

Presentation

to

International Workshop on Accountability Challenges

Strasbourg, France

5 June – 7 June 2007



science foundation ireland
fondúireacht eolaíochta éireann

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About Science Foundation Ireland (SFI)



- Established in 2000 and made a Statutory Body in 2003
- Established to underpin Government's investment in R&D as outlined in National Development Plan 2000 – 2006.
- Ring-fenced funding provided for investment in quality Research Programmes, primarily in the fields of ICT and BIO.
- To date over 1300 awards made with a commitment value of €750m.
- Under new National Development Plan 2007 – 2013, SFI will generate commitments to the value of € 1.4bn.



Vision & Mission of SFI



VISION

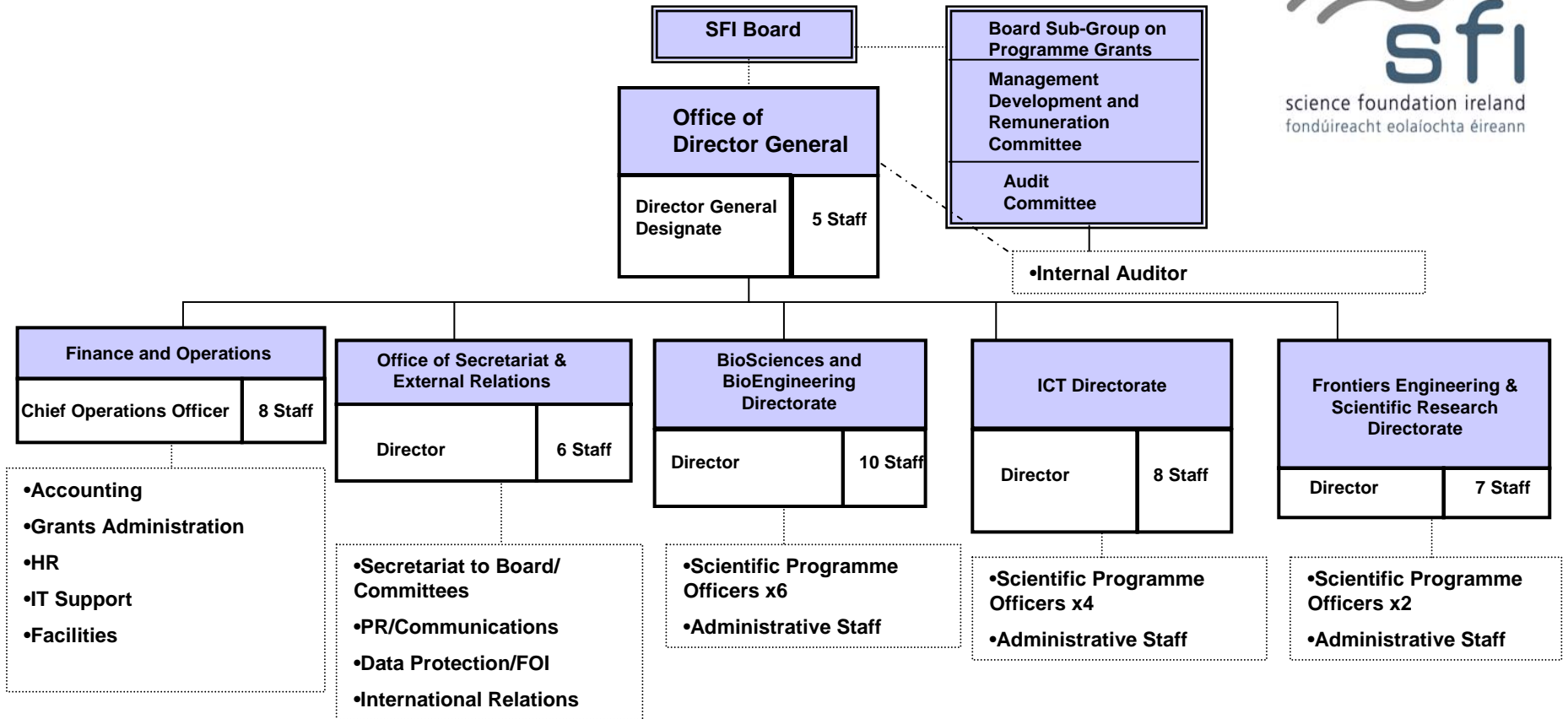
Through strategic investments in the people, ideas and partnerships essential to outstanding research in strategic areas, SFI will help build in Ireland research of globally recognised excellence and nationally significant importance.

MISSION

SFI will build and strengthen Scientific and Engineering Research (and its infrastructure) in the areas of greatest strategic value to Ireland's long-term competitiveness and development.



SFI - Organisation Chart



Oversight Processes and Procedures

Pre-Award Phase

- All proposals subject to International peer review to ensure independence, quality and excellence.
- No indigenous reviewers used to avoid conflicts of interest.
- Postal reviews in many cases
- Site reviews by expert panel for larger awards.
- Reviewers do not make decision to fund; act in advisory category.
- Award proposals reviewed by Grants Dept. to ensure budget is not excessive, ramp-up is accounted for and overheads are calculated correctly.
- Awards up to €1.25m – approved by Executive Management under delegated authority from Board.
- Awards > €1.25m (excl. CSETs) – Approved by sub – group of Board under delegated authority.
- CSET awards (€10m – €20m) – Approved by Board.
- All award contracts issued in name of the Research Body, which is held responsible for monitoring and accounting for the funds received.



Oversight Processes and Procedures

Post-Award Phase

- Grant claims subject to desk reviews by Grants Dept. to ensure grant is being conducted within Terms and Conditions laid down.
- Desk review to ensure:
 - No excessive build up of cash
 - Expenditure on equipment does not exceed budget.
 - Movement of funds between expenditure categories authorised (if applicable)
 - Movement of funds between years authorised (if applicable)
 - Cumulative grant claimed to date agrees with SFI records.
 - Current claim does not exceed total Grant approved.
 - Overheads have been correctly calculated.
- Site visits by external Auditors on behalf of SFI (instructed by Internal Auditor) to audit specific grants selected by SFI.
- Annual reports on research progress required to be submitted to SFI.
- Many awards receive mid-term scientific site visit by external peers to access progress and prospects.



Accountability Issues

Case Study 1: Grant Payment Cycle.



Issue:

Timing of Grant installment claims and information supporting those claims inadequate to enable a proper review of the reasonableness of the claims and an assessment of the future funding needs.

Features of Original Process:

- Grants paid 6 months in advance
- Reporting on actual expenditure lags cash advanced by 3 months
- Payment cycle is not aligned with the Letter of Offer.
- Payment cycle is not aligned with the SFI budget year
- Lack of meaningful documentation supporting claims

Resulting in:

- Grant monies may be spent on invalid activities or assets
- Grant holders may accumulate surplus cash
- Comparison of actual expenditure with forecasted expenditure is not possible
- Comparison of actual expenditure with Letter of Offer is meaningless.



Accountability Issues

Case Study 1: Grant Payment Cycle (cont'd).



Solution:

Change the payment cycle and expand the expenditure categories in the claims forms to enable a better assessment of grant claims

Features of Revised Process:

- Payment cycle based on calendar year
- Payment cycle now aligned with Letter of Offer and SFI budget year.
- Payment cycle now aligned with forecasted periods.
- Detailing reporting on actual costs now possible and meaningful.

Resulting in:

- Enhanced review of claims prior to payment.
- More meaningful analysis of actual costs versus forecasted costs
- Comparison of actual costs with original Letter of Offer.
- Improved SFI cash flow forecasting
- Better quality of grants database.

Conclusion:

Following a significant period of consultation with Research Bodies the revised grant payment process was successfully implemented in April/May 2007.

Accountability Issues



Case Study 2: Movement of funds between expenditure categories.

Issue:

Discretion given (within defined limits) to grant awardees to move funds between expenditure categories without seeking prior approval from SFI.

The limits were based on a percentage of the relevant line item budgets, depending on the value of the award.

Features:

Discretion ranged from 20% on smaller awards to 10% for mid-sized awards to 5% on very large awards.

Resulting in:

Too much flexibility being given, particularly on larger awards.

Solution:

Discretion now expressed as a maximum fixed monetary amount (up to €20, 000) irrespective of the size of the award.

Resulting in:

A limit on the discretion offered particularly in the case of larger awards.

Conclusion:

Change communicated to research community and now incorporated in revised Letter of Offer template.

Accountability Issues

Case Study 3: Payment of overheads.



Issue:

Payment of overheads at 30% of direct costs had originally been made with each grant installment. Changed from 1 January 2005 to a separate award process with a lump sum payment once a year.

Features :

- Required Research Bodies to report on how standard 30% overheads were being spent.
- Gave Research Bodies opportunity to compete for additional overhead funds for strategic purposes (funds permitting)
- Two payments made a year: one for standard 30% amount and one for strategic element.

Resulting in:

- Duplication of work in relation to each claim and caused reconciliation problems.
- Confusion on how Research Bodies should account for overhead payments.
- Differences between SFI and Research Bodies grants data bases.

Solution:

- Revert to paying 30% standard overheads with each grant installment.
- Maintain strategic overhead process if funds available.
- Full reporting on how funds are spent is still required; facilitated by accounting for Overheads through a single General Ledger account.

Conclusion:

Implemented as part of the revised grant payment cycle.

Accountability Issues

Case Study 4: Possible unauthorised expenditure.



Issue:

Query raised at mid-term review about expenditure on travel on a large grant.

Features :

- Cost of travel exceeded budget for full grant term.
- Method of travel queried from value for money perspective.
- Control weakness apparent in authorisation of expenditure.

Solution:

Independent audit commissioned of travel expenditure since start of grant and the controls in place over expenditure in general

Resulting in:

- Expenditure was within budget; misclassification of initial grant.
- However some travel expenditure deemed inappropriate.
- Certain control weakness identified and subsequently rectified.

Conclusion:

- SFI received refund of €170k with respect to expenditure disqualified.
- Research body scheduled for further audit to establish if control weaknesses have been rectified as stated.

Accountability Issues

Next Steps.



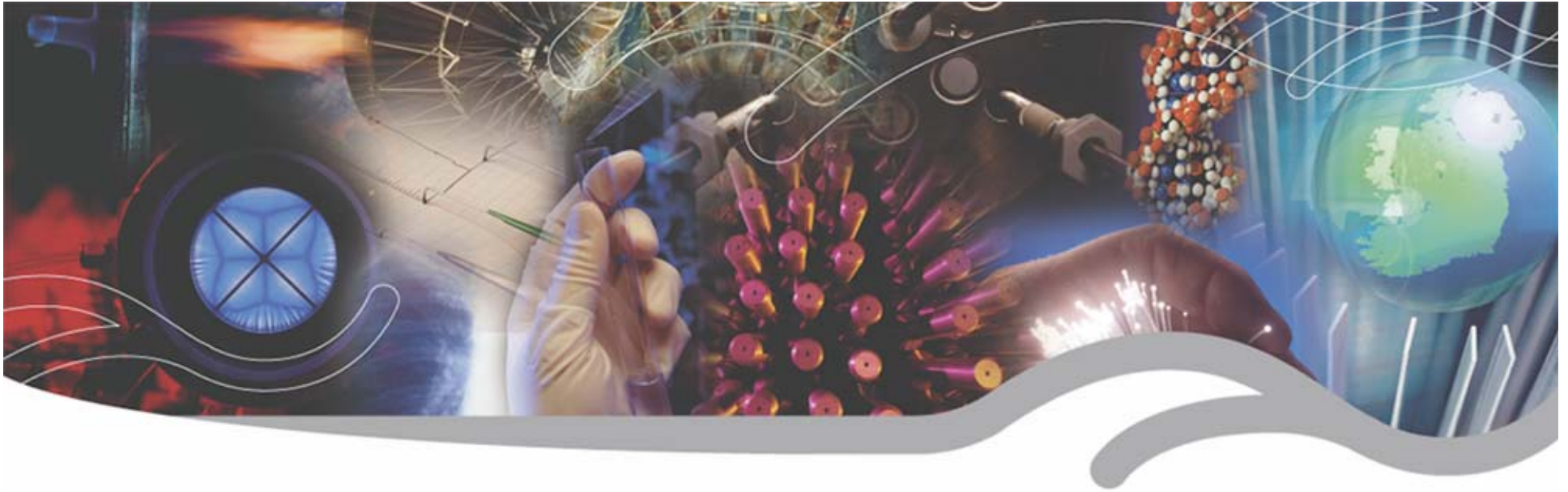
1. Common Audits:

Exploring with other funding agencies if any merit in having common system/controls audit that all agencies can rely on. Cuts out duplication of effort for Research Bodies and potentially reduces audit cost for agencies.

2. Combined Scientific and Financial Site Reviews.

Arising from an SFI internal audit finding, we are going to address the merits of accompanying scientific staff on their site visits for larger awards.





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