



*cutting through complexity*

# The Canadian Institute for Health Information

Performance Audit

Final Report

September 15, 2014

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## Executive Summary

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Under the terms of its funding agreement with Health Canada, the Canadian Institute for Health Information (CIHI) is required to have a performance audit completed and reported on by March 31, 2015. This report presents a summary of the approach followed in planning and conducting the performance audit as well as our observations and recommendations for improvement.

## Audit Objectives and Scope

The audit plan was developed using a risk-based approach through which key risks facing the achievement of CIHI's objectives and expected results were identified based on interviews with CIHI management and Board members and through documentation review. The key risks were then linked to the core processes and practices in place within CIHI that are designed to mitigate these risks. This information was used to determine the specific objectives, criteria, and scope of the audit.

The overall objective of the audit was to provide an independent assessment of CIHI's operations to assess the economy, efficiency, and effectiveness of Health Canada funding. The specific audit objectives were to assess:

- The economy, efficiency, and effectiveness of procedures used by CIHI to identify, respond to, and prioritize stakeholder needs;
- The extent to which economical, efficient and effective management practices are in place to support the completeness and accuracy of data holdings through collection, processing, and reporting activities, with due regard for accountability and security; and
- The effectiveness of CIHI's management structure in developing and disseminating health information in a cost-effective manner.

The scope of the audit covered CIHI's current management controls, processes, practices and other means in place related to the audit objectives identified above. The audit was conducted concurrently with an evaluation, led by Health Canada, with some interaction between the two teams. The audit fieldwork was completed on August 1, 2014. Our work was limited to, and our recommendations are based on, the audit procedures conducted. The observations and recommendations should be considered in the context of the audit procedures performed.

Our audit fieldwork included the conduct of the following: interviews with 32 representatives of CIHI staff, management, and members of the Board and with 9 external stakeholders; the examination and analysis of documentation of relevance to each of the audit objectives, including corporate documents such as strategic and operating plans, documentation supporting changes to analytical products, new projects and databases, and a sample of key partnerships for analytical products; processes and procedures over the security of data holdings and data quality for one database; results of CIHI's 2014 Stakeholder Satisfaction and Impact Evaluation Surveys; results of previous internal and external audits and reviews; and analysis. We relied on information and representations of management and others for the completeness of information and other assertions provided.

## Summary of Findings

Overall, we found that CIHI has designed and implemented practices and processes that promote economy, efficiency, and effectiveness of funding received from Health Canada. The audit identified a number of positive practices currently in place within CIHI, including: the active engagement of stakeholders and consideration of stakeholders' needs in investment decisions and product and service development; leveraging of partnerships for improved economy and effectiveness; a strong information security policy and related procedures to guide the accuracy and safeguarding of information contained in data holdings; and, an organizational structure that enables a high-level of responsiveness to jurisdictional stakeholders across Canada through CIHI's regional offices.

Four areas for improvement were identified through the audit to further support CIHI's continued evolution as a mature organization and its achievement of expected results and objectives. A summary of our recommendations for improvement are provided below:

- CIHI would benefit from more clearly defined specific areas of focus, aligned with its strategic objectives, to further strengthen its stakeholder and partnership engagement activities. While CIHI has processes in place to facilitate a wide range of stakeholder engagement activities, a more centralized process to manage stakeholder engagement of relevance to key strategic priorities would enable a more structured and focused engagement strategy. Further, while partnerships are currently leveraged to support CIHI in the achievement of its objectives, clearly defined areas of focus would enable management to adopt a more proactive and strategic approach to partnership development.
- CIHI has established general practices and formal templates to support investment decisions and has evolved its investment decision-making process in conjunction with changes in funding levels. However, opportunities exist to further clarify and formalize the current process and guidelines to reflect expected practices and promote greater consistency in the documentation retained to support investment decisions.
- As CIHI continues to mature as an organization, management is encouraged to explore cost-effective means of obtaining more complete information on product costing to help inform future decision-making. In particular, more complete information on the resources required for major analytical products may benefit future decisions regarding required resource levels and assist in prioritizing decisions regarding changes to the existing suite of products, including new additions.
- While it is noted that CIHI has a strong security program in place, minor areas were identified in which security settings and security event monitoring could be enhanced to further strengthen security over data holdings. Our audit identified these opportunities through detailed testing of one database. As such, management is encouraged to apply these recommendations to its full suite of databases.

Our detailed findings and recommendations are categorized under each of the three audit objectives in the "Observations and Recommendations" section of this report. CIHI management agrees with each of our recommendations for improvement. CIHI's management responses follow each recommendation in the 'Observations and Recommendations' section of the report.