

The Canada Millennium Scholarship Foundation **Accounting to Canadians**

The Canada Millennium Scholarship Foundation provides students with opportunities to pursue the post-secondary education they need to prepare themselves for the future.

Facilitating access to higher education lies at the heart of the mandate that the Foundation received from the Government of Canada and is the primary purpose of its Millennium Bursary Program. Over the ten-year lifespan of the Foundation this program will provide more than 900,000 awards worth almost \$3 billion to students with the highest levels of financial need enrolled in Canada's postsecondary educational institutions.

The Millennium Excellence Award Program is the Foundation's merit scholarship program. Each year it provides awards to approximately 2100 students from all parts of Canada who, in the opinion of independent juries of citizen volunteers drawn from across the country, demonstrate exceptional merit through superior academic performance, active involvement in the betterment of their communities and a commitment to seeking innovative solutions to old problems. Just over 900 of these students are entering post-secondary education for the first time. Approximately 1200 are students in the upper years of their undergraduate programs.

Accounting to Canadians — a Framework Established by Parliament

The Foundation considers the arrangements whereby it accounts for its activities to be a particularly important matter. It does so for two reasons: the Foundation's accountability framework, unlike that of other private organizations, was established by Act of Parliament; the funds which the Foundation administers, unlike those administered by most private Foundations, are public funds.

The actions for which the Foundation is responsible are set out in the Budget Implementation Act of 1998. That document not only gives the Foundation its mandate but also provides specific administrative and policy direction concerning the way in which the Foundation is to fulfill its mandate. Further direction is provided in ministerial statements, government position papers, the by-laws drafted for the Foundation by the Government of Canada, and finally, by the funding agreement the Foundation signed with the Government of Canada.

This direction determines the way in which the Foundation's money is invested; the amounts that are available for scholarships each year; the distribution of the Foundation's awards across Canada; the persons who may receive our awards, and the amounts they may receive; and the way in which the money that goes to students is to be used.

The law also establishes a series of reporting relationships within the Foundation, and between the Foundation, the government, Parliament, and the public, to ensure that the mandate and the administrative and policy direction of the Foundation are respected.

Beginning within the Foundation, the act provides for members and directors, either appointed by the government or elected by the members. The members appoint the Foundation's auditor, from whom they receive an annual report. The members also elect a majority of the Foundation's directors, who also provide them with an annual report.

The directors supervise the management and business of the Foundation and exercise all its powers. The law enjoins directors to establish financial and management controls that will ensure that the Foundation's business is managed effectively, efficiently, and economically. The law also requires the board of directors to establish an audit committee, to engage an internal auditor, and to commission internal audits to ensure compliance with the management controls established by

the board. The external auditor has regular access to the internal audit reports and uses them in the preparation of his annual audit.

The fact that the external auditor has not issued any observations in his annual reports should be taken as providing assurance that reasonable controls are in place and are being enforced.

The law also provides for external reporting relationships. The Foundation is required to provide an annual report that includes not only financial statements, but also a statement of its activities and plans, and an evaluation of the results achieved.

This annual report is sent to the Minister of Human Resources and Skills Development as well as the provincial ministers responsible for post-secondary education, and tabled in both houses of Parliament. A copy of the annual report is also sent to the auditor general of Canada. The report forms the major topic of discussion at the annual public meeting of the Foundation's members.

In addition, the 1998 Budget Implementation Act requires the Foundation to cause a mid-term report to be made of its activities and to provide for its distribution, tabling in Parliament and public discussion. This independent report was made public in November 2003. The report's authors concluded that the Foundation an effective and innovative organization that has done everything it was asked to do by the Government of Canada at the outset of its mandate." The report also found that the Foundation was in a position to improve the effectiveness of its programs.

Accounting to Canadians — Going Beyond our Requirements

To ensure that Canadians are more and better informed on its activities, the Foundation goes beyond the requirements of its legislation. In 2004, in response to the independent evaluation issued the previous November, it held consultations in each province and territory to gain input from Canadians on the future of its Millennium Bursary Program. Additionally, it has offered briefings about its work to the caucuses of each federal party. It has appeared before the human resources committee of the House of Commons and it informs members about awards being made to their constituents. Finally, we meet regularly with representatives of the government to keep them informed of our activities and plans.

The Foundation's public annual general meeting is organized in conjunction with a research conference co-sponsored by the Student Financial Aid Administrators in order to attract student leaders, academics, consultants, federal and provincial government officials, student financial aid administrators and representatives of Canada's universities and colleges.

Results – the Benefits

The government promised a funding approach that would put the Foundation's programs beyond the risk of on-again, off-again financing. The Canada Millennium Scholarship Foundation was established in the context of cuts to the CHST. Provinces were, therefore, little inclined to cooperate in the establishment of a new federally funded program. The fact that the Foundation was able to guarantee 10 years of funding made negotiations for provincial participation in the administration of the Foundation's bursary program much easier.

The government also believed that the Foundation's model would provide an ability to lever additional funds from other areas of government and the private sector. In the administration of its scholarship and bursary programs, the Foundation relies heavily on the contributions of the student financial aid administrators working in provincial governments and in Canada's colleges and universities. These contributions in kind significantly reduce the costs of operating the Foundation's programs.

The Foundation has also attracted \$4.2 million from the Canadian Association for the World Petroleum Congresses to assist needy upper-year students with strong academic records in pursuing studies in such disciplines as petroleum engineering and environmental science. Working with the World Petroleum Congresses has permitted the foundation to develop a model for public-private cooperation to encourage students to complete their studies and take up employment in Canada. In fact, the foundation's networks can be used by the private sector at a cost of roughly 5% of what the foundation is actually putting out in scholarships.

The government also argued that the Foundation model would provide an ability to foster the application of specialized knowledge to mandated activities. The Canada Millennium Scholarship Foundation is particularly fortunate to count among its current and former members and directors three former provincial premiers, three former provincial ministers of education, the grand chief of Canada's first nations, three college presidents, eight current or former university presidents, the heads of the associations representing Canada's colleges and universities, seven college and university students, eleven representatives of Canada's leading corporations, three teachers, and two representatives of the non-governmental sector.

Working together with a broad range of stakeholders in public consultations who have informed the development of all the Foundation's programs, members and directors of the Foundation have established systems whereby student financial aid administrators, academics, consultants, student leaders, recipients of the Foundation's awards, and more than 200 interested citizens have regular opportunities to make regular contributions to the development and implementation of the Foundation's programs.

Finally, it was said that the Foundation model would lead to greater flexibility and efficiency. Serving a potential clientele of more than half a million students and operating with a staff that even today is only 35 people, the Foundation has in six short years:

- Obtained superior returns on its investments, thereby turning an original endowment of \$2.5 billion into \$3.5 billion.
- Developed two national student financial assistance programs and adapted its bursary program to 13 different student financial systems.
- Negotiated agreements for provincial participation in the administration of its bursary program in less than 10 months
- Recruited more than 200 colleges and universities to participate in the management of its excellence award program
- Recruited and trained more than 300 citizen volunteers to serve as assessors, mentors, and seminar leaders in its excellence award program
- Distributed 90,000 need-based, and between 900 and 1,600 merit-based, awards a year for each of five years
- Developed and implemented a model for public-private cooperation to encourage upper-year students to complete their studies and take up jobs in Canada.
- Developed a research program that is helping point to ways the Foundation and other players in the student financial assistance system can improve the effectiveness of student financial assistance in Canada.

The Foundation's total expenses in a year, including its approximately \$300 million scholarship budgets, its operating expenses and the management of the Foundation's investments, are about \$310 million. It is making good on our commitment to the Government of Canada to deliver \$300 million of awards per year for 10 years, at a cost of less than four per cent of the funds it distributes in bursaries and scholarships. Under current returns, the Foundation expects to do better, exceeding that amount by the end of its mandate. To date, it has provided more than 500,000 scholarships and bursaries worth more than \$1.5 billion to Canadian students.