

# **AUDIT REPORT**

## **Audit of PromoScience**

Corporate Internal Audit Division  
Natural Sciences and Engineering Research Council of Canada

Approved by the President on July 27, 2018

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# 1 EXECUTIVE SUMMARY

## Background

The Natural Sciences and Engineering Research Council (NSERC) is a departmental agency that supports university students in their advanced studies, promotes and supports discovery research, and fosters innovation by encouraging Canadian companies to participate and invest in postsecondary research projects. NSERC researchers are on the vanguard of science, building on Canada's long tradition of scientific excellence<sup>1</sup>. NSERC's President reports to Parliament through the Minister of Science.

NSERC's PromoScience program was launched in 2000 and offers financial support for organizations working with young Canadians to promote an understanding of science and engineering (including mathematics and technology).

The NSERC Awards for Science Promotion (NASP) program—previously known as the Michael Smith Awards for Science Promotion prior to 2009— as well as two PromoScience Supplements are included in this audit engagement as they are linked to the PromoScience program. The Science Odyssey Supplement—first piloted in May 2016—for activities held during the Science Odyssey, and the Science Literacy Week Supplement—first launched in 2017—for activities held during Science Literacy Week. Supplements are awarded to organizations with an active PromoScience grant.

## Why it is important

PromoScience is currently Canada's only national initiative to support science outreach opportunities, awarding approximately \$3.4 million and \$5.6 million respectively in 2015-16 and 2016-17. The program supports one of the five pillars of the [NSERC 2020: A Strategic Plan](#) - "fostering a science and engineering research culture in Canada". As such, PromoScience was identified as a key commitment in NSERC's 2016-17 Corporate Plan. The PromoScience program is comparatively smaller than NSERC's other grant programs; however the unique nature of PromoScience (i.e. grants to non-profit organizations) increases the program's risks.

## Audit objective, scope and methodology

The objective of this audit engagement was to provide the President with assurance that key controls and processes, risk management practices, and overall governance arrangements for the PromoScience program—including the Science Odyssey Supplement, the Science Literacy Week Supplement, and NASP—are adequate, effective and operating as intended.

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<sup>1</sup> [http://www.nserc-crsng.gc.ca/NSERC-CRSNG/Index\\_eng.asp](http://www.nserc-crsng.gc.ca/NSERC-CRSNG/Index_eng.asp)

The methodology used in this audit included the examination of the documentation in place and applicant files from the 2015-16 and 2016-17 application cycle as well as the conduct of interviews with internal key stakeholders involved in the management of the PromoScience Program along with other employees from across the Agency.

The scope of this audit excluded an assessment of the Agencies' Financial Monitoring activities, whose main responsibility is to assess the effectiveness of internal controls at eligible "institutions" through the conduct of reviews. Furthermore, an Evaluation of PromoScience Report was published in February 2016 and one of the recommendations focused on the Final Activity Report and the need for more useful, accessible and comparable performance information, therefore, the audit excluded this area as the PromoScience team is in the process of addressing the recommendations.

### **Key audit findings**

The audit found that PromoScience program has a good management framework in place; however, opportunity for improvement exists in terms of Governance, Application Life cycle and Monitoring:

- **Governance:** A governance structure is in place to oversee the PromoScience program and information is available to facilitate proper decisions. However, there was no formal risk management conducted for the program.
- **Application Lifecycle:** Program staff had a clear understanding of the application process as well as their roles and responsibilities. Guidelines developed by program staff were clear and comprehensive. Therefore, selection committee members, who are deemed unbiased and independent, were able to evaluate the applications based on mandatory criteria.
- **Monitoring:** A structure existed and was effective in the follow up of outstanding commitments. However, there were no formal post-mortems where lessons learned could result.

From the findings and the gaps stated above, the recommendations are as follows:

1. Develop and conduct a formal risk management process for the PromoScience program that:

- Identifies, measures, mitigates and monitors key challenges and risks, including the risk of fraud;
- Considers the likelihood and the impact of these risks; and,
- Specifies the owner of the risks.

2. Ensure that full access to the grants management system is granted only to employees who are involved in running the PromoScience program and apply requirements of sound segregation of duties.
3. Develop and conduct a formal post-mortem process after each PromoScience competition cycle to benefit from the lessons learned.

### **Conclusion**

Management has established good practices, particularly the governance of the program. Although the program was governed by effective committees, managed by competent program staff and has demonstrated strengths in terms of lifecycle and monitoring management, the audit revealed opportunities of improvement on some areas such as risk management, segregation of duties, lessons learned and payment process.

## 2 BACKGROUND

The Natural Sciences and Engineering Research Council (NSERC)'s PromoScience program was launched in 2000 and offers financial support for organizations working with young Canadians to promote an understanding of science and engineering (including mathematics and technology). Organizations may request funds for up to three years at a time. PromoScience supports hands-on learning experiences for young students and their science teachers. Grants may be used to cover improvements to program content or delivery, as well as for new programs and activities. PromoScience applications are peer reviewed by a selection committee composed of members chosen from the science and engineering promotion community, and the education community, based on their stature and expertise.<sup>2</sup>

In late 2015 [NSERC 2020: A Strategic Plan](#) outlined five forward-looking goals. One of these goals was “fostering a science and engineering research culture in Canada”. NSERC Corporate Plan 2016-17 indicated that “*In 2016-17, NSERC will continue to broaden its cultural reach in the coming year by expanding the PromoScience program*”—PromoScience was a key commitment.

PromoScience is currently Canada's only national initiative to support science outreach opportunities, awarding approximately \$3.4 million and \$5.6 million respectively in 2015-16 and 2016-17. Applicant organizations include non-profit organizations (including 4-5 national science promotion organizations), universities, colleges, science centres and museums across Canada that are involved in the promotion of science and engineering to Canadian youth and their teachers. The aim of NSERC's PromoScience program is to increase science literacy among these young Canadians and ultimately increase the number of students who pursue studies and consider careers in science and engineering.

In addition to the regular PromoScience grants, the program also includes two supplemental grants. The Science Odyssey Supplement—first piloted in May 2016—for activities held during the Science Odyssey event in May, and the Science Literacy Week Supplement—first launched in 2017—for activities held during Science Literacy Week in September. Supplements are awarded to organizations with an active PromoScience grant. These Supplements represent additional funding up to \$5,000, or a maximum of \$10,000 for more than one event.

The NSERC Awards for Science Promotion (NASP) program—previously known as the Michael Smith Awards for Science Promotion prior to 2009—is also part of the PromoScience program. NSERC Awards for Science Promotion honor individuals and groups who make an outstanding contribution to the promotion of science in Canada through activities encouraging popular interest in science or

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<sup>2</sup> [PromoScience Website](#)

developing science abilities. Two recipients (one individual award of \$10,000 and one organizational award at \$25,000) may be selected for the awards each year.<sup>3</sup>

The PromoScience Program, the PromoScience Supplements and NASP are managed within the NSERC's Research Grants and Scholarships (RGS) Directorate. These programs are led and managed by a small team of individuals. The Vice-President of RGS has overall accountability and strategic direction responsibilities for these programs, and the Director, Science Promotion and Operations, provides operational leadership. A Team Leader manages the workload and resources, while a Program Officer supports the Team Leader in managing competition cycles and administrative procedures, and a Program Assistant rounds out the team. Additionally, financial and business logistics expertise is provided by a Senior Program Operations Officer.

Other corporate divisions such as the Finance and Awards Administration Division and the Information and Innovation Solutions Division provide support in their particular areas of responsibility and expertise.

### **3 AUDIT RATIONALE**

This audit was planned as part of the NSERC 2017-20 Risk-Based Audit Plan, which was approved at the June 22<sup>nd</sup>, 2017 meeting of the Independent Audit Committee.

### **4 OBJECTIVE AND SCOPE**

The objective of this audit engagement was to provide the President with assurance that key controls and processes, risk management practices, and overall governance arrangements for the PromoScience program—including the Science Odyssey Supplement, the Science Literacy Week Supplement, and NASP—are adequate, effective and operating as intended.

The audit work examined the documentation in place and applicant files from the 2015-16 and 2016-17 application cycle.

The scope of this audit excluded an in-depth assessment of the Agencies' Financial Monitoring activities, whose main responsibility is to assess the effectiveness of internal controls at eligible "institutions" through the conduct of reviews. The Financial Monitoring activities are currently under review. Furthermore, an Evaluation of PromoScience Report was published in February 2016 that included three recommendations. One of the recommendations focused on the Final Activity Report and the need for more useful, accessible and comparable performance information, therefore, the audit excluded these areas as the PromoScience team is in the process of addressing these recommendations.

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<sup>3</sup> [NSERC Awards for Science Promotion Website](#)

## **5 AUDIT METHODOLOGY**

The Corporate Internal Audit Division used the following methodology in conducting its work:

- File testing and document review of various sources of information from the 2015-16 and 2016-17 application cycle—including a sample of physical files, integrated planning and risk management frameworks, corporate strategies and plans, committee’s Terms of Reference and meeting minutes, job profiles, the NSERC intranet site, policies, guidelines, communications etc.
- Interviews with internal key stakeholders involved in the management of the PromoScience Program—including the Vice President, Research Grants and Scholarships, the Director, Science Promotion and Operations, the Team Leader and Program Officer, along with other employees from across the Agency.

## **6 CONFORMANCE STATEMENT**

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).

Peter Finnigan, Chief Audit Executive  
Corporate Internal Audit Division, NSERC and SSHRC

## 7 KEY AUDIT FINDINGS

During the planning phase of the audit engagement, a risk assessment was conducted by the audit team. Based on this assessment, the team focused their analysis on the following elements: governance of the programs, application lifecycle, and monitoring.

### 7.1 Governance

A governance structure that clearly outlines oversight authorities, decision-making procedures, accountability, and communication and information dissemination is the foundation to achieving an organization's corporate objectives. It is through effective governance that objectives are realized, resources are managed, and the interests of stakeholders are protected and reflected in key decisions.<sup>4</sup>

#### ***7.1.1 A governance framework is in place to effectively provide oversight of the programs***

A number of committees, such as the President's Management Committee (PMC), the Senior Management Roundtable (SMR), the Research Grants and Scholarships Management Committee (RGSMC), the People Portfolio Management Committee (PPMC) and the Committee on Discovery Research (CDR) govern the program at different levels of details.

PMC is the highest level governing body at NSERC and is composed of the President and the Vice-Presidents, including the Vice-President RGS who is responsible for PromoScience, the Supplements and the NASP. PMC develops NSERC's strategic direction, provides planning advice and policy direction, and sets priorities for all NSERC activities including PromoScience.

SMR is composed of all NSERC Vice-Presidents except the President. It's a forum to discuss shared priorities (internal and external), corporate leadership activities and approaches, corporate coordination on planning, and policy agenda direction. There are no formal recorded decisions that emerge from this committee.

RGSMC is composed of the VP RGS, and all RGS Directors and all RGS Deputy Directors. The RGSMC is responsible for ensuring that RGS programs including PromoScience, policies and human, financial and material resources are aligned with NSERC's mission, vision and multi-year strategy and corporate plan, and that RGS objectives and priorities are achieved.<sup>5</sup>

PPMC, formerly the Scholarships Management Table (SMT) meets at least one a month to discuss policy, procedures and budgets for the training and science promotion programs under its purview. Members of PPMC include the Director of

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<sup>4</sup> Institute on Governance, [Board & Organizational Governance](#)

<sup>5</sup> RGSMC ToR

Scholarships and Fellowships and the Director Science Promotion and Operations along with their team leaders and other key staff members. Members recommend to the Directors on program budgets (e.g. expenditures, reallocations, etc.). The membership of PPMC has recently been modified to substitute the Directors with the Deputy Directors.

The external advisory Committee on Discovery Research (CDR) recommends to the Vice-President, RGS, program funding allocations and transfers between program elements within the People and Discovery themes<sup>6</sup>, along with policy advice on the various RGS programs.

A review of the Terms of References (ToR) of these committees, along with a review of the job descriptions of key program staff, indicated that an established governance framework was in place to oversee the PromoScience Program, the PromoScience Supplements and NASP.

**7.1.2 Sufficient operational information was discussed and material received by oversight bodies to facilitate effective and timely decision-making**

Program staff interviewees identified the RGSMC, the PPMC and the CDR as their key governance committees. RGSMC reviews and discusses Directorate level material while PPMC focuses on the “People Portfolio” programs’ budgets and policies throughout the year. The external advisory CDR Committee receives an annual report on the competition results of PromoScience, the Supplements and the NASP (for individuals and for organizations).

The audit team tested agendas and minutes/notes of these committees. From an operational perspective the evidence showed that budget discussions occur regularly to manage and mitigate budget risks, and program change/evolution discussions occur as required.. Sufficient information is shared and discussed to support effective and timely decision-making.

However, from the interviews with program staff and the review of documents, the audit team noted the absence of a formal risk management specific to the PromoScience program. Consequently, NSERC would not be able to foresee any potential events that could prevent the program from reaching its objectives. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), “risks occur at every level of the entity and result from a variety of internal and external factors.”<sup>7</sup>

In addition, the Treasury Board of Canada Secretariat (TBS)’s *Directive on Transfer Payments* clearly stated that managers designing programs are expected to assess “the risks specific to the transfer payment program, the potential risks associated with applicants and recipients, and the measures that will be used to manage these risks”<sup>8</sup>

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<sup>6</sup> [NSERC Intranet - Committee On Discovery Research \(CDR\)](#)

<sup>7</sup> COSO 2013, electronic version page 228

<sup>8</sup> [TBS Directive on Transfer Payments - Appendix B, paragraph 8](#)

**Recommendation 1:** It is recommended that the Vice-President of RGS Directorate develop and conduct a formal risk management process for the PromoScience program that:

- Identifies, measures, mitigates and monitors key challenges and risks, including the risk of fraud;
- Considers the likelihood and the impact of these risks; and,
- Specifies the owner of the risks.

## 7.2 Application Lifecycle

The objective of the *Treasury Board Policy on Transfer Payments* is “to ensure that transfer payment programs are managed with integrity, transparency and accountability in a manner that is sensitive to risks; are citizen-and recipient-focused; and are designed and delivered to address government priorities in achieving results for Canadians.”<sup>9</sup>

In addition, according to the Control Activities component of COSO (Principle 12), “the organization deploys control activities through policies that establish what is expected and procedures that put policies into action”<sup>10</sup>

With respect to the above, the audit team has established the following criteria in order to assess the application lifecycle of the PromoScience Program.

### **7.2.1 Applications are processed in a consistent manner against established application requirements.**

NSERC invited applicant to submit their applications through a secure NSERC extranet website. The first step was to have all the applications received assessed by program staff to determine eligibility for a PromoScience grant.

The audit found that information regarding the PromoScience Program itself as well as the Supplements and NASP was mainly communicated through NSERC website and outreach activities. Different channels were used to outreach the program (Webinars, participation at conferences, tweet from the Minister of Science etc.).

Program staff developed checklists which they used to ensure the completeness of the applications received by the program and to assess those applications against defined criteria. In addition, the selection criteria used by the selection committee were added to the applicant guidelines in order to make members aware of the mandatory requirements.

During the planning phase, the audit revealed the existence of detailed procedures on which the program officers rely on in order to assess the applications. A review of the files selected in the population of eligible

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<sup>9</sup> [TBS Policy on Transfer Payments - Section 5](#)

<sup>10</sup> COSO 2013, electronic version page 142

applications for competitions 2015 and 2016 indicated that program staff followed these procedures in a consistent way.

We noted during the interviews that the program staff also explained clearly the process of selecting applications (Eligible/Ineligible) and had a common understanding of the eligibility of applicants.

However, in reviewing files, the auditors also noted some inconsistencies on how program staff validates if the applicant is a not-for-profit (NPO) organization. The audit found the application form does not require an applicant to include their NPO reference number. Requesting the applicants' Canada Revenue Agency (CRA) reference number would facilitate the work of program staff in the process of confirming the applicant's NPO status.

***7.2.2 Proposed activities are assessed in a consistent manner against the published program activity criteria and evidence is maintained to support funding decisions.***

Once deemed eligible, applications are evaluated by the peer review committee based on the mandatory criteria shared with potential applicants at the early stage of the competition cycle.

We found that the published criteria prepared by program staff for PromoScience regular grants and NASP were used by selection committee members to measure if applicants were successful or unsuccessful.

From the examination of the documentation, auditors found that guidelines developed by program staff were clear and comprehensive.

The 2016 competition guidelines indicated the two rounds of reviews performed by a total of five reviewers where NSERC staff assessed the workload of each member when assigning applications, taking into account potential conflicts of interest and language considerations.

Particularly, for the PromoScience regular grants, each eligible application was assigned to two committee members for review. Members enter scores for each criterion (Excellence, quality and impact) as well as a funding recommendation into the scoring screen on the extranet for each application assessed. NSERC staff compiled the pre-scores and produced a ranked list of applicants. Then, a quality cut-off is established and each applicant above the cut-off in the pre-scored list was assigned to three more committee members different from those who did the preliminary review.

In a next step, NSERC staff downloaded the scoring information into an Excel spreadsheet and combined the five scores for each application to produce a final ranked list that included standard deviation formulas and a funding level recommendation based on the median to establish successful/unsuccessful applicants. Based on the cumulative total, a cut-off line was identified to indicate the point at which the competition budget has been fully allocated.

The selection committee had to validate the cut-off line resulting from the second round of calculation performed by program staff before recommending the list of applicants subject to be awarded. The audit found that sufficient information was provided to selection committee members to support their final recommendation.

Once made, the Selection Committee's recommendation is communicated to program staff via email and attachments supporting their decision. Program staff used the comments provided by selection committee members to give feedback to unsuccessful applicants upon their request. Then, the program senior managers based their funding decision on the recommendation provided by the selection committee. The final approval memo award signed by the VP considered also the funds available in the program's envelope.

There is enough evidence to conclude the current condition met the criteria. However, there is some improvement to consider for the successful applications subject to some conditions as the letter sent to the applicant did not mention a due date for response. Clear deadline should be mentioned in the conditional letters in order to avoid delay in the application life cycle process.

The next step is to ensure all eligible applicants are assessed on an independent and unbiased manner.

***7.2.3 Responsibility for assessing and recommending the prioritization of grant applications has been appropriately delegated to individuals with sufficient expertise and who are deemed unbiased and independent.***

NSERC has established agency-wide guidelines regarding conflict of interest and confidentiality to ensure unbiased and independent opinion. As well, program staff established their own guidelines based on specific requirements.

The detailed examination found that members of the selection committee for regular PromoScience grants and for NASP have been selected based on predetermined program criteria.

Once selected, selection committee members have to attest their independence by agreeing via an electronic platform to the conditions before being able to access the eligible applications for review. Program staff noted during interviews and email exchange with auditors that a platform for electronic agreement was used to confirm the committee members' agreement to adhere to guidelines related to conflict of interest and confidentiality.

However, the decision to award supplements was made by the program director following program staff recommendation. In order to be eligible for a supplement, applicants must have an active PromoScience grant that was previously assessed through a rigorous peer review process. Thus, the audit team was advised that conflict of interest form was not deemed necessary because the independence is already maintained.

**7.2.4 Roles, responsibilities and accountabilities are clearly defined throughout the application lifecycle, and employees are supported with adequate training and tools.**

The auditors confirmed the existence of roles and responsibilities for the main resources that manage the program. In addition, procedures were in place to guide the program assistants and program officer in the execution of their tasks. The audit team also noted the program staff demonstrated a good understanding of the process and agreed that the training and tools available to them were adequate and prepared them to achieve their roles.

Program staff used the NAMIS grants management system for day-to-day updates and monitoring of the operational activities of PromoScience (e.g. status of applications, outstanding commitments, scheduled payments, etc). At the time of the audit, we noted during interviews that program staff was comfortable with accessing and using NAMIS to perform various tasks they were accountable for.

The Information and Innovation Solutions (IIS) Division has currently in place a process that all users granted access to the grants management system (NAMIS) have read access by default. Users requiring permissions to update specific information (E.g.: award information) are granted this access once IIS has received documented approval from a director in that division.

However, with respect to PromoScience program, the access to the grants management system is not restricted to the ones who are running the program. Full access was granted to many people and segregation of duty is not applied as it should be. The current situation could result in a potential source of fraud, a lack of accountability within the program and an impact on the capacity of the Council to deliver its mandate.

**Recommendation 2:** It is recommended that the Vice-President of RGS Directorate ensure that full access to the grants management system is granted only to employees who are involved in running the PromoScience program and apply requirements of sound segregation of duties.

**7.2.5 Award payments are approved by the appropriate delegated authorities and payments are accurately dispersed.**

The documents analyzed by the audit team included funding memos. They were signed either by the VP or the Director depending on the level of the amount (Sections 32 and 34 of the *Financial Administration Act* – FAA). The analysis of the competition 2015 confirmed that the memo matches with what was recommended by the Selection Committee and the list endorsed by Team leader and Director, then approved by the VP.

The PromoScience Supplements were awarded via a separate memo signed by the appropriate level of financial authority. The Supplements information appeared in the financial system as a separate line for the amounts scheduled for

payment in order to differentiate regular PromoScience awardees and the PromoScience Supplements.

From the samples tested by the auditors for competitions 2015 and 2016, the amounts awarded are the same entered into NAMIS to schedule payments. The tests were performed by comparing the NAMIS screenshots and the amounts in the letter sent to successful applicants.

On a monthly basis, and at the end of the fiscal year, Financial Operations staff produces a reconciliation of the payments by comparing the expenses recorded in the grants system (NAMIS) and Free Balance. This reconciliation is limited at program levels but not at the individual awardees level, given the limited resources and system restriction. When discrepancy shows, detailed investigation will be conducted, focusing the dollar value not on the applicant's eligibility which is controlled and administered by program staff.

While the payment process was found to be accurate for our sampled grants payment, interviews with staff from Finance revealed the payment (Section 33 of the FAA) is processed based only on the validation of delegation of authority of sections 32 and 34. Spot checks comparing the amount awarded and the authorized payment were conducted but were informal and not documented.

Finance staff did not properly follow the steps when exercising the Section 33 of the FAA to ensure *"sufficient auditable evidence exists that demonstrates that the account verification practices set out in section 34 of the FAA have taken place and that certification has been performed"* as stated in the Treasury Board of Canada Secretariat (TBS) *Directive on Delegation of Spending and Financial Authorities* (Appendix A).<sup>11</sup>

Based on the analysis performed during the examination phase, the audit found that the payment process for PromoScience grants did not perform all the necessary steps in order to be fully compliant with the Section 33 of the FAA. However, information gathered at the reporting stage revealed that an account verification framework has been developed and is now in place to ensure proper requirements and procedures are followed during the payment process.

## 7.3 Monitoring

### **7.3.1 Finding Monitoring of the program occurs systematically and sufficient and relevant information is gathered, tracked, analyzed and reported on to effectively manage the program.**

According to COSO, monitoring activities include *"ongoing evaluations of an entity, including managerial activities and everyday supervision of employees, which generate insights from those who are directly involved in the entity's activities. These insights are obtained in real time and can quickly identify deficiencies"*<sup>12</sup>. The PromoScience program's procedures stipulated that

<sup>11</sup> [Appendix A of the Directive on Delegation of Spending and Financial Authorities](#)

<sup>12</sup> COSO 2013, electronic version page 176

progress and financial reporting be requested from the award recipients on a predetermined basis (e.g. Final activity report).

Program staff noted that they review the activity reports to ensure they are of acceptable quality; however, staff acknowledged that it is a challenge collecting consistent and comparable data as the projects are so diverse—Kindergarten to grade 12—and the funding levels range from 5K to 300K.

As previously described in section 7.1.2, oversight bodies, such as RGSMC and PPMC, discussed both financial and non-financial information to facilitate effective and timely decision-making regarding the programs including PromoScience; and budget monitoring is in place to monitor ongoing commitments.

For a strictly financial point of view, monitoring is conducted by Account Payables Unit in Corporate Finance to reconcile overall payment with available funding and clear any discrepancy between the grants management system (NAMIS) and the financial system (Freebalance). However, at the time of the audit, this exercise was conducted for overall payment and funding but not for each single applicant. Therefore, it was generally challenging to track a specific PromoScience awardee before and after the payment process within the financial system (FreeBalance).

A formal post-mortem was performed for the 2016 pilot of the Science Odyssey Supplement. However, the audit found that program post-mortems are not formally completed after every competition cycle in a systematic way for the PromoScience Program. This could increase the risk of inconsistent practices in the development and delivery of such program.

**Recommendation 3:** It is recommended that the Vice-President of RGS Directorate develop and conduct a formal post-mortem process after each PromoScience competition cycle to benefit from the lessons learned.

## 8 CONCLUSION

The audit was performed considering the three lines of enquiries: Governance, Application lifecycle and Monitoring. Management has established good practices for the governance of the program by having different committees for effective and timely decisions. However, management should develop a formal risk process for the program.

The existing application life cycle process stressed the importance of the conflict of interest, the expertise of selection committee members, the roles and responsibilities of program staff and the payment cycle. However, the audit concluded that improvement and corrective actions should be made to reinforce the segregation of duties as well as a more rigorous approach in the payment of successful awards.

A monitoring structure existed at the time of the audit and was effective in the follow up of outstanding commitments. Nonetheless, the audit found that a formal

post-mortem should be implemented and program management would benefit from the lessons learned.

## **9 AUDIT TEAM**

Chief Audit Executive: Peter Finnigan  
Internal Audit Principal: Mohamed Ayachi  
Senior Internal Auditors: Seymour Sambour  
Alice Hanlon

## 10 MANAGEMENT RESPONSE TO AUDIT RECOMMENDATIONS

ITEM	RECOMMENDATION	MANAGEMENT RESPONSE	TARGET DATE
1.	<p>It is recommended that the Vice-President of RGS Directorate develop and conduct a formal risk management process for the PromoScience program that:</p> <ul style="list-style-type: none"> <li>• Identifies, measures, mitigates and monitors key challenges and risks, including the risk of fraud;</li> <li>• Considers the likelihood and the impact of these risks and,</li> <li>• Specifies the owner of the risks.</li> </ul>	<p>Agree. A risk assessment for the PromoScience program will be carried out. This will include the development of a schedule to monitor potential risks, measures to mitigate those risks and assignment of roles and responsibilities related to each risk.</p>	March 2019
2.	<p>It is recommended that the Vice-President of RGS Directorate ensure that full access to the grants management system is granted only to employees who are involved in running the PromoScience program and apply requirements of sound segregation of duties.</p>	<p>Agree. Current access in NAMIS will be assessed and modified to be restricted solely to those with direct involvement with the program (including financial roles).</p>	September 2018
3.	<p>It is recommended that the Vice-President of RGS Directorate develop and conduct a formal post-mortem process after each PromoScience competition cycle to benefit from the lessons learned.</p>	<p>Agree. Post-mortems currently occur on an informal basis. An assessment of the roles and responsibilities associated with the program will also be carried out followed by the establishment of a formal schedule for future years.</p>	October 2018

## 11 APPENDIX I – AUDIT CRITERIA

The audit criteria are presented by audit line of enquiry (LOE) as follows:

### **Line of Enquiry #1: Governance**

The oversight body(ies) exist(s) and receive(s) sufficient program information to facilitate timely decision-making. (OCG Core Management Controls Sections G1 Effective oversight bodies, G6 Sufficient, accurate, timely information to oversight bodies, RM1 Management has a documented approach with respect to risk management.).

#### **Criteria**

- 1.1 An adequate and effective governance framework has been established and oversight is provided by management to ensure objectives are met.
- 1.2 Oversight bodies request and receive sufficient, complete and accurate financial and non-financial information to facilitate effective and timely decision-making.

### **Line of Enquiry #2: Application Lifecycle**

Examine the extent to which PromoScience and the Supplements, and the NASP criteria are clear and consistently applied throughout the application lifecycle and award decisions are justified against those criteria.

#### **Criteria**

- 2.1 Call for applications and application requirements are communicated, and applications are processed in a consistent manner against established application requirements.
- 2.2 All eligible applications are assessed in a consistent manner against the published program activity criteria and evidence is maintained to support funding decisions.
- 2.3 Responsibility for assessing and recommending the prioritizing of grant applications has been appropriately delegated to individuals with sufficient expertise and who are deemed unbiased and independent.
- 2.4 Roles, responsibilities, and accountabilities are clearly defined throughout the application lifecycle, and employees are supported with adequate training and tools.
- 2.5 Award payments are approved by the appropriate delegated authorities and payments are accurately dispersed.

### **Line of Enquiry #3: Monitoring**

Examine the extent to which the program's monitoring approach is clear and consistently applied to support program decision-making.

**Criteria**

3.1 Monitoring of the program occurs systematically and sufficient and relevant information is gathered, tracked, analyzed and reported on to effectively manage the program.