

Main points 116

Introduction 117

Audit conclusions and findings 117

Managing intellectual property—a follow-up 118

 Central recording of significant intellectual property completed..... 118

 Agreement with subsidiary..... 119

 Verifying compliance with software licenses 119

 Obtaining approvals before releasing information 119

 Performance measures help manage intellectual property..... 120

Main points

The protection of intellectual property is important for the Saskatchewan Research Council (SRC) because its business involves research and development for itself and others. In our 2008 Report – Volume 1, Chapter 11, we made five recommendations to improve how SRC managed intellectual property. In March 2010, we evaluated SRC's actions on our recommendations. This chapter reports that SRC has met our recommendations.

Introduction

Since 1947, the mandate of the Saskatchewan Research Council (SRC) is to assist Saskatchewan industries to be globally competitive through the responsible application of science and technology.¹ SRC achieves its purpose by researching new or better products or increasing productivity. It helps industries to apply innovative solutions and services, often using demonstrations and pilot projects.

In 2009, SRC had revenue of \$44.9 million and expenses of \$43.4 million. At March 31, 2009, SRC held assets of \$36.0 million. The *Saskatchewan Research Council 2008-2009 Annual Report* is available at www.src.sk.ca.

SRC also manages the Saskatchewan Research Council Employees' Pension Plan (Plan). At December 31, 2009, the Plan held assets of \$19.5 million and had a surplus of \$0.2 million.

Audit conclusions and findings

In our opinion, for the year ended December 31, 2009:

- ◆ **SRC had adequate rules and procedures for the Plan to safeguard public resources**
- ◆ **SRC complied with the authorities governing the Plan's activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**
- ◆ **the Plan's financial statements are reliable**

The remainder of this chapter contains the results of our follow-up work on SRC's processes for managing intellectual property.

¹ Saskatchewan Research Council 2008/2009 Annual Report, first page.

Managing intellectual property—a follow-up

Intellectual property refers to the creations of the mind, such as inventions, symbols, names, pictures, and designs. Patents, trademarks, copyrights, and industrial designs are examples of specific rights regarding intellectual property.

The protection of intellectual property is very important to SRC because its business involves research and development for itself and others. To fulfill its mission, SRC must effectively manage intellectual property. It must identify and protect the intellectual property that it develops, and it must respect the intellectual property of its partners and clients.

In 2007, we assessed SRC's processes to manage intellectual property. Our 2008 Report – Volume 1, Chapter 11 concluded that SRC had adequate processes to manage intellectual property except that it should:

- ◆ follow its policies for management of intellectual property
- ◆ make an agreement with its wholly-owned company (subsidiary) for ownership and management of intellectual property
- ◆ complete its central recording of all significant intellectual property
- ◆ implement performance measures to help it manage intellectual property

We made five recommendations. On December 8, 2008, the Standing Committee on Public Accounts agreed with our recommendations.

The following sections set out the recommendations (in italics) and SRC's actions up to March 31, 2010. We commend SRC for its timely response to our recommendations.

Central recording of significant intellectual property completed

We recommended that SRC complete its central recording of all significant intellectual property.

SRC has met our recommendation.

SRC has implemented processes to help ensure that it records all significant intellectual property. SRC has revised its policies and procedures related to identifying promising intellectual property. It has also taken steps to include relevant historical information in its systems.

Agreement with subsidiary

We recommended that SRC make an agreement with its wholly-owned company (subsidiary) for ownership and management of intellectual property.

SRC has met our recommendation.

SRC has announced that it plans to discontinue the operations of its wholly-owned subsidiary. In the meantime, SRC has signed an intellectual property agreement with the subsidiary.

Verifying compliance with software licenses

We recommended that SRC follow its policy to regularly verify that it complies with software licenses.

SRC has met our recommendation.

SRC carries out regular examinations to verify compliance with software licenses. It is also examining the use of additional tools to provide further assurance that sufficient licenses are in place. SRC also educates employees to promote awareness of its intellectual property and licensing policies and procedures.

Obtaining approvals before releasing information

We recommended that SRC follow its policy to ensure employees obtain written approval before publicly releasing information that relates to intellectual property.

SRC has met our recommendation.

SRC is following revised policies and procedures to help ensure employees obtain approval before disclosing particular types of

intellectual property. This will assist SRC in protecting its intellectual property. SRC uses its computer systems to manage information about disclosures. It also educates employees about their responsibilities.

Performance measures help manage intellectual property

We recommended that SRC implement performance measures to help it manage intellectual property.

SRC has met our recommendation.

SRC is incorporating intellectual property into its risk-management processes. As part of this process, SRC has developed measures that should help it evaluate its management of intellectual property.