



## **ANAO – Administration of Grants by the National Health and Medical Research Council**

NHMRC welcomes the ANAO report *Administration of Grants by the National Health and Medical Research Council*.<sup>1</sup>

ANAO conducts regular audits of all Commonwealth government agencies from time to time. ANAO last reviewed NHMRC in 2003/04.<sup>2</sup>

This latest report concentrates on the administration of grants by the NHMRC, and concludes that NHMRC's "*established governance structures....constitute a sound basis for the agency's governance and a platform from which to address challenges and expectations arising from broader Government initiatives to enhance investment in Australia's health research sector*". As part of this audit, the ANAO selected our Project Grants Scheme to audit in detail.

This audit noted that NHMRC was an agency in transition as it establishes itself as independent from the Department of Health and Ageing. The audit also recognised that much still had to be done to achieve this. Chief amongst these was establishing a modern research grants management system (RGMS). NHMRC is close to completing this, using our own resources (not research resources). ANAO acknowledges that when this is in place, "*.. these measures will provide the NHMRC with a suitable level of confidence and accountability in grants administration.*"

The ANAO report makes a number of recommendations to improve the transparency and probity of NHMRC's peer review processes and management of conflicts of interest (CoI) in Grant Review Panel (GRP) review of project grant applications. We will of course work to implement their recommendations, and are confident that with the full implementation of RGMS within a year, we will have fulfilled this.

Since 2006 a number of improvements have been made to increase the transparency and probity of the project grants peer review process including external reviews, independent observers on GRPs, and independent assignment of grants to panels.

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<sup>1</sup> ANAO Performance Audit Report No 7 2009-10 *Administration of Grants by the National Health and Medical Research Council*

[http://www.anao.gov.au/download.cfm?item\\_id=6EF4AF241560A6E8AA86565293C9BB50&binary\\_id=6AB63AE11560A6E8AA0132F396ABEF00](http://www.anao.gov.au/download.cfm?item_id=6EF4AF241560A6E8AA86565293C9BB50&binary_id=6AB63AE11560A6E8AA0132F396ABEF00)

<sup>2</sup> ANAO Audit Report No 29 2003/04 *Governance of the National Health and Medical Research Council*

[http://www.anao.gov.au/download.cfm?item\\_id=1EB08E2A0EA73AC28BF188A2771B825C&binary\\_id=715086921560A6E8AA18895FD2A45F53](http://www.anao.gov.au/download.cfm?item_id=1EB08E2A0EA73AC28BF188A2771B825C&binary_id=715086921560A6E8AA18895FD2A45F53)

The ANAO made some negative comments about how CoI is managed in our project grants. On this we offer the following comments:

- Given NHMRC's role as the major funder of health and medical research, we need to be able to identify the best research. This necessitates involving the best researchers to advise (not decide) which research the NHMRC funds. In the Project grants scheme, this requires a balance between involving people able to judge what is best, and avoiding conflicts of interest.
- 80% of the research applications submitted to NHMRC in 2009 were considered worthy of funding. To identify the best research applications to fund, NHMRC needs Grant Review Panels (GRPs) that have the highest levels of expertise, at an international level, to be able to judge the very best.
- NHMRC's has long standing stringent rules around CoIs based on well established criteria for judging CoI. In relation to potential CoI of GRP members or grant application reviewers, the following matters are considered:
  - Involvement in applications under review
  - Collaborations with the applicant
  - Working or social relationships with the applicant
  - Professional relationships with an applicant's organisation
  - Teaching or supervisory relationships with the applicant
  - Financial interests in the application
- Judgements about CoI are made by trained senior NHMRC staff, not researchers.
- We are rigorous in ensuring people are not involved in reviewing their own grants.
  - In 27 of NHMRC's 28 funding schemes, applicants are not members of GRPs
  - The only exception is Project grants, where this is unavoidable in a small number of cases in some smaller research disciplines.
- To manage CoI, NHMRC:
  - Staff manage and monitor CoI from the receipt of applications through to final Ministerial approval.
  - Staff ensure where possible applications are not reviewed by panels where an applicant is a member.
  - Purposely uses different people throughout the process so that no one individual or group has undue influence on the outcome, for instance:
    - The assignment of applications to GRPs is done by NHMRC's Academy, a group of distinguished and highly experienced researchers and clinicians.
    - Each GRP has an independent Chair who does not vote or participate in discussion of the grant, however monitors adherence with Peer Review guidelines, including CoI.

- Trained staff support and oversee the peer review process, including GRP proceedings.
- Since 2007 Independent observers, who are not researchers, specifically monitor GRPs to provide public scrutiny and provide additional confidence in the management of CoI.
- Under no circumstances is a panel member permitted in the room while their application is being discussed, scored or ranked.
- Panel members do not decide which applications will be funded, they assess and rank applications to create a merit list.
- Research Committee and Council do not see the details of individual applications. Their role is in relation to grants is to ensure the rigor and probity of the process undertaken, and to make overall funding recommendations against budget allocations.
- It is deliberate NHMRC policy to encourage collaboration (i.e. several Chief Investigators across multiple disciplines and institutions):
  - It is internationally recognised that health and medical research increasingly requires complementary skills and multi-disciplinary approaches to address complex health problems and this is achieved through collaboration
- To facilitate collaboration, individuals can hold up to 6 Project Grants at any one time and therefore a large proportion of researchers reapply every year
  - CoIs are therefore more common than would be the case if collaboration was not promoted
- NHMRC uses international panel members to supplement disciplinary expertise on panels where necessary (e.g. researchers from the USA, Singapore and New Zealand assessed applications in the recent urgent call for H1N1 research)
  - Even if it was viable to only use international expertise in Project Grant GRPs, the additional cost of annual peer review would be many millions of dollars involving up to one thousand individuals.
- A description of the peer review of NHMRC Project grants is available at [http://www.nhmrc.gov.au/files/nhmrc/file/about/senior\\_staff/articles/peer-review-project-grants.pdf](http://www.nhmrc.gov.au/files/nhmrc/file/about/senior_staff/articles/peer-review-project-grants.pdf)

Each year, around 7-10% of project grants are awarded to first time awardees, an indicator of the openness of the system.

Nevertheless, peer review can always be improved and NHMRC wishes to keep on improving. Your comments and feedback can help. We would welcome your comments, which can be sent to [nhmrc@nhmrc.gov.au](mailto:nhmrc@nhmrc.gov.au).

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