

## Tri-Agency Monitoring Visit 2016 Summary

Research Finance coordinated the recent Tri-Agency Monitoring Review in early October with many of the units and departments that support Western's research community.

This review was conducted to assess Western's management and control framework and to review Western's actions in response to the findings from the 2011 Tri-Agency visit. This exercise not only provided feedback on areas that need further attention or improvement, but highlighted some of our strengths and good practices.

Several operational units from across campus were involved in the discussions and provided information related to specific policies, procedures and practices. Research Finance will be working with several stakeholders over the next month to address the current recommendations and findings listed below.

**Follow Up** (remediation plans and timelines are to be completed and submitted by December 5, 2016)

| Criteria Assessed  | Findings  | Remediation Plan   | Office Responsible                   |
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| Recommendations of previous reviews have been addressed (if applicable)  | The current review revealed that not all recommendations from the previous report have been addressed. The recurring issues identified are related to the review of compliance and eligibility of expenses, the authorization of expenditures, missing supporting evidence (travel, hospitality) and compensation (benefits)                        | Not all recommendations from the previous report have been addressed in full, however, Western has been and continues to focus its efforts on each of these, including compliance and eligibility reviews. Western will continue its annual reconciliation process for employee benefits that supports the fact that our universal benefit recovery rate is less than the actual costs for those staff paid from Tri-Agency funds.   | Research Finance and Human Resources |
| The institution has in place a means to ensure that expenditures are authorized by the grant holder or their delegate, and that the authorizations are documented in writing or electronically | The institution has put in place formal processes to ensure that most expenditures are authorized by the grant holder. However, the review has revealed authorization issues for certain categories such as salaries and stipends, travel booked centrally, internal stores, internal expense allocations, shared expenditures and purchasing cards | Western's PeopleSoft financial system is currently undergoing an upgrade which will provide significant opportunities to include FCM related charges from our preferred travel vendor as part of related authorized travel claims. Western will continue to implement the electronic process of validating authorizations with internal store operations. We will engage our Procurement Department to explore options available to ensure PIs approve PCard transactions. | Research Finance                     |

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| The institution has a means to allow grant holders to delegate signing authority and to ensure that expenses authorized by individuals without a documented delegation are rejected | The institution has a formalized system of delegation of signing authority which is communicated and enforced through the policy for delegation of signing authority. However, based on discussions with departments/faculties, it appears that delegations are sometimes granted to administrative officers, which means the delegation is granted for administrative purposes. Also, in such a situation, there is a segregation of duties issue as the same person cannot authorize and review expenditures. | The Tri-Agency Use of Grant Funds does not specifically disallow administrative delegates, rather it states that the delegates should have knowledge of the project. Western will continue to remind PIs that delegation should <u>not</u> be provided for administrative convenience. Western will complete a review to determine the number of administrative staff that have delegated authority, and evaluate follow up steps. Research Finance staff do not have the expertise or knowledge of the research activities to discern the appropriateness of who a PI delegates his/her spending authority to. Segregation of duties will be addressed with additional training and reviewed through additional sampling. | Research Finance  |
| A party other than the grant holder or their delegate reviews the expenditures to ensure they are eligible expenses and accompanied by all the necessary supporting evidence.       | Based on our discussions with the faculties, certain types of transactions are either not reviewed or there is no clear requirement that they be reviewed. The categories to which this applies are purchasing cards, equipment and supplies, internal stores, and internal expense allocations / shared expenditures.  | As per discussions with the monitoring team, Western will explore a process to provide more robust sampling of these highlighted transaction types. Where the link to research is not very evident, most specifically office and admin supplies, our intention is to target sample these items.  | Research Finance  |
| CRC administration fees   | The charges should be reconciled to actual costs on a more frequent basis. It should also be possible to see which types of expenses those charges represent, to confirm their eligibility.   | Western has managed the administrative costs of the CRC program in the same manner since its inception and has never been cited for this in our 2 previous monitoring visits (2006 and 2011). As indicated in the pre-debrief meeting, Western will provide a breakdown of how our administrative fees are used to support our Chairholders.   | Research Finance  |
| Verifies the continuing eligibility status of Grant and Award Holders.  | The institution should put in place a formal process to review the eligibility status of the grant and award recipients on an ongoing basis, and subsequently restrict access to funds when eligibility status changes to ineligible.   | Research Services is currently working with the Office of Faculty Relations to create and implement a formal process for reporting changes of faculty appointments. Research Services will review the changes to ensure grant recipients remain in good standing throughout the life of a research project. Any grant holders determined to be ineligible due to   | Research Services |

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|  |   | an appointment change will be restricted from use of funds, and the sponsor notified in accordance with their policies.   |  |
| Certifications (Human and Animal Ethics) – partial release of funds and emerging ethics  | <p>When activities involving animal or human subjects will only take place in the future, release of funds can be done upon submission of the "Release of Funds Agreement" by the grant holder. However, at Western the whole grant amount is made available to the grant holder, which should not be the case. The institution should allow a partial release of funds to cover only the expenses to be incurred before the use of animals or humans.</p> <p>The institution has a formal process in place to control access to the grant funds when new ethics requirements emerge for research projects that already went through the ACC (animal) or REB (humans). However, for those projects that do not go through the ACC or REB because they do not initially require any ethics certification, it is important to put a process in place to find out about emerging ethics requirements and restrict access to grant funds when they occur.</p> | Western believes it is already in compliance with the Tri-Agency requirements as it has a solid, enforced release-of-funds process. Use of human and animal subjects is closely monitored, including protocol start and end dates. Awards with future human or animal research are reviewed based on the date provided by the PI in the release-of-funds process. This ensures PIs confirm start dates of such activities and ensures annual installments are only released when the protocol approvals are in place as required. Western does not feel that limiting the available budget is a tight enough control for this requirement, especially given that the Tri-Agencies allow for a deficit balance throughout the term of an award, with the exception of the final F300. Based on the current Institutional Agreement Western recognizes that we are not compliant with the requirement that there be a partial release of funds when research with humans or animals is taking place in the future. Western will update its release of funds process to include a request for the budget needed prior to the start date of the human/animal research activity. | Research Services, Ethics, ACVS and Research Finance |
| GGSF - ensure spending of at least 50% of opening balance and requires: policies and procedures that currently do not exist<br>- formal delegation of signing authority<br>-oversight for eligibility and compliance | <p>The institution should have a process in place to continuously invest the GGSF (General Graduate Studies Funds) in research and spend account balances in a timely fashion.</p> <p>There are no policies and procedures for the use and management of the GGSF. There should be a formal delegation of signing authority from the Vice-President to the Director of Administration of Graduate</p>   | Western's School of Graduate and Postdoctoral Studies (SGPS) has documented formal policies and procedures for the management of the GGSF. All expenses will be reviewed by the Director of Administration to ensure compliance with the Tri-Agency requirements. The new policy has been implemented.  | School of Graduate and Postdoctoral Studies          |

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|  | <p>studies with regards to the GGSF.</p> <p>The duties of expense approval and grant oversight should be clearly separated, as the same person cannot authorize and review expenditures. The testing revealed GGSF expenses that are not eligible.</p>   |   |  |
| <p>Compensation:</p> <ul style="list-style-type: none"> <li>- monitor the eligibility status of recipients of salaries or stipends paid from grant funds</li> <li>- Only eligible non-discretionary benefits</li> <li>- review process to ensure only those that are eligible are paid from Tri-A grants</li> <li>- continue annual reconciliation exercise</li> </ul> | <p>Formal process to ensure that salaries and stipends paid from grant funds are only paid to eligible individuals.</p> <p>The institution should ensure that all ineligible non-discretionary benefits identified at the last financial review are not charged to agency grant accounts.</p> <p>An annual reconciliation to actual costs should be performed</p>  | <p>Western will update its training and reference materials, and ensure it is well communicated to our research community, and monitor Tri-agency funded projects to ensure that payments are not made to guest lecturers that hold an eligible appointment at a Canadian institution. Western will also review any scientists and research associates to ensure they do not hold an eligible research appointment at Western.</p> <p>Western will continue its annual reconciliation process of employee benefits that supports that our universal benefit recovery rate is less than the actual benefit costs for those staff paid from Tri-Agency funds.</p>               | <p>Research Finance, Research Services and Human Resources</p> |
| <p>Provides ongoing training to those involved in the management of grants and awards</p>  | <p>Reinforce internal training on agency guidelines, to ensure policies and guidelines are applied adequately and consistently for two major reasons:</p> <p>a) the test results included a number of non-compliant and/or ineligible transactions, and</p> <p>b) from the discussions with the faculties, the following misunderstandings were perceived:</p> <ul style="list-style-type: none"> <li>- Inclusion in the budget makes an item eligible;</li> <li>- Hospitality can be charged for meetings with internal participants only;</li> <li>- Computers don't require special justifications</li> </ul> | <p>Western continues to direct researchers and staff to the Research Finance website which provides comprehensive material for their use. We will expand our Tri-Agency specific training to ensure policies and guidelines are clearly understood.</p> <p>We will utilize our sample results as a teaching tool for our administrators as suggested by the monitoring team. We are exploring the development of regular information and education sessions (forums) for research administrators. We will look at feedback from our research administrators in the development of tools and guides to assist them with their responsibilities of managing research funds.</p> | <p>Research Finance</p>  |