



# **Canadian Institutes of Health Research**

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## **Financial Management Framework**

## Table of content

1 – Financial Management Framework – It’s Our Responsibility .....	3
2 – Financial Management Regime .....	4
3 – Financial Management Framework.....	7
4 – Results for Sound Financial Advice and Stewardship.....	9
Annex A – Policy Disciplines.....	10
Annex B – Governance Structures.....	11
Annex C – Processes and Enablers .....	12
C.1 - Values and Principles.....	12
C.2 - Authorities .....	13
C.3 - Financial Management Processes .....	13
C.4 - Reporting and Sign- offs .....	16
C.5 - Monitoring and Oversight.....	18
Annex D – Agency Managers (Position Titles).....	18
Annex E – Expectations of Key Players for Financial Management.....	18
E.1 - President (Accounting Officer).....	19
E.2 - Chief Financial Officer .....	22
E.3 - Executive Vice President and Vice Presidents.....	26
E.4 - Agency Managers .....	27
E.5 - Financial Officers.....	29
E.6 - Departmental Audit Committee (DAC) .....	31

# **1 – Financial Management Framework – It’s Our Responsibility**

The Financial Management Framework (FMF) articulates the appropriate context, expectations and requirements for sound financial management and internal control across all levels of management within CIHR, consistent with the [Financial Administration Act \(FAA\)](#) and Treasury Board (TB) policies.

The FMF objective is to ensure a robust financial management accountability structure exists that clearly articulates policy disciplines, governance structures, and processes and enablers that when applied effectively contributes to effectiveness and efficiency of program and service delivery across Portfolios.

The FMF must reflect the collective commitment of all Managers<sup>1</sup> to enhance financial management accountability and to strengthen oversight and sound management of public resources entrusted to each of them. This includes a collective commitment to:

- put into action public service values such as probity, prudence, equity and transparency;
- ensure value for money, rigorous oversight and alignment with government of Canada priorities in the use of appropriated resources;
- establish, understand and strengthen a consistent approach to financial management;
- provide meaningful integrated financial and performance information consistent with the [Program Activity Architecture](#) and other reporting objectives;
- use best-practices in business processes, internal controls, and decision making;
- comply with TB and CIHR financial management instruments and policies; and
- ensure continued learning, training and skill development.

Adherence to the FMF represents a significant accountability of all Managers and should form part of their performance management agreements.

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<sup>1</sup> All managers refers throughout the FMF to all personnel involved in financial management activities

## **2 – Financial Management Regime**

The adoption of the [Federal Accountability Act \(FedAA\)](#) in 2006 established specific measures to strengthen accountability and increase transparency and oversight in government operations. The *FedAA* amended the [FAA](#) and established the President as Accounting Officer with legal accountabilities to answer before Parliamentary Committees for:

- a. measures taken to organize agency resources to deliver programs in compliance with policies and procedures;
- b. measures taken to maintain an effective system of internal control in agency;
- c. signing of accounts required for preparation of Public Accounts; and
- d. other specific duties assigned under *FAA* or any other Act in relation to administration of the agency.

The adoption of the *FedAA* also introduced Departmental Audit Committees (DACs) and provided mechanisms across government to strengthen internal audit, and financial management.

To directly support Accounting Officers, TB established the [Policy Framework for Financial Management \(PFFM\)](#), and clarified oversight, value for money and expenditure management responsibilities of the President (as the Accounting officer), the CFO and the Executive Vice President (EVP) and Vice Presidents (VPs) (*as represented in the diagram*).

Effective June 2010, the TB PFFM:

- established a new financial management environment for departments and agencies;
- established the CFO as a strategic advisor position reporting directly to the President; and
- clarified financial management responsibilities of the President (as Accounting Officer), CFO, CAE, EVP and VPs and the Departmental Audit Committee across specific policy disciplines.

Implementation of the TB PFFM (and CFO Model) represents a significant cultural move from a transaction-based regime to a robust and effective financial management accountability regime defined by:

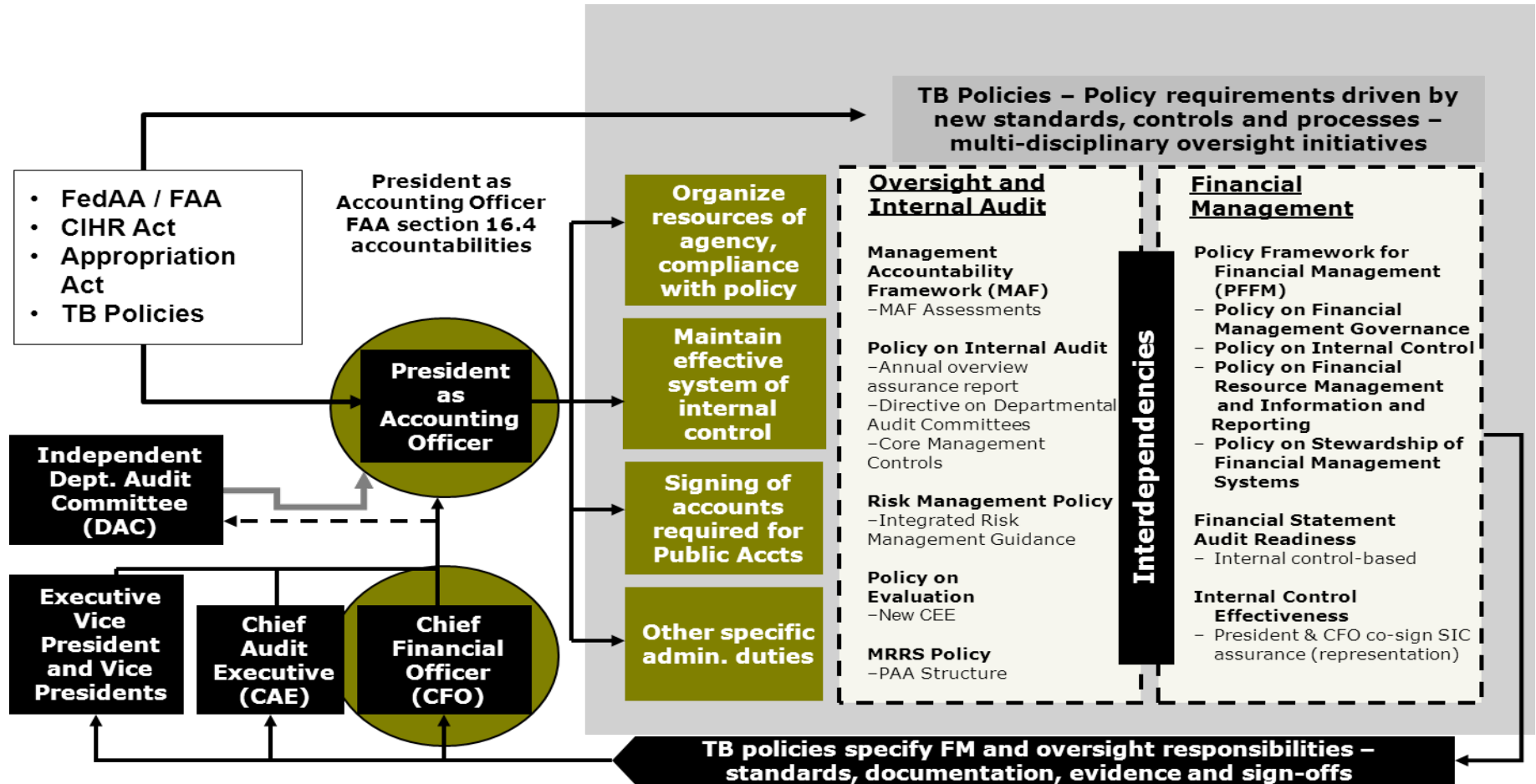
- strategic advice, new standards, strengthened challenge function, better analyses, reporting and oversight (*provided by the CFO, and his team*);
- strengthened financial management authorities and responsibilities, new evidence requirements, and new certification-based sign-offs (*provided by both the EVP and VPs and the CFO*); and

- separate independent advice to the President (as the Accounting Officer) on the adequacy of the agency's systems of internal control, financial reporting and financial disclosures (*provided by the Chief Audit Executive (CAE) and Departmental Audit Committee*).

The CFO and his team also play a significant role in the provision of strategic advice, oversight, challenge function, and support to the President, the EVP and VPs, and Agency Managers (with budget management responsibilities – [see Annex D](#)) in meeting the management expectations outlined in various *TB Policies* including:

- [Management Accountability Framework \(MAF\)](#);
- [Policy on Management Resources and Results Structures \(MRRS\)](#) and [CIHR's Program Activity Architecture \(PAA\)](#);
- [Policy on Transfer Payments](#),
- [Policy on Evaluation](#) and [Policy on Internal Audit](#) via CIHR's Evaluation, Internal Audit and Risk Management Director.
- [Policy on Investment Planning - Assets and Acquired Services](#); and
- [Policy Framework for the Management of Compensation](#)

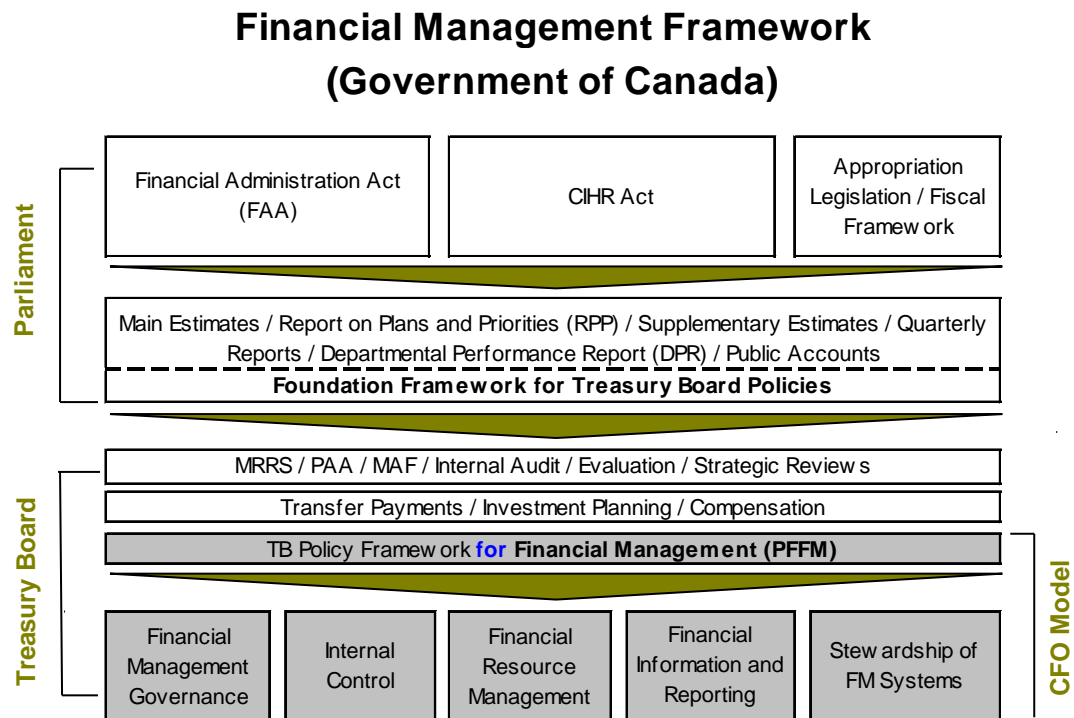
# FedAA / Policy Framework for Financial Management: Governance Oversight



### 3 – Financial Management Framework

The term "financial management" refers to a continuum of activities undertaken to ensure prudent use of public resources in an effective, efficient and economic manner which include planning, budgeting, forecasting, accounting, and reporting, supported by internal control and oversight, analysis, costing, decision support and advice, and the management of financial systems. Effective financial management is thus guided by the following fundamental principles:

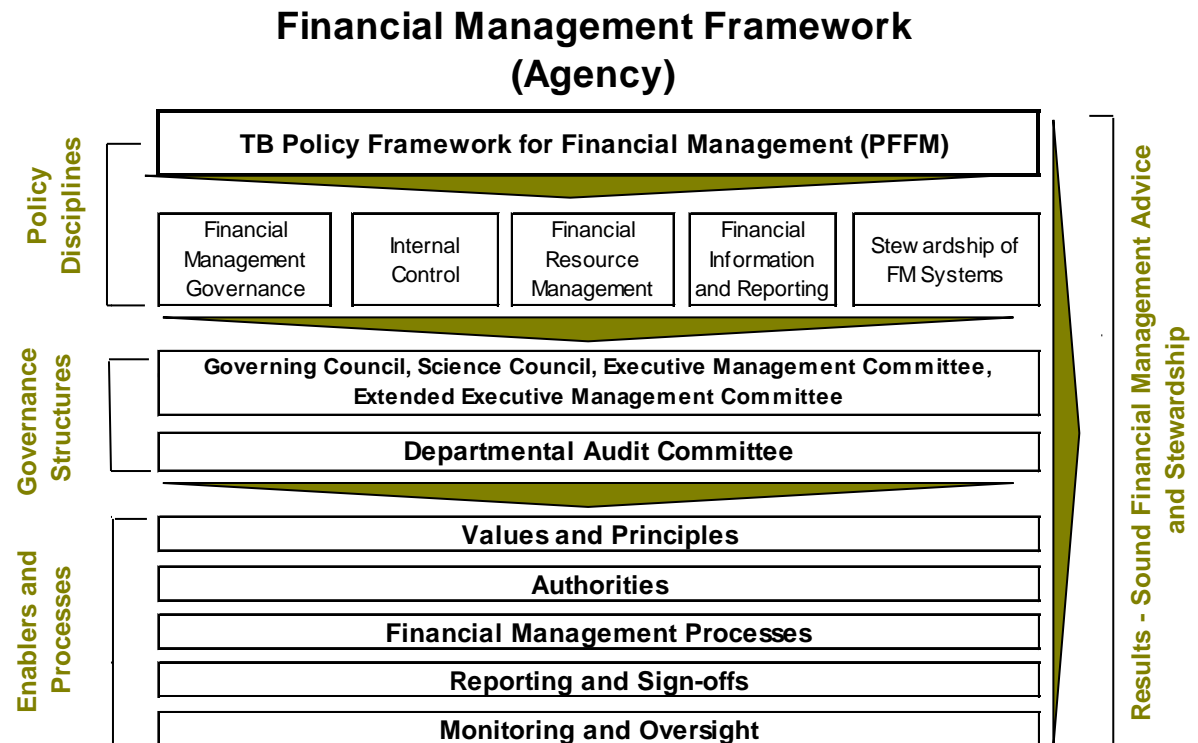
- **Value for money:** public funds are managed with prudence and probity, assets are safeguarded and resources are used effectively, efficiently and economically to achieve agency and governmental objectives.
- **Accountability:** clear accountabilities and expectations for financial management are well understood with assurances related to effective use of public funds and results achieved. Managers are accountable and answerable for their decisions and the discharge of their expectations in accordance with legislation, policy instruments, authorities, and operational and fiscal responsibilities.
- **Transparency:** key stakeholders and Parliament are provided with pertinent, reliable and timely financial and related non-financial information and reporting to demonstrate confidence that public funds are used and managed well.
- **Risk management:** effective and efficient systems of internal control are in place and maintained with controls that are proportionate to and balanced with the risks they aim to mitigate – not overly burdensome or overly permissive in support of innovation and results.



Therefore the essential policy disciplines include: financial management governance; internal control; financial resource management; financial information and reporting; and stewardship of financial management systems.

At the Agency level, the FMF is comprised of three elements: Policy Disciplines; Governance Structures; and Enablers and Processes, that when adhered to by all managers results in sound financial stewardship and advice (*represented below*).

- [Policy Disciplines](#) are the foundations of sound financial management, and include legislation, policy, and the integrated disciplines of sound financial management and stewardship. Policy disciplines set expectations and responsibilities for the financial management environment ([see Annex A for details](#)).
- [Governance Structures](#) establish the means by which leading authority(s) ensure proper accountability, stewardship and transparency in the conduct of financial management, risk and internal control, and stewardship over resources ([see Annex B for details](#)).
- Enablers and [Processes](#) are how policy disciplines and governance structures are effected across the agency. At the operational level which impacts all Managers, they include: [Values and Principles](#); [Authorities](#); [Financial Management Processes](#); [Reporting and Sign-offs](#); and [Monitoring and Oversight](#) ([see Annex C for Details](#)).



A sound and effective FMF is a key element that needs to be embedded in the culture across CIHR, and remains at the core of President, EVP, VPs, CFO, Agency Managers and Financial Officers expectations and requirements to effectively operate CIHR's Financial Management regime as set out in [Appendix E](#).



## **4 – Results for Sound Financial Advice and Stewardship**

Sound financial and program management can be achieved by integrating the various components of the FMF into one coherent management approach. Achieving sound financial advice and stewardship is based upon a culture of continued improvement to achieve:

- an integrated approach to management, with enhanced management and decision-making;
- value through the provision of better overall financial management advice and program results;
- support to the program management;
- improved reporting, demonstrated accountabilities and effective policy implementation; and
- consistent, integrated standards and approaches to allow linkage of resources to results.

**Expected tangible outcomes** arising from the implementation of the FMF include:

1. The President (as Accounting Officer), EVP, VPs, and Agency Managers are effectively supported through strategic advice and effective enablers to achieve and meet their financial management expectations and requirements;
2. The President, EVP, VPs, and CFO have effectively communicated the financial management expectations, training of key players has been successful, and their behaviour have been strengthened in financial and resource management;
3. The CFO in collaboration with the Chief Audit Executive (Director, Evaluation, Internal Audit and Risk Management), and the Departmental Audit Committee, have effectively provided support and strategic advice needed to achieve the expectations set out in the TB PFFM, and MAF;
4. Monitoring and strong challenge function support to the President, EVP, VPs ,and CFO in meeting their financial management expectations and suitable consequences are in place to address non-compliance; and
5. The agency FMF is embedded in the financial management culture and governance across the agency and the CAE adopts it as a standard to assess the financial management performance of all Agency Managers and the agency.

## Annex A – Policy Disciplines

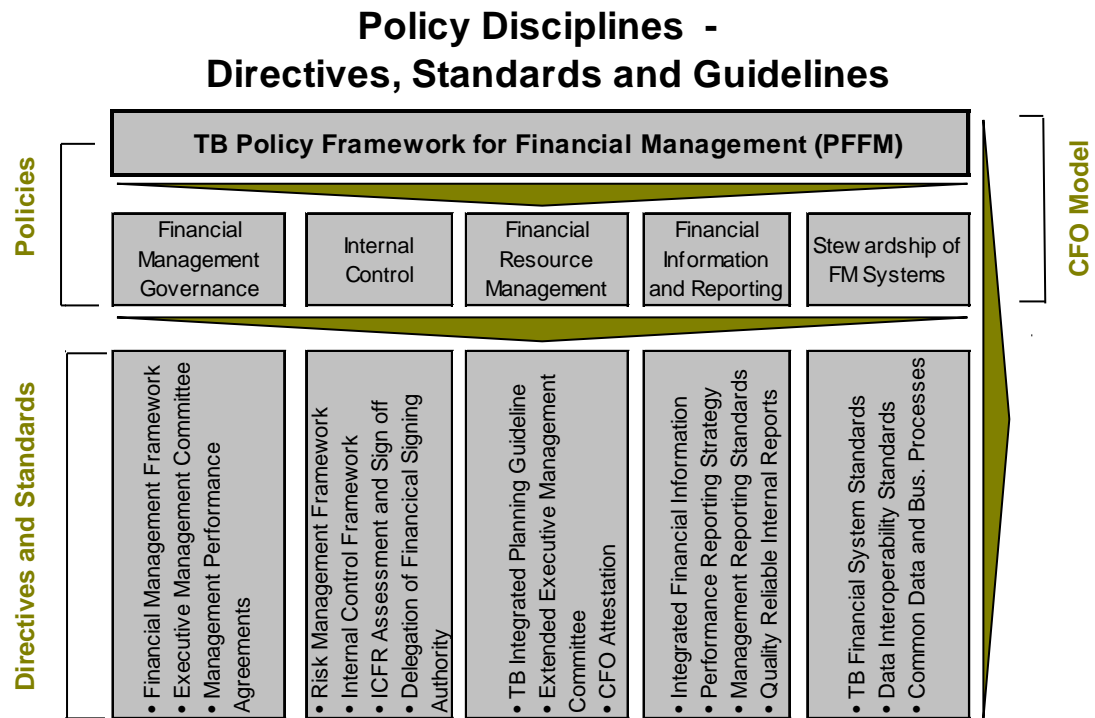
Policy disciplines are the foundations of sound financial management. The [TB PFFM](#), through its specific policy instruments, directives, standards and guidelines provides broad procedural direction to ensure sound and effective management of finances and resources. The PFFM describes the responsibilities, within the overall financial management environment of the President, CFO, EVP and VPs, and thus defines the new financial management regime.

Therefore, over and above TB policies, directives, standards and guidelines, for each of the five PFFM disciplines, specific CIHR directives, standards and guidelines have been or will be established to provide guidance and set out more specific expectations for the EVP, VPs, Agency Managers and Financial Officers (*as represented in the diagram*).

All Managers across CIHR must be aware of the principles contained in these policies, directives and standards, and apply them in conducting their policy and program delivery activities, consistent with commitments set out in their respective performance agreements.

References for TB policy, directives, guidelines and standards associated to the five financial management disciplines about governance, internal control, resource management, information and reporting, and financial management systems can be found on TBS Website at <http://publiservice.tbs-sct.gc.ca/prp-pep/psri-irp-eng.asp>.

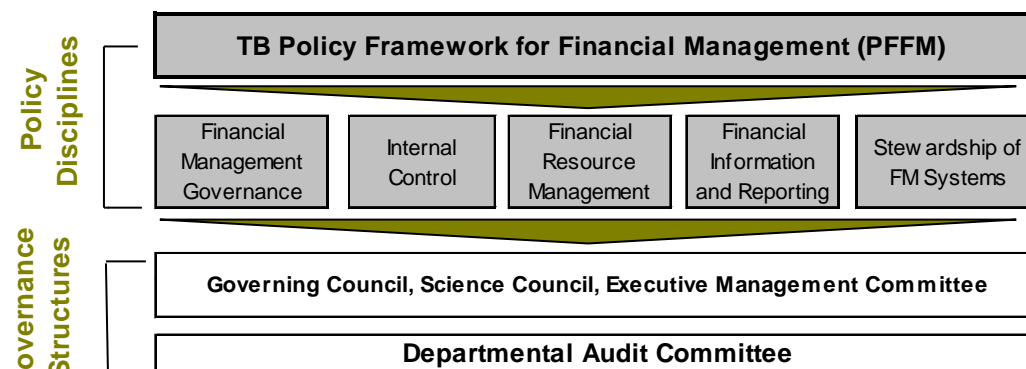
Specific CIHR financial management directives, standards and guidelines that define for example, [Grants and Awards – Terms and Conditions](#), [Institutional Eligibility Requirements to Administer CIHR funds](#), [Delegation of Financial Signing Authorities](#), and [Financial Coding Manual](#) can be found on the Finance Tools and Resources Web site at [Tools and Resources - CIHR](#). As well, CIHR has established and implemented the [Internal Control Over Financial Reporting \(ICOFR\) framework](#).



## **Annex B – Governance Structures**

Governance structures establish the means by which the leading authorities ensure proper accountability, stewardship and transparency in the conduct of financial management, risk and internal control, and stewardship over appropriated resources.

Accountability and responsibility are basic building blocks of a sound FMF. Managers are accountable for the resources they use, and the results achieved. Thus, all Managers in the agency must clearly understand the financial management accountabilities and responsibilities that are fundamental to delivering the desired results and strategic outcomes, including: effectiveness and efficiency of resource management operations; reliability of financial management and reporting; and compliance with statutes, and policies.



CIHR’s governance framework is laid out in its legislation, the [CIHR Act](#). The table below sets out key TB and CIHR documents as it relates to governance in financial management.

<b>Governance Structures</b>	<b>Treasury Board (TB)</b>	<b>CIHR</b>
<b>Governance Committees</b>	<ul style="list-style-type: none"> <li>• Management Accountability Framework (MAF)</li> <li>• Policy on Financial Management Governance</li> <li>• Guidelines on CFO Qualifications</li> <li>• Management, Resources and Results Structure (MRRS) Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance               <ul style="list-style-type: none"> <li>○ Governing Council (GC)</li> <li>○ Science Council (SC)</li> <li>○ Executive Management Committee (EMC)</li> </ul> </li> </ul>
<b>Departmental Audit Committee and Departmental Evaluation Committee</b>	<ul style="list-style-type: none"> <li>• Policy on Internal Audit               <ul style="list-style-type: none"> <li>○ Directive on Departmental Audit Committees</li> </ul> </li> <li>• Policy on Evaluation               <ul style="list-style-type: none"> <li>○ Directive on Evaluation Function</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Departmental Audit Committee (DAC)</li> <li>• Internal Audit Charter / Policy</li> <li>• Executive Management Committee acts as Evaluation Committee               <ul style="list-style-type: none"> <li>○ Sub-Committee on Performance Measurement</li> </ul> </li> </ul>

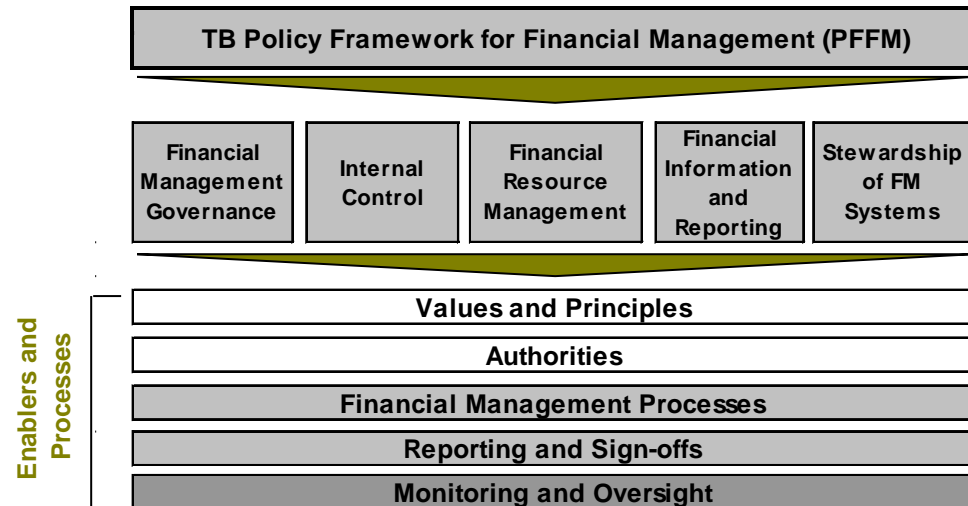
## Annex C – Processes and Enablers

Enablers (*Values and Principles, Authorities*) and Processes (*Financial Management Processes, Sign-offs and Reporting, Monitoring and Oversight*) are the underpinnings of the FMF, and represent the essential elements that must be in place across the agency. They are how *Policy Disciplines* and *Governance Structures* are effected across CIHR.

Parliament and Canadians expect CIHR to be well managed with prudent stewardship of public funds, the safeguarding of public assets, and effective, efficient and economical use of public resources. Enablers and Processes are the means by which this is achieved.

### C.1 - Values and Principles

**Values** set out the ethical qualities expected of every Manager and all personnel across CIHR as it relates to financial management and include: honesty and truthfulness; transparency and openness; objectivity and independence; full and complete disclosure; prudence; and ethical and principle behaviour. The President is responsible to ensure that all agency employees and officers are guided in their work and their professional conduct by a balanced framework of public service values: democratic, professional, ethical and people values, as set out in the [CIHR Code of Conduct](#).



**Principles** are the pillars that govern CIHR financial and business practices. Managers are expected to govern their business practices within the financial management principles (Described in Section 3) of Value for Money, Accountability, Transparency and Risk Management. These principles are to be used to: fulfill financial management expectations and responsibilities, ensure effective and efficient financial controls, manage business and financial risks, ensure appropriate coding and classification, provide integrated financial information, and undertake active monitoring and oversight.

## C.2 - Authorities

**Parliamentary authority** over the use of public money is controlled through the use of appropriations. An appropriation is defined in the *FAA* as an authority to pay money out of the Consolidated Revenue Fund. In most cases, appropriations require Parliament's approval each year. However, some appropriations are "statutory", which means they have been approved under other statutes, and do not require annual approval.

Responsibility for the control and spending of public money at CIHR, rests with the Minister and President in accordance with the *FAA*, and through the [CIHR Delegation of Financial Signing Authorities](#) instrument. The Minister of Health delegates financial authorities to specific positions within the Agency. All CIHR Managers, empowered by the delegation instruments (see list of position in Annex D), are accountable for, and therefore have a duty to report upon, the effective management of the public resources used to achieve their agreed upon results. CIHR Managers are accountable not only for the aggregate manner in which they discharge their responsibilities, but also for the propriety of each individual transaction. Thus, CIHR Managers must be aware of, and incorporate all aspects of this FMF into the management and delivery of their program activities.

## C.3 - Financial Management Processes

**Financial management processes** are the means by which controls and systems are operationalized. Policy disciplines exist to provide direction to CIHR Managers in carrying out their financial management responsibilities and expectations. Financial management processes provide the basis for a standard set of controls to mitigate identified risks, and describe how policy disciplines are to be implemented across CIHR.

The FMF includes the following financial management processes:

- **Allotment Control (*FAA Sec 31*)** – the preparation of a division of the appropriation or item into allotments in the form detailed in the Estimates;
- **Asset / liability management** – involves the management of investments and capital assets that are tangible assets either purchased, constructed, developed or otherwise acquired, and the valuation of those assets is governed by the [TB Allowances for Valuation of Assets and Liabilities Policy](#).

- **Budgeting** - reflects decisions based upon our priorities and how they will be achieved;
- **Cash and appropriation management** - cash management / appropriation control is a monitoring function to ensure that, at any point in time, all disbursements and payables at year-end, less any applicable year-to-date collections of respendable revenue, do not exceed the total available supply / allotments;
- **Coding and accounting** - the practice of recording transactions based upon a classification of accounts structure, keeping financial records in a general ledger, analyzing and reporting financial information, and reflecting resource allocation transactions and decisions.
- **Commitments (FAA Sec 32)** - involves ensuring that before entering into contracts or financial arrangements there is sufficient unencumbered resources available in relevant appropriation envelopes. Commitment management also involves the management of de-commitments to be effective;
- **Costing** – involves the recording and attribution of direct and indirect costs to activities, reflecting full costs for internal and external cost recovery and user charges for pre-agreed upon products and services;
- **Expenditure management (FAA Sec 34)** - involves the acknowledgement of receipt of goods and / or services when rendered for every encumbrance, as authorized by the delegated authority;
- **Forecasting** - discloses planned revenues, expenditures and asset / liabilities that have not been encumbered, committed, nor made and are based upon actual and real plans using a rigorous and supportable analysis;
- **Grants and Awards – Transfer payments** - transfer payments are monetary payments, or transfers of goods, services or assets to third parties, including Crown corporations, on the basis of an appropriation; transfer payments do not result in the acquisition by the Government of Canada of any goods, services or assets. Grants and awards are transfer payments subject to pre-established eligibility and other criteria. A grant or award is neither subject to being accounted for by a recipient nor normally subject to audit by the agency. The recipient may be required to report on results achieved.
- **Internal Control** – a set of means put in place to mitigate risks and provide reasonable assurance for effectiveness and efficiency; reliability of financial reporting; and compliance with legislation, policies and delegation of financial authorities;

- **Investment Planning** - is the use of resources with the expectation of a future return, such as an increase in output, income or assets, or the acquisition of knowledge, or capacity. Investment planning is the function of allocating and reallocating resources to new and existing capital assets and acquired services that are essential to program delivery, a key element in achieving value for money and sound stewardship;
- **Ongoing monitoring, assurance and quality control** - ongoing monitoring and direction over planning, financial management, and investment planning processes and is undertaken to ensure that Managers are complying with established policies, procedures, systems and clear detailed directions. Challenge (or to undertake a challenge function) is a demanding or stimulating situation that involves questioning a statement / information and demanding an explanation, or a formal objection to the presentation of information that demands an explanation; and
- **Payment Requisition (FAA Sec 33)** - no charge shall be made against an appropriation except on the requisition of the appropriate Minister of the department/agency for which the appropriation was made or of a person authorized in writing by that Minister;
- **Reporting** - management reporting establishes the standard approach and input for monitoring budgets, actuals and forecasts across the agency, which results in the generation of portfolio and agency financial resource utilization status reports, and is a critical tool for forecasting financial positions at all levels across the agency. Reporting involves both internal and external communication of financial and related non-financial information about the nature of Program operations, and the results of operations, structured within the agency financial information architecture. Financial information includes both financial and related non-financial information, where “financial information” is any data, information and knowledge used in understanding, managing, and reporting upon, the monetary aspects of any activity, and “related non-financial information” is any data, information and knowledge contributing to the understanding, managing, and reporting upon, of financial information;
- **Resource allocation and re-allocation** – effecting CIHR priorities by aligning budget decisions with resources required to achieve results;
- **Responding to material changes in circumstances** - are defined as major reductions / losses or increases (to revenues; expenditures; assets; liabilities; and risks) in Program operations that materially impact the capability and capacities to continue Program operations within the same cost structure. [TBAS 1.3](#) (Departmental and Agency Quarterly Financial Report) and TB [Guideline on Internal Control Over Financial Reporting](#) (certifications in Annex) require that material changes in circumstances for changes in financial results, risks and uncertainties, and significant changes in relation to operations, personnel and programs be publicly disclosed;

- **Revenue management** – reflects the full cost recovery of: products and services; the value and associated costs of rights and privileges granted; and the value of access to and use of government resources;
- **Risk management** – a comprehensive and systematic approach to understanding, communicating and managing risk from a corporate perspective in order to apply due diligence in managing and mitigating risks on an ongoing basis;

The CIHR key financial management process requirements are documented in the companion *Financial Management Framework* document entitled “[CIHR Financial Management Process Requirements](#)”.

## C.4 - Reporting and Sign- offs

Reliable reporting that provides transparency and accountability for how CIHR spends public funds to achieve results must be expected. The discipline of formal sign-offs, supported by evidence, is crucial to obtain assurance that financial decisions, funding requirements, and financial disclosures can be relied upon and are of high quality.

**Financial reporting** is the process of preparing and distributing financial information for use by all key players to ensure that reliable and timely financial and related non-financial information is available to support effective decision making, accountability and transparency both internally and externally.

In support of the President, as Accounting Officer, the CFO plays a key role in providing reasonable assurances that CIHR’s planning, budgeting and reporting processes are effective, including the provision of objective advice and recommendations on the reliability of supporting financial information and reporting. Likewise, the EVP and VPs also support the Accounting Officer for the effective planning, budgeting and reporting on the use of financial resources falling within their area of responsibilities.

Externally disclosed financial reports include the financial component of the [Report on Plans and Priorities](#), quarterly financial reports, [year-end audited financial statements](#), and the financial component of the annual [Departmental Performance Report](#). These types of reports disclose financial results in the use of appropriated resources in accordance with the government’s accounting policies, which are based on Canadian generally accepted accounting principles for the Public Sector.



Internally generated financial management reports are used to accurately reflect the agency's resource utilization. They are prepared on a regular basis and used for internal resource allocation, re-allocation processes, and funding decisions taken on operating and capital budgets.

Reliance upon financial management reports for decision support is premised upon integrated financial and related non-financial information that is fairly presented, timely, relevant, reliable, and complete. Financial reporting is therefore not an end unto itself but rather a beacon that informs decisions.

Discipline, rigor and analyses needs to accompany these reporting processes, which also apply to ad-hoc reporting. Therefore it is imperative that all key players:

- understand the range and complexity of financial management information as required across CIHR for decision-making – the range reflects the continuum from basic financial transaction data through to strategic performance information, consistent with the PAA;
- use common and integrated financial management and performance information to better manage, track and integrate financial and portfolio performance information with strategic outcomes in the PAA;
- ensure that internal financial management information reports are accurate, consistent, relevant, reliable, timely, and readily accessible to meet their informational requirements; and
- ensure financial control reports are actively reviewed and assessed to highlight expenditure, revenue, and accounts receivable and payable transaction anomalies and inaccuracies.

**Sign-off disciplines** from the President (as Accounting Officer), EVP, VPs, and CFO represent specific controls over funding matters and financial disclosures and representations and are required to mitigate financial disclosure risks. These sign-offs relate to matters of approving all key funding initiatives, including external financial management and internal control representations, and financial management disclosures, related to:

- [Memoranda to Cabinet \(MCs\)](#), and separately [Treasury Board Submissions](#);
- Agency quarterly financial reports (*as required by [TBAS 1.3](#)*); Agency financial statements (*[CIHR Act](#), [TBAS 1.2](#); as disclosed in the annual Departmental Performance Report*); and
- [Statement of Management Responsibility Including Internal Control Over Financial Reporting \(ICFR\)](#); and
- The annual [Letter of Representation to the Auditor General and the Deputy Receiver General in support of the Public Accounts](#)

## **C.5 - Monitoring and Oversight**

Ongoing monitoring, assurance, and quality control refers to the responsibility of all managers to actively assess ongoing operations against policies and guidelines, and seek independent assurance to ensure appropriate progress is made against plans.

An effective oversight regime is necessary to actively monitor the state of financial management practices and controls across CIHR. This is effected through sound financial management governance structures, objective oversight functions provided by the independent [Departmental Audit Committee](#), and separately the [Executive Management Committee](#), and strong controls based monitoring and oversight by managers and financial officers across CIHR.

To this end, all managers must actively monitor those management practices and controls and early and effective remedial action should be taken in areas where deficiencies are encountered or improvements are needed. The CFO must also be informed of any concerns in a timely manner.

Consequences for non compliance with TB policy instruments and the CIHR FMF and accompanying policies and delegation instruments, are described in and governed by the [TB Framework for the Management of Compliance](#).

## **Annex D – Agency Managers (Position Titles)**

The [List of Equivalent Positions](#), Part B of the [Delegation of Financial Signing Authority](#) includes the position and titles of all Agency Managers.

## **Annex E – Expectations of Key Players for Financial Management**

The [Financial Administration Act \(FAA\)](#) is the cornerstone of the legal framework for general financial management and accountability of federal public service organizations. It sets out a series of fundamental principles on the manner in which government spending may be approved, expenditures can be made, revenues obtained, and funds borrowed.

The *FAA* also provides the basis for the internal control of funds allocated to departments and agencies by Parliament and for the preparation of the Public Accounts that contain the government's annual statement of expenses and revenues. Under the Act, the President is obliged to establish procedures and maintain records respecting the control and use of public funds.

The TB PFFM requires a consistent approach to the management of significant risks to agency operations, and requires probity, prudence, and transparency in the administration of public resources and funds. The following sections will describe the key expectations and requirements of the President, CFO, EVP and VPs, Agency Managers and Financial Officers in relation with the FMF at CIHR.

### E.1 – President (Accounting Officer)

TB policies require that the President, as the Accounting Officer, assume overall stewardship responsibility for the integrity of the agency's financial management capabilities, and the capacity to meet the resource management needs of the agency and government.

Pursuant to the *FAA*, the President, as Accounting Officer, with legal accountabilities to answer before the appropriate Parliamentary Committee is expected to put in place:

- a) measures to organize the resources of the agency to deliver agency programs in compliance with government policies and procedures;
- b) measures to maintain effective systems of internal control in the agency;
- c) sign the accounts that are required to be kept for the preparation of the Public Accounts; and
- d) performs other specific duties assigned to him or her by or under the *FAA* or any other Act in relation to the administration of the agency.

Financial Management Disciplines	Expectations and Requirements (President, as Accounting Officer)
Financial Management Governance	<ol style="list-style-type: none"> <li>1. Provides leadership by demonstrating financial responsibility, transparency, accountability, and ethical conduct in financial and resources management.</li> <li>2. Ensures that subordinates manage agency and programs in compliance with legislation, regulations, TB policies,</li> </ol>

<b>Financial Management Disciplines</b>	<b>Expectations and Requirements (President, as Accounting Officer)</b>
	<p>and the delegation of financial signing authorities.</p> <ol style="list-style-type: none"> <li>3. Assumes overall stewardship responsibilities for integrity of agency's financial management capabilities and capacity to meet the needs of the agency and the government.</li> <li>4. Ensures the strategic planning process gives due consideration to financial risks, financial sustainability, governance, resource allocation and performance monitoring.</li> <li>5. Establishes a sound financial management governance structure that fosters prudent stewardship of public resources in delivery of mandate of the organization, consistent with MRRS and MAF requirements.</li> <li>6. Approves and signs off on all key external financial management representations and financial management disclosures including those in Memoranda to Cabinet and Treasury Board submissions.</li> <li>7. Approves and signs off on Agency financial statements including the <i>Statement of Management Responsibility Including Internal Control Over Financial Reporting</i>.</li> <li>8. Appoints, in writing, the CFO and ensures that the Comptroller General, or his or her representative, is a member of the selection committee: is consulted on the intention to remove the CFO for reasons relating to the CFO's professional performance, is advised of the appointment, transfer or departure of the CFO, ensures the CFO reports directly to the President, ensures the CFO leads and directs the financial management function and is considered with respect to the qualifications of CFO.</li> <li>9. Seeks advice in writing from the Comptroller General on the following: when deciding on a course of action the CFO has advised against; on the proposed position description of the CFO; when establishing clear responsibilities and performance expectations for the CFO; ensuring the CFO is not assigned program responsibilities or non-financial roles; and undertaking the periodic performance evaluation of the CFO.</li> <li>10. Monitors compliance with policies within the TB PFFM and its related directives and standards through periodic audits and other assessments to ensure their effective implementation.</li> <li>11. Takes corrective action when needed and provides reports or information on the agency's system of financial management and internal control as requested by the Comptroller General from time to time.</li> </ol>
<b>Internal Control - Including Internal Control Over Financial Reporting (ICFR)</b>	<ol style="list-style-type: none"> <li>1. Ensures the establishment, maintenance, monitoring and review of the agency's system of internal control to mitigate risks in the following broad categories: <ul style="list-style-type: none"> <li>o effectiveness and efficiency of programs, operations and resource management, including safeguarding of assets;</li> <li>o reliability of financial reporting; and</li> <li>o compliance with legislation, regulations, policies and delegated authorities.</li> </ul> </li> <li>2. Signs an annual agency <i>Statement of Management Responsibility Including Internal Control Over Financial Reporting</i>, which prefaces CIHR Financial Statements and that will: <ul style="list-style-type: none"> <li>o acknowledge the responsibility of management for ensuring maintenance of effective system of internal control over financial reporting (ICFR);</li> <li>o acknowledge conduct of an annual risk-based assessment of the system of ICFR to determine its on-going effectiveness;</li> </ul> </li> </ol>

<b>Financial Management Disciplines</b>	<b>Expectations and Requirements (President, as Accounting Officer)</b>
	<ul style="list-style-type: none"> <li>○ acknowledge establishment of an action plan to address any significant issues found as a result of the annual assessment of effectiveness of the system of ICFR; and</li> <li>○ include a summary of the results of the assessment of the system of ICFR along with actions taken in response to any significant issues.</li> </ul> <p>3. Engages with the Departmental Audit Committee (DAC) on risk-based assessment plans and associated results related to effectiveness of the agency's system ICFR.</p>
<b>Financial Resource Management</b>	<ol style="list-style-type: none"> <li>1. Ensures strategic planning process gives due consideration to financial risks, financial sustainability, governance, resource allocation and performance monitoring.</li> <li>2. Approves and signs off on all key external financial management representations and financial management disclosures including those in <i>Memoranda to Cabinet (MCs)</i>; and <i>Treasury Board submissions</i>, and the Estimates process, including the Annual Reference Level Update.</li> <li>3. Approves agency's financial plan, budget, as well as related allocations and reallocations of resources and significant initiatives.</li> <li>4. Ensures the timely allocation of approved budgets throughout the fiscal-year to all managers with financial authorities.</li> <li>5. Ensures effective oversight of agency's financial plan, budget and related allocation and reallocation of resources, as well as significant initiatives with decisions supported by sound analysis and reliable information. This includes: <ul style="list-style-type: none"> <li>○ financial resources are aligned with the mandate and priorities of the agency and the government;</li> <li>○ key assumptions, including estimates relative to workload and costs, are reliable;</li> <li>○ significant financial risks are identified and risk mitigation strategies are reasonable;</li> <li>○ use and performance of financial resources are adequately monitored and reported; and,</li> <li>○ compliance with legislation, regulations, policies and financial authorities.</li> </ul> </li> <li>6. Ensures appropriate engagement, review and sign off of the CFO related to sound analysis and reliable information on significant initiatives and proposals submitted for Cabinet or Treasury Board approvals.</li> </ol>
<b>Financial Information and Reporting</b>	<ol style="list-style-type: none"> <li>1. Ensures effective and timely access for all Managers to budget and expenditure information in support of decision-making and accountability.</li> <li>2. Approves and signs off on the agency's Financial Statements published annually as part of the DPR process including the <i>Statement of Management Responsibility Including Internal Control Over Financial Reporting</i>.</li> <li>3. Signs a quarterly financial report for each of the first three quarters of each fiscal year.</li> <li>4. Ensures that annual financial statements can sustain efficient audits, including control-based audits in whole or in part.</li> <li>5. Engages with the Departmental Audit Committee (DAC) on the review of information contained in agency's financial information reports and disclosures.</li> <li>6. Signs the Annual Letter of Representation to the Auditor General and Deputy Receiver General in support of the</li> </ol>

<b>Financial Management Disciplines</b>	<b>Expectations and Requirements (President, as Accounting Officer)</b>
	Public Accounts. 7. Ensures that appropriate and timely action is taken to address any significant reporting issues or issues relating to the production of agency financial information and provides reports or information as requested by the Comptroller General of Canada.
<b>Stewardship of Financial Management Systems (FMS)</b>	1. Provides leadership and strategic direction for the Financial Management System (FMS), business processes and data. 2. Ensures prudent investments are made in FMS that meet operational requirements and that are aligned with the strategic direction for FMS across government, in compliance with Treasury Board directions. 3. Allocates appropriate resources to ensure a timely implementation of standardized configurations of FMS, common financial management business processes and common enterprise data requirements as defined by the Office of the Comptroller General (OCG). 4. Assigns an agency's representative to the relevant FMS cluster group, where they will actively participate to ensure that CIHR business needs are considered in that forum while adhering to OCG direction for FMS and that appropriate controls to satisfy CIHR audited financial statement requirements are in place within the FMS cluster configuration.

## E.2 – Chief Financial Officer

Within the new financial management regime and TB policy environment, the Chief Financial Officer (CFO) is required to act as an objective strategic advisor for business and financial management in support of the President, as Accounting Officer, EVP, VPs, Agency Managers, and the financial community.

The CFO is the lead agency executive for financial management, providing key objective strategic advice on the overall stewardship of the financial management culture and its performance including program financing, financial reporting and disclosure, and for dealing with central agencies and other stakeholders.

<b>Financial Management Disciplines</b>	<b>Expectations and Requirements (Chief Financial Officer)</b>
<b>Financial Management Governance</b>	1. Supports the President (as Accounting Officer) in achievement of his mandate as an independent, objective strategic advisor for business and financial management, including funding initiatives and resource allocation, and key steward with respect to relevant legislation, regulations, policies, directives and standards related to financial management.

Financial Management Disciplines	Expectations and Requirements (Chief Financial Officer)
	<ol style="list-style-type: none"> <li>2. The lead agency executive for all aspects of financial management, program financing, financial reporting and disclosure, and for dealing with central agencies and other stakeholders.</li> <li>3. Develops, communicates and maintains the agency's FMF.</li> <li>4. Ensures that robust risk-based account verification procedures are in place, in compliance with the <i>Financial Administration Act</i>.</li> <li>5. Leads the financial component of the agency planning process on behalf of the President.</li> <li>6. Assesses, in collaboration with the Executive Management Committee, principal business risks and financial resource implications of options and policy alternatives, and their impact on the agency's financial position.</li> <li>7. Signing financial management representations and disclosures such as the Agency financial statements, including the <i>Statement of Management Responsibility Including Internal Control Over Financial Reporting</i>.</li> <li>8. Provides the President with reasonable assurance that appropriate measures are taken to maintain an effective system of internal controls and that processes are in place to ensure the effectiveness of agency financial management.</li> <li>9. Provides leadership and oversight on proper application and monitoring of financial management across the agency including establishing and communicating clear responsibilities for holders of positions with delegated financial authorities.</li> <li>10. Provides a challenge function on financial management matters and use of public resources across the agency.</li> <li>11. Signs off on all financial and related reports, submissions and disclosures of the agency requiring approval of the President.</li> <li>12. Advises the President, if a proposed course of action will result in undue financial risk or control exposure for the agency or when the proposed course of action would not comply with the financial requirements of any legislation, regulation or policy.</li> <li>13. Establishes proper training modules and communicates clear responsibilities to managers with delegated financial authorities.</li> <li>14. Maintains financial management services and service standards that meet the needs of the agency and managers at every level.</li> <li>15. Provides functional guidance, leadership and direction to the financial community across the agency and is the primary contact point with the OCG and TBS on all agency financial resource management matters.</li> </ol>
<b>Internal Control - Including Internal Control Over Financial Reporting (ICFR)</b>	<ol style="list-style-type: none"> <li>1. Supports the President in the establishment, maintenance, monitoring and review of the agency system of internal control, including monitoring adherence to the delegation of financial signing authorities.</li> <li>2. Signs the annual CIHR <i>Statement of Management Responsibility Including Internal Control Over Financial Reporting</i>, which prefaces its Financial Statements.</li> <li>3. Provides the Accounting Officer with assurance that processes are in place to ensure the effectiveness of CIHR financial management.</li> <li>4. Provides advice and support to EVP, VPs and their subordinates on the development and maintenance of an</li> </ol>

<b>Financial Management Disciplines</b>	<b>Expectations and Requirements (Chief Financial Officer)</b>
	<p>effective financial management, risk and control framework over programs.</p> <ol style="list-style-type: none"> <li>5. Leads and coordinates the establishment, use, maintenance and monitoring of an effective agency system of internal control over financial management.</li> <li>6. Leads the establishment and execution of an assessment plan for the effectiveness of the system of ICFR with scope and timelines to be determined based on agency's risks and context.</li> <li>7. Leads and coordinates the effective and timely production of the annual agency <i>Statement of Management Responsibility Including ICFR</i>.</li> <li>8. Ensures that the agency <i>Statement of Management Responsibility Including ICFR</i> is supported by the appropriate evidence obtained annually from execution of the assessment plan.</li> <li>9. Supports the Accounting Officer in ensuring that appropriate and timely action is taken to address any necessary adjustments relating to internal controls over financial management and ICFR.</li> <li>10. Provides advice to EVP, VPs, their subordinates and other expert or specialized functions to ensure that internal controls over financial management and systems of ICFR within their areas of responsibility are effective and effectively managed, and support the agency's <i>Statement of Management Responsibility ICFR</i>.</li> </ol>
<b>Financial Resource Management</b>	<ol style="list-style-type: none"> <li>1. Supports the President as a senior agency executive providing independent and objective recommendations on all funding initiatives and resource allocations requiring the Accounting Officer's approval.</li> <li>2. Leads financial component of agency's planning process.</li> <li>3. Provides a challenge function on financial management matters and use of public resources across the agency.</li> <li>4. Signs off on all key external financial management representations and financial management disclosures including those in: <i>Memoranda to Cabinet (MCs)</i>; and <i>Treasury Board submissions</i> and the Estimates process, including the Annual Reference Level Update.</li> <li>5. Recommends or undertakes: <ul style="list-style-type: none"> <li>o a standard methodology for preparing financial plans and budgets, integrated with the agency's planning process and including the consolidation of operational planning, financial and related non-financial information;</li> <li>o processes to monitor and report back to the Accounting Officer, EVP and VPs on progress made against both financial and operational plans;</li> <li>o the means to align management and financial processes with agency strategic outcomes and program activities at the lowest PAA level possible (sub-program activity level), consistent with MRRS;</li> <li>o an assessment of resource requirements to support effective financial planning and budgeting activities at every level of the agency ; and</li> <li>o training in financial management for managers with budget responsibilities.</li> </ul> </li> <li>6. Ensures: <ul style="list-style-type: none"> <li>o budgets at all levels within the agency are controlled (e.g., systems, division of duties) and monitored on an ongoing basis;</li> <li>o allocated agency budgets are continuously reconciled to total amount granted by Parliament and approved by</li> </ul> </li> </ol>



<b>Financial Management Disciplines</b>	<b>Expectations and Requirements (Chief Financial Officer)</b>
	<p>TB. Budgets are to be monitored centrally within the agency;</p> <ul style="list-style-type: none"> <li>○ forecasting procedures are established that promote a standardized approach and an understanding of responsibilities and management expectations;</li> <li>○ forecasts are provided for all appropriations;</li> <li>○ periodic financial reviews are carried out to identify funding issues, to explain variances between budgets, forecasts and actual expenditures, to compare program plans against financial plans, and to determine and implement corrective action plans;</li> <li>○ consultations take place with appropriate departments/agencies and central agencies to ensure that all parties understand full impact when significant implications relating to a horizontal initiative arise from proposed resource reallocations within the agency; and</li> <li>○ lapsing funds are managed within limits and timelines set by TB and re-profiling requirements are identified and handled promptly.</li> </ul>
<b>Financial Information and Reporting</b>	<ol style="list-style-type: none"> <li>1. Provides effective and timely access to all Managers on budget and expenditure information in support of decision-making and accountability.</li> <li>2. Signs off on the agency's Financial Statements published annually as part of the Departmental Performance Report process including the <i>Statement of Management Responsibility Including Internal Control Over Financial Reporting</i>.</li> <li>3. Provides advice and support to EVP and VPs on the development and maintenance of an effective financial management, risk and control framework over programs, and on the integration of financial and related non-financial information.</li> <li>4. Signs a quarterly report for each of the first three quarters of each fiscal year.</li> <li>5. Signs the Annual Letter of Representation to the Auditor General and Deputy Receiver General in support of the Public Accounts.</li> </ol>
<b>Stewardship of Financial Management Systems (FMS)</b>	<ol style="list-style-type: none"> <li>1. Ensures sound governance and appropriate agency resources are available to support standardized and interoperable FMS, common financial management business processes and common enterprise data.</li> <li>2. Maintains strategic, operational and investment plans for the agency's financial and materiel management systems.</li> <li>3. Implements FMS cluster group system configurations and OCG-endorsed system functionality as they are established or made available from time to time.</li> <li>4. Ensures that the agency is a member of all applicable FMS cluster groups that are representative of their FMS applications. (If not a member, or if the FMS cluster group system configuration or the endorsed systems functionality is not appropriate to the business needs of the agency, the CFO will consult the OCG).</li> <li>5. Endorses the FMS cluster group annual plan through the assigned agency representative of the FMS cluster group.</li> </ol>

### E.3 - Executive Vice President and Vice Presidents

The Executive Vice President (EVP) and Vice Presidents (VPs) are managers reporting directly to the President (in the context of financial management only) and for CIHR it includes the Executive Vice President of Resource Planning and Management, the Vice President of Public, Government and Institute Affairs and the Vice President of Research and Knowledge Translation.

The EVP and VPs are responsible for ensuring effective financial management for all activities falling within their area of expertise. They are expected to exercise their financial management authorities, responsibilities, and accountabilities and to manage the financial resources entrusted to them, in a prudent manner and in compliance with legislation, TB policies, directives, guidelines and standards.

The EVP and VPs are also expected to set an appropriate tone of respect for the FMF, by giving priority to it and demonstrating fiduciary responsibility.

<b>Financial Management Disciplines</b>	<b>Expectations and Requirements (Executive Vice President and Vice Presidents)</b>
<b>Financial Management Governance</b>	<ol style="list-style-type: none"> <li>1. Provides leadership by demonstrating financial responsibility, transparency, accountability, and ethical conduct in financial and resources management.</li> <li>2. Manage their programs and / or organization in compliance with legislation, regulations and policies.</li> <li>3. Exercise their financial management authorities, responsibilities and accountabilities, as well as managing financial resources entrusted to them, in a prudent manner.</li> <li>4. Ensure delegated financial and other signing authorities are understood and respected in their organization.</li> <li>5. Ensure their managers understand CIHR FMF exercise their financial management authorities and responsibilities in a prudent manner, are properly trained in effective financial management, and take appropriate action to correct undesirable performance.</li> <li>6. Seek advice and support of the CFO to carry out duties of their position in financial management, control, and financial reporting and disclosure.</li> </ol>
<b>Internal Control - Including Internal Control Over Financial Reporting (ICFR)</b>	<ol style="list-style-type: none"> <li>1. Ensure the establishment, maintenance, monitoring and review of their organization system of internal control, including internal controls over financial reporting, to mitigate risks in the following broad categories:               <ul style="list-style-type: none"> <li>o effectiveness and efficiency of programs, operations and resource management, including safeguarding of assets;</li> <li>o reliability of financial reporting; and</li> <li>o compliance with legislation, regulations, policies and delegated authorities.</li> </ul> </li> <li>2. Provide the Accounting Officer with assurance that processes are in place to ensure the effectiveness of their organization financial management.</li> </ol>

Financial Management Disciplines	Expectations and Requirements (Executive Vice President and Vice Presidents)
	<ol style="list-style-type: none"> <li>3. Seek advice and support of the CFO on the development and maintenance of an effective financial management, risk and control framework over program.</li> <li>4. Ensure that system of ICFR falling within their area of responsibility is effective and effectively managed and that requirements to support production and sign off of the agency <i>Statement of Management Responsibility Including ICFR</i> by the Accounting Officer and CFO are met.</li> <li>5. Ensure that appropriate and timely actions are taken to address any necessary adjustments to internal controls falling within their area of responsibility, including ICFR.</li> <li>6. Sign the Portfolio <i>Control Deficiencies Report</i>, which supports the statement of Management Responsibilities including Internal Control Over Financial Reporting.</li> </ol>
<b>Financial Resource Management</b>	<ol style="list-style-type: none"> <li>1. Ensure that proposals to TB which address program delivery arrangements such as transfer payments and funding options such as vote netting are thoroughly researched prior to submission so that the most appropriate choice is proposed.</li> <li>2. Seek advice and support of the CFO at the early stage of the development of Memoranda to Cabinet and TB Submissions with funding requirements and ensure the following assertions are addressed: <ul style="list-style-type: none"> <li>o financial resources are aligned with the mandate and priorities of the agency and the government;</li> <li>o key assumptions, including estimates relative to workload and costs, are reliable;</li> <li>o significant financial risks are identified and risk mitigation strategies are developed and reasonable;</li> <li>o use and performance of financial resources are adequately monitored and reported; and,</li> <li>o compliance with legislation, regulations, policies and financial authorities is achieved.</li> </ul> </li> </ol>
<b>Financial Information and Reporting</b>	<ol style="list-style-type: none"> <li>1. Seek advice and support of the CFO on the development and maintenance of an effective financial management, risk and control framework over programs, and on the integration of financial and related non-financial information.</li> </ol>

## E.4 - Agency Managers

Agency Managers are defined as all managers, as presented in [Annex D](#), with budget and financial management responsibilities including appropriate delegated financial signing authorities. Agency Managers are therefore responsible for the stewardship over approved budgets, the resources entrusted to them and to perform all other financial management activities in accordance with legislation, policy and authorities.

Agency Managers are expected to understand and comply with all aspects of the FMF, including relevant legislation, policies and standards, and utilize standardized financial management processes.

Agency Managers must ensure that necessary funds are identified to carry out the priorities of the government and mandate of the department, and allow for the appropriate control and monitoring of financial resources to achieve planned results.

<b>Financial Management Disciplines</b>	<b>Expectations and Requirements (Agency Managers)</b>
<b>Financial Management Governance</b>	<ol style="list-style-type: none"> <li>1. Demonstrate financial responsibility, transparency, accountability, and ethical conduct in financial and resources management.</li> <li>2. Manage their program activities in compliance legislation, regulations, policies, and financial authorities.</li> <li>3. Exercise their financial management authorities, responsibilities and accountabilities, as well as managing financial resources entrusted to them, in a prudent manner.</li> <li>4. Understand and adhere to the agency FMF.</li> <li>5. Seek advice and support from Financial Officers to carry out duties of their position in financial management, control, and financial reporting and disclosure.</li> </ol>
<b>Internal Control</b>	<ol style="list-style-type: none"> <li>1. Understand and comply with the delegation of financial signing authority associated with their position.</li> <li>2. Ensure that there is a sufficient unencumbered balance available before entering into a contract or other arrangement and certify as per <i>Section 32 of the FAA</i>.</li> <li>3. Perform account verification and certify in accordance with <i>Section 34 of the FAA</i> on a timely basis and for the correctness of the payment requested.</li> <li>4. Ensure that there is auditable evidence of verification, that the process identifies individuals who performed the account verification or ensures there is an audit trail.</li> <li>5. Ensure that financial transactions approved under <i>Section 34 of the FAA</i> are accurately recorded in the agency financial system to allow a fair presentation of financial statements.</li> <li>6. Seek advice and support of Financial Officers on the development and maintenance of an effective financial management, risk and control framework over programs.</li> </ol>
<b>Financial Resource Management</b>	<ol style="list-style-type: none"> <li>1. Seek advice and support of Financial Officers at the early stage of the development of Memorandum to Cabinet and TB Submission with funding requirements.</li> <li>2. Ensure that proposals to TB which address program delivery arrangements such as transfer payments and funding options such as vote netting are thoroughly researched prior to submission so that the most appropriate choice is proposed.</li> <li>3. Exercise financial authority and accountability for funds entrusted to them to meet planned program objectives.</li> <li>4. Develop planning information for inclusion in Program / Branch / Agency plans to be included in the Report on Plan and Priorities (RPP).</li> </ol>
<b>Financial Information and Reporting</b>	<ol style="list-style-type: none"> <li>1. Monitor revenue and expenditure budgets for their area of responsibility.</li> <li>2. Review financial plans, forecasts and reports on budgets for their respective area of responsibility.</li> <li>3. Compare actual results to budget on an ongoing basis, and identify and report any variances to senior managers.</li> <li>4. Seek advice and support of Financial Officers for the preparation of financial reports including external disclosure.</li> </ol>

## E.5 - Financial Officers

Financial Officers are defined as all employees reporting directly to the CFO or through the Finance Branch. They are expected to have an appropriate combination of education, professional accounting designations, experience, and competencies to fulfill their respective duties in the following fields: financial management advice; internal control; financial policy development; quality assurance; budgeting, planning and resource management; analysis, challenge function and financial reporting; financial management systems; and costing.

Financial Officers provide support to all managers either at the agency level, or from a Portfolio perspective in the development of a strong financial and risk management.

Financial Management Disciplines	Expectations and Requirements (Financial Officers)
<b>Financial Management Governance</b>	<ol style="list-style-type: none"> <li>1. Support the CFO as an objective strategic advisor for business and financial management, and key steward with respect to relevant legislation, regulations, policies, directives and standards related to financial management.</li> <li>2. Communicate the agency FMF, monitors its application and identify non-compliance.</li> <li>3. Provide to all managers functional and operational advice, guidance and interpretation on the policies, directives guidelines and standards included in the FMF.</li> <li>4. Communicate clear accountabilities and responsibilities to managers with delegated financial authorities.</li> </ol>
<b>Internal Control - Including Internal Control Over Financial Reporting (ICFR)</b>	<ol style="list-style-type: none"> <li>1. Support the CFO in the establishment, maintenance, monitoring and review of the agency system of internal control.</li> <li>2. Exercise payment authority in accordance with <i>Section 33 of the FAA</i>.</li> <li>3. Monitor the adherence and the use of financial signing authorities and restrict their use, where warranted.</li> <li>4. Provide advice and support to agency managers on the development and maintenance of an effective financial management, risk and control framework over programs.</li> <li>5. Support the establishment, use, maintenance and monitoring of an effective agency system of internal control over financial management.</li> <li>6. Support the CFO in ensuring that appropriate and timely action is taken to address any necessary adjustments relating to internal controls over financial management and ICFR.</li> <li>7. Provide advice to all managers and other expert or specialized functions to ensure that internal controls over financial management and systems of ICFR within their areas of responsibility are effective and effectively managed, and support the CIHR <i>Statement of Management Responsibility ICFR</i>.</li> </ol>
<b>Financial Resource Management</b>	<ol style="list-style-type: none"> <li>1. Support the CFO for the provision of independent and objective advice, recommendations and challenge function on all funding initiatives and resource allocations requiring the President's approval.</li> <li>2. Support Agency Managers in the development of the financial component of agency planning process.</li> </ol>

<b>Financial Management Disciplines</b>	<b>Expectations and Requirements (Financial Officers)</b>
	<ol style="list-style-type: none"> <li>3. Provide financial management tools to Agency Managers.</li> <li>4. Provide a challenge function on financial management matters and use of public resources across the agency.</li> <li>5. Support the CFO for the sign off on all key external financial management representations and financial management disclosures including those in: <i>Memoranda to Cabinet (MCs)</i>; and <i>Treasury Board submissions</i> and the Estimates process, including the Annual Reference Level Update.</li> <li>6. Provide training in financial planning and budgeting for managers with budget responsibilities.</li> <li>7. Support the CFO in ensuring: <ul style="list-style-type: none"> <li>o budgets at all levels within the agency are controlled and monitored on an ongoing basis;</li> <li>o allocated agency budgets are continuously reconciled to total amount granted by Parliament and approved by TB;</li> <li>o forecasting procedures are established that promote a standardized approach and an understanding of responsibilities and management expectations;</li> <li>o forecasts are provided for all appropriations;</li> <li>o periodic financial reviews are carried out to identify funding issues, to explain variances between budgets, forecasts and actual expenditures, to compare program plans against financial plans, and to determine and implement corrective action plans; and</li> <li>o consultations take place with appropriate departments and central agencies to ensure that all parties understand full impact when significant implications relating to a horizontal initiative arise from proposed resource reallocations within the department.</li> </ul> </li> </ol>
<b>Financial Information and Reporting</b>	<ol style="list-style-type: none"> <li>1. Provide effective and timely access to all Managers on budget and expenditure information in support of decision-making and accountability.</li> <li>2. Support the CFO in his role of lead agency executive for all aspects of financial management, program financing, financial reporting and disclosure, and for dealing with central agencies and other stakeholders.</li> <li>3. Ensure that the Agency records all financial transactions following generally accepted accounting principles as set out in <i>Treasury Board Accounting Standards</i>.</li> <li>4. Provide advice and support to all managers on the development and maintenance of an effective financial management, risk and control framework over programs, and on the integration of financial and related non-financial information.</li> <li>5. Coordinate external financial reporting.</li> </ol>
<b>Stewardship of Financial Management Systems (FMS)</b>	<ol style="list-style-type: none"> <li>1. Ensure the appropriate operation and maintenance of the Agency financial system.</li> <li>2. Ensure sound governance to support standardized and interoperable FMS, common financial management business processes and common enterprise data.</li> <li>3. Monitor access and security of Agency financial information systems.</li> <li>4. Identify user needs and develop, test and implement financial systems solutions.</li> </ol>

Financial Management Disciplines	Expectations and Requirements (Financial Officers)
	<ol style="list-style-type: none"> <li>5. Maintain strategic, operational and investment plans for the Agency financial and materiel management systems.</li> <li>6. Implement FMS cluster group system configurations and OCG-endorsed system functionality as they are established or made available from time to time.</li> <li>7. Represent the agency as a member of FMS cluster group.</li> </ol>

## E.6 – Departmental Audit Committee (DAC)

The TB [Policy on Financial Management Governance](#) and [Policy on Internal Control](#) specify that the Chair of the Departmental Audit Committee (DAC) is responsible to:

- act as an independent and objective advisor to the President;
- provide guidance to the President on the adequacy of the agency's systems of internal control, financial reporting and financial disclosures; and
- engage with the President on risk-based assessment plans and associated results related to the effectiveness of the agency system of internal control over financial reporting (ICFR).

The TB [Directive on Departmental Audit Committees](#) identifies that the DAC is an advisory body to the President. The DAC provides objective advice and recommendations to the President regarding the sufficiency, quality and results of assurance on the adequacy and functioning of the agency's risk management, internal control and governance frameworks and processes (including accountability, reporting and auditing systems).