Audit of Partnership Funding Opportunities

Corporate Internal Audit Division
Social Sciences and Humanities Research Council of Canada
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EXECUTIVE SUMMARY

Background

The Social Sciences and Humanities Research Council (SSHRC) of Canada funds research and training for researchers who build knowledge about people, past and present, with a view toward creating a better future for citizens of Canada and the world. SSHRC delivers its mandate mainly through three umbrella programs:

1) Talent – attraction, retention and development of students and researchers in social sciences and humanities;
2) Insight – new knowledge in social sciences and humanities;
3) Connection – mobilization of social sciences and humanities knowledge.

The three programs offer funding opportunities for individuals, teams, as well as formal partnerships across institutions and sectors. Partnership funding opportunities cut across all three umbrella programs.

Partnership Funding Opportunities

Partnership funding opportunities are grants administered by SSHRC. The distinguishing characteristic of partnership funding opportunities from other SSHRC grants is the involvement of formal partner organizations from academic, public, private, and not-for-profit sectors. There are two primary partnership funding opportunities, Partnership Development Grants (PDGs) and Partnership Grants (PGs).

PDGs are awarded for research and related activities which support the development of new partnership and the growth of existing ones. Grant amounts range from $75,000 to $200,000 for one to three years. PDGs require the establishment of a formal partnership with stakeholders and require a plan demonstrating partner contributions.

PGs support research, research training, and knowledge mobilization involving formal partnerships. The amount of each grant ranges from $500,000 to $2.5 million over four to seven years. PGs also require partners to contribute an in-kind or cash contribution worth a minimum of 35 per cent of the award value.

Why Is It Important

Partnership funding opportunities are different from many of SSHRC's other program offerings because they cross cut Insight, Connection and Talent programs. Furthermore, partnership funding opportunities involve networks of partners from academia, business, not-for-profit sector and government, both nationally and internationally. The complex structure of these grants as well as their materiality (approximately $52 million was awarded in 2015) highlights the importance of this audit. It is also important to note that partnership funding opportunities have not been audited since they were launched several years ago.

This audit was included in the Corporate Internal Audit (CIA) Division's 2016-2019 Risk-Based Audit Plan (RBAP), which was approved by the Independent Audit Committee (IAC) in March 2016.

Audit Objective and Scope

The objective of this audit was to provide assurance to senior management that key processes, risk management practices and overall governance arrangements are in place and effective for PDGs and PGs. The audit work examined documentation from April 1, 2014 to March 31, 2016. The scope did not include the internal control assessment over universities within the Financial Monitoring function; the efficiency or functionality of AMIS, the grants management system; or the merit review process.

Summary of Key Findings

The audit identified several positive findings in areas linked to the management of the program, most noteworthy were findings related to the adjudication of applications and award payment. The program's adjudication process was found to be structured, consistent, well documented and decisions which resulted from the process were justified. Furthermore, the audit found that all award decisions in a sample of successful applications were approved by the appropriate Section 32 delegated authorities and grant payment information that was entered in AMIS, the grant management system, matched the annual award approval document. These findings provide management with reasonable assurance that controls for application adjudication; award approval and payment are effective and operating as intended.

The audit also noted some areas where opportunities for improvement could be considered:

1. The audit noted that the program design does not clearly articulate the difference between PDGs and PGs. Apart from the amount of funding offered and the duration of the award, the purpose of the two grants is

expressed in similar ways in the program documentation. As such, there is a risk that applicants may apply to the incorrect grant based on their nature of their research project, possibly reducing their chances of success.

2. The Program does not require agreements be in place between primary institutions and their partners to address standard research conduct, i.e., professional conduct within the partnership, sharing of information, dissemination of research results, communicating with the media. An institution may choose to establish an MOU or other form of agreement with its partners to articulate roles and responsibilities, but this is not mandatory. While SSHRC holds the primary institutions accountable for managing the partnership as a whole, inappropriate actions on the part of individual partners could still have consequences to SSHRC's reputation given that the partnership to which they belong is publicly funded.

3. The audit found that program management had not yet defined their expectations for performance reporting against the program's objectives (frequency, type of information, format, level of detail required etc.). As such, while the program had a performance measurement strategy, it had not yet been implemented to support continuous monitoring and reporting. Without the systematic collection and reporting of performance data, opportunities for management to use this information for effective decision-making and continuous improvement are limited.

Conclusion

Partnerships funding opportunities are relatively new to SSHRC (2010/11) and, as such, have benefited from the wealth of experience of staff, as well as the strengths of SSHRC's suite of programs accumulated over the years.

The program is well managed. The audit identified several positive findings in areas linked to the integrity of the program, most noteworthy were findings related to the adjudication of applications. Nonetheless, the audit identified areas of continued improvement for management's consideration. These include clarifying the distinction between PGs and PDGs within the program's design; the communication of minimum expectations on the conduct of partners who use public funds; and the strengthening of program-level performance monitoring. These audit findings represents an opportunity for management to reflect and consider strategic improvements as the program continues to mature.

1. BACKGROUND

SSHRC funds research and training for researchers who build knowledge about people, past and present, with a view toward creating a better future for citizens of Canada and the world. SSHRC delivers its mandate mainly through three umbrella grant programs:

1) Talent – attraction, retention and development of students and researchers in social sciences and humanities;
2) Insight – new knowledge in social sciences and humanities;
3) Connection – mobilization of social sciences and humanities knowledge.

The three programs offer funding opportunities for individuals, teams, as well as formal partnership across institutions and sectors. Partnership funding opportunities cut across all three umbrella programs.

Partnership Funding Opportunities

Partnership funding opportunities are grants[1] administered by SSHRC. The overarching objective of these grants is to support academic researchers in the building of professional relationships to "revisit past interpretations, chart new paths of exploration, or seek solutions to difficulties facing all sectors of society in the 21st century"[2]. The distinctive characteristic of the Partnership funding opportunities (from other SSHRC programs) is the involvement of formal partner organizations from academic, public, private, and not-for-profit sectors. There are two primary partnership funding opportunities, Partnership Development Grants (PDGs) and Partnership Grants (PGs). For the purposes of this audit, combined, they are referred to as 'the Program'.

PDGs are awarded for research and related activities which support the development of new partnership and the growth of existing ones. Grant amounts range from $75,000 to $200,000 for one to three years. PDGs require the establishment of a formal partnership with stakeholders and require a plan demonstrating partner contributions, but there is no fixed minimum.

PGs support research, research training, and knowledge mobilization involving formal partnership. The amount of each grant ranges from $500,000 to $2.5 million over four to seven years. PGs also require partners to contribute an in-kind or cash contribution worth a minimum of 35 per cent of the award value.

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[1] A grant is a transfer payment subject to pre-established eligibility and other entitlement criteria. A grant is not subject to being accounted for by a recipient nor normally subject to audit by the department. The recipient may be required to report on results achieved (Policy on Transfer Payments, Treasury Board Secretariat)
[2] http://www.sshrc-crsh.gc.ca/about-au_sujet/partnerships-partenariats/index-eng.aspx

PGs undergo a two-stage adjudication process, involving a Letter of Intent (LOI) and a formal application. Only applicants successful at the LOI stage will be invited to submit formal applications for which they may receive up to $20,000 to prepare formal applications. PGs go through mid-term reviews to ensure the research projects are making progress before the remaining funds are released.

2. AUDIT OBJECTIVE AND SCOPE

The objective of this audit is to provide assurance to senior management that key processes, risk management practices and overall governance arrangements are in place and effective for PDGs and PGs. The audit work examined documentation from April 1, 2014 to March 31, 2016.

The governance framework, the risk management activities, the application and adjudication processes, and the program performance management activities were assessed for both PDGs and PGs.

The scope of this audit did not include:
- The internal control assessment over universities within the Financial Monitoring function ;
- The efficiency or functionality of AMIS, the grants management system;
- Funding provided for applicants to prepare PGs formal applications; and
- The merit review process.

3. AUDIT METHODOLOGY

The audit was conducted by the CIA Division and supported by a team from PricewaterhouseCoopers (PwC) LLP. The audit team used the following methodology in conducting its work:

- File and document review of various sources of information – including committee meeting minutes, program evaluation, planning documentation, policies, guidelines, SSHRC website, etc. This also included testing program procedures and award adjudication documentation;
- Interviews with internal key stakeholders involved in the delivery of PDGs and PGs, including the Executive Vice-President, Corporate Affairs, Vice-President, Research Program, Executive and Deputy Directors, Research Grants and Partnerships, program managers and officers, as well as Deputy Director, Compliance Transfer Payments, and Manager, Corporate Planning and Reporting; and
- Testing of the operational effectiveness of the controls in place over the (1) grant application review and adjudication, (2) approval for award payment, and (3) monitoring of recipient progress was applied to a sample of both PDGs and PGs.

This audit conforms with the Internal Auditing Standards for the Government of Canada, as supported by the results of the quality assurance and improvement program. These standards require that sufficient and appropriate audit procedures be conducted and that evidence be gathered to provide a high level of assurance on the findings contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria (Appendix I).

4. AUDIT FINDINGS

4.1 Governance and Risk Management

Governance has a myriad of definitions and depends on a variety of organizational, structural, and cultural factors. While no one definition is used as a 'golden standard', the Institute of Internal Auditors (IIA) defines governance as:

"*the combination of processes and structures implemented by the board[3] to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives*" (2011).

Guidance provided by the Office of the Comptroller General (2011) expands on the above definition and suggests that oversight bodies should have clear roles with respect to risk management and control to ensure objectives are achieved. Furthermore, oversight bodies should also develop plans and communicate strategic directions.

4.1.1 A governance framework has been formally established for the Program to oversee its activities and manage risk

The audit found that the following oversight bodies have been established for ongoing oversight and decision making relative to the Program:

- Business Integration Committee (BIC)[4];
- Senior Management Committee (SMC)[5]; and

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[3] It should be noted that while the majority of departments within the Public Service do not have a 'board', senior management is acknowledged as playing this role.
[4] The Business Integration Committee (BIC) supports the achievement of performance objectives and outcomes of SSHRC's programs, in the context of annual corporate priorities and the overall strategic direction set by the Senior Management Committee. It also seeks to maximize the impact of SSHRC's investments in research and training. BIC's work focuses on: program design and delivery, priority themes, strategic research and policy, and results and impacts.
[5] The Senior Management Committee (SMC) ensures the achievement of SSHRC's performance objectives and outcomes, maintains compliance with policy and regulatory requirements, and maximizes the impact of SSHRC's investments in research and training. SMC's work focuses on: overall strategic direction; corporate priorities and risk; resource allocation; high-level overarching frameworks and plans; organizational

- Program and Quality (P&Q)[6] sub-committee of SSHRC's Council.

Each of these oversight bodies has formally documented mandates and/or Terms of Reference which assign responsibility for overseeing the management of SSHRC's programs, including PDGs and PGs. These oversight bodies have also been assigned responsibility to ensure risks are adequately mitigated as well as to monitor progress towards each Program's objectives. Formal minutes or records of decisions exist for each of these committees to document discussions held and resulting actions.

Day-to-day oversight of the Program is provided by the Vice-President, Research Programs and the Executive Director and Deputy Director of Research Grants and Partnerships. Their roles and responsibilities have been documented through formal job descriptions. For example, the Executive Director is accountable for "providing leadership and direction in the design, delivery, evaluation and renewal of SSHRC's Insight and Connection programs". The Deputy Director holds specific responsibilities in developing and managing the delivery of partnership funding opportunities.

Budget management

A key activity in the management of the Program is ensuring the distribution of program funds within a cycle and over the long term. As part of this management oversight, a formal process has been established to generate cash forecasts for the Program and allocate available funds to various funding opportunities both for the upcoming year and within the year. The Executive Director performs this review using a system of spreadsheets with input on budget and actual disbursements provided by the Finance division. This process leverages information related to previously committed funds, grant payments deferred as a result of Finance's deferral exercise, trends, and assumptions about the size and number of future applications.

Risk management

The success of any program hinges on the identification, mitigation and monitoring of program management risks before they arise. While the audit found that a formal risk management framework had not yet been established within the Program, an informal approach was in place. The Program was found to actively manage risk based on the sharing of information between the Deputy Director, Executive Director, and the Vice-President. It should be noted that at the time of this audit SSHRC was exploring opportunities to improve their risk management

structure; corporate and internal governance; meetings of the governing council and its committees; and tri-agency frameworks and policies.
[6] The Programs and Quality Committee monitors the overall design, coherence and performance of SSHRC's suite of programs and program-related policies in the context of strategic direction, priorities and the pursuit of excellence.

approach. As such, no risk management recommendations are put forth in this audit.

4.2 Application and Adjudication

At the core of SSHRC's business is the processing and adjudication of applications from the research community. Grants are awarded based on merit and recommendations for funding are put forth by a committee of merit reviewers. In order for these processes to operate effectively, it is imperative that applications are vetted against established criteria by reviewers who are experts in the area and their decisions are well supported.

4.2.1 Guidance provided to applicants does not clearly distinguish the objectives of the different grants.

To assist applicants with the grant submission process, the Program has developed guidance providing details about the grants and steps of the application and adjudication process. Guidance is available and accessible to applicants through SSHRC's website, which outlines basic characteristics of each type of grant. Additionally, at the start of each competition cycle, SSHRC hosts a joint outreach seminar for all potential applicants of SSHRC grants, which includes a separate presentation by the Program on the available funding opportunities. Program Officers are also available during the application process to answer ad hoc questions from applicants.

Based on the review of the guidance provided to applicants, the audit found that the documentation does not clearly outline the difference between the objectives of PDGs and PGs. Apart from the amount of funding offered and the duration of the award, the purpose of the two grants is expressed in similar ways, as shown below.

PDGs- "develop research and related activities in the social sciences and humanities, including knowledge mobilization and the meaningful involvement of students and new scholars, by fostering new partnerships for research and related activities involving existing and/or potential partners."

PGs- "provide support for new and existing formal partnerships … to advance research, research training and/or knowledge mobilization in social sciences and humanities."

In addition to determining whether an application is PDG or PG in nature, applicants must also determine whether their application is related to one of SSHRC's three umbrella programs- Talent, Insight or Connection. While the objectives of each of these three programs are indicated online, the audit found that documentation does not clearly distinguish differences between the

objectives of Talent, Insight and Connection programs as they pertain to PDGs and PGs. Program staff indicated that feedback received from applicants has, indeed, suggested that the objectives are confusing when applicants are deciding where to apply.

Given the similarity between the objectives of PG and PDG, there is a risk that applicants may not apply to the most appropriate grant, possibly reducing their chances of receiving funding.

Recommendation #1:

It is recommended that the Program review and clarify the existing guidance provided to applicants to distinguish PG objectives from PDG objectives. Furthermore, in reviewing the guidance, it is recommended that the Program also clarify how PGs differ from PDGs across Talent, Insight and Connection programs. Clarity could be enhanced through the use of examples.

4.2.2 Formal agreements are not required between primary institutions and their partners.

The key objective of the Program is to encourage partnerships between players from academia, private and not-for-profit sectors for the purposes of SSH research. As such, how these players operate and work together within the partnership is important to the Program's success, as well as maintaining SSHRC's reputation as funding world class research.

Memoranda of Understanding (MOUs) are in place between SSHRC and each primary institution which outline the roles and responsibilities of the institution relative to SSHRC. An institution may choose to establish its own MOU or other form of agreement with its partners to establish roles and responsibilities, but this is not a mandatory requirement of the Program. A review of a sample of these agreements demonstrated that they were general in nature and did not outline specific obligations of the partners concerning standard research-related activities-i.e., professional conduct within the partnership, sharing of information, dissemination of research results or communicating with the media.

While SSHRC holds the primary institutions accountable for managing the partnership as a whole, inappropriate actions on the part of individual partners could still have consequences to SSHRC's reputation given that the partnership to which they belong is publicly funded.

Recommendation #2:

It is recommended that the Program's management engage the Corporate Strategy and Performance Division to consider the articulation and

communication of minimum expectations for the conduct of partners of approved grants.

4.2.3 Institutions are consistently assessed against eligibility criteria prior to the evaluation of grant applications.

The cornerstone of responsible granting is the assessment process. The Program has developed a multi-layered approach to assessment. Before applications are even accepted for merit review, the Program ensures the primary institution from which the applicant originates is deemed eligible. The process also includes validating that:

- The subject matter of the application is aligned to SSHRC's mandate
- The proposed Project Director has no outstanding final research reports owed to SSHRC from previous grants.

If an institution/applicant is deemed ineligible or if further follow-up is required to determine eligibility, all correspondence, including a memo outlining ineligibility, is documented and maintained on file. For the sample of applications tested, all applications were confirmed to be eligible and therefore, appropriately proceeded to the adjudication phase.

4.2.4 Grant recommendations are sufficiently justified; however, limited feedback is provided to unsuccessful applicants.

As steward of public funds, it is important that the Agency has an established process for ensuring the most meritorious applications are funded and that the decisions are adequately justified.

The audit found that key controls have been implemented in the design of the adjudication process for both PDG and PG grants to facilitate robust assessment. For example, formal assessment criteria (aligned to the Program's objectives), and rating scales have been established for the evaluation of applications by adjudication committee members who meet in person. Testing confirmed that applications were consistently assessed against these criteria and scales by the committee. Testing also confirmed that the results of the adjudication process were documented, signed off by the necessary parties and final scores for each application supported the adjudication committees' funding recommendations.

While the audit found that the assessment of applications was robust, unsuccessful applicants received varying levels of feedback, depending on the grant. It was noted that while unsuccessful PG applicants were provided with detailed feedback outlining areas of improvement, the same type of narrative feedback was not provided to unsuccessful PDG applicants. The reason for this may be the high volume of PDG applications received each cycle. Nevertheless,

without narrative feedback, applicants may not get sufficient insight on the areas of improvement that could strengthen future PDG applications.

Recommendation #3:

It is recommended that the Program establish specific expectations regarding the level of feedback that will be provided to applicants, and distinguish any differences in expectations between PDGs and PGs in the program documentation.

4.2.5 Processes are in place to recruit appropriate adjudication committee members.

The Adjudication Committee is tasked with the responsibility to review and assess application files and recommend funding decisions. As such, it is imperative that the Program recruit appropriate Committee members. The appropriateness of the committee can be viewed on two levels. First, a committee must have the appropriate composition of members according to SSHRC's 'Manual for Adjudication Committee Members 2015-16'. Second, the individual members reviewing the applications should have the appropriate background and expertise.

Regarding committee composition, SSHRC stipulates that all Committee members must be functionally bilingual and the Committee must consist of at least one non-academic member and one international member. The audit noted that the Program ensured that each Adjudication Committee maintained a balance of members with respect to gender, primary language, and geographic distribution.

Regarding the adjudication committee members, it was noted that the Program did not have a formal assessment process to select members. Rather, an informal vetting process guided by professional discretion was in place to seek out and select new members, specifically accredited researchers in the community, those who have received SSHRC funding in the past and people with partnership experience. For the sample of applications tested, a review of the associated Adjudication Committee members noted that members had academic and/or professional backgrounds which were generally aligned to the subject matter of the applications they reviewed.

4.3 Grant Awarding and Monitoring

Upon completion of the merit review of process, various approvals are required to comply with the Financial Administration Act (FAA) prior to the transfer of funds to the primary institutions, notably Sections 32 (availability of funds) and 34

(certification that good/services have been received)[7]. These approvals ensure that due diligence has been paid prior to the disbursement of public funds to successful applicants. Once the award has been paid, the monitoring of how these funds are used becomes important. While SSHRC issues grants which are usually exempt from audit, recipients are still required to provide a minimum level of assurance that progress is being made. This is typically done through the submission of annual accounts statements, and progress reporting in certain cases where the investment is large and funding is multi-year.

4.3.1 Award payments are approved by the appropriate delegated authority.

As per the review of the sample of successful grant applications, the audit found that all award decisions were approved by the appropriate Section 32 delegated authorities. Furthermore, the audit found that grant payment information that was entered in AMIS, the grant management system, matched the annual award approval document (which was also approved by the appropriate Section 34 delegated authority) prior to the disbursement of funds to recipients. These findings suggest that controls are in places and functioning as intended to ensure payments are approved by the right authority and in the right amount prior to release.

4.3.2 A formal process has been established to monitor grants and ensure adequate progress towards project objectives.

As previously discussed, PGs are large awards that provide funding for several years (4-7 years). As such, the Program requires recipients to provide various reports at specific intervals to justify continued funding.

One year after awarding a PG grant, recipients are required to submit a milestone report detailing the activities and progress they expect to achieve by the mid-point of the grant. At this mid-point, recipients must then submit midterm reports outlining progress achieved to date. Templates have been developed and provided to recipients to complete the milestone and midterm reporting. For these mid-term reports, a Review Committee is assembled to perform an assessment of progress. Review criteria have been established to review and compare the progress made against the milestones. Based on this assessment, the Review Committee recommends whether the Program should continue or terminate the funding. The Review Committee also evaluates the participation of the partners to date, including the amount of partner contribution, and assesses whether the project is on track to achieve the proposed outcomes.

The audit tested a sample of milestone and midterm reports for PGs and noted that partner commitment and contributions were assessed and adequate

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[7] http://laws-lois.justice.gc.ca/eng/acts/F-11/page-9.html?txthl=32#s-32

documentation of the Committee's assessment was maintained to support the recommendation for continuation or termination of funding. This suggests that a robust system is in place to ensure satisfactory performance prior to disbursing additional funds.

4.3.3 A Performance Management Strategy has been developed for the program, but has not yet been implemented.

As suggested in the Treasury Board [Guideline on Performance Measurement Strategy under the Policy on Transfer Payments]*,* performance monitoring allows management to make relevant, timely and evidence-based decisions related to the program's achievements and direction.

The audit found that program management had not yet defined their expectations for performance reporting (frequency, type of information, format, level of detail required etc.) to support effective decision-making. As such, reporting of performance information to program management was found to be occurring on an ad hoc basis.

Despite the absence of clearly articulated performance reporting expectations, it was noted that a Performance Management Strategy (PMS) had been developed for the Program in April 2015. This strategy outlines the proposed performance areas and targets. The expected immediate, intermediate, long-term and strategic outcomes of the Program have been documented in a logic model, included in the strategy. At the time of this audit, the PMS had not yet been implemented.

Findings suggest that while some performance monitoring is occurring, it's informal and not designed to assess progress towards established program objectives. In the absence of systematic measurement and monitoring, data is not being fully leveraged to guide the identification of deficiencies and continuously improve the program.

Recommendation #4:

It is recommended that management establish formal performance reporting expectations (frequency, type of information, format, level of detail required) and implement a formal performance measurement framework to monitor achievement against objectives.

5. CONCLUSION

Partnerships Funding Opportunities are relatively new to SSHRC (2010/11) and, as such, have benefited from the wealth of experience of staff, as well as the strengths of SSHRC's suite of programs accumulated over the years.

The program is well managed. The audit identified several positive findings in areas linked to the integrity of the program, most noteworthy were findings related to the adjudication of applications. The adjudication process is a complex activity that involves numerous steps and points of assessment, and a number of stakeholders. Despite the complexities of this activity, the audit noted that the process was well documented and communicated. Furthermore, the program's merit review assessments were found to be consistent, well documented and decisions were supported by thorough justifications, highlighting the quality of the merit reviewer's work, as well as the diligence and professionalism of the Program's staff.

Nonetheless, the audit identified areas of continued improvement for management's consideration. These include clarifying the distinction between PGs and PDGs within the program's design; communicating minimum expectations for conduct to partners who use public funds; and the strengthening of program-level performance monitoring. These audit findings represent an opportunity for management to reflect and consider strategic improvements to these programs.

6. AUDIT TEAM

Chief Audit Executive: Peter Finnigan
Internal Audit Principal: John-Patrick Moore
Senior Internal Auditor: Jack Jin

Contractor: **PricewaterhouseCoopers LLP**

APPENDIX I – LINES OF ENQUIRY, AUDIT CRITERIA AND SOURCES

LOE1: Governance and Risk Management
Criterion #1: A governance framework has been established and oversight is provided by management to ensure objectives are met and risks are managed. **(COSO – Control Environment; OCG - G-1, G-2, AC-3)**

Criterion #2: Management has identified the risks that may preclude the achievement of program objectives and has developed mitigation strategies that are regularly reviewed and reported on. **(COSO – Risk Management; OCG - RM-2, RM-4, RM-5)**

LOE 2: Application and Adjudication
Criterion #3: Guidance and information are available and communicated to potential applicants prior to the grant submission process. **(COSO – Information and Communication; OCG - PPL-4)**

Criterion #4: Control mechanisms have been established to ensure only eligible grant applications are assessed based on defined criteria. **(COSO – Control Activities; OCG - RM-3)**

Criterion #5: Grant applications are consistently adjudicated against established evaluation criteria and grant decisions are justified. **(COSO – Control Activities; OCG - G-4)**

Criterion #6: Processes have been established to recruit and retain qualified Adjudication Committee members and provide them the tools for the consistent and equitable assessment of grant applications. **(COSO – Control Activities; OCG - PPL-2, PPL-4)**

LOE 3: Grant Awarding and Monitoring
Criterion #7: Award decisions and grant payments are approved by the delegated authorities. **(COSO – Control Activities; OCG - ST-10, ST-13)**

Criterion #8: Control mechanisms have been established to monitor the status of the research projects prior to the release of additional funding and delegated authorities have approved each release. **(COSO – Monitoring Activities; OCG - ST-15, ST-18)**

Criterion #9: Information is gathered and analyzed to ensure progress is being made towards project and program objectives, including partner commitment and contributions. **(COSO – Monitoring Activities; OCG - ST-15, ST-17**)

Criterion #10: Performance indicators have been established for the funding opportunities, which are periodically measured and results reported on. **(COSO – Monitoring Activities; OCG - RP-1, RP-2, RP-3)**

APPENDIX II – MANAGEMENT RESPONSES TO AUDIT RECOMMENDATIONS

ITEM	*URGENCY RATING	RECOMMENDATION	MANAGEMENT RESPONSE	TARGET DATE
1	12 months	It is recommended that the Program review and clarify the existing guidance provided to applicants to distinguish PG objectives from PDG objectives. Furthermore, in reviewing the guidance, it is recommended that the Program also clarify how PGs differ from PDGs across Talent, Insight and Connection programs. Clarity could be enhanced through the use of examples.	Agreed. While the substantial difference in size, value and scope between PG and PDG should assist potential applicants in determining which funding opportunity is most appropriate for their intended partnership activities, SSHRC recognizes that more could be done to clarify the objectives of each funding opportunity and how they relate to the Talent, Insight and Connection programs. SSHRC will make these clarifications through revisions to its website (e.g., funding opportunity descriptions, program descriptions, partnership toolkit, etc.) and its annual outreach sessions, as well as through query responses from Program Officers to potential applicants.	Fall 2017
2	12 months	It is recommended that the Program's management engage the Corporate Strategy and Performance Division to consider the articulation and communication of minimum expectations for the conduct of partners of approved grants.	Agreed. While it is important to recognize that, especially over longer-term partnerships, plans for research and research-related activities, and the related participation of partner organizations in these activities, is likely to change over the duration of a project, SSHRC recognizes the potential benefit of a high-level and flexible statement on minimum expectations for the conduct of partner	Summer 2017

			organizations in its partnership-type grants. SSHRC will engage its Corporate Strategy and Performance and Communications divisions on the articulation and communication of a statement on minimum expectations for the conduct of partner organizations in successful grants.	
3	12 months	It is recommended that the Program establish specific expectations regarding the level of feedback that will be provided to applicants, and distinguish any differences in expectations between PDGs and PGs in the program documentation.	Agreed. While the level of feedback provided in each funding opportunity is commensurate with the value, size and complexity of its applications, SSHRC recognizes the importance of communicating the level of feedback that can be expected within each funding opportunity. SSHRC will better explain the level of feedback that can be expected in its annual outreach sessions and explore other potential communication venues to better ensure applicant expectations are aligned with the level of feedback provided.	Fall 2017
4	18 months	It is recommended that management establish formal performance reporting expectations (frequency, type of information, format, level of detail required) and implement a formal performance measurement framework to monitor	Agreed. SSHRC recognizes the value of systematic governance and performance measurement and monitoring to achieving established program objectives. While much work has been completed in the development of a partnership Performance	Spring 2018

		achievement against objectives.	Management Strategy, partnership performance measures will be updated in line with the Government of Canada's new Policy on Results, which took effect on July 1, 2016. In addition, regular monitoring and reporting of performance measures will be implemented within the program's governance.	

***Urgency rating** of recommendations refers to the urgency of the recommendation based on the Agency's exposure to risk. Based on the "Urgency Rating", the CIA Division recommends management actions associated with the recommendation be completed using the following timeline:

	6 months or less
	12 months or less
	18 months or less