Date: March 3, 2011

To: All McMaster Researchers and Research Administrators

From: Mo Elbestawi, Vice-President, Research and International Affairs
       Stephen Collins, Associate Dean, Research, FHS


As previously communicated, McMaster University has been re-engineering many processes as a result of the Tri-Council Monitoring Visit that was conducted in September 2009. Tri-Council made the following “recommendations” in their report:

- The institution must take immediate action to ensure that all expenditures charged to research grant accounts are being reviewed for compliance and eligibility to agency guidelines.

- The institution must develop and implement a process to ensure that the grantee’s or his/her delegate’s approval is obtained for all expenses charged to the research grant accounts. The delegation process must be done in writing.

The processing of Systems Contract purchases has been particularly problematic. Systems contracts purchases are a category of transactions whereby a purchaser orders goods on-line from an approved McMaster systems contracts vendor. The charges are posted to the researcher’s account by the Accounts Payable department when the invoices are received. Controls are deemed inadequate, because orders and payments are never reconciled, and neither PI nor delegate approval is necessarily received.

In an effort to improve the financial and administrative controls, and to comply with Tri-Council guidelines with respect to these transactions, members of the Systems Contracts Process Re-engineering Working Group and Internal Audit Department led several focus group sessions over the last year. Pursuant to the recommendations of the Working Group and Internal Audit, the University will be implementing a new systems contract procedure effective March 2011:

- Copies of invoices relating to Tri-Council accounts will be sent to each account holder (“PI”) on a monthly basis.
- The PI or delegate will be required to review and sign each invoice. Delegate(s) are those formally listed on the “Research Account Holder’s Accountabilities Form” as submitted to your respective Research Finance office.
- The PI must retain the signed invoice with their account records for a period of seven years. This practice is consistent with the retention policies of both Tri-Council and McMaster. As part of the roles and responsibilities of the Researcher, the signature certifies that all expenditures on the invoice are for the purpose for which the grant was awarded. These signed invoices may be requested by Research Finance as supporting evidence for audit purposes.
Your respective Research Finance Office reviews invoices for eligibility, and will contact the PI directly with any concerns.

This procedure will be subject to continuous audit by McMaster Internal Audit department. During future monitoring visits, Research Finance will request copies of these signed invoices, as audit evidence for those transactions selected by Tri-Council auditors.

It is understood that this process is very manual. Pursuant to McMaster's Vision 20/20 strategy, the University has embarked on a project to renew critical business systems. We therefore view this systems contracts process as a medium-term solution, until such time as a new, integrated, automated procurement system is implemented.

Your respective Research Finance Office will forward full details of this new process, including pertinent contact information.

Your continued co-operation with helping us meet Tri-Council requirements is greatly appreciated. We regret any inconvenience caused to researchers, but it is mandatory that we comply with the Tri-Council rules in this manner. A new financial system will replace these cumbersome manual processes.

Sincerely,

Mo Elbestawi,  
Vice-President,  
Research and International Affairs

Stephen Collins,  
Associate Dean; Research,  
Faculty of Health Sciences

cc:  
Kathy Charters, Executive Director, Research Office for Administration, Development & Support (ROADS)  
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Roger Couldrey, Vice-President (Administration)  
Ross Gardner, Director, Finance, Faculty of Health Sciences  
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