



Canadian Health Services Research Foundation

Audit and Evaluation of CHSRF's System Processes and Project Files

Final Report

**The Strategic Review Group
Le groupe de revue stratégique**

January 2001

Canadian Health Services Research Foundation (CHSRF)

Audit of CHSRF System Processes and Project Files

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Canadian Health Services Research Foundation (CHSRF)
Audit of CHSRF System Processes and Project Files

Final Report

This report sets out the findings and conclusions from an audit of the system processes and project files of the Canadian Health Services Research Foundation (CHSRF). The first section of the report sets out the objectives of the review; section 2 presents the methodology; section 3 sets out the findings and recommendations.

CHSRF's mission is to sponsor and promote applied health systems research, to enhance its quality and relevance, and to facilitate its use in evidence-based decision-making by policy makers and health systems managers.

1.0 Objectives of the Audit

The overall objective of this audit was to provide the CHSRF with assurance and advice on the soundness and completeness of its file management practices and on the suitability of its financial systems and practices related to managing co-sponsor funds and monitoring Administering Organizations. The formal objectives of this audit are the following:

- To ensure that all the appropriate information is recorded in the primary project file in order to facilitate future reference and accountability, as well as to ensure that all of CHSRF's commitments are properly recorded.
- To identify and distinguish the specific documentation which should exist in all files for externally funded projects, conferences, workshops, etc.

which is required and which is desired in order to satisfy accountability requirements, such as knowledge of intended uses of funds.

- To document the process currently being followed internally to ensure the proper accountability of all funds being disbursed by CHSRF.
- To develop the mechanisms necessary to monitor the expenditure of funds after the funds have been provided to the receiving institutions, including any suggested follow-up deemed necessary by CHSRF.
- To develop appropriate mechanisms required to document the work done by the funding recipient, such as (but not limited to) interim and final reports, etc.
- To establish mechanisms whereby we can receive assurance that the receiving organizations have the ability and systems necessary in order to manage and report on the funds provided.
- Make recommendations on what additional information should be recorded in project files, including information received from or decisions made in telephone conversations or through electronic communications.
- To establish mechanisms to ensure that files are properly maintained on an on-going basis.
- To ensure that any funding received by CHSRF from partners and co-sponsors, for distribution to funding recipients, is properly accounted for and distributed appropriately. In addition, an assessment of the impact on its operation and resources, should CHSRF continue and become increasingly active as a paying agent for third-party project funding.

2.0 Scope and Methodology

The audit scope included the CHSRF program and funded project activities. This represents approximately two-thirds of the CHSRF's overall financial activities.

The remaining one-third of the CHSRF's activities involves many initiatives, such as consultation, communications, and information/education.

The audit findings were based on a review of documentation, examination of all CHSRF project files, a detailed review of 25 files, and in-depth interviews with Principal Investigators, administering organizations and co-sponsors of twelve of these 25 project files. Nine of the in-depth interviews were conducted during site visits, and the remaining three were conducted by telephone. In addition, we spoke with all CHSRF partner organizations involved in current projects.

The files included in the sample were selected randomly across different programs and locations across Canada.

Our team reviewed all CHSRF documentation related to program procedures and reviewed all the funded project files.

Interviews were held with all CHSRF personnel involved with project files to determine their role in CHSRF's processes, and their individual file management practices.

We also contacted the following five organizations to discuss their file management policies and practices:

- Social Sciences and Humanities Research Council (SSHRC)
- Natural Sciences and Engineering Research Council of Canada (NSERC)
- Canadian Institute for Health Research (CIHR)
- Technology Partnerships Canada
- The Canadian Audio Visual Certification Office of the Department of Canadian Heritage

While these organizations were not fully compatible with the CHSRF's organization and objectives, they did provide useful information related to the management and handling of project file information.

3.0 Findings and Recommendations

The findings and recommendations related to this audit are presented in a logical flow in the following subsections.

3.1 The importance of “corporate” files

Most Project Officers (POs) do not view CHSRF’s files as a corporate asset.

Interviews with staff determined that most consider the project files that they work on as “their” files. The files are kept in the POs’ offices. Because of this perspective and practice, file control and file access are difficult, and some files have gone missing. During the audit, we obtained files for our sample from individual POs. In some cases, it was cumbersome to identify who had the file, and when some of the sample files were borrowed back from us, we were not certain who had taken the file (it was not always the originating PO). Also, many internal interviewees indicated that they were uncomfortable looking for a file in a colleague’s office or interrupting a meeting in the PO’s office to obtain a file they needed.

The assessment of the CHSRF’s project files against the Canadian Association of Chartered Accountants’ Control and Accountability Framework (COCO Framework - attached a Appendix A) determined that the current file management control practices are weak with respect to “Purpose” and “Capability.” These occurrences and risks would be mitigated if CHSRF staff adopted a more corporate perspective toward the project files. The following sub-sections present a number of recommendations that will help to reinforce this more corporate perspective.

3.2 Completeness of the primary project files

In general, there is no assurance that the primary project files are complete. Also, the files could be structured more effectively.

According to interviews with CHSRF personnel, officers put every project document into the project's primary project file. Guidelines do exist for handling specific documents. For example, a process checklist, including document-filing procedures, does exist to guide the filing of original documents and copies related to the *Notice of Approval* process. However, overall policies and guidelines do not exist and each Project Officer uses his/her own approach to compiling and organizing files.

We identified some cases where the project files were incomplete. Specifically, in two out of the nine projects where we visited researchers, we determined that the researchers had correspondence in their file that was not in the CHSRF's primary project file. Also, project files for workshops had very little information on the workshop-related activities, whereas we would have expected to find documents reflecting the identity of attendees, logistics, the programme, and comments or evaluations of the sessions. Finally, our file review determined that some files lacked important information, such as correspondence on project changes, claims and forecasts, letters from co-sponsors, and confirmations of receipt of co-sponsor funds.

Interviews indicated that some officers do record all project interactions and place these in the file. However, a standardized approach does not exist to guide staff as to what information to include in the primary project files. Files should record all communication related to the project and primarily the communications that might relate to decision-making. Also, all telephone conversations dealing with project-related topics should be recorded in written format, including the date and time, and posted to the primary project file.

Based on the above findings, we cannot be confident that the primary project files are complete.

In addition, we found that the documents in most of the files were not well organized. Many files contained duplicate documents and often it was difficult to follow the chronological or logical flow of the transaction. We were told that financial information had been found in some primary project files, whereas this information should have been separated from the file and passed along to CHSRF's financial area for input into the financial management system.

These weaknesses indicate that staff members do not have unified understanding of the purpose of the project files, and have no frame of reference for file maintenance and management practices. These weaknesses could be addressed through education and comprehensive operational policy guidelines related to the file system.

Recommendation 3.2.1: CHSRF should educate its staff on the importance of keeping complete files, including what materials should be included in the files and in what order.

Recommendation 3.2.2: All substantive communication related to projects, and particularly the communications that might relate to decision-making, should be recorded and included in the primary project files.

File Organization

The files could benefit from improved organization and the inclusion of synthesis documents.

First, we believe that the primary project files should be separated from their corresponding financial information. The act of separating the project content information from the financial management would improve financial control. Project Officers would continue to be the primary contact with researchers and obtain, review, and validate all the information they provided to the Foundation,

such as interim reports. Therefore, Project Officers would still maintain the primary project files and include information on the research activities, results, dissemination, and other content-related activities.

The primary project files would contain:

- On the left side of the file – all key project document, including the Letter of Intent, completed application, Notice of Acceptance, and Interim Reports;
- On the right side – all correspondence, organized chronologically, all content-related material provided by the researcher, and synthesis documents, described below.

These items represent the documents that **must** be included in the primary project file.

After receiving, reviewing and validating (i.e., signing-off) project information, the Project Officers would formally inform CHSRF's financial area that the *conditions* for a project-specific financial transaction had been met, while flagging any adjustments or exceptions. The financial area would then complete the appropriate financial transaction. Therefore, the *financial* files would be maintained by CHSRF's finance area, and these would include documentation on the financial history and financial status of projects.

Synthesis Reports

As indicated above, it was difficult to follow the flow of project transactions using the files. In particular, it was difficult to piece together individual project events and to understand the status of the project. Therefore, it would be difficult for an independent reader, including a new staff member, to understand the status of the project and as well as any related issues. The current situation results from officers' perspective that the primary project files are "their" files rather than a corporate asset.

It would be useful to include one-page synthesis reports in the file at various project milestones so that a new reader could understand the status and flow of the project. For example, one synthesis document produced at the time of issuance of the NOA could summarize the key project dates, any interaction during the application development stage, and the status of any issues related to the project. Additional synthesis reports could be produced at the payment milestones to capture the status of project issues and project progress. Different types of synthesis reports could be printed on different coloured paper to enable the reader to locate them readily.

This practice of including synthesis reports in the primary project file would encourage POs to keep files up to date. The practice would also help them to recognize that files are developed for the institution rather than for the individual, and reinforce that the files become an integral part of the CHSRF's institutional knowledge.

Recommendation 3.2.3: CHSRF should develop a clear policy on the documentation to be included in the primary project files.

Recommendation 3.2.4: CHSRF should establish a practice of producing synthesis reports in primary project files.

3.3 Managing CHSRF's files

CHSRF requires a more formalized file management system to control its project files.

The findings on the primary project files raise questions on how best to control the files. The findings indicate that the current approach is not sufficient to ensure control over the location and

contents of project files, and does not reinforce the corporate perspective.

A centralized file control system seems to be an obvious solution to manage project files. However, some of the characteristics of CHSRF's operations may not support a central filing environment. First, the project files are legitimately used mostly by individual officers; therefore, it makes sense to locate the files near the officers. Second, in future years the CHSRF would have only 150 to 200 active files at any point in time and the infrastructure and management of a centralized system may be overly cumbersome for this small number of files. Finally, once files are closed, there is little reason to keep them on hand. Therefore, if old files were archived offsite, a central filing system would only have a small number of files.

However, the files should be readily available to all CHSRF personnel and their location should be monitored.

A reasonable solution would be for the CHSRF to require that all primary project files be held in separate filing cabinets in a common area of the office. These cabinets should be located close to the POs for ready access, otherwise the officers will be tempted to stockpile the files in their offices. Responsibility for file control would remain with the POs rather than a separate and centralized file management and control function.

Also, the Foundation should establish and enforce a practice of signing-out files and tracking their locations. This could be done through a log-sheet insert at the files' "home" location in the filing cabinet. Given the small number of CHSRF personnel, it would not be reasonable to create a more automated and sophisticated file tracking system.

Staff should also receive information sessions on the expected file management practices and a formal operational policy should be developed to formalize the requirement.

The key component to successfully managing files is to change the attitudes and behaviour of staff. Therefore, it will be essential for the CHSRF to monitor the file management practices to ensure that expectations are met. This could be accomplished through frequent (e.g., twice per week) verification to ensure that primary project files are either in the cabinets or properly logged out. This verification task should be overseen by a senior officer, such as the Assistant Director, Corporate Services, to ensure its validity.

After six months, if this verification process indicates poor compliance, the CHSRF may then wish to consider implementing a central file control system to manage its primary project files. Under such a system, responsibility for file control would be withdrawn from the POs and transferred to a separate and centralized file management and control function.

Other funding organizations that we contacted had central file control systems. However, they also had a much larger volume of files, necessitating a more controlled environment than that required by CHSRF. Some of these organizations indicated that the actual physical management of files is less important so long as the users adopt a corporate perspective toward the files.

Recommendation 3.3.1: CHSRF should maintain primary project files in separate filing cabinets in a common area of the office. These cabinets should be located close to the Project Officers for ready access. Responsibility for file control would remain with the Project Officers.

Recommendation 3.3.2: CHSRF should establish and enforce a standardized practice of signing-out files and tracking their location.

Recommendation 3.3.3: CHSRF should provide staff with information sessions on the organization's expected file management practices.

Recommendation 3.3.4: The CHSRF should develop an operational policy to formalize the organization's approved file management practices.

Recommendation 3.3.5: CHSRF should actively monitor the file management practices for a period of six months to ensure that approved practices are followed. This verification task should be overseen by a senior officer, such as the Assistant Director, Corporate Services, to ensure its validity.

Recommendation 3.3.6: After six months, if this verification process indicates poor compliance, CHSRF should consider implementing a centrally controlled system to manage its primary project files.

3.4 Internal project approval and management processes

The CHSRF's project approval and management processes are clear but could be better explained to staff. Also, the processes for financial accountability are improving.

As part of the audit, we developed an internal process map for a typical project. The map followed the paper flow and the involvement of officers in and across different strata of the organization. We found that this process was well known to the more senior officers.

Key project funding decisions are verified five times – by the PO, the Director, Research Programs, the Assistant Director, Corporate Services, the Director, Corporate Services, and the Executive Director.

Many staff members were unclear about who reviewed and approved which aspects of the project. Some were not clear on which decisions elements they were accountable for, and they believed that their own work was reviewed several times throughout the approval chain. This uncertainty over responsibility, and the belief that their work was being reviewed (and perhaps reworked) several times by more senior personnel led some officers to become less rigorous in their analysis, thinking that “someone else will pick up any errors.” However, our examination of the process determined that the review responsibilities at different levels of the organization are not as comprehensive as officers believe. Whereas the CHSRF’s multiple-review and approval approach is intended to minimize the risk of errors, the current lack of a clear understanding of everyone’s role adds to that risk.

This situation negatively affects the commitment of staff to take responsibility for their work, and this likely contributes to many staff members not having a corporate perspective over their file management activities. Furthermore, senior staff’s trust in junior staff is adversely affected if they are not as diligent as they should be in their review, and junior staff may feel underutilized and undervalued.

These difficulties in the approval process may also contribute to processing inefficiencies. It is not clear whether service to clients has suffered because of the unclear review responsibilities. However, a number of researchers had indicated it was difficult to get POs to return their telephone calls.

The assessment of the process against the COCO framework determined that weaknesses could be found in the areas of “Purpose” and “Commitment”.

This weakness in commitment could be mitigated by clarifying to all staff their individual responsibilities and contributions in the review and approval processes and by reinforcing these within the CHSRF’s management practices. By doing

so, uncertainty about the decision processes would be reduced, trust between officers would improve, the risk of errors and process inefficiency would be reduced, and the corporate perspective toward the file system would improve.

At the time of this report, the CHSRF is considering the implementation of a team-based approach to the project work. This approach should help to clarify the roles and responsibilities of each participant in the process, reduce risk, and improve officers' commitment to their work. The Foundation should ensure that the team-based approach clarifies all these important areas.

Recommendation 3.4.1: CHSRF should clarify to all staff their individual responsibilities and contributions in the review and approval processes, and reinforce these within their management practice.

The Foundation has made significant progress in developing its financial management and reporting procedures. The current accounting and reporting of receipts, expenditures, and commitments are satisfactory. Financial information is organized and reported according to generally accepted accounting principles and more development work is underway to improve systems and reports on the funds disbursed by CHSRF.

3.5 Monitoring the control of funds by Administering Organizations

Administering organizations (AOs) have the control mechanisms necessary to monitor the expenditure of CHSRF funds.

Interviews with researchers and the AOs, and the review of documentation, indicated that expenses related to research projects are recorded and verified. The AOs rely on the researchers to provide the expense information for the project.

Once received, the AOs review the expenses against their standard

criteria for expenses and, in some cases, the criteria provided by CHSRF. For example, they ensure that air travel is not business-class or first-class, and that capital expenses are not submitted.

Only one AO indicated that the project's funded amount was too small to require that expenses be monitored. Except for that one organization, all AOs had in place satisfactory financial control mechanisms. For example, some of the universities conducted one review when approving the expenses and a second one during a year-end annual review.

These findings indicate few concerns related to the capabilities of AOs to administer research funds.

Interviews with other funding organizations revealed that some now examine the financial practices of AOs more so than those of funded researchers. These funding organizations believe that if the AO manages and controls the funds according to generally accepted accounting principles, that the researchers will be required to conform to defined and acceptable expense reporting practices.

Our interviews with AOs and researchers indicated that researchers accepted their AO's financial reporting requirements as an integral part of managing research funds.

Furthermore, most AOs indicated that they would apply criteria that were important to the Foundation, as part of their normal *expense review* procedure. However, some interviewed AOs said that they had no knowledge of CHSRF's specific expense review criteria. For example, it was not clear to them what types of expenses were allowed or disallowed for CHSRF-funded projects, and where these requirements differed from their own.

The CHSRF does provide these organizations with its review criteria. However, based on comments provided, the CHSRF's efforts to inform the AOs of these criteria are not achieving the desired results. This represents a missed opportunity, since these AOs are willing to reflect the Foundation's requirements in their own review practices, which could reduce the Foundation's in-house review burden.

Based on the above findings, the CHSRF may wish to focus on the practices of AOs as a proxy for how well research funds are being administered. If the Foundation relied on the AOs' project expense review practices, researchers would need to provide their expense information only once. They would not be required to reformat this information for submission to the CHSRF. Also, under this approach, CHSRF's PO's would have more time available to focus on the progress and dissemination activities of the research projects.

However, it will remain important for the CHSRF to ensure that potential new AO's have the capability of to manage and control funds well. Even though AOs' practices were generally sound, as indicated above, we did identify one AO where the control practices were insufficient. To minimize its risk in this area, the CHSRF may wish to ask new potential AOs for information on, and decision criteria for, their financial control practices as they relate to research projects. The Foundation could examine these practices and criteria to ensure that its requirements are met.

Reviewing the description of AO's practices alone may not be sufficient assurance for the Foundation. To provide even greater assurance, the CHSRF could visit AOs from time to time to confirm that their control practices are satisfactory. These visits would also provide an opportunity to discuss specific control requirements that

the Foundation may wish to ask of AOs, and to discuss the AOs' practices as they relate to specific projects. The Assistant Director, Corporate Services could undertake these visits as part of his duties, and could coordinate these trips with other CHSRF requirements.

Even though the expense control practices of AOs may be a sufficient safeguard, the Foundation would still benefit from auditing funded projects every few years to signal to recipients that CHSRF is monitoring the use of funds.

Recommendation 3.5.1: CHSRF should actively inform all AOs of the financial monitoring and control criteria to be applied to the research projects funded by the Foundation, and request that these criteria be applied by the AOs during their own review processes.

Recommendation 3.5.2: CHSRF should rely on the control and review practices of Administering Organizations as the primary safeguard of control over project expenses.

Recommendation 3.5.3: CHSRF should request from new potential Administering Organizations a description of their research project expense control practices and their approval decision criteria.

Recommendation 3.5.4: CHSRF should visit AOs from time to time to confirm that expense control practices are satisfactory. The Assistant Director, Corporate Services could perform this task.

Recommendation 3.5.5: CHSRF should continue to audit a sample of funded projects every few years to signal to recipients that CHSRF is monitoring the use of funds.

Recommendation 3.5.6: CHSRF should follow-up with the identified AO with insufficient control procedures in order to re-emphasize the Foundation's requirements.

3.6 Mechanisms for documenting the work of recipients

The current requirement for recipients to reporting on project progress meets the CHSRF's current compliance criteria.

However, Project Officers are not receiving available research results or information on dissemination activities. Researchers are now required to provide interim reports on the progress of project activities and financial status of their projects. Our review of the files determined that project activities were described and interim financial information has been provided.

However, few projects have received interim information on available research results or on dissemination activities. Our discussions with researchers revealed that they were very willing to discuss the progress and challenges of their respective projects. In fact, one researcher had provided presentations on the interim results from the CHSRF-funded project, but had not yet provided this information to the Foundation. It would *not* be appropriate for the Foundation to inquire about research results (interim or final) before the Principal Investigator is prepared to provide them. However, interviews indicated that interim information had been developed and was available for some projects. This finding suggests that not all POs are following-up with recipients to ensure

that progress information on the research results or dissemination activities is obtained.

Some researchers believed that the CHSRF was primarily interested in the financial status of projects and, therefore, they provided only their project's financial information.

Obtaining information on project progress becomes particularly important to the Foundation during projects' information dissemination activities, since the transfer of knowledge to decision-makers is a primary objective of its programs.

Furthermore, it is important that project partners and co-sponsors receive the same information about funded projects.

As indicated in the previous section, if CHSRF relied on AOs as a proxy for projects' financial monitoring, POs would have more time available to focus on the progress and dissemination activities of the research projects. This approach would also enable POs to become an integral part of Canada's health and nursing research community, thereby enriching their functions and enhancing their ability to contribute to the Foundation's objectives. POs should ensure that they stay in touch with Principal Investigators to discuss the progress of research and dissemination activities. They should also ensure that interim reports include any available interim information on research results and dissemination activities. Furthermore, PO's could act as facilitators by encouraging and directing Principal Investigators to contact other potentially interested researchers or decision-makers across the country. This information-brokering role would increase the value added of the CHSRF and accelerate the dissemination of research results to decision-makers. This would also reinforce the message that CHSRF is very interested in project results and progress, as well as

helping to ensure that decision-makers, partners and co-sponsors receive relevant information.

Recommendation 3.6.1: To help ensure that the CHSRF's objectives are met and to add the greatest value to CHSRF's funded projects, Project Officers should:

- develop relationships with funded researchers that are focused on research findings and dissemination,
- expand these relationships to other relevant researchers to become an integral part of the health and nursing research community, and
- ensure that interim reports include available interim information on the research and dissemination activities.

3.7 CHSRF's management of co-sponsor funds

The CHSRF's financial practices for managing co-sponsor funds are satisfactory and are improving. Also, there is no compelling reason for the CHSRF to pursue aggressively the development of additional arrangements for disbursing co-sponsor funds.

As indicated earlier, the systems and practices for monitoring, accounting for, and distributing co-sponsors funds have improved, and additional improvements are planned.

The Foundation disburses funds on behalf of some co-sponsors to facilitate the administrative burden on funded researchers.

Researchers benefit since they need submit a requisition to only one funding organization, rather than to multiple organizations.

Furthermore, if funds are provide in advance by co-sponsors, the Foundation earns interest from these funds, which helps to cover the administrative costs related to processing the related disbursements.

The CHSRF has disbursed funds on behalf of the Ontario Ministry of Health (MoH) in past years. At the time of the audit, disbursements have also been made by the CHSRF for the current year, even though funds had not been received from the Ontario Ministry of Health. These funds have not been received because a Memorandum of Understanding (MOU) has not been established between the two organizations. The negotiations over this MOU have become complicated over the organizations' differing requirements, and a resolution may not be possible in the short term.

As a result of the current MOU negotiations with the MoH, the Foundation is unsure whether the benefits to researchers from these co-sponsor disbursement arrangements are worth the effort required to establish the arrangements.

Interviews with researchers indicated that submitting only one funding requisition was a welcome benefit. However, they did not indicate that the benefit was significant. This finding suggests that, although the arrangement to deal with only one funding organization is appreciated by researchers, in general they would not be adversely affected if these arrangements were not in place.

Furthermore, many CHSRF project co-sponsors have chosen to retain the role of disbursing their funds, including for example major co-sponsors in Quebec, Nova Scotia and Newfoundland.

Therefore, these CHSRF arrangements to disburse on the part of co-sponsors are not essential to the success of research projects.

Based on these researchers' views and the fact that many co-sponsors have chosen to continue to disburse their funds on their own, the CHSRF may wish to minimize its effort in developing additional co-sponsor disbursing arrangements. Specifically, the CHSRF could establish a disbursing arrangement only with co-sponsors where an arrangement can be put in place with little effort and where the reporting requirements are not onerous. If a potential co-sponsor disbursing arrangement would be difficult to negotiate and/or implement, the CHSRF should not actively pursue that arrangement.

Interviewees from the Ontario MoH indicated that they would like to establish a formal disbursement arrangement with the Foundation. The MoH also recognized the CHSRF's difficulties with the conditions set out in the draft MOU. These discussions are still underway. The CHSRF would benefit significantly from the interest generated by the MoH's financial contribution. However, given the relatively small benefit to researchers generated by these arrangements, the CHSRF should likely not invest additional effort at this time in developing the arrangement as currently designed. The MoH would need to disburse its own funds for projects currently underway.

Recommendation 3.7.1: CHSRF should minimize the effort it allocates to developing additional co-sponsor disbursing arrangements

Recommendation 3.7.2: CHSRF should not invest additional effort at this time to developing a disbursing arrangement with the Ontario Ministry of Health.

4.0 Summary of Recommendations and Follow-up

Recommendation 3.2.1: CHSRF should educate its staff on the importance of keeping complete files, including what materials should be included in the files and in what order.

Recommendation 3.2.2: All substantive communication related to projects, and particularly the communications that might relate to decision-making, should be recorded and included in the primary project files.

These recommendations should be implemented immediately, perhaps communicated to CHSRF staff through an all-staff working session.

Recommendation 3.2.3: CHSRF should develop a clear policy on the documentation to be included in the primary project files.

Recommendation 3.2.4: CHSRF should establish a practice of producing synthesis reports in primary project files.

The policy on file documentation should be developed within one month. The development of synthesis reports should be implemented over a six to nine month period as the project files are reviewed by Project Officers.

Recommendation 3.3.1: CHSRF should maintain primary project files in separate filing cabinets in a common area of the office. These cabinets should be located close to the Project Officers for ready access. Responsibility for file control would remain with the Project Officers.

This recommendation could be implemented concurrently with the renovations currently underway and become operational within three to four months.

Recommendation 3.3.2: CHSRF should establish and enforce a standardized practice of signing-out files and tracking their location.

Recommendation 3.3.3: CHSRF should provide staff with information sessions on the organization's expected file management practices.

Recommendation 3.3.4: The CHSRF should develop an operational policy to formalize the organization's approved file management practices.

Recommendation 3.3.5: CHSRF should actively monitor the file management practices for a period of six months to ensure that approved practices are followed. This verification task should be overseen by a senior officer, such as the Assistant Director, Corporate Services, to ensure its validity.

Recommendation 3.3.6: After six months, if this verification process indicates poor compliance, CHSRF should consider implementing a centrally controlled system to manage its primary project files.

All these recommendations should be implemented within one month so that the policies and practices are in place and understood well before the new physical arrangement for the project files is operational.

Recommendation 3.4.1: CHSRF should clarify to all staff their individual responsibilities and contributions in the review and approval

processes, and reinforce these within their management practice.

This recommendation should be implemented over the next two to three months, once decisions are made with respect to team-based or other approaches to conducting the project work.

Recommendation 3.5.1: CHSRF should actively inform all AOs of the financial monitoring and control criteria to be applied to the research projects funded by the Foundation, and request that these criteria be applied by the AOs during their own review processes.

A workplan for these activities should be developed over the next four to six weeks, which would set out the nature and extent of these activities over the subsequent twelve to 18 months.

Recommendation 3.5.2: CHSRF should rely on the control and review practices of Administering Organizations as the primary safeguard of control over project expenses.

Recommendation 3.5.3: CHSRF should request from new potential Administering Organizations a description of their research project expense control practices and their approval decision criteria.

Recommendation 3.5.4: CHSRF should visit AOs from time to time to confirm that expense control practices are satisfactory. The Assistant Director, Corporate Services could perform this task.

Recommendation 3.5.5: CHSRF should continue to audit a sample of funded projects every few years

to signal to recipients that CHSRF is monitoring the use of funds.

Recommendation 3.5.6: CHSRF should follow-up with the identified AO with insufficient control procedures in order to re-emphasize the Foundation's requirements.

The practices set out in these recommendations should be adopted by CHSRF immediately.

Recommendation 3.6.1: To help ensure that the CHSRF's objectives are met and to add the greatest value to CHSRF's funded projects, Project Officers should:

- develop relationships with funded researchers that are focused on research findings and dissemination,
- expand these relationships to other relevant researchers to become an integral part of the health and nursing research community, and
- ensure that interim reports include available interim information on the research and dissemination activities.

This thrust should be adopted by CHSRF immediately.

Recommendation 3.7.1: CHSRF should minimize the effort it allocates to developing additional co-sponsor disbursing arrangements

Recommendation 3.7.2: CHSRF should not invest additional effort at this time to developing a disbursing arrangement with the Ontario Ministry of Health.

These recommendations should be adopted immediately and concerned co-sponsors should be informed without delay.

Appendix A –

Canadian Association of Chartered Accountants' Control and Accountability (COCO) Framework

Criteria - Purpose
A1 Objectives should be established and communicated.
A2 The significant internal and external risks faced by an organization in the achievement of its objectives should be identified and assessed.
A3 Policies designed to support the achievement of an organization's objectives and the management of its risks should be established, communicated and practiced so that people understand what is expected of them and the scope of their freedom to act.
A4 Plans to guide efforts in achieving the organization's objectives should be established and communicated.
A5 Objectives and related plans should include measurable performance targets and indicators.

Criteria - Commitment
B1 Shared ethical values, including integrity, should be established, communicated and practiced throughout the organization.
B2 Human Resource policies and practices should be consistent with an organization's ethical values and with the achievement of its objectives.
B3 Authority, responsibility and accountability should be clearly defined and consistent with an organization's objectives so that the appropriate people take decisions and actions.
B4 An atmosphere of mutual trust should be fostered to support the flow of information between people and their effective performance toward achieving the organization's objectives.

Criteria - Capability
C1 People should have the necessary knowledge, skills and tools to support the achievement of the organization's objectives.
C2 Communication processes should support the organization's values and the achievement of its objectives.
C3 Sufficient and relevant information should be identified and communicated in a timely manner to enable people to perform their assigned responsibilities.
C4 The decisions and actions of different parts of the organization should be coordinated.
C45 Control activities should be designed as an integral part of the organization, taking into consideration its objectives, the risks to their achievement, and the inter-relatedness of control elements.

Criteria - Monitoring and Learning
D1 External and internal environments should be monitored to obtain information that may signal a need to re-evaluate the organization's objectives or control.
D2 Performance should be monitored against the targets and indicators identified in the organization's objectives and plans.
D3 The assumptions behind an organization's objectives should be periodically challenged.
D4 Information needs and related information systems should be reassessed as objectives change or as reporting deficiencies are identified.
D5 Follow-up procedures should be established and performed to ensure appropriate change or action occurs.
D6 Management should periodically assess the effectiveness of control in its organization and communicate the results to those to whom it is accountable.

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