

Final Audit Report

Audit of the Grant to the Canadian Partnership Against Cancer Corporation

September 2011

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Executive Summary

This report sets out the observations, conclusions and recommendations from the Audit and Accountability Bureau's Audit of the Grant to the Canadian Partnership Against Cancer Corporation (the "Partnership"). Funding to the Partnership by Health Canada was approved for a grant of \$250 million to be paid equally over a five-year period ending on March 31, 2012. The grant was amended in March 2009 to align it with the business model of the Partnership and to allow the organization to carry surpluses across years, with an understanding that unspent funds would have to be reimbursed to Health Canada at the end of five years.

The objectives of the audit were to provide the Deputy Minister with assurance that a Management Control Framework is in place within Health Canada's Strategic Policy Branch (SPB) for monitoring and administration of the Funding Agreement; and that the Partnership is in compliance with the terms and conditions of the Funding Agreement.

The audit involved the conduct of sufficient and appropriate procedures and the gathering of evidence to support the audit conclusion.

The audit concludes that SPB has put in place an effective Management Control Framework to monitor the Funding Agreement; and that the Partnership complies with its terms and conditions. SPB requests and obtains sufficient information to assess the Partnership's compliance with the Funding Agreement and takes appropriate measures to monitor the Partnership's activities and performance. The Partnership uses funding for the intended purposes of the Funding Agreement and maintains appropriate financial records.

Overall, the following issues require management's attention:

- Resolution of the issue regarding the recovery of interests earned by the Partnership on its investments; and
- Proper maintenance of specimen signature cards for Branch staff.

The report includes two recommendations that address these issues. Management agrees with the recommendations and its response indicates its commitment to take action.

1. Introduction

1.1 Background

The Canadian Partnership Against Cancer Corporation (the “Partnership”) was established as a not-for-profit corporation in November 2006 and started operations in January 2007 to implement Canada’s first national plan for cancer control, the *Canadian Strategy for Cancer Control* (the “Strategy”). The Strategy, which was developed in consultation with more than 700 cancer survivors and experts, aims to: reduce the expected number of cancer cases; enhance the quality of life for those affected by cancer; and lessen the likelihood of Canadians dying from cancer. The Federal Government committed \$260 million over five years to the Strategy in 2006, of which \$250 million was earmarked for a grant to the Partnership. The Strategic Policy Branch’s Health Care Programs and Policy Directorate is responsible for managing this Funding Agreement.

Funding to the Partnership is provided through a named grant (the Funding Agreement) signed with Health Canada. It covers a five-year period ending on March 31, 2012. On March 13, 2009, the Funding Agreement was revised to allow the Partnership to carry forward surpluses from year to year, in accordance with the *Policy and Directive on Transfer Payments* that came into effect in October 2008.

As the original agreement did not allow the carry forward of surpluses, only \$19.7 million of the \$50 million was paid in fiscal year 2007-08. Funding amounted to \$58.2 million in 2008-09, \$57.5 million in 2009-10 and \$55.0 million in 2010-11 and is budgeted at \$50.0 million in 2011-12. On March 10, 2011, Prime Minister Stephen Harper announced the federal government’s plan to renew its support for the work of the Partnership with another grant of \$250 million to be paid over five years, beginning in April 2012.

The Partnership works to maximize the translation and transfer of knowledge, expertise and best practices across the spectrum of cancer control to support policy makers, health care providers, patients and family members and the community-at-large in their efforts to advance the objectives of the Strategy. The Partnership identifies and launches initiatives with its partners (cancer experts, charitable organizations, governments, cancer agencies, national health organizations, patients, survivors and others in the cancer community) with the ultimate goal of advancing cancer control for all Canadians.

Health Canada completed an evaluation in July 2010. It concluded that the Partnership is fully operational, with a robust governance structure, and that it has been successful in implementing projects that are aimed at improving coordination and capacity.

The Partnership’s Board of Directors represents diverse perspectives from key stakeholders (see **Appendix B**). Members include provincial, territorial and regional appointees, policy experts and leaders in cancer control, representatives from the Canadian Cancer Society, Aboriginal communities and cancer patients, as well as a federal representative appointed by the Minister of Health.

Each of the Partnership's priorities and strategic initiatives (see **Appendix C**) is driven by a leader in the cancer community, such as clinicians or researchers, who are generally employed by one of the partner organizations.

Various working groups, advisory groups and steering committees that are chaired by recognized cancer leaders also provide guidance for specific Partnership initiatives. These groups include the Cancer Risk Management Advisory Committee, the National Colorectal Cancer Screening Network, the Quality Programs for Cancer Control Advisory Committee, the National Cancer Staging Advisory Committee and the Advisory Committee on First Nations, Inuit and Métis Cancer Control.

1.2 Audit Objectives

The objectives of this audit were to determine whether:

- the Strategic Policy Branch (SPB) has put in place an effective Management Control Framework for the monitoring of the Funding Agreement; and
- the Recipient complies with the terms and conditions of the Funding Agreement.

Lines of Enquiry and Audit Criteria are presented in **Appendix A**.

1.3 Scope and Approach

The audit focused on the Management Control Framework within SPB for the monitoring and administration of related transfer payments and on the Partnership's internal controls. Specifically:

- Controls implemented by SPB surrounding the monitoring in place and the financial recording of payments made according to the Funding Agreement;
- Controls implemented by the Partnership surrounding the administration of funds and the monitoring of investment programs;
- Eligibility of expenses reported by the Partnership for the two fiscal years ending March 31, 2010 and 2011; and
- Compliance with the terms and conditions of the Funding Agreement.

All work was conducted in collaboration with SPB and the Partnership. The audit methodology consisted of interviews and the examination of evidence supporting the internal control processes and presentation of financial information for decision making.

The documents that were examined included the following:

- Operating systems, procedures and monitoring;

- Minutes of Board of Directors meetings;
- Audited Financial Statements (and previous conclusions thereon);
- Funding Agreement: terms, conditions and eligibility criteria;
- Internal financial controls including delegations, policy and procedures;
- Descriptions of roles and responsibilities; and
- Recipient Compensation, travel policies and records.

The examination of financial transactions was performed to confirm that:

- due diligence is applied within the Partnership for the approval of payments towards activities aligned with the objectives of the Funding Agreement;
- expenditures are incurred and reported based on the terms and conditions of the Agreement; and
- revenue and expenditures incurred for the various projects are tracked through separate records (i.e. use of cost centres, project accounting, etc.).

The audit was conducted from April to June 2011.

1.4 Statement of Assurance

In the professional judgment of the Chief Audit Executive, sufficient and appropriate procedures were performed and evidence gathered to support the accuracy of the audit conclusion. The audit findings and conclusion are based on a comparison of the conditions that existed as of the date of the audit, against established criteria that were agreed upon with management. Further, the evidence was gathered in accordance with the *Internal Auditing Standards for the Government of Canada* and the *International Standards for the Professional Practice of Internal Auditing*.

2. Findings, Recommendations and Management Responses

2.1 Effective management control framework

2.1.1 Terms and Conditions of the Funding Agreement

Audit Criterion: *The Funding Agreement complies with the Funding Proposal and annexes in the Directive on Transfer Payments (October 2008) pertaining to the terms and conditions required for grants.*

There have been three funding agreements with the Partnership since 2006. The first was a contribution agreement signed in November 2006 to provide a start-up funding in the amount of \$3 million for fiscal year 2006-07. The second was a five-year grant of \$250 million signed in March 2007. The latter was replaced in March 2009 by an amended agreement to better align it with the business model of the Partnership and to allow the organization to carry surpluses across years. This last funding agreement, dated March 13, 2009, is the agreement included in the scope of this audit.

The Funding Proposal as well as annexes D (Terms and Conditions for Grants), F (Funding Agreement Provisions for Grants) and H (Funding Agreement Provisions for Up-Front Multi-Year Funding) in the Treasury Board *Directive on Transfer Payments*, dated October 2008, provide a list of the terms and conditions pertaining to grants that have to be included in the Funding Agreement. In this regard, the audit procedures included a comprehensive review of all terms and conditions in the Funding Agreement to verify whether they are in compliance with those requirements.

The Funding Agreement between Health Canada and the Partnership contained all applicable terms and conditions listed in the Funding Proposal and in the *Directive on Transfer Payments*. No major problems were found.

In conclusion, the Funding Agreement complies with the Funding Proposal and with the annexes in the *Directive on Transfer Payments* (October 2008) pertaining to the required terms and conditions for grants.

2.1.2 Monitoring Activities and Risk Management

Audit Criterion: *SPB has a formal and rigorous approach to monitor the Recipient's activities and manage risk.*

The Funding Agreement with the Partnership is not encompassed under a Risk-Based Audit Framework. A conservative position was taken to manage risk because the organization was new and the use of this type of organization for a specific disease lacked precedent. In addition, the profile of the *Canadian Strategy for Cancer Control* and the size of the Funding Agreement were other reasons why SPB chose to monitor this recipient closely through several accountability measures embedded in the Funding Agreement during the first five years of its existence. The Funding Agreement called for two evaluations: an independent evaluation commissioned by the

Partnership (provided to the Minister in April 2009) and an evaluation commissioned by Health Canada (2009-10). These evaluations provided a mechanism for assessing risks.

At the beginning of the funding relationship with the Partnership in March 2007, the Department's Enterprise Risk Management - Agreement/Recipient Risk Assessment Tool (ERM-ARRAT) did not exist. SPB produced a framework that establishes the foundation for monitoring the Partnership. This is a reference tool for staff to ensure that the Partnership is complying with the requirements of the Funding Agreement. It is also used to analyze the Annual Corporate Plan and the annual reports.

The monitoring framework includes the following tools:

- *Annual Cycle of Deliverables for a Given Fiscal Year*: a quick overview of the timing of deliverables as per the Funding Agreement;
- *Accountability Monitoring Schedule*: a chronological listing of the Partnership's accountability and operational activities (Annual Corporate Plan, Independent Auditor's Report), grouped by quarter and corresponding appendix that outlines the necessary federal process/response, where applicable;
- *Accountability Monitoring Schedule for Discretionary and/or Time-Limited Activities*: similar to the above, but for activities that have time limitations and do not occur on an annual basis (i.e. Independent Evaluation; Appointment of Federal Appointee)
- *On-going Due Diligence Activities*: activities within SPB to ensure that all the broad aspects of the Funding Agreement are managed appropriately (i.e. spot checks of the Partnership's web site/public documents, site visits, attending events);
- *General Obligations as Articulated in the Funding Agreement*: outline of the Partnership's broad obligations (i.e. official languages, lobbying)

Program staff keeps records of their monitoring activities in hard copy format. Several emails dating from the past few years were also verifiable. Evidence of communication between SPB and the Partnership and receipt of required documents was found.

In addition, there are eight representatives from the Canadian Institutes of Health Research and the Public Health Agency of Canada participating in six of the Partnership's Internal Advisory Groups. These individuals are part of an SPB-led Cancer Portfolio Working Group.

Finally, the Partnership voluntarily provides SPB with minutes of all its Board of Directors and Finance and Audit Committee meetings.

There have been no problems with regards to continuing eligibility, entitlement and qualification criteria. However, in case of non-compliance with the terms and conditions of the Funding Agreement, it calls for the provision of a reasonable advance notice to the Partnership before reducing or withholding payments and for the repayment of funding by the Partnership if necessary. Staff from SPB advised the auditors that cases of non-compliance would be referred to the Department's Legal Services Unit. In addition, Chapter 14 of the Department's *Standard*

Operating Procedures Manual is the reference on termination and windup of funding agreements.

In conclusion, SPB has a formal and rigorous approach in place to monitor the Recipient's activities in order to manage risk.

2.1.3 Approval of Payments

Audit Criterion: *Financial and non-financial reporting of the Recipient is reviewed and approved in support of payments.*

Normally, a grant is not subject to being accounted for by a recipient. However, a grant is subject to pre-established eligibility and other entitlement criteria. Complying with the reporting requirements and pursuing activities described in a Funding Agreement are key conditions for a recipient to remain eligible for the grant.

As provided in the Funding Agreement, funding for each fiscal year is paid by way of instalments based on an annual Cash Flow Statement which must be provided by the Partnership by January 31st, in advance of the upcoming fiscal year. Each instalment will be processed as long as the Partnership remains compliant with the terms of the Funding Agreement.

The level of analysis performed by SPB on financial information provided by the Partnership was reviewed. Based on interviews conducted with SPB staff, financial information is referred to the Branch's Financial Services Unit (financial officers reporting to the Chief Financial Officer Branch) for analysis. The Funding Agreement calls for a Cash Flow Statement that takes into account surpluses arising from the Partnership's utilization of previously provided funding, additional sources of funds and interest arising from the deposit of funding received. The information related to surpluses and funding from other sources appeared in the Annual Corporate Plan but not in the Cash Flow Statement template provided to the Partnership. As a result, the analysis of Cash Flow Statements by the Branch's Financial Services Unit is difficult to perform. However, this is not a significant issue for the following reasons:

- Since March 2009, the Partnership has been permitted to carry funds across fiscal years;
- The only other sources of funding are the Public Health Agency of Canada and the Heart and Stroke Foundation of Ontario (respectively \$2.5 million and \$500,000 over 5 years); and
- Interest earned on instalments under this Funding Agreement is set aside and identified as being owed to Health Canada.

There is evidence that the audited financial statements were analysed by program managers and the Branch's Financial Services Unit in 2009 and 2010. However, one issue remains unresolved. Section 3.2 of the Funding Agreement stipulates that interests earned by the Partnership on its instalments "shall be deemed to be part payment of the Funding". In the two fiscal years audited combined, the interest earned amounted to \$299,885. Since 2008, the total amount of accumulated interest has reached \$674,053 and is appropriately shown as a liability ('Due to Health Canada') in the Partnership's audited financial statements. The entire amount has yet to be returned to Health Canada. Options are currently being considered in order to determine the

most appropriate way to recognise this amount in payments made to the Partnership as per the Funding Agreement.

The application of key financial controls performed under sections 32 (control of commitments) and 34 (certification of goods received or services rendered) of the *Financial Administration Act* (FAA) were examined. Out of the eight payments examined:

- One case showed that Section 32 was signed by someone whose delegated financial signing authority was not registered in the Specimen Signature Card Database; and
- One case showed that Section 34 authorization was signed by a person whose acting assignment was not documented within the timeframe of the transaction in the Specimen Signature Card Database.

In conclusion, financial and non-financial reporting by the Partnership is approved in support of payments. However, the recovery of interest earned on the deposit of funds received by the Partnership and the maintenance of specimen signature cards are two issues that require SPB's attention.

Recommendation 1

It is recommended that the Assistant Deputy Minister of the Strategic Policy Branch recover the interest accrued by the Recipient as per the Funding Agreement (paragraph 3.2).

Management Response

Management agrees with the recommendation.

The Recipient has already recognized the liability. Appropriate measures will be undertaken to address the issue related to the Funding Agreement clause on interest earned on instalment payments.

Recommendation 2

It is recommended that the Assistant Deputy Minister of the Strategic Policy Branch ensure that SPB transactions are approved by individuals with delegated authorities and updated specimen signature cards.

Management Response

Management agrees with the recommendation. Measures to address identified gaps within the responsibility of SPB will be documented for implementation.

2.1.4 Performance Measurement

Audit Criterion: *SPB Management conducts evaluations to ascertain whether the Recipient is an effective tool for advancing the Canadian Strategy against Cancer and takes into consideration the recommendations therein.*

As required in the Funding Agreement, an independent evaluation was completed in 2009 by the Partnership. It covered the period from April 2007 to February 2009. The objective of the evaluation was to assess the results that the Partnership had accomplished as well as the activities undertaken with respect to the achievement of the Strategy. The evaluation also considered implementation activities, overall governance and accountability, core frameworks, activities undertaken to refine and focus the Strategy and start-up activities. In response to the evaluation, the Partnership prepared a Management Action Plan and shared the report with SPB.

SPB also commissioned a second evaluation that was completed in May 2010. Its objective was to determine whether the Partnership has advanced the public health objectives for cancer control in Canada; and whether it is an effective tool for advancing the objectives of the Strategy. The resulting report concluded that the Partnership is fully operational and has implemented a robust governance structure and “that the use of a non-governmental organization is the most appropriate model given the structure of the healthcare system in Canada.” The report made eight recommendations all of which were addressed to the Partnership. The Partnership has prepared and implemented a Management Response and Action Plan to respond to the recommendations.

In conclusion, SPB Management conducts evaluations to ascertain whether the Partnership is an effective tool for advancing the *Canadian Strategy against Cancer* and takes into consideration the recommendations therein.

2.2 Compliance of the Partnership with the Funding Agreement

2.2.1 Controls and Management Practices

Audit Criterion: *The Recipient’s controls and management practices help ensure due consideration for economy in spending decisions.*

This criterion examines the extent to which economy and efficiency are considered when using funding in accordance with the terms of the Funding Agreement. To that end, the audit examined the existence of policies on procurement and payables, remuneration and travel.

Policies and Procedures

Given that more than 84% of the Partnership’s expenditures are for payments made to third parties (project partners and service providers) that deliver parts of the Strategy, and to other suppliers for goods and services, the Procurement Policy, Procurement Procedures and Payment Approval Procedures were deemed very important.

Advisory Groups, which are comprised of internal and external experts from the medical or scientific fields, identify projects that can support the strategic outcomes and recommend the most effective way to achieve results: through a project partner (mainly government agencies or institutions) or a contract for services (service providers). At this stage, a procurement action is initiated by responsible managers.

The Partnership developed a procurement policy in June 2007 and revised it in June 2008 and in September 2009. This policy was supplemented in October 2010 by a set of comprehensive procedures to provide a common set of rules for managing the procurement of goods and services across the organization and for the selection of third parties. These procedures provide direction on the segregation of duties, the approval authorities, the competitive requirements (based on thresholds) and on the bid evaluation.

The *Delegations of Authorities Framework* document that applies to all expense categories for various levels is also pertinent. Approval authority for all procurements is completed prior to conducting the procurement.

Amount	Delegated Purchasing Authority Level
Less than \$50,000	Directors or managers that report to Vice-Presidents
\$50,000 – \$250,000	Vice-President/CFAO
\$250,000– \$1 million	Chief Executive Officer
More than \$1 million	Board of Directors (signed by Chief Executive Officer upon approval)

Purchase orders are mandatory for purchases over \$5,000. Purchase requisitions beyond \$25,000 require contracts.

When the estimated value of purchases is less than \$25,000, a competitive procurement process is encouraged, although not mandatory. The invitational competitive procedures (invitation to three bidders) are required for purchases of an estimated value of less than \$100,000 but more than \$25,000. An open competitive process is mandatory for all purchase requisitions over \$100,000 and is made through an electronic tendering system that is equally accessible to all Canadian suppliers.

Project Partners are, in almost all cases paid in instalments rather than for specific deliveries. However, payment releases are conditional on the approval by project directors or managers. All directors must report on the progress of their projects using an Operations Status and Forecast Report, which is reviewed by the committees. Project monitoring is reviewed monthly and quarterly during project management meetings to make sure that no payments are made to third parties for projects that are behind schedule.

Appendix D shows examples of contracts with third parties of larger contracts by priority. These are subject to the following controls:

- For payments of less than \$100,000, the Program Director and Program Manager must email the Innovation Institute of Ontario's¹ Financial Officer and copy the Financial Analyst to indicate the approval of the payment, the amount of the payment and special instructions.
- For payments exceeding \$100,000, the Program Director and the Project Manager also jointly complete an Initiative Payment Authorization Form.

The Partnership's Finance and Audit Committee, composed of five members, reviews management recommendations for new projects as well as quarterly financial statements and status reports on the main projects funded by the Partnership. Meetings are generally scheduled two months after the end of the quarter to allow for a full review of the project status by management as well as revised financial forecasting. This provides an oversight function on the progress of projects.

As a whole, these procedures are appropriate to ensure financial control, quality of services and value for money.

Payroll procedures also exist to cover the roles and responsibilities for the hiring or termination of employees, as well as other payroll changes. It must be noted that payroll processing, calculation and remittance of withholdings, calculation and tracking of taxable benefits and preparation and submission of required tax forms is outsourced to the University Health Network, which manages three hospitals in Toronto.

The Partnership developed a travel policy in July 2007 and revised it in September 2009. This policy applies to all individuals authorized to travel on behalf of the Partnership. All expenses that were tested were found eligible as per the Partnership's policy.

Currently, the Partnership rents space at the corner of University Avenue and Front Street in downtown Toronto. Documentation shows that in June 2007, the Partnership went through a process to find office space with the assistance of a commercial realty broker. The decision was based on a range of criteria: – accessibility (subway, GO train, commuting from both airports and train station); capacity for some 45 offices and workstations and ability to accommodate growth if necessary; space for the necessary board and meeting rooms and appropriate security. The documentation obtained shows that there were efforts to obtain space at a reasonable cost. Another study is planned for summer 2011 to determine if staying in the same location remains cost effective.

In conclusion, the Recipient's controls and management practices help ensure due consideration for economy in spending decisions.

¹ The Innovation Institute of Ontario provides financial services to the Partnership under a service agreement and submits the names of third parties that are due for payment on a quarterly basis.

2.2.2 Use of Funds

***Audit Criterion:** The Recipient uses funds for the purposes intended in the Funding Agreement.*

Payments made during fiscal years 2009-10 and 2010-11 in the following categories and sub-categories were selected for examination: (1) Program Expenses: project partners, and service providers (mainly consultants); and (2) Operating Expenses: remuneration, reimbursement of travel expenses and other expenses.

The first category (program expenses) represents 84% of all reported expenses and a sample of 30 contracts representing a mix of large and small contracts was selected. In addition, these transactions were examined to ensure that they were in compliance with the Funding Agreement as payments for major capital projects and lobbying activities are proscribed.

The procedures determined that funding was used for the purpose of carrying out activities of the nature described in the Strategy, and that the internal policies on procurement, payroll and travel were complied with, as explained in the previous section.

In conclusion, the Recipient uses funding for the purposes intended in the Funding Agreement.

2.2.3 Reporting Requirements

***Audit Criterion:** The Recipient maintains its financial records and provides reports in accordance with the terms and conditions of the Funding Agreement.*

The Partnership must submit relevant information on its activities on an annual basis through its Annual Corporate Plan and its Annual Report. These documents are essential monitoring tools for SPB to determine that eligibility, entitlement and qualification conditions are met on a continual basis.

Annual Corporate Plan

The Annual Corporate Plan and Cash Flow Statement for the coming year must be provided for the Minister's review no later than January 31st for the fiscal year starting on April 1st. The Annual Corporate Plan focuses on the activities and the planned projects to achieve the strategic priorities and two supporting priorities found in **Appendix C**.

The Funding Agreement also stipulates what information needs to be provided in the Annual Corporate Plan. Based on a review of the annual corporate plans that were submitted for fiscal years 2009-10 and 2010-11, the auditors concluded that all mandatory information has been included (see **Table 1** below).

Table 1- Review of information provided in annual corporate plans for fiscal years 2009-10 and 2010-11	
Mandatory Information	Included
Intended short and medium term activities and outcomes for the upcoming fiscal year, consistent with and in furtherance of the Strategic Plan	Yes
Reference to the Recipient's Annual Corporate Plan for the previous fiscal year with a focus on its successes and remaining challenges	Yes
The Recipient's estimated surpluses for the current fiscal year, accompanied by a proposed plan outlining how surpluses will be managed	Yes
The Recipient's budgeted expenditures for the upcoming fiscal year and any anticipated revenues from other sources	Yes
The Cash Flow Statement for the upcoming fiscal year	Yes
Information on the composition of the Recipient's Board of Directors and its compliance with the continuing eligibility, entitlement and qualification criteria as set out in section 3.6 of the Funding Agreement	Yes
The Recipient's public communications strategy as set out in section 8.5 of the Funding Agreement	Yes
Risk assessments and mitigation strategies	Yes
Ongoing performance monitoring strategies	Yes

Annual Report

The Funding Agreement stipulates that the Annual Report must be submitted to the Minister within four months after year-end. At the time of the audit, the Annual Report for fiscal year 2010-11 had not yet been released, as it was due at the end of July. Therefore, the annual reports for 2008-09 and 2009-10 were examined to ascertain that they contained all the required information and documents:

- Audited Financial Statements;
- Performance results relative to the Annual Corporate Plan for that fiscal year;
- An overview of expected results for the upcoming fiscal year;
- Material produced and/or published during the fiscal year; and
- Total remuneration paid, including any fee allowances or other benefits to Board members and those individuals in the organization that report to the Board of Directors.

Annual Financial Statements Prepared According to Generally Accepted Accounting Principles

The Partnership is expected to properly and fully maintain accounts and essential records and records of transactions in relation to the funding received, in accordance with Generally Accepted Accounting Principles applicable in Canada. The financial statements are audited annually by Grant Thornton LLP. Audit reports for fiscal years 2008-09 and 2009-10 indicate that the financial statements were presented in accordance with the proper accounting principles. The auditors contacted the external auditors to obtain confirmation that there were no major issues or year-end adjustments due to important errors.

Another important requirement of the Funding Agreement is the make-up of the Board of Directors. A list of members was provided showing Federal, Provincial, Territorial and Aboriginal representation on the Board of Directors. The federal representative is a non-government member appointed by the Minister, who reports to the Department.

In conclusion, the Recipient maintains its financial records and provides reports in accordance with the terms and conditions of the Funding Agreement.

2.2.4 Communication Requirements

***Audit Criterion:** The Recipient maintains communication with its partners and the public in accordance with the terms and conditions of the Funding Agreement.*

The Funding Agreement states four requirements with respect to the Partnership's public communication. Each is addressed separately below.

Acknowledgement of Funding

To ascertain that the Partnership acknowledges the funding received from Health Canada, the audit selected several published papers, reports, promotional activities, public presentations and electronic material created by the Partnership, and found that all had appropriately acknowledged the funding received from Health Canada.

Information Provided to Minister about Upcoming Events

As the Partnership must inform the Minister's Office of upcoming events, SPB was provided with a calendar of planned events and/or upcoming opportunities to include a quote by the Minister in announcements/press releases. Examples of events in which the Minister participated include the announcement of the National Staging Initiative (October 2010) and the announcement of the Coalitions Linking Action and Science for Prevention initiative (February 2010).

Sharing of Communications Strategy

The Partnership's Communication Strategy is a key document; its goal is to ensure that the communication tools meet the needs and expectations of key stakeholders, reflect the organization's messaging accurately and state how objectives will be accomplished and measured. The Partnership makes this available through its Annual Corporate Plan since its adoption in December 2009.

Though the audit plan did not include an assessment of the Partnership's Communication Strategy, the audit demonstrated that documentation on communication did exist and that many of these documents had been vetted by the Board of Directors.

The Partnership has developed a plan for how it intends to facilitate public access to information arising out of, or with respect to the Strategy, including its annual reports and the independent evaluation of the achievement of the Strategy and has shared this information with the Minister and SPB. It is fully compliant with this obligation.

Official Languages

The Partnership's oral and written communication with the public must be offered in both official languages. Printed and electronic public communications examined complied with this requirement.

In conclusion, the Partnership maintains communication with its partners and the public in accordance with the terms and conditions of the Funding Agreement. It is compliant with the related section of the Funding Agreement.

2.2.5 Legislation and Policies

Audit Criterion: The Recipient complies with the legislation, policies and other requirements stipulated in the Funding Agreement.

This criterion includes the following elements, as commented below:

- Investment of Unspent Funds;
- Privacy and Confidentiality;
- Conflict of Interest and Ethics;
- Benefit to Current or Former Public Servant or Public Office Holder;
- Intellectual Property; and
- Registration of Lobbyists.

Investment of Unspent Funds

The Partnership receives funding on a quarterly basis. The Funding Agreement requires that funds received be deposited in an interest bearing account until such time as the funds are required to be expended. The Partnership's investment policy (December 2009) is in line with this requirement. The audit determined that funds received were deposited in bank accounts and money was transferred to savings accounts in financial institutions.

Privacy and Confidentiality of Personal information

Given the sensitivity of personal health information, the Partnership was required by the Funding Agreement to undertake privacy impact assessments and privacy audits where personal information is of concern. The Partnership and SPB informed the auditors that no individual health data was received by the Partnership. However, agreements examined with third parties included a 'Conduct of Research' condition that requires adherence to "all applicable laws, regulations, policies and directives" including the *Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans*, of the Interagency Advisory Panel on Research Ethics². This policy covers confidentiality.

² This is a body of external experts that was established in November 2001 by three Canadian research agencies -- the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council and the Social Sciences and Humanities Research Council.

Conflict of Interest and Ethics

The Partnership developed policies on Conflict of Interest in May 2007 and referenced it in its Code of Conduct (August, 2007) and its policies and procedures on procurement. In addition, the Code of Conduct declaration is signed annually by employees.

Benefit to Current or Former Public Servant or Public Office Holder

The Funding Agreement prevents current or former federal public servants or federal public office holders to whom the *Conflict of Interest Act*, the *Conflict of Interest and Post-Employment Code for Public Office Holders* or the *Values and Ethics Code for the Public Service* applies, to derive any direct benefits from the Agreement. Benefits include any employment, payments or gifts, unless the provision and receipt of such benefits is in compliance with such legislation and codes. No documents or correspondence examined revealed any potential or actual benefits being derived by staff or Board members.

Intellectual Property

As part of carrying out the *Canadian Cancer Control Strategy*, new intellectual property of different types could be generated by those working with or funded by the Partnership. Intellectual property is understood to be any new research findings that can be directed to any use and includes copyrighted material, patents, trade-marks, trade names, industrial designs and trade secrets. The Partnership adopted a *Policy on Intellectual Property* in September 2008. An Appendix within the template agreements with third parties includes clauses related to intellectual property, which is in line with requirements of the Funding Agreement.

Registration of Lobbyists

As it is responsible for tracking lobbying activities within its organization, the Partnership registers such activities with the Office of the Commissioner of Lobbying of Canada through the Lobbyists Registration System to comply with the *Lobbying Act*. The auditors conclude that the Partnership is in compliance with this legislation and with the requirements of the Funding Agreement.

3. Conclusion

SPB has put in place an effective management control framework for the monitoring of the Funding Agreement and the Recipient complies with the terms and conditions of the Funding Agreement. SPB requests and obtains sufficient information to assess the Partnership's compliance with the Funding Agreement, and takes appropriate measures to monitor the Partnership's activities and performance. The Partnership uses funds for the intended purposes of the Funding Agreement and maintains appropriate financial records.

Overall, it is noted that the following issues require SPB management's attention:

- Resolution of the issue regarding the recovery of interests earned by the Partnership on its investments; and
- Proper maintenance of specimen signature cards for Branch staff.

Appendix A - Lines of Enquiry and Audit Criteria

Audit of the Grant to the Canadian Partnership Against Cancer Corporation Audit Criteria Description	
Criteria Title	Audit Criteria
<i>Line of Enquiry 1: The Strategic Policy Branch (SPB) has put in place an effective management control framework for the monitoring of the Funding Agreement.</i>	
1.1 Terms and Conditions of the Funding Agreement	The Funding Agreement complies with the Funding Proposal and annexes in the <i>Directive on Transfer Payments</i> (October 2008) pertaining to terms and conditions for grants.
1.2 Monitoring Activities and Risk Management	SPB has a formal and rigorous approach to monitor the Recipient's activities and manage risk.
1.3 Approval of Payments	Financial and non-financial reporting of the Recipient is reviewed and approved in support of payments.
1.4 Performance Measurement	SPB Management conducts evaluations to ascertain whether the Recipient is an effective tool for advancing the <i>Canadian Strategy against Cancer</i> and takes into consideration the recommendations therein.
<i>Line of Enquiry 2: The Recipient complies with the terms and conditions of the Funding Agreement.</i>	
2.1 Controls and Management Practices	The Recipient's controls and management practices ensure due regard for economy in spending decisions.
2.2 Use of Funds	The Recipient uses funds for the purposes intended in the Funding Agreement.
2.3 Reporting Requirements	The Recipient maintains its financial records and provides reports in accordance with the Funding Agreements, namely: an Annual Corporate Plan, and an Annual Report, which includes Annual Financial Statements prepared according to Generally Accepted Accounting Principles.
2.4 Communication Requirements	The Recipient's communication activities comply with the terms and conditions of the Funding Agreement, namely: acknowledgement of funding, information provided to the Minister on upcoming events, sharing of communication strategy and official languages.
2.5 Legislation and Policies	The recipient complies with legislation, policies and other requirements stipulated in the Funding Agreement, namely: Investment of Unspent Funds, Privacy and Confidentiality, Conflict of Interest and Ethics, Benefits to Current or Former Public Servants or Public Office Holder, Intellectual Property and Registration of Lobbyists.

Appendix B – Partnership’s Board of Directors

Simon Sutcliffe, MD

Chair, CPACC (as of June 2009) Vice-chair (before June 2009)

René Gallant

Vice-Chair, CPACC (as of June 2009); Past National President, Canadian Cancer Society

Mel Cappe

President and CEO, Institute for Research on Public Policy (joined August 2009)

Chris Clark

Chief Executive Officer and Canadian Senior Partner, PricewaterhouseCoopers LLP

Catherine L. Cook, MD

Executive Director, Aboriginal Health Programs, Winnipeg Regional Health Authority

Bruce Cooper

Assistant Deputy Minister, Policy and Planning, Newfoundland and Labrador Department of Health and Community Services

Peter Crossgrove

Past Chair, Canadian Association of Provincial Cancer Agencies

Peter Goodhand

President and Chief Executive Officer, Canadian Cancer Society

Christine Power

President and CEO, Capital District Health Authority, Nova Scotia

Jay Ramotar

Deputy Minister, Alberta Health and Wellness

André Robidoux, MD

Professor of Surgery & Scotia Chair in diagnosis and treatment of breast cancer, University of Montreal

Carol Sawka, MD

VP, Clinical Programs and Quality Initiatives & Chair of the Clinical Council for Cancer Care Ontario

Gary Semenchuck

Past Chair, Saskatchewan Cancer Agency

Marla Shapiro, MD

Medical contributor, CTV’s Canada AM; medical consultant, CTV News

Milton Sussman

Deputy Minister, Manitoba Ministry of Health and Healthy Living

Laura M. Talbot (Representing Health Canada)

President and Senior Partner, TalbotAllan Consulting

Sally Thorne, PhD

Professor and Director, University of British Columbia School of Nursing

Elisabeth Wagner

Executive Director, Corporate Policy and Research, B.C. Ministry of Health Services

Elizabeth Whamond

Vice-Chair, Canadian Cancer Action Network; Chair, Cochrane Collaboration Consumer Network

Antoine Loutfi, MD (Observer)

Director of Cancer Control, Quebec Ministry of Health and Social Services

Source: Canadian Partnership Against Cancer’s website

Appendix C - Partnership's Priorities and Strategic Initiatives

Primary Prevention

Coalitions Linking Action & Science for Prevention (CLASP)
Canadian Platform to Increase Usage of Real-World Evidence (CAPTURE)
CAREX Canada
Healthy Public Policy Knowledge Exchange

Research

Canadian Partnership for Tomorrow Project
Translational Cancer Research
Pan-Canadian Cancer Research Strategy

Screening

Colorectal Cancer Screening
Cervical Cancer Control
Anticipatory Science

Cancer Guidelines

Synoptic Surgery Reporting
CAN-ADAPTE (guideline adaptation)
Capacity Enhancement Program

Surveillance

National Staging Initiative
Surveillance and Epidemiology Networks
Cancer Control P.L.A.N.E.T. Canada

Health Human Resources

HHR Service Delivery Models

Cancer Journey

Screening for distress
Navigation
Palliative and end-of-life care
Survivorship
Psychosocial oncology education

System performance and Quality Initiatives

System Performance Initiative
Quality assurance for diagnostic immunohistochemistry
Endoscopy quality

Knowledge Management

Cancer View Canada
Cancer Risk Management

Community Linkages

Working with Canada's First Nations, Inuit and Métis Peoples
Responding to the needs of adolescents and young adults

Source: Canadian Partnership Against Cancer's website

Appendix D– Examples of Research Contracts by Priority

Knowledge Management	
Centre Hospitalier universitaire de Québec	\$420,000
Research	
Centre hospitalier de l'Université de Montréal	\$291,532
Ottawa Health Research Institute	\$850,000
McGill University	\$209,182
Université de Montréal	\$1,542,615
McGill University	\$217,764
Ontario Institute of Cancer Research	\$6,392,398
Primary Prevention	
University of British-Columbia	\$4,106,126
Simon Fraser University	\$3,609,166
University of Waterloo	\$2,437,762
University of Toronto	\$2,111,058
Cancer Journey	
Hôpital Charles LeMoine	\$123,784
Sudbury Regional Hospital	\$227,000
Centre hospitalier universitaire de Québec	\$162,600
University Health Network	\$125,000
Capital District Health Authority	\$216,262
Cancer Guidelines	
McMaster University	\$3,670,935