makes it difficult for SSHRC to set robust annual organizational priorities.

RECOMMENDATIONS:

5. The President ensures that SSHRC formalizes implements and assigns an ongoing regular, periodic (annual basis) strategic planning process.

CRITERIA

The strategic planning process feeds the development of the RPP.

ASSESSMENT RATING

Not effective: Significant management attention is needed to improve these practices.

EXPECTED CONDITION:

Expected condition for processes with respect to developing the RRP is based on best management practices.

It is expected that SSHRC would conduct an annual strategic plan update (strategic planning process) and use this updated strategic plan to form the basis from which to develop a set of annual corporate priorities and a set of integrated operational plans to support such priorities. The development of the corporate priorities and operational plans would involve conducting

an analysis of the previous year's results (DPR), consider lessons learned, examine any changes to its internal/external environment, determine if risks have changed or new risks emerged, consider risk mitigation actions, consider budget and resource allocation limitations, and conclude with determining its critical, as well as subsidiary, priorities for the current fiscal year.

From this exercise, SSHRC would determine and logically link its priorities to program activities and define their expected results for the current year (or up to three years). Such priorities and program activities would also influence and help determine the required allocation of resources (funds and personnel) across the organization. The rationale for setting these priorities and program activities would be developed and they would support or ultimately contribute to SSHRC's strategic outcomes.

It would be based on these exercises and corporate instruments that SSHRC would develop its annual Report on Plans and Priorities (RPP).

FINDINGS AND ANALYSIS:

SSHRC does not have a strategic planning and priority-setting process that feeds the development of the RPP.

A review of the SSHRC Strategic Plan 2006-2011, Strategy Update to House of Commons, Program Activity Architecture (PAA), and Report on Plans and Priorities (RPP) was conducted.

SSHRC does not conduct an annual review of its strategic plan. Hence, there is no rigorous challenge / validation of the key assumptions contained in the Strategic Plan 2006-2011 (for example, the need to double SSHRC's annual budget, or SSHRC's ability to access quality reports on its funded research findings). Further, there is an absence of review of several key elements of the Strategic Plan 2006-2011, including timely environmental scans, challenge/validation of strategic directions in the context of recent performance (Departmental Performance Reports) and trends, and lessons learned.

A review of the Strategy Update to the House of Commons Standing Committee on Finance, October 18, 2006, revealed no discernable analysis or presentation of key strategic factors or risks, and no change or shift in strategic direction. Essentially, the document does not provide any incremental increase in insightful information as compared to the Strategic Plan 2006-2011.

The result is that SSHRC's strategic plan is static in nature and increases the weakness (potential risk) for the effectiveness and strength of linkage between the strategic plan and the annual priorities and plans as contained in the RPP. There is risk that the organization will not have a common understanding of objectives and that SSHRC may not be comprehensive in its reporting on the RPP to Parliament.

Documentation regarding the senior management planning retreat does not reflect a robust or thorough examination of several key elements to the strategic plan (e.g. external/internal environmental scan; identification of strengths, weaknesses, threats and opportunities; risk assessment and mitigation) nor is there evidence of a thorough challenge to the critical assumptions contained in the Strategic Plan 2006-2011 (doubling of SSHRC budget and access to quality reporting of funded research findings).

Pursuant to TBS' *Guide to the Preparation of Part III of the 2007 – 2008 Estimates – Reports on Plans and Priorities and Departmental Performance Reports*, it is required that the RPP be in accordance with and reflect the strategic outcomes and program activities as defined in SSHRC's Program Activity Architecture (PAA).

The structure of SSHRC's Strategic Plan 2006-2011 is not aligned in terms of presentation with the PAA. A "crosswalk" analysis must be performed to validate that SSHRC's strategic outcomes and priorities as presented in the Strategic Plan 2006-2011 are aligned with the PAA. After conducting a comparison and "crosswalk" exercise, it is determined that indeed the Strategic Plan 2006-2011 and PAA are aligned, but this is not readily determined by cursory review of both documents. Given that all three instruments, the Strategic Plan, PAA and RPP, must all be aligned, it underscores the need for SSHRC to implement a formal and regular periodic strategic planning process.

The plans and priorities as identified in SSHRC's RPP 2007-08 are described at too high a level to provide a sound rationale for the allocation of resources across SSHRC's myriad program activities. This raises questions about the reliability and balance of the RPP, a fundamental requirement to provide parliamentarians and Canadians with a comprehensive and effective picture of the government's plans and use of taxpayers' money. Because of this high level description, it can still be argued that the plans and priorities reflect and are consistent with the strategic outcomes as set out in the Strategic Plan 2006-2011. However, this weakens the value of the RPP in the sense that it does not permit a clear understanding of exactly how the priorities will be achieved nor does it provide guidance to management for developing operational/tactical plans or a rationale for resource allocation across the Program Activities. In conclusion, the RPP development process is not being fed by strategic planning to the extent that it should due to the absence of an ongoing strategic planning function at SSHRC. This raises the risk that the organization does not move forward as a cohesive team with a common set of clearly defined strategic objectives that translate into tightly aligned operational plans and are reflected in the RPP.

RECOMMENDATIONS:

6. The President should ensure SSHRC incorporate the strategic planning function into SSHRC's current initiative to design a comprehensive and integrated planning and reporting cycle framework.
7. The President should ensure that future strategic plans are structured according to the PAA structure to strengthen the linkage with the RPP.

4.2 OPERATIONAL PLANNING

CRITERIA

Strategic Plan 2006-2011 clearly cascade down into a set of operational and tactical plans, describing resources required to achieve outcomes.

ASSESSMENT RATING:

Not effective at all: Significant management attention is needed to improve these practices.

EXPECTED CONDITION

Expected condition for processes with respect to developing the RRP is related to best management practices that are in line with control frameworks such as the Criteria of Control of the Canadian Institute of Chartered Accountants.

It is expected that having confirmed the continued appropriateness and validity of its strategic plan, and having developed its corporate objectives and priorities for the year, SSHRC would then develop an integrated operational and tactical plan for the entire organization that supports and contributes to achieving the corporate objectives and strategic outcomes. This plan would clearly articulate the “what”, “how” and “when” of various activities that would occur and present an analysis as to why such actions are the most appropriate, consider threats and opportunities, evaluate the risks, consider lessons learned, and present the supporting rationale for resource allocation.

Additionally, the integrated plan would identify the expected results to be achieved by executing the plan. It is expected that the plan would identify performance indicators and measures to be used to determine progress, that is whether the actions have been completed and how successful the actions have proved in meeting the objectives and providing value to Canadians.

FINDINGS AND ANALYSIS

At present, SSHRC does not have an integrated operational planning process. There is no clear cascading down from the corporate strategic plan into a set of annual operational and tactical plans with a rationale for resource allocation.

The SSHRC Strategic Plan 2006-2011 makes the commitment that SSHRC will develop a yearly, integrated “implementation plan” for the entire organization that sets priority goals for each year. This annual implementation (operational) plan is intended to supplement Report on Plans and Priorities. There is no evidence that such an annual implementation plan was developed for FY 2007-08.

There are indications that SSHRC does not have an integrated operational planning process. As a result, it is left to the various Program directors at SSHRC to independently develop operational plans for their respective areas. The absence of a formal integrated operational planning process is reflected in the absence of detail, precision and supporting rationale contained in the RPP.

It was noted that SSHRC intends to develop a formal integrated operational/tactical planning process that will result in annual operational plans for the organization (part of SSHRC's "Fiscal Year Integrated Planning & Reporting Cycle" framework. As part of the planned implementation, SSHRC will establish a management Operations Committee that will be charged with leading and overseeing all aspects of corporate planning, including annual operational planning.

In conclusion, SSHRC's strategic plan does not cascade down into a set of operational and tactical plans, describing resources required to achieve outcomes, due to the absence of a formal and integrated operational planning function. This puts at risk the comprehensive implementation of program objectives.

RECOMMENDATIONS:

8. The President should ensure that SSHRC institutes a formal, integrated operational planning function as part of its "Fiscal Year Integrated Planning and Reporting Cycle" framework.

4.3 GOVERNMENT WIDE PRIORITIES

CRITERIA

The organization's plans and priorities link to government-wide priorities.

ASSESSMENT RATING

Mostly effective - Most parts of this element are working as intended, but more work is needed in some areas.

EXPECTED CONDITION

TBS is responsible for communicating to all government departments and agencies the Government of Canada's government-wide priorities for the current fiscal year. This communication is usually undertaken just prior to the start of the RPP reporting cycle.

It is a requirement under the TBS *Guide to the Preparation of Part III of the 2007 – 2008 Estimates – Reports on Plans and Priorities and Departmental Performance Reports* (Section 5, Page 27) that Section 1 of the RPP must identify under a separate title "Link to the

Government of Canada Outcome areas”, a short description of how departmental strategic outcomes contribute to the Government of Canada outcome areas found in the “Whole of Government” framework.

It is expected that SSHRC’s RPP would contain the required titled section and related description of how SSHRC’s plans and priorities link to government-wide priorities.

FINDINGS AND ANALYSIS

The organization’s plans and priorities link to government-wide priorities.

A review of SSHRC’s RPP Section 1.6 (page 13) demonstrates the linkage between the Government of Canada’s outcome area of “an innovative and knowledge-based economy”. SSHRC’s RPP refers to the Canada’s Performance 2006 report and describes the linkage to SSHRC’s contributions to:

- Training researchers and highly qualified personnel for Canada’s future;
- Creating new knowledge about, and understanding of, pressing economic, social and cultural issues relevant to Canadians;
- Developing a first-class research environment conducive to graduate training and new perspectives and directions for research; and,
- Transferring, disseminating and using knowledge based on social sciences and humanities research.

However, it was noted that SSHRC did not have an active control point in its RPP development process to ensure/confirm TBS’s current government-wide priorities for fiscal year 2007-08. This was evidenced by SSHRC never having received TBS’ communication providing details on the current government-wide priorities, an omission on the part of TBS. There was no follow-up by SSHRC to confirm the current government-wide priorities when preparing the RPP.

It is concluded that SSHRC’s plans and priorities link to the government-wide priorities. However, SSHRC’s RPP development process did not have an adequate control point to ensure/confirm that its plans and priorities were in accordance with government-wide priorities. This exposes SSHRC to the risk of not being aligned with government priorities.

RECOMMENDATIONS:

9. The Director, PPIA, should ensure that adequate internal controls are implemented to actively confirm the alignment of SSHRC’s plans and priorities with the current year government-wide priorities at the time of RPP development.

4.4 ROLES, RESPONSIBILITIES & ACCOUNTABILITIES

CRITERIA

Roles, responsibilities and accountabilities for the development of the RPP are clearly defined and well understood.

ASSESSMENT RATING

Somewhat effective: Some parts of this element are in place, but key deficiencies exist.

EXPECTED CONDITION

Expected condition for processes with respect to developing the RPP is based on best management practices.

It is expected that SSHRC will have communicated in writing the roles, responsibilities and accountabilities to all employees who are to be involved in developing the RPP. Such communication should detail each individual's role and responsibilities, clearly describing the expectations and contributions each individual shall make.

The process for developing the RPP should be described and a timeline should be provided for all key milestones in the process. Review and approval processes and authorized signing employee(s) should be identified. The communication should identify who is responsible for quality assurance control and who will undertake the challenge process to ensure that the RPP is complete, accurate, reasonable, and balanced. Ideally, it is expected that a specific individual, or a team of individuals, be designated to conduct the challenge function.

It is expected that the RPP development process would also define the role for the Council Board in terms of review/validation/challenge of the key assumptions and analysis for resource allocation.

It is expected that these clearly defined roles, responsibilities and accountabilities result in a complete, high quality and timely submission of the RPP to TBS.

FINDINGS AND ANALYSIS

Roles, responsibilities and accountabilities for the development of the RPP are only partially defined and understood.

A review of documentation and communications reveals that some of the roles and related responsibilities and accountabilities for the development of the RPP are clearly defined, well documented, communicated, and understood by relevant SSHRC employees. Other expected roles have not been clearly defined, communicated or commonly understood by relevant SSHRC employees. In the RPP, SSHRC commits to implement the TBS guidelines with

respect to the development of the RPP. Hence, to ensure adherence to the TBS guidelines, it is critical that the organization assign clear roles, responsibilities and accountabilities for all of the necessary tasks to complete a quality RPP. The following section examines the findings by three categories of roles – the drafting of the RPP, the review and approval of the RPP, and the challenge function for the key assumptions and resource allocations contained in the RPP.

Drafting of RPP Content

Roles, responsibilities and accountabilities for the drafting of the various sections of the RPP are clearly articulated and understood.

A review of the RPP development process reflects that there are clearly defined roles, responsibilities and accountabilities for the individuals designated to develop the various sections of the RPP, as well as the role of the chief writer whose role is to consolidate the various draft sections of the RPP. These roles and responsibilities were communicated to the appropriate individuals via the Call Letter issued by the Director, PPIA, and dated December 5, 2006, which served to start the RPP process at SSHRC. The result was that a draft RPP was prepared in a timely manner to meet TBS' required submission date.

Draft RPP Review and Approval

Not all relevant roles, responsibilities and accountabilities for the review and approval of the final draft RPP are documented, communicated or clearly understood by SSHRC employees.

There is no documentation or communication of the intended roles, responsibilities, and accountabilities from the point in the RPP development process from draft RPP to the final approval by the Executive Vice President (EVP) and signature by the President. Specifically, there is no documented or communicated process for senior management review to ensure a challenge function is in place for alignment with plans, risks, lessons learned and meaningful performance indicators, be it by individual senior officers or by SSHRC's Senior Management Committee. Further, there is no documented or communicated role or responsibilities for the Council Board in the review process.

Conversely, final approval authorities are identified in the RPP timeline schedule, including the EVP (accountable within SSHRC for the RPP), President (signing authority), Industry Portfolio Office (IPO) and Minister's Office (MINO). This was communicated to the RPP development team via the distribution of the RPP timetable.

In conclusion, a gap exists for defined, documented and communicated roles and associated responsibilities and accountabilities at the stage in the RPP development process from consolidation of the RPP draft to the point of EVP review and approval.

Challenge Function

There is no specific role defined or assigned in SSHRC's RPP development process for a formal and robust challenge function (quality assurance).

There is an absence of the assignment of a challenge role within the RPP development process to ensure that the RPP is complete, accurate, reasonable, and balanced. The absence of a defined challenge role has implications for the effectiveness of internal controls with respect to oversight and quality assurance for the RPP. This is discussed in further detail in the following Section 4.3.

In conclusion, some of the required roles, responsibilities and accountabilities for the development of the RPP are defined, communicated and understood. However, gaps exist for appropriate internal controls (i.e. definition, documentation, assignment and communication) with respect to the review and challenge functions.

RECOMMENDATIONS

10. The Director, PPIA should establish a documented formal challenge function comprised of one or more individuals whose role is to perform a robust challenge function for the development of the RPP to ensure conformity with the rigour outlined in the TBS Guideline and vision for SSHRC.
11. The President, in cooperation with SSHRC's Board, should define, formalize and communicate the role of the Council's Board with respect to the development of the RPP, a key corporate planning document.

4.5 OVERSIGHT AND QUALITY ASSURANCE

CRITERIA

Review and oversight mechanisms are in place to ensure the RPP is complete, accurate, appropriate, and reasonable.

Review and approval is evidenced (signoff, email, minutes etc).

A formal process is in place to challenge the assumptions and related resource allocations.

ASSESSMENT RATING

Somewhat effective: Some parts of this element are in place, but key deficiencies exist.

EXPECTED CONDITION

Expected condition for processes with respect to developing the RRP is based on best management practices. It also refers to applicable guidelines and policies.

It is expected that SSHRC would have established specific review and oversight mechanisms for the development of the RPP. These mechanisms would include sign-off/approval of draft sections of the RPP by each of the functional/program area directors for their respective sections of the RPP and that such sign-off/approval is communicated to the chief writer.

Further, it is expected that SSHRC would have developed a control mechanism to ensure that the RPP is complete and complies with the TBS *Guide*. For example, this mechanism could be in the form of a checklist. The application of the checklist would best be performed by an individual other than the chief writer in order to provide a “fresh set of eyes” for review and would preferably be performed by a member of senior management who has the breadth of experience within SSHRC to assess the qualities of completeness, accuracy, appropriateness, and reasonableness of the RPP draft.

It is also expected that senior management as a whole would have a role in the review of the draft RPP. Specifically, it is expected that SSHRC’s Senior Management Committee would review interim and the final draft RPP.

Additionally, because the RPP is a critical corporate document with respect to the organization’s priorities and plans and the associated allocation of resources, it is expected that the Council’s Board would also have a review role as part of SSHRC’s review and oversight mechanisms.

It is expected that the review of iterative drafts and the final draft RPP will be evidenced in writing, be it in the form of a memorandum, e-mail, or minutes to meetings, etc. It is also expected that clear evidence of final approval of the RPP is documented and communicated to appropriate individuals (e.g. the chief writer, the Director, PPIA).

It is expected that SSHRC’s RPP development process would identify a specific role of one or more individual’s (e.g. committee) from SSHRC’s senior management whose principal role it would be to challenge the quality of the draft RPP in terms of its completeness, accuracy, reasonableness, and balance, with a particular emphasis on the key assumptions in the plans and priorities contained within the RPP and the related resource allocations.

It is expected that this challenge function and those responsible for performing that role would be described/identified in SSHRC’s Call Letter, or other similar communication document.

It is expected that those performing the challenge function would document their views, comments, and suggestions for changes, which would be provided to the EVP (final approval authority) and to the chief writer. Evidence that such amendments are agreed to and incorporated into the final RPP should be available.

FINDINGS AND ANALYSIS

Oversight

There is evidence of several control mechanisms being applied for oversight of the RPP development. However, despite the application of review and oversight mechanisms, there appears to be insufficient rigor and an absence of serious challenge to the content of the RPP in terms of completeness, accuracy, reasonableness, or balance so to meet TBS guidelines and to serve as a corporate planning document

Extensive reviews and editing exist. Reviews by management, management committee and senior executive were reviewed. Draft RPP documents were circulated and comments incorporated. However, it was noted that the nature of the edits were more related to grammar and style than to substantive comments about the completeness, accuracy, reasonableness, or balance of the contents.

Additionally, the information reviewed is largely an update of the text from the previous year in terms of an overview of the programs and past achievements (“sales document”) as opposed to the identification of plans, expected results and results indicators.

In conclusion, there is evidence of several oversight control mechanisms being applied. However, despite the application of review and oversight mechanisms, there appears to be a insufficient rigor and an absence of serious challenge to the content of the RPP in terms of completeness, accuracy, reasonableness, or balance. The absence of sufficient rigour and challenge raises the risk that the RPP does not provide the intended characteristics of completeness, accuracy, reasonableness, or balance. The end result could be an RPP that does not adequately communicate the intended plans, priorities, and expected results for SSHRC or satisfy stakeholder information needs. The deficiencies in terms of quality of the content of the RPP are described in detail in Section 3 of this report. Therefore, it is not the absence of review and oversight mechanisms that is at issue but the rigor with which they are applied.

Approvals

Review and approval sign-off is evidenced.

A review of SSHRC’s RPP working paper files reveals that iterative drafts and reviews by management officials are evidenced by emails and hand-written edits.

Approval of the final RPP draft by the EVP was sighted and is on record contained in SSHRC’s RPP working paper files.

In conclusion, there is sufficient evidence that the necessary internal controls are in place to demonstrate management review, suggested amendments to iterative drafts are incorporated in RPP, and that appropriate internal approval of the RPP is obtained (i.e. EVP sign-off).

Challenge Function

There is no formal, documented process in place at SSHRC to challenge the key assumptions and related resource allocations contained in the RPP.

As described previously in Section 4.4, SSHRC's RPP process does not define, document, assign or communicate a formal challenge function for the key assumptions and resource allocations contained in the RPP. This fact is reflected in the quality of the internal reviews conducted of iterative drafts of the RPP. Although iterative drafts of the RPP reflected that suggested edits were incorporated into the final draft RPP, the suggested edits were of a grammatical and stylistic nature and did not reflect a robust challenge to the key assumptions and rationale for resource allocations contained in the RPP. As a result of the absence of a robust challenge to the RPP drafts, it is difficult to determine whether the RPP is complete, accurate, reasonable, and balanced.

Examples of key assumption that do not appear to have been explicitly challenged are:

- The Strategic Plan 2006-2011 is based on the key assumption that SSHRC's budget will need to double to achieve the desired outcomes. SSHRC's annual budgets have not doubled in dollar amounts since the creation of the Strategic Plan 2006-2011. The RPP does not address the risk associated with achieving a successful transformation to a "Knowledge Council" if the stated budget increase requirement is not forthcoming.
- Mobilization of knowledge is stated as a key priority in the Strategic Plan 2006-2011 and in the RPP. SSHRC currently has a low rate of researchers completing final reports (about 30%) and interviewees indicated that the quality of the research finding reports has been weak overall. The low rate of report submission and the low quality of such reports suggest that SSHRC has insufficient leverage under the grant instrument to compel researchers to share their research findings. This raises the risk that SSHRC will not achieve the stated objective of becoming a "clearing house" for knowledge, nor effectively mobilize funded research findings.

The RPP does not address the above risks or key assumptions.

As a result, there is no discussion in the RPP of the rationale for allocating resources to the stated corporate priorities or across the many program areas. This in turn affects the overall quality of the RPP. Discussion of the weaknesses of the RPP content has previously been presented in Section 3 of this report.

In conclusion, there is no formal, documented role assigned or process implemented at SSHRC to challenge the key assumptions and related resource allocations contained in the RPP. The absence of a rigorous challenge function has follow on affects for the quality of the RPP.

RECOMMENDATIONS:

12. The President should support SSHRC's initiative to design and implement a corporate planning and reporting cycle framework that includes an integrated risk management framework.

Refer also to recommendation 9.

5 AUDIT CONCLUSION

The audit objective was to assess the adequacy and effectiveness of internal controls over the integrity of RPP information. The integrity of information is defined by its relevance, reliability, comparability and balance. It is important to note that the audit focused on the internal controls over the integrity of information and not on the information itself. Hence this was an audit of internal controls and not an attest audit of whether the information is correctly presented.

Our findings directly address the audit criteria as established in the approved audit program and provide valuable comments with respect to the RPP at SSHRC, as well as provide what we consider to be realistic and achievable recommendations to address areas for further progress.

In particular, our audit focused on controls intended to ensure compliance with TBS reporting requirements in the RPP. The TBS requirements are at a high level and are intended for two purposes; to provide parliamentarians with the information they require to stay informed and make appropriate decisions and to provide a level of assurance that the organization is focused and working towards agreed upon outcomes.

The Report of Plans and Priorities is intended to provide the framework for the establishment of not just Plans and Priorities, but also Expected Results and Result Indicators. While we found that Plans and Priorities were addressed in the RPP, they were at a high level and were too vague to provide explicit direction over the next three-year period. There was a near absence of stated Expected Results and Results Indicators in the RPP. Further investigation, confirmed that, for the most part, not only were Expected Results and Results Indicators not quantified but systems to track expected results were not developed.

Achievements of results are typically indications of a well-run organization, but in order to assess the accomplishments, the expected results must first be stated and second be compiled and interpreted. Without this information, it is not possible to determine if the organization is moved towards its desired Strategic Outcomes.

Overall the sufficient audit work was conducted to provide assurance that significant weaknesses in the internal control framework for the integrity of the RPP as it relates to plans, priorities, results and result indicators and quality control were found and should be strengthened so to ensure meaningful information to Parliamentarians and Canadians and to serve as a reliable and useful foundation for the Department Performance Report. Internal controls related to the financial information and those related to aligning the RPP with the Program Activity Architecture were found to be adequate and effective.

Therefore, those of even greater importance to SSHRC are the findings related to the organization as a whole that have emerged from our audit investigations concerning the RPP. These broader findings relate to the overall governance, stewardship, and inherent cultural

environment that currently exist at SSHRC and, in our view, comprise the more critical challenges and potential risks facing the organization.

To prepare the RPP in accordance with the four TBS principles, other strategic and tactical elements must be in place and be effective such as Strategic Plans, Operational Plans, Risk Strategies, Information Systems (both financial and non-financial), Governance, Organizational Structures, Policies and Procedures. The reviews of both the RPP document and related processes provided evidence that there are serious deficiencies at a corporate level in some of these areas.

Although some of these broader findings may be considered to be beyond the scope of the RPP audit program, we consider that we would be remiss in our role of bringing SSHRC valuable insight into its organization if we did not bring these critical findings to management's attention. While these broader issues are "pan-organizational" in character, they all relate to, and are reflected in, SSHRC's RPP.

We wish to emphasize that it is the nature of audits to bring an objective and balanced picture of the state of internal control and to report as to whether controls are adequate and effective. The findings and recommendations of this audit report are documented to enable management to address the identified weaknesses in a timely and effective manner. In the context of SSHRC, we wish to acknowledge that management is currently initiating in discussions and developing action plans that are expected to lead to improvements in some of the broader issues that have been identified. In particular, we recognize that SSHRC is starting to make progress to address its need for an overall corporate planning and reporting framework. We encourage management to support these efforts to maintain momentum in implementing these corporate initiatives.