



**Canadian Museum of
Civilization Corporation**
Special Examination Report—2013



Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

OAG-BVG

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To the Board of Trustees of the Canadian Museum of Civilization Corporation:

We have completed the special examination of the Canadian Museum of Civilization Corporation in accordance with the plan presented to the Audit Committee of the Board of Trustees on 28 November 2012. As required by Section 139 of the *Financial Administration Act*, we are pleased to provide the attached final special examination report to the Board of Trustees.

We will be pleased to respond to any comments or questions you may have concerning our report at your meeting on 22 October 2013.

I would like to take this opportunity to express my appreciation to the Board members, management, and the Corporation's staff for the excellent cooperation and assistance offered to us during the examination.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Maurice Laplante".

Maurice Laplante, CPA, CA
Assistant Auditor General

OTTAWA, 4 October 2013

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Canadian Museum of Civilization Corporation

Special Examination Report—2013

Main Points

What we examined

The Canadian Museum of Civilization, operating as the Canadian Museum of Civilization Corporation (the Corporation), is a Crown Corporation established in 1990 under the *Museums Act*. Its purpose, as stated by the Act, is

... to increase, throughout Canada and internationally, interest in, knowledge and critical understanding of, and appreciation and respect for human cultural achievements and human behaviour by establishing, maintaining, and developing for research and posterity a collection of objects of historical or cultural interest, with special but not exclusive reference to Canada, and by demonstrating those achievements and behaviour, the knowledge derived from them and the understanding they represent.

The Corporation comprises the Canadian Museum of Civilization in Gatineau, the Canadian War Museum in Ottawa, and the web-based Virtual Museum of New France. It manages a large collection and presents a variety of exhibitions each year. The Corporation's museums welcome over one million visitors every year. At the time of our examination, it employed the equivalent of 442 staff, including 97 part-time employees.

The Corporation is governed by a Board of Trustees and reports to Parliament through the Minister of Canadian Heritage and Official Languages. Over 80 percent of its funding comes from an annual appropriation from the Government of Canada, and the remainder from admissions, rentals, food services, boutique sales, parking, IMAX, and other revenues.

We examined whether the Corporation's systems and practices provide it with reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively. We focused on the areas of corporate governance, strategic planning and risk management, human resources management, programming management, collections and research management, property management, and environmental management. Our examination work covered the systems and practices

that were in place between September 2012 and April 2013. For details on the conduct of the examination, see **About the Special Examination** at the end of the report.

Why it's important

National museums such as the Canadian Museum of Civilization and the Canadian War Museum bring to life Canada's heritage and history and provide visitors with a strong sense of Canadian identity.

The Corporation is facing significant changes. It is planning a new permanent exhibition on Canadian history, along with a fundraising initiative to complement the announced funding of \$25 million from the Government of Canada. The Corporation may also face a change of name and mandate should the Government of Canada reintroduce legislation to establish the Canadian Museum of History. This would provide the Corporation with an opportunity to review the content of its collection and programming.

What we found

We found no significant deficiencies in the Canadian Museum of Civilization Corporation's systems and practices. A significant deficiency is reported when there is a major weakness in the Corporation's key systems and practices that could prevent it from having reasonable assurance that its assets are safeguarded and controlled, its resources are managed efficiently and economically, and its operations are carried out effectively.

We noted good practices in a number of areas. We also noted some areas where the Corporation would benefit from improving its practices.

- The Corporation has put in place a corporate governance framework that meets the expectations of best practices. However, the effectiveness of the corporate governance framework is limited by the Board not fulfilling some of its roles and responsibilities and by weaknesses relating to the Board's continuity; the orientation and training offered to trustees; values, ethics, and conflict-of-interest practices for Board members; and information the Board receives. These weaknesses lessen the Board's ability to exercise its oversight roles and responsibilities and to provide strategic directions to the Corporation.
- The Corporation has clearly defined strategic directions, goals and objectives, and it has considered government priorities and the need to control and protect assets and manage resources economically and efficiently. However, given the significant changes it faces, the Corporation would benefit from strengthening some aspects of its strategic planning. Such improvements include developing a comprehensive plan to fully reflect the changes and

impacts, using risk assessment results to identify priorities and allocate resources, and integrating human resource planning within overall strategic planning to ensure the Corporation continues to have in place the people it needs to achieve its goals and objectives.

- The Corporation has systems and practices in place to establish, develop, preserve, and protect its collection effectively. The Corporation's museums generally follow the processes in place for the acquisition and deaccession of collection objects. Practices to manage collection storage and security include threat and risk assessments when artefacts are used in exhibitions or loaned to other institutions. However, the Corporation needs to update its collection development plans and improve the management and use of its collection information system.
- The Corporation has systems and practices in place to effectively manage its programs, but there is no corporate policy in place to govern programming activities. Rather, each museum has its own guidance material to plan, develop, manage and evaluate exhibitions, education, and public programs. Similarly, the Corporation has developed an outreach strategy, but it has yet to develop a corporate outreach policy. Such a policy would assist in developing and managing outreach activities, as well as establish roles and responsibilities.
- The Corporation has systems and practices in place to manage its properties. Its capital and maintenance plans are based on risks and priorities. The Corporation measures and reports to the Board on the number of capital projects that are progressing as planned, but this measure does not provide information on the condition of the buildings. Since capital infrastructure has been identified as the most significant risk for the Corporation, we encourage the Corporation to improve its reporting to the Board on the condition of the buildings.
- The Corporation has not systematically identified and assessed its environmental risks. Though it has developed an environmental policy in which it states its commitment to be an environmental leader and describes how it will do so, it has yet to put in place an environmental management framework. Without doing so, environmental matters that should be managed may not be addressed.

The Corporation and the Board of Trustees have responded. The Corporation and the Board of Trustees agree with our recommendations. Their responses follow each recommendation in the report.

Special Examination Opinion

To the Board of Trustees of the Canadian Museum of Civilization Corporation

1. Under section 131 of the *Financial Administration Act* (FAA), the Canadian Museum of Civilization, now operating as the Canadian Museum of Civilization Corporation (the Corporation), is required to maintain financial and management control and information systems and management practices that provide reasonable assurance that its assets are safeguarded and controlled; its financial, human, and physical resources are managed economically and efficiently; and its operations are carried out effectively.
2. Section 138 of the FAA also requires the Corporation to have a special examination of these systems and practices carried out at least once every 10 years.
3. Our responsibility is to express an opinion on whether there is reasonable assurance that during the period covered by the examination—from September 2012 to April 2013—there were no significant deficiencies in the Corporation’s systems and practices.
4. We based our examination plan on our survey of the Corporation’s systems and practices and a risk analysis. On 21 November 2012, we submitted the plan to the Audit Committee of the Board of Trustees. The plan identified the systems and practices that we considered essential to providing the Corporation with reasonable assurance that its assets are safeguarded and controlled, its resources managed economically and efficiently, and its operations carried out effectively. Those are the systems and practices that we selected for examination.
5. The examination plan also included the criteria that we used to examine the Corporation’s systems and practices. These criteria were selected for this examination in consultation with the Corporation. The criteria were based on our experience with performance auditing and our knowledge of the subject matter. The criteria and the systems and practices we examined are listed in **About the Special Examination** at the end of this report.
6. We conducted our examination in accordance with our plan and with the standards for assurance engagements established by The Canadian Institute of Chartered Accountants. Accordingly, it included the tests and other procedures we considered necessary in the circumstances. In carrying out the special examination, we relied on an internal audit of travelling exhibitions.

7. In our opinion, based on the criteria established for the examination, there is reasonable assurance that during the period covered by the examination there were no significant deficiencies in the Corporation's systems and practices.

8. The rest of this report provides an overview of the Corporation and more detailed information on our examination observations and recommendations.



Maurice Laplante, CPA, CA
Assistant Auditor General for the Auditor General of Canada

11 September 2013
Ottawa, Canada

Overview of the Canadian Museum of Civilization Corporation

9. The *Museums Act* established the Canadian Museum of Civilization as a Crown Corporation effective 1 July 1990. Its purpose, as defined in the Act, is

... to increase, throughout Canada and internationally, interest in, knowledge and critical understanding of and appreciation and respect for human cultural achievements and human behaviour by establishing, maintaining and developing for research and posterity a collection of objects of historical or cultural interest, with special but not exclusive reference to Canada, and by demonstrating those achievements and behaviour, the knowledge derived from them and the understanding they represent.

10. The Act also gives the Canadian Museum of Civilization, operating as the Canadian Museum of Civilization Corporation (the Corporation), powers to perform a number of activities, which include

- collecting objects;
- maintaining its collection by preservation, conservation, and restoration and by establishing records and documentation;
- disposing of objects and using any revenue obtained to further its collection;
- lending or borrowing objects;
- organizing travelling exhibitions;
- undertaking research related to its purpose and to **museology**, and communicating the results of the research; and
- promoting knowledge and disseminating information related to its purpose throughout Canada and internationally.

11. The Corporation consists of the Canadian Museum of Civilization in Gatineau, the Canadian War Museum in Ottawa, and the Virtual Museum of New France.

12. The Corporation reports to Parliament through the Minister of Canadian Heritage and Official Languages. It is governed by a Board of Trustees (the Board), whose members are appointed by the Minister, with the approval of the Governor in Council. The Board's responsibility is to oversee the management of the business, activities, and affairs of the Corporation.

Museology—The science or practice of designing, organizing, and managing a museum collection.

13. A senior management team is responsible for the Corporation's day-to-day operations:

- the president / chief executive officer (the CEO);
- a chief operating officer / senior vice-president; and
- six executives, including the Corporate Secretary.

One of those executives is responsible for the day-to-day operations of the Canadian Museum of Civilization, and one is responsible for the Canadian War Museum. These positions include collection and programming management of the museums. The other functions, such as human resources and public affairs, are centralized corporate functions. As of December 2012, the Corporation employed 345 full-time employees, and 97 part-time employees.

14. In its financial statements for the 2012–13 fiscal year, the Corporation reported more than \$260 million of capital assets. These assets are composed primarily of buildings (\$217 million) and land (\$41 million). The Corporation's expenses by activity are presented in Exhibit 1.

Exhibit 1 The Corporation's expenses by activity

Expenses	2012–13		2011–12	
	Amount (\$ thousands)	Percentage of total expenses	Amount (\$ thousands)	Percentage of total expenses
Collect and research	16,122	17%	14,255	16%
Exhibit, educate and communicate	18,020	20%	17,593	20%
Accommodation	39,577	43%	39,448	44%
Corporate management	18,494	20%	18,474	20%
TOTAL	92,213	100%	89,770	100%

Source: Canadian Museum of Civilization Corporation, Annual Report 2012–2013.

15. The Corporation's primary funding source is the federal government, as Exhibit 2 shows.

Exhibit 2 The Corporation's funding comes largely from the federal government

Funding source	2012–13		2011–12	
	Amount (\$ thousands)	Percentage of total funding	Amount (\$ thousands)	Percentage of total funding
Parliamentary appropriations	71,412	80%	71,231	81%
General admission and programmes	4,823	5%	4,913	6%
Facility rentals and concessions	2,291	3%	2,143	2%
Boutique sales	1,834	2%	1,716	2%
Parking	1,699	2%	1,662	2%
IMAX	1,583	2%	1,497	2%
Other revenues	5,565	6%	4,551	5%
TOTAL	89,207	100%	87,713	100%

Source: Canadian Museum of Civilization Corporation, Annual Report 2012–2013.

Developments affecting the Corporation

16. The Corporation went through a series of changes in the last two years:

- In June 2011, a new CEO was nominated for a term of five years.
- In February 2012, a new Chair of the Board of Trustees was nominated for a term of four years.
- Between April 2012 and March 2013, six new members joined the Board of Trustees, which has a total of eleven members.
- In the spring of 2012, the Canadian Museum of Civilization merged the divisions of Exhibitions and Programs, and Research and Collections.
- In April 2013, both the Canadian Museum of Civilization and the Canadian War Museum implemented new organizational structures.

17. In addition, in October 2012, the Minister of Canadian Heritage and Official Languages announced the federal government's intention to introduce legislation creating the Canadian Museum of History. The government then introduced Bill C-49 to amend the *Museums Act*. The bill, which proposed to change the Corporation's name and mandate, was stopped by prorogation of Parliament in September 2013. The Government of Canada could decide to reintroduce the bill in the new session of Parliament that is scheduled to start in mid-October 2013.

18. The Corporation has made the following statements on its website in relation to the Canadian Museum of History:

- The storyline for the Canadian Museum of History will be developed by the Corporation's historians and researchers, in collaboration with renowned historians from across the country. In addition, input will be sought from Canadians across the country on stories, themes and events.
- The Canada Hall and the Canadian Personalities Hall will be combined to create a new, permanent exhibition on Canadian history.
- The former Canadian Postal Museum will be replaced by a new space dedicated to presenting exhibitions from museums across the country to complete the national story.
- The Corporation will embark on a major fundraising initiative to complement the government's one-time contribution of \$25 million.

Focus of the special examination

19. The last time the Auditor General conducted a special examination of the Corporation was in 2006.

20. For this special examination, our objective was to determine whether the Canadian Museum of Civilization Corporation's systems and practices provide it with reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively. We focused on the areas of corporate governance, strategic planning and risk management, human resource management, collections and research management, programming management, and property and environmental management.

21. More details on the audit objectives, scope, approach, and criteria are in **About the Special Examination** at the end of this report.

Observations and Recommendations

Corporate governance

22. Corporate governance refers to the structures, systems, and practices an organization has in place to oversee its direction and management. We examined whether the Corporation has a well-performing corporate governance framework that meets the expectations of best practices in Board stewardship, shareholder relations, and communications with the public. We did this by conducting interviews with a sample of members from the Board of Trustees, the Corporate Secretary, and staff from the Department of Canadian Heritage; by observing a meeting of the Board and its committees; and by reviewing documents.

23. We found that the Corporation has a corporate governance framework that, overall, meets the expectations of best practices. However, we found a number of weaknesses in the Corporation's systems and practices that prevent the framework from being a well-performing one. These weaknesses lessen the Board's ability to exercise its oversight roles and responsibilities and to provide strategic directions to the Corporation. Insufficient or inappropriate Board stewardship may ultimately affect the capacity of the Corporation to fulfill its mandate.

Most of the Board and its committees' roles and responsibilities are defined

24. The *Financial Administration Act* (the FAA), the *Museums Act*, and the by-laws of the Corporation establish the fundamental roles and responsibilities of the Board and the CEO. The Board has a profile and terms of reference for its committees, which stipulate their roles and responsibilities.

25. The Corporation's governance structure consists of a Board of Trustees (the Board), composed of 11 members, including the chairperson. In addition to the Audit Committee that the FAA requires, the Board established five committees: the Executive Committee, Governance Committee, Finance Committee, Development Committee, and Canadian War Museum Committee.

26. In 2006, we recommended that the Board document its roles and responsibilities, and update its profile and each committee's terms of reference. Since then, the Board updated its profile and the terms

of reference for all of its committees, except for the Executive Committee. However, we found that the Board profile and the Audit Committee's terms of reference are missing a few aspects of governance best practices.

27. We found that the Board's roles and responsibilities do not include human resource aspects; notably, they do not refer to its review and approval of a management succession plan. This element is important because it is part of the Board's stewardship responsibility.

28. For the Audit Committee, while some of the following elements of best practices are in place, we found that they were not in the terms of reference:

- holding in-camera sessions with the external auditor;
- outlining the reporting structure for the internal audit function;
- ensuring suitable risk management and internal control frameworks are in place; and
- overseeing the Corporation's compliance with laws, regulations, and ethics and conflict-of-interest policies.

29. We encourage the Board to review regularly its roles and responsibilities, and those of its committees, to ensure they reflect best practices.

Some roles and responsibilities have not been fulfilled

30. As indicated above, the Board and its committees have stated most of their roles and responsibilities, which contribute to a well-performing governance framework. We examined whether the Board and its committees have fulfilled their roles and responsibilities. While many of those have been fulfilled, we found instances where they have not.

31. We found that the Governance Committee did not meet frequently enough to fulfill its oversight role. In the 2012–13 fiscal year, all committees met and reported regularly through board meetings, except for the Governance Committee, which met and reported only once. As a result, the Governance Committee did not review the methods and processes by which the Board fulfills its duties and responsibilities or provide recommendations to the Board on a number of areas of governance.

32. One of the Board's responsibilities is to adopt the Corporation's strategic directions. The Board adopted them in 2009 but has not

formally re-examined them since. Given that the Corporation is facing significant changes, as indicated in paragraph 49, it would be timely for the Board to review the strategic directions.

33. Ensuring mitigation measures are in place to address identified risks is an important Board responsibility that is stated in the Board profile. In 2006, we recommended that the Board ensure management provides it with an overall assessment of the Corporation's key risks, the systems and practices that mitigate these risks, as well as the priority actions. We found that the Board has partially addressed this recommendation. A corporate risk profile was presented to the Audit Committee in the fall of 2012, but it did not contain any information about systems and practices that mitigate the risks. A discussion of the Corporation's risk management can be found in paragraphs 55 to 57.

34. The Board is also responsible for assessing its own performance. In 2006, we recommended that the Board implement a periodic evaluation of its performance. We found that the Board has not addressed this recommendation. The Governance Committee initiated a process in January 2012, but it has not finalized its results. The Board needs to assess its performance periodically to identify possible improvements to the way it functions and to identify training needs. With seven members that have been serving for at least a year, it would be timely for the Board to assess its performance.

35. The *Museums Act* stipulates that reviewing the CEO's performance is also a Board responsibility. We found that the Board did not formally approve the 2011–12 performance review of the CEO. As the evaluation of the CEO is an important Board responsibility, it should be formally reviewed and approved.

36. The appointment of the Corporate Secretary is another responsibility of the Board. The Corporate Secretary serves as a focal point for communication with and among the Board, senior management, and the shareholder, and has a key role in the administration of the Board and critical corporate matters. A key responsibility for the Corporate Secretary is to ensure that Board members have the proper information and resources for discharging their stewardship responsibilities and that the records of the Board's decisions reflect the proper exercise of those responsibilities. We found that the Board did not approve the appointment of the Corporate Secretary in 2012, even though the FAA and the Corporation's by-laws require that officers be appointed by the Board.

37. Recommendation. The Board should ensure systems and practices are in place to enable it to fulfill all of its stated roles and responsibilities.

The Corporation's Board of Trustees' response. Agreed. The Board of Trustees will review systems and practices to ensure it fulfills all of its stated roles and responsibilities, including those related to strategic directions, governance structure, and information needs by December 2014.

Gaps in the functioning of the Board have weakened its oversight capacity

38. We examined a number of key elements of Board functioning and oversight, including the Board's composition and renewal; the orientation and training offered to trustees; values, ethics, and conflict-of-interest practices; and information the Board receives. Overall, we found improvements are needed in those areas.

39. The Corporation updated the Board profile in January 2012 and communicated it to the Minister of Canadian Heritage and Official Languages. However, we did not find evidence that the Board approved it. We reviewed the composition of the Board and, with the exception of not having a First Peoples representative, we found that collectively, members possess the skills outlined in the Board profile.

40. Staggering trustees' terms of office is important to ensure continuity of expertise and corporate memory, as well as to ensure the stability of the Board's work. The *Museums Act* indicates that, as far as possible, no more than four trustees' terms of office should expire in any given year. Between February 2012 and March 2013, seven new members, including the Chair, joined the Board. This change of more than half of the Board's members prevented the Corporation from having continuity on its Board.

41. As new members join the Board of Trustees, they receive an information package. We found, however, that there are no formal orientation or training sessions in place for them. Board members attended a half-day training session in April 2013. This training was not timely for the seven Board members who had been nominated before May 2012. Timely training is important for new Board members to understand their role in overseeing the Corporation's management.

42. Because Board members have a duty to serve the best interests of the Corporation and have access to privileged information, the Corporation needs to have values and ethics practices in place and to manage conflicts of interest. In 2006, we recommended that the Board review its practices on values, ethics, and conflict of interest to ensure

they comply with best practices. We found that the Corporation has not addressed our recommendation. The Board does not have a code of values and ethics that would assist in identifying circumstances and relationships related to its specific business environment, which could lead to a potential conflict of interest. We also found that the Corporation does not have any mechanisms, such as a declaration of potential conflicts of interest before each Board meeting and each committee meeting, to identify and manage potential conflicts of interest. Also missing are values and ethics and conflict-of-interest mechanisms for five external non-voting members of the Canadian War Museum Committee.

43. For the Board to fulfill its oversight responsibilities, it requires complete, timely, and accurate information. The Board receives information from the Corporation's management in advance of its meetings. We found none of this information referred to management succession planning. We also found that the information provided to the Board about significant reorganizations (see paragraph 16) was limited to the brief reference included in the draft 2013–14 to 2017–18 Corporate Plan. In addition, in 2012, the internal audit function was contracted out, and a four-year internal audit plan was approved. We found that linkages between audit projects included in the audit plan and risks identified in the corporate risk profile were not explained to the Board.

44. Recommendation. The Board should improve aspects of its functioning to strengthen its oversight capacity by ensuring that

- the information given to the Minister reflects the need for the Corporation to have all of the required skills on the Board and a more optimal staggering of trustees' terms of office;
- a formal orientation and training program is developed for Board members and delivered on a timely basis;
- ethics and values practices are in place for Board and committee members, including the management of potential conflicts of interest; and
- it receives complete and accurate information from management on a timely basis.

The Corporation's Board of Trustees' response. Agreed. The Board of Trustees will approve the Board profile and submit it to the Minister and Privy Council Office. The Board Chairperson will propose specific suggestions to the Minister's Office for the staggering of trustees' terms. A Training and Orientation Program for Trustees will be developed and

delivered on a timely basis. The Board of Trustees will implement a Code of Values and Ethics and develop a mechanism so Board members may declare conflicts of interest. It will also identify information needs and monitor the Corporation's effort to provide pertinent and timely information to the Board members. All of this work will be completed by June 2014.

Strategic planning and risk management

45. Strategic planning is important to ensure that a corporation meets its long-term objectives. It is also important to ensure that the corporation's strategies, objectives, goals, and resource allocation support the achievement of its mandate. This type of planning involves assessing and adjusting an organization's direction in response to a changing environment. Risk management is important to inform strategic decisions that contribute to the corporation's achievement of its overall objectives. The Corporate Plan is the ultimate result of the strategic planning process.

46. We examined whether the Corporation has clearly defined strategic directions and specific, measurable goals and objectives for achieving its legislative, commercial, and public policy mandate. We also examined whether the Corporation's strategic directions and goals take into account government priorities, identified risks, and the need to control and protect its assets and manage its resources economically and efficiently. For this purpose, we examined the Corporation's strategic planning and operational processes, change management process, risk management, and performance measurement and reporting practices.

47. Overall, we found that the Corporation has clearly defined strategic directions, goals, and objectives. We also found that the Corporation has considered government priorities and the need to control and protect assets and manage resources economically and efficiently. However, the Corporation needs to ensure that risks are identified consistently throughout its corporate documents and to include corresponding mitigation measures. The Corporation also needs an overall plan to address the significant changes it faces. Our recommendation appears in paragraph 63.

The Corporation has carried out planning initiatives, but it needs an overall plan to address the significant changes it faces

48. In 2009, the Board of Trustees approved four strategic directions for the Corporation, but it has not formally re-examined them since.

49. The Corporation is facing significant changes. It is planning a new permanent exhibition on Canadian history, along with a

fundraising initiative to complement the announced government funding of \$25 million, and a rebranding exercise. The Corporation will also create a network of history museums and a space for other Canadian museums to present exhibitions. Furthermore, the Corporation may also face a change in its mandate should the Government of Canada reintroduce legislation to establish the Canadian Museum of History. A revised mandate would provide an opportunity for the Corporation to review the content of its collection and programming.

50. We examined whether a change management process was being put in place to assist the Corporation with the transition. Such a process would normally include

- setting objectives;
- establishing appropriate organizational structures, roles, and responsibilities;
- employing open and consultative communication approaches;
- identifying the human impacts of the change; and
- developing plans to align the workforce to support the changing organization.

Change management is important to secure buy-in and to align staff behaviour and skills with the changes. The process involves making organizational and behavioural adjustments to accommodate and sustain change.

51. We found the Corporation undertook planning initiatives concerning the creation of the permanent exhibition. The Corporation prepared a draft plan and work schedule, formed a project team that met regularly, and consulted and communicated with staff. However, there are no terms of reference or documented minutes of meetings for a management group that the Corporation formed to oversee the new exhibition's development. We encourage the Corporation to finalize the plan for its permanent exhibition project, to develop terms of reference for the management group responsible for overseeing the project, and to document its decisions.

52. In addition, we found that the Corporation has not developed an overall plan that covers all aspects of the important changes it faces. A good plan would at least identify the changes and contain a risk assessment and mitigation strategy, as well as performance indicators, monitoring tools, and reporting mechanisms to measure the success of its implementation.

Divisional work plans are not required to be aligned with the Corporate Plan

53. Each division of the Corporation develops annual work plans for budgetary purposes. These plans contain a list of projects or activities to be undertaken and a budget for each one. The CEO approves the plans, following discussions with the head of each division.

54. In 2006, we recommended that the Corporation enhance the quality control of its work plans by explicitly aligning them with its strategic directions. We reviewed the 2013–14 work planning process, and we found that the Corporation still did not require divisions to align work plans with the strategic directions included in the Corporate Plan. In addition, as we noted in our 2006 report, we found work plans do not include clear performance measures. Ensuring alignment between work plans and the Corporate Plan is important to ensure the Corporation allocates resources consistently with its objectives.

Corporate documents provide limited information about risk mitigation measures

55. Risk management involves identifying, assessing and prioritizing risks, and monitoring and managing the probability and impact of unfortunate events. In 2006, we recommended that the Corporation improve its corporate risk management framework to support strategic planning.

56. In 2012, the Corporation developed a risk management framework and profile. As part of this process, it identified, assessed, and ranked risks. We reviewed the draft 2013–14 to 2017–18 Corporate Plan and the quarterly **dashboard** presented to the Board to determine whether risks were aligned with those in the corporate risk profile and whether the Corporate Plan and dashboard contained information about risk mitigation measures.

57. Although various sections of the Corporate Plan discuss risks, we found those risks were not aligned with the corporate risk profile. We also found inconsistencies between the risks included in the quarterly dashboard and those in the corporate risk profile. We found that corporate documents provide limited information about risk mitigation measures. We encourage the Corporation to ensure its corporate documents consistently identify the same risks, and include corresponding mitigation measures.

Dashboard—A management tool used to present performance information in a user-friendly format.

The Corporation's performance measurement and reporting have improved

58. In 2006, we recommended that the Corporation improve its strategic planning process by monitoring and reporting on progress made in achieving its objectives. We also recommended that the Corporation establish a corporate performance measurement framework to support consistent and timely performance measurement, and to provide accountability and transparency in its reporting to the Corporation's management and the Board.

59. Since then, the Corporation has made significant progress. It has developed a performance management framework that identifies 16 performance indicators and contains quantitative targets for each museum. These indicators are linked to the Corporation's four strategic directions. Since September 2011, the CEO reports quarterly to the Board of Trustees about the results achieved against these performance indicators. The Corporation also started to report externally on its performance through its 2011–12 Annual Report and by including targets in its 2012–13 to 2016–17 Corporate Plan.

60. We examined whether the Corporation has identified and implemented performance indicators to measure the extent to which it fulfills its mandate. We did this by reviewing a sample of performance indicators.

61. We found that the indicators measure to some extent the Corporation's performance against its mandate. The Corporation does not have performance indicators to measure aspects of its mandate relating to the satisfaction of visitors and growth in visitors' knowledge and understanding. As the Corporation currently measures visitor satisfaction and it evaluates some of its programs, it could use those results to establish performance indicators. We also found that the Corporation does not have a formal process in place to validate the information it gathers to measure how it achieves its targets.

62. Measuring and reporting on performance are important to assist a corporation in making sound decisions, holding managers accountable, and demonstrating the extent to which it has achieved expected results. While we recognize that it could be a challenging exercise, we encourage the Corporation to refine its framework and to adopt more outcome-based indicators in order to measure and report on whether it fulfills its mandate. We also encourage the Corporation to develop a process to ensure the accuracy and completeness of the information it reports.

63. Recommendation. In light of the significant changes it faces, the Corporation should improve aspects of its strategic planning. It should

- develop a comprehensive plan covering all aspects of the changes,
- use risk assessment results to identify priorities and allocate resources,
- provide information on mitigation measures for risks identified,
- ensure alignment of its operational plans with the Corporate Plan, and
- develop performance measures to report on performance.

The Board should approve the plan and receive timely reports on progress made.

The Corporation's response. Agreed. The Corporation will develop a planning framework to identify priorities, allocate resources, mitigate risks, ensure alignment of operational plans to the Corporate Plan, and report on performance. The planning framework will be completed by March 2014 and will be featured in the 2014–2015 Corporate Plan, which will be approved by the Board. The implementation of the planning framework will be completed by March 2015. The Corporation will report progress to the Board at each regularly scheduled Board meeting.

Human resource management

64. The Corporation's success in achieving its statutory mandate depends largely upon the quality and performance of its employees. Employee-related expenditures represent about 40 percent of the Corporation's annual operating expenditures.

65. We examined whether the Corporation manages human resources in a manner that provides it with the human resource capacity it needs to achieve its goals and objectives. Specifically, we looked at human resources and succession planning, staffing practices, and performance evaluations.

66. We found that the Corporation has systems and practices in place to manage human resources in a manner that, overall, provides it with the human resources capacity needed to achieve its goals and objectives. However, we found areas for improvement.

The Corporation carried out limited strategic human resource planning

67. Strategic human resource planning is normally integrated with an organization's overall strategic planning. Such planning usually

includes identifying current and future competencies and required skills; assessing capabilities for critical areas; and setting priorities to achieve business goals, including developing succession plans and strategies on recruitment, training, and retention.

68. We examined how the Corporation has planned to ensure it has sufficient, qualified, and competent human resources to achieve its objectives.

69. We found that since our last special examination, the Corporation has conducted limited strategic human resource planning. The latest such plan covered 2005–08. The Corporation plans to update its strategic human resource plan in the 2014–15 fiscal year. The following two elements are considered important aspects of strategic human resource planning.

70. Core competencies. In our last special examination report, we noted that the Corporation had not updated its documentation about core competencies since 1998–99, and we encouraged the Corporation to review it. Since then, the Corporation has conducted a preliminary review of its core competencies and acquired a competencies dictionary that it must adapt to its needs. The Corporation expects to finish updating its core competencies document by December 2014, and then to update job descriptions. Documented core competencies are an important tool to help the Corporation better manage human resources, notably by filling positions with candidates who meet required competencies, by providing appropriate training to meet job competency requirements, and by assessing performance.

71. Succession planning. In our 2006 special examination, we noted that the Corporation had implemented a leadership continuity and development process designed to create a pool of qualified candidates who could assume higher levels of managerial responsibility and leadership roles. We found that the process was suspended in the 2009–10 fiscal year. The Corporation is planning to implement a new approach in 2014–15.

72. Recommendation. The Corporation should update its documentation about core competencies, complete its human resources strategic plan, and develop a succession plan to ensure it has sufficient and qualified human resources to achieve its goals.

The Corporation's response. Agreed. The Corporation will complete its human resources strategic plan, including the update of core competencies and the completion of a new succession plan. This work will be completed by December 2014.

Some staffing decisions were not well documented

73. The Corporation updated its staffing policy in February 2012. The Corporation also has a staffing guide that establishes responsibilities and describes the staffing process. The guide's goal is to standardize practices and support managers and supervisors. According to the staffing policy, the Corporation's general approach to staffing new or vacant positions is through a competitive process.

74. We examined a sample of staffing files to see whether they were consistent with the staffing policy and guide. Our examination covered the competitive and non-competitive processes for a sample of positions filled between August 2010 and October 2012.

75. We found, for the most part, that the policy and guide were followed for competitive positions. For positions filled without a competitive process, we found a lack of documentation for some staffing actions examined. Documentation was missing to justify why positions were filled without a competitive process. Competencies required for the positions, and justifications to demonstrate that the retained candidates met the requirements were also not documented.

76. Filling positions without holding a competitive process could impede the Corporation's ability to attract and select the best possible candidates and might result in costly and inadequate staffing decisions. Furthermore, non-competitive hiring, as well as the lack of documentation, prevents the Corporation from demonstrating that its decisions were transparent and based on its stated principle of hiring by merit.

77. Recommendation. The Corporation should ensure it documents its staffing decisions appropriately.

The Corporation's response. Agreed. The Corporation will ensure staffing decisions are documented.

A number of performance evaluations are overdue

78. Assessing the performance of employees is an important managerial responsibility. The Corporation has a directive requiring its managers to evaluate the performance of all employees formally, at least once a year.

79. The Human Resources division is responsible for monitoring the application of the performance evaluation process. In 2012, the division conducted punctual follow-ups with managers who were late in assessing the performance of employees. These follow-ups helped

reduce the number of overdue evaluations. However, at the end of March 2013, we found about 30 percent of evaluations were overdue, and six percent of employees had not received an evaluation in at least three years.

80. Managing employee performance contributes to the achievement of strategic and operational goals. It also helps improve performance, provide and obtain feedback, and develop careers. We encourage the Corporation to ensure managers complete timely performance evaluations.

Collection and research management

81. Museums have the duty to acquire, preserve, and promote their collection to contribute to the safeguard of cultural heritage. The Corporation's collection includes artifacts, specimens, works of art, written documents, sound and video recordings, photographs, and electronic records. Both the Canadian Museum of Civilization and the Canadian War Museum manage the collection, which is stored in both museums.

82. The Corporation needs to manage its collection effectively to ensure that it supports the Corporation's mandate. Effective management involves developing, preserving, and protecting the collection, as well as maintaining sufficient, accurate information about it. Research is also important to document the collection and fulfill the Corporation's educational and interpretive mission.

83. We examined whether the Corporation had systems and practices in place to effectively establish, develop, preserve, and protect a collection of objects of historical or cultural interest in accordance with its mandate. More specifically, we examined collection planning and monitoring, acquisition and **deaccession** processes, collection storage and security, the collection documentation and information system, inventory control, and research planning.

84. We found that the Corporation has systems and practices in place that, overall, establish, develop, preserve, and protect its collections effectively. However, we noted areas for improvement.

Collection development plans are outdated

85. The Corporation has a policy to guide the development of its collection. That policy states that the development plans of each museum guide collection activities. The latest plans for the development of the collection of the Canadian Museum of Civilization and the Canadian War Museum covered 2003–06 and 2007–12, respectively.

Deaccession—Process of removing an object permanently from a museum collection.

86. In 2006, we recommended that the Corporation more formally monitor the collection and its overall development through periodic reports to senior management and the Board of Trustees. We found that the Corporation still lacks formal mechanisms to monitor and report on progress against its collection development plans.

87. Collection development planning is important to establish strategies and actions that museums will follow to develop and refine their collection. Plans also provide a basis for reviewing progress towards collection development. Museums need formal monitoring and reporting mechanisms to account for their progress and to adjust development plans as required.

88. Recommendation. The Corporation should update its collection development plans. It should also monitor and report to senior management and the Board on the development of its collection.

The Corporation's response. Agreed. Collection development plans will be updated by March 2015. The Corporation will ensure that the management and development of collections are monitored and reported to senior management and the Board.

The Corporation has acquisition and deaccession processes

89. The Corporation acquires objects through various ways, including donations and purchases. The two museums follow their own processes for the acquisition and deaccession of objects in the collection. We reviewed a sample of acquisitions and deaccessions to determine whether the museums were following those processes. We found that they were generally following their established processes.

90. Although processes are in place, there are no corporate guidelines for acquisitions and deaccessions. However, in 2011, one of the two museums elaborated its own acquisition guidelines, and in the fall of 2012 it reviewed its acquisition process and identified potential improvements. At the time of our examination, the museum had not yet implemented those improvements. For the disposal of deaccessioned objects, the Corporation has drafted guidelines. We encourage the Corporation to adopt guidelines to formalize and standardize the decision-making processes for acquisitions and deaccessions at both museums.

The Corporation has practices to manage collection storage and security

91. The Corporation has policies and procedures covering security aspects. We examined whether the Corporation has practices in place to manage the storage and security of the objects in its collection. We found that such practices are in place. We also found that the Corporation completes a threat and risk assessment when items are used for exhibitions, and before lending artifacts to another institution.

92. We followed up on our 2006 recommendation, which stated that the Corporation should assess its IT emergency needs and then complete, document, and test an appropriate IT systems disaster recovery plan, in order to ensure business continuity. We found that the Corporation developed an IT business continuity plan in 2008 and that it was updated and tested in 2009. Leading practices recommend that such a plan be updated annually and tested every two years. Therefore, it would be timely for the Corporation to do so.

There are weaknesses in the management and use of the collection information system

93. The Corporation has a policy about collection management, which recognizes the fundamental importance of documentation pertaining to the collection and of inventory control. The policy states that the Corporation seeks to ensure consistency, accuracy, accessibility, and the preservation of documentary records. It also states that the Corporation follows procedures to account for the placement and movement of its collection and carries out systematic inventories.

94. The Corporation uses an electronic management system called KE EMu to document the objects in its collection and account for their placement and movement. We examined the system's overall management, as well as the content of the system's database.

95. In April 2013, the responsibility for administering the KE EMu system was transferred to the corporate Chief Information Officer from collection management at the Canadian Museum of Civilization. However, it remains unclear who will be responsible for providing corporate direction and oversight concerning the quality and consistency of data within the system.

96. We found that approvals of the implementation of system upgrades were not well documented. Documenting approvals is important to make sure changes to information systems are appropriate and reflect users' needs.

97. The KE EMu system contains a number of fields to document collection objects. We found that there are no corporate guidelines to standardize the documentation, such as data entry standards. In addition, the database does not contain input validation rules that would prevent users from bypassing data entry of mandatory fields.

98. A process is in place for granting access to the KE EMu system. However, we found that there is no documented review of user groups or access privileges. Conducting and documenting periodic reviews are important to ensure that access rights are in line with job responsibilities.

99. Our review of the database's content revealed that information such as the object's condition and acquisition date was missing for many records. Also, we found 26 percent of records at the Canadian Museum of Civilization and 14 percent of records at the Canadian War Museum did not include information about the current location of the object. While we recognize that cyclical inventories of collection objects are challenging for museums to conduct, such inventories reduce the risk that objects could be missing without detection. They also provide an opportunity to review and update information about the collection, and establish whether its objects require conservation treatment. The Corporation would benefit from implementing cyclical inventories of its collection. The lack of consistent and complete information about the collection limits the Corporation's ability to benefit from the efforts and resources it has invested in the collection's acquisition, care, and storage.

100. **Recommendation.** The Corporation should

- provide direction and oversight on its collection information system; and
- develop, implement, and enforce guidelines for documenting its collection.

The Corporation's response. Agreed. The Corporation will ensure direction and oversight of its collection information system by March 2014. The Corporation will develop, implement, and enforce documentation guidelines by December 2015.

The Corporation is developing a corporate research strategy

101. The Corporation drafted a corporate research strategy and plans to finalize it in 2013. The strategy is expected to direct the research and collection development plans. The Corporation's research policy dates back to 1988. We encourage the Corporation to finalize its

strategy and to review its corporate research policy to ensure it is in line with its strategy.

Programming management

102. Museums have an important duty to develop their educational role and attract wider audiences. Public interaction and promotion is an integral part of museums' educational role. The Corporation develops and communicates knowledge and expertise through various means, notably exhibitions, as well as public and education programs.

103. We examined whether the Corporation has systems and practices in place to effectively manage its programming in order to increase, throughout Canada and internationally, interest, knowledge, understanding and appreciation of Canada's history. We did this by conducting interviews with managers of the Corporation, and by reviewing documents. We did not examine programming content or choices the Corporation made. Specifically, we looked at the way the Corporation planned and developed programming content, evaluations of its programming, and the way it managed outreach activities.

104. Overall, we found that the Corporation has systems and practices in place to effectively manage its programming. We noted, however, certain areas for improvement.

Guidance material on programming activities needs to be updated

105. We looked at systems and practices for planning and developing exhibitions, as well as for education and public programs. While there is no corporate policy governing programming activities, each museum has its own guidance material that it follows for developing and managing exhibitions, education, and public programs. We found that the guidance material on exhibitions is not up to date for either museum. In the fall of 2012, the Canadian Museum of Civilization examined its exhibition development processes, identified opportunities for improvement, and proposed new processes. The Museum has not yet developed an action plan to implement the resulting recommendations.

106. The Corporation has criteria that it uses to review exhibition ideas. However, we found limited documentation about how it assesses those ideas. We also found the Corporation does not provide feedback formally to people who submit exhibition ideas. To increase the transparency of the vetting process for exhibition ideas and to enhance corporate memory, we encourage the Corporation to document assessments performed on exhibition ideas clearly, and to communicate formally the results of its decisions.

107. Recommendation. The Corporation should develop a corporate programming policy, update its guidance material on exhibitions, and determine whether it could benefit from standardizing exhibition development processes between museums.

The Corporation's response. Agreed. The Corporation will develop a corporate programming policy, update guidance material on exhibitions, and ensure that exhibition development processes are appropriate for both museums. This work will be completed by December 2015.

The content, timing, and type of programming evaluations vary

108. The Corporation's guidance material about programming identifies different forms of evaluations staff may carry out, including summative and formative evaluations, event debriefs, post-mortem reviews, and final reports. We found that the content, timing, and type of evaluations conducted varied among programs. This makes it difficult for the Corporation to analyze and summarize results for use in future decision making. We encourage the Corporation to develop a risk-based approach for evaluating programs and to evaluate them on a consistent and timely basis.

The Corporation has developed an outreach strategy

109. The Corporation promotes knowledge and disseminates information, notably through loaned artifacts, its Virtual Museum of New France, and travelling exhibitions. In our 2006 special examination report, we recommended that the Corporation develop a clear outreach policy and strategy. Since then, the Corporation has developed a strategy, but it still does not have an outreach policy. Such a policy would assist in developing and managing outreach activities, as well as establish roles and responsibilities.

110. In October 2012, the Corporation undertook a project to engage the public; this project included an interactive website, a survey, and a consultation process. Through this exercise, the Corporation concluded it needed to reach out to and engage Canadians who are not visiting its museums and who reside outside the National Capital Region. In April 2013, the Corporation developed a strategy aimed at connecting the two museums and their audiences. The strategy includes a number of actions to be completed over the next five years. We encourage the Corporation to develop an outreach policy and to measure its success in achieving its strategy. Both elements will contribute to the fulfillment of the Corporation's national mandate.

111. The Corporation issued an internal audit report about travelling exhibitions in the fall of 2012. The report included recommendations to

- develop and communicate formal policies and procedures;
- formalize and communicate roles and responsibilities for managing and delivering travelling exhibitions;
- document, approve, and communicate the division’s objectives and priorities; and
- develop an approach to measure the performance of travelling exhibitions.

The Corporation agreed with the report’s findings and developed an action plan to address its recommendations. At the time of our examination, the Corporation had started to act on its plan.

Property management

112. The Corporation is responsible for two properties, the Canadian Museum of Civilization and the Canadian War Museum, which, combined, occupy close to 150,000 square meters of floor space. We examined whether the Corporation has systems and practices in place to manage its property-related assets (non-collections related) in order to ensure proper maintenance and renewal of facilities for current and future needs. For this purpose, we examined the capital and maintenance planning processes, as well as the way the Corporation establishes risks and priorities, and how the Corporation monitors and reports on its performance. Overall, we found that the Corporation has systems and practices in place to ensure proper maintenance and renewal of its facilities. However, improvement is needed in reporting performance information to the Board.

Capital and maintenance plans are based on risks and priorities

113. The Canadian Museum of Civilization was built in 1989. Given the age of the building, many systems are coming due for normal life-cycle renewal. In 2012, a report on the Museum building’s condition established mandatory and high-priority actions, based on a risk assessment. The report included an estimate of capital expenditures for the next 25 years. We were informed that the Corporation will update this building condition report every three to five years. No such report has been prepared for the Canadian War Museum.

114. The Corporation prepares a Corporate Plan and capital and maintenance work plans annually. Those work plans include budgets for maintenance and capital projects. We examined the draft 2013–14 to 2017–18 Corporate Plan and the capital work plans. We found that the

Canadian Museum of Civilization's capital work plan reflected priorities outlined in the building condition report. We were informed that the Canadian War Museum's capital work plan and the maintenance work plans for both museums are developed based on analyses of the buildings' condition and discussions with the buildings' operators.

The Corporation is reporting limited performance information to the Board on the condition of its buildings

Scorecard—Graphical representation of an organization's progress over time toward targets set for key performance indicators.

115. The Corporate Plan, the Annual Report, and the quarterly **scorecard** and dashboard provide the Corporation with an opportunity to inform various stakeholders about the condition of its buildings and the financial resources needed to maintain them.

116. The Corporation measures and reports on the number of capital projects that are progressing as planned. We found that this indicator does not provide performance information on the condition of the buildings. As capital infrastructure was identified as the most significant risk for the Corporation, we encourage the Corporation to improve its reporting to the Board on the condition of the buildings.

117. The Corporate Plan informs the Minister about the financial resources required to maintain the buildings in good condition. From 2009 to 2013, the Corporation received about \$25 million to address critical capital requirements. This funding expired in March 2013. The Corporation foresees that, starting in the 2013–14 fiscal year, annual expenditures will be higher than the funding it receives. We encourage the Corporation to monitor and communicate what the risks and impacts would be should it have insufficient funding to address critical capital requirements in the future.

Environmental management

118. During the past several years, museums in Canada and internationally have paid more attention to environmental concerns by developing sustainable development policies and practices. In Canada, A Sustainable Development Guide for Canada's Museums is intended to help strengthen the museum community's role as a responsible leader and steward of the environment.

119. We examined whether environmental risks associated with the Corporation's activities and operations are identified and assessed. We also examined whether the Corporation mitigates these risks and monitors and reports on its environmental performance. Specifically, we examined how the Corporation manages various issues, including hazardous and non-hazardous waste, site contamination, and indoor air quality.

120. Overall, we found that the Corporation has not systematically identified and assessed its environmental risks. We also found that the Corporation mitigates environmental risks in certain areas, but that it requires better monitoring and reporting on performance.

An environmental management framework is still not in place

121. In our 2006 special examination report, we noted that the Corporation had not developed a corporate framework to guide planning, priority setting, monitoring, and reporting on environmental performance. We also noted that the Corporation had not developed a summary of environmental legal requirements.

122. In 2011, the Corporation developed an environmental policy that states its commitment to be an environmental leader and describes how it will do so. It says that the Corporation will integrate environmental considerations into decision making, strive for continuous improvement, and comply with applicable laws and regulations.

123. Some of the Corporation's environmental matters, notably energy conservation and waste management, are noted in its environmental policy. However, we found that the Corporation has not yet systematically identified and evaluated its environmental risks, and it still has not inventoried environmental laws and regulations that apply to its operations. Without doing so, environmental matters that should be managed may not be addressed.

124. We also found that the Corporation has not communicated its 2011 environmental policy to staff, nor has it established a corporate framework to guide implementation of its policy. The Corporation does not have an environmental action plan with clear priorities, objectives, or targets, and it has not established mechanisms for assessing and reporting on environmental performance. In the absence of a framework to guide implementation of the environmental policy, there is a risk that staff will not follow the policy.

125. Recommendation. The Corporation should identify and assess its environmental risks and environmental legal requirements. It should also establish a framework to implement its environmental policy.

The Corporation's response. Agreed. The Corporation will update its environmental policy, establish a framework to implement its environmental policy, and identify and assess its environmental risks and environmental legal requirements. This work will be completed by September 2015.

Environmental risks are not well monitored

126. We examined whether the Corporation is actively addressing its environmental risks and liabilities.

127. Since our last special examination, the Corporation has paid more attention to managing its solid non-hazardous waste. It is diverting more waste from landfill through recycling and food composting. Waste diversion at the Canadian Museum of Civilization increased to 45 percent, from 12 percent, between 2011 and 2012. At the Canadian War Museum, the diversion rate in 2012 stood at 86 percent, up from 17 percent in 2010. However, the Corporation is not recycling certain types of waste, such as construction and demolition waste.

128. We found no formalized procedures for managing hazardous waste, such as used chemicals from the conservation labs, and electronic waste. While we observed that staff track and document waste leaving the museums, formalizing procedures would help to guide staff and ensure consistency and conformity with environmental legislation.

129. We observed tracking and monitoring of environmental activities in some areas. Staff measure and record energy use and carry out health and safety inspections at both museums on a regular basis. With respect to air quality, a preventive maintenance program is in place for building systems that regulate air quality in both museums. However, the Corporation does not test indoor air quality to validate its systems' effectiveness and confirm that it meets indoor air quality guidelines. It also does not regularly test drinking water to confirm that it meets required standards.

130. The Canadian Museum of Civilization is located in an area of Gatineau where intensive industrial activity took place dating back to the 1800s. As part of environmental site assessments, the National Capital Commission (the NCC) sampled groundwater taken inside the boundary of the museum site. Results from 2005 to 2008 showed six contaminants in levels above provincial standards. The NCC informed the Corporation about those results and recommended that it follow up to determine the extent and possible source of the impacts at the museum site. We found that the Corporation has not yet determined the severity or extent of the contamination on its site. At the end of our examination, the Corporation decided to proceed with an initial environmental site assessment and some groundwater monitoring. The Corporation's failure to address contamination at the site of the Canadian Museum of Civilization could pose a risk to the environment and expose the Corporation to liabilities.

131. Following the clean-up of the Canadian War Museum site at LeBreton Flats in Ottawa, residual contamination remained on the NCC properties adjacent to the site. The NCC monitored and reported on groundwater contamination on these properties until 2009, when its consultants recommended that monitoring was no longer necessary. Moving forward, we encourage the Corporation to communicate regularly with the NCC to confirm that circumstances have not changed.

132. Recommendation. The Corporation should better monitor its environmental risks. It should also identify and assess the extent of contamination on the Canadian Museum of Civilization site, implement an action plan to manage risks to the environment and health and safety, and determine any associated liabilities.

The Corporation's response. Agreed. The new framework to implement its environmental policy will allow the Corporation to better monitor its environmental risks. The Corporation will identify and assess the extent of contamination on the Canadian Museum of Civilization site and implement an action plan to manage risks to the environment and health and safety, and determine any associated liabilities. This work will be completed by March 2015.

Conclusion

133. Based on the work performed in the special examination of the systems and practices of the Canadian Museum of Civilization Corporation, we concluded that there is reasonable assurance that the Corporation has maintained systems and practices to provide it with reasonable assurance that

- its assets are safeguarded and controlled,
- its resources are managed economically and efficiently, and
- its operations are carried out effectively.

About the Special Examination

All of the audit work in this report was conducted in accordance with the standards for assurance engagements set by The Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

Objective

Under section 138 of the *Financial Administration Act*, federal Crown corporations are subject to a special examination once every 10 years. A special examination could be done earlier than the 10-year timeline, as a result of a request by the Office, the Minister, the Board, or the Governor in Council. Special examinations of Crown corporations are a form of performance audit where the scope is set by the Act to include the entire corporation. In special examinations, the Auditor General provides an opinion on the management of the corporation as a whole. The opinion for this special examination is found on page 5 of this report.

Special examinations answer the question: Do the corporation's systems and practices provide reasonable assurance that assets are safeguarded and controlled, resources are managed economically and efficiently, and operations are carried out effectively? A significant deficiency is reported when there is a major weakness in the corporation's key systems and practices that could prevent it from having reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

Key systems and practices examined, and criteria

At the start of this special examination, we presented the Canadian Museum of Civilization Corporation's Audit Committee with an audit plan that identified the systems and practices, and related criteria, that we considered essential to providing the Corporation with reasonable assurance that its assets are safeguarded and controlled, its resources managed economically and efficiently, and its operations carried out effectively. These are the systems and practices and criteria that we used for our special examination.

The criteria were selected for this examination in consultation with the Corporation. They were based on our experience with performance auditing—in particular, with our special examinations of Crown corporations—and on our knowledge of the subject matter. Management reviewed and accepted the suitability of the criteria used in the special examination.

Key systems and practices examined	Criteria
Corporate governance	To maximize the Corporation's effectiveness and its ability to balance public policy objectives with its commercial objectives, the Corporation should have a well-performing corporate governance framework that meets the expectations of best practices in Board stewardship, shareholder relations, and communication with the public.
Strategic planning and risk management	The Corporation has clearly defined strategic directions and specific and measurable goals and objectives to achieve its legislative, commercial, and public policy mandate. Its strategic directions and goals take into account government priorities, identified risks, and the need to control and protect its assets and manage its resources economically and efficiently.
Human resources management	Human resources are managed in a manner that provides the Corporation with the human resources capacity it needs to achieve its goals and objectives.
Collection and research management	The Corporation has systems and practices in place to effectively establish, develop, preserve, and protect a collection of objects of historical or cultural interest in accordance with its mandate.
Programming management	The Corporation has systems and practices in place to effectively manage its programming in order to increase, throughout Canada and internationally, interest, knowledge, understanding, and appreciation of Canada's history.
Property management	The Corporation has systems and practices in place to manage its property-related assets (non-collections related) in order to ensure proper maintenance and renewal of facilities for current and future needs.
Environmental management	Environmental risks associated with the Corporation's activities and operations are identified and assessed. The Corporation mitigates these risks and monitors and reports on its environmental performance.

Period covered by the special examination

The special examination covered the systems and practices that were in place between September 2012 and April 2013. However, to gain a more complete understanding of the significant systems and practices, we also examined certain matters that preceded the starting date of the special examination.

Internal audit

In carrying out the special examination, we relied on an internal audit of travelling exhibitions. In addition, other internal audits completed were used to inform our work.

Audit team

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Appendix List of recommendations

The following is a list of recommendations found in the Special Examination Report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
Corporate governance	
<p>37. The Board should ensure systems and practices are in place to enable it to fulfill all of its stated roles and responsibilities. (30–36)</p>	<p>The Corporation’s Board of Trustees’ response. Agreed. The Board of Trustees will review systems and practices to ensure it fulfills all of its stated roles and responsibilities, including those related to strategic directions, governance structure, and information needs by December 2014.</p>
<p>44. The Board should improve aspects of its functioning to strengthen its oversight capacity by ensuring that</p> <ul style="list-style-type: none"> • the information given to the Minister reflects the need for the Corporation to have all of the required skills on the Board and a more optimal staggering of trustees’ terms of office; • a formal orientation and training program is developed for Board members and delivered on a timely basis; • ethics and values practices are in place for Board and committee members, including the management of potential conflicts of interest; and • it receives complete and accurate information from management on a timely basis. (38–43) 	<p>The Corporation’s Board of Trustees’ response. Agreed. The Board of Trustees will approve the Board profile and submit it to the Minister and Privy Council Office. The Board Chairperson will propose specific suggestions to the Minister’s Office for the staggering of trustees’ terms. A Training and Orientation Program for Trustees will be developed and delivered on a timely basis. The Board of Trustees will implement a Code of Values and Ethics and develop a mechanism so Board members may declare conflicts of interest. It will also identify information needs and monitor the Corporation’s effort to provide pertinent and timely information to the Board members. All of this work will be completed by June 2014.</p>

Recommendation	Response
Strategic planning and risk management	
<p>63. In light of the significant changes it faces, the Corporation should improve aspects of its strategic planning. It should</p> <ul style="list-style-type: none"> • develop a comprehensive plan covering all aspects of the changes, • use risk assessment results to identify priorities and allocate resources, • provide information on mitigation measures for risks identified, • ensure alignment of its operational plans with the Corporate Plan, and • develop performance measures to report on performance. <p>The Board should approve the plan and receive timely reports on progress made.</p> <p>(48–62)</p>	<p>The Corporation’s response. Agreed. The Corporation will develop a planning framework to identify priorities, allocate resources, mitigate risks, ensure alignment of operational plans to the Corporate Plan, and report on performance. The planning framework will be completed by March 2014 and will be featured in the 2014–2015 Corporate Plan, which will be approved by the Board. The implementation of the planning framework will be completed by March 2015. The Corporation will report progress to the Board at each regularly scheduled Board meeting.</p>
Human resources management	
<p>72. The Corporation should update its documentation about core competencies, complete its human resources strategic plan, and develop a succession plan to ensure it has sufficient and qualified human resources to achieve its goals. (67–71)</p>	<p>The Corporation’s response. Agreed. The Corporation will complete its human resources strategic plan, including the update of core competencies and the completion of a new succession plan. This work will be completed by December 2014.</p>
<p>77. The Corporation should ensure it documents its staffing decisions appropriately. (73–76)</p>	<p>The Corporation’s response. Agreed. The Corporation will ensure staffing decisions are documented.</p>
Collection and research management	
<p>88. The Corporation should update its collection development plans. It should also monitor and report to senior management and the Board on the development of its collection. (85–87)</p>	<p>The Corporation’s response. Agreed. Collection development plans will be updated by March 2015. The Corporation will ensure that the management and development of collections are monitored and reported to senior management and the Board.</p>

Recommendation	Response
<p>100. The Corporation should</p> <ul style="list-style-type: none"> • provide direction and oversight on its collection information system; and • develop, implement, and enforce guidelines for documenting its collection. (93–99) 	<p>The Corporation’s response. Agreed. The Corporation will ensure direction and oversight of its collection information system by March 2014. The Corporation will develop, implement, and enforce documentation guidelines by December 2015.</p>
<hr/> <p>Programming management</p>	
<p>107. The Corporation should develop a corporate programming policy, update its guidance material on exhibitions, and determine whether it could benefit from standardizing exhibition development processes between museums. (105–106)</p>	<p>The Corporation’s response. Agreed. The Corporation will develop a corporate programming policy, update guidance material on exhibitions, and ensure that exhibition development processes are appropriate for both museums. This work will be completed by December 2015.</p>
<hr/> <p>Environmental management</p>	
<p>125. The Corporation should identify and assess its environmental risks and environmental legal requirements. It should also establish a framework to implement its environmental policy. (121–124)</p>	<p>The Corporation’s response. Agreed. The Corporation will update its environmental policy, establish a framework to implement its environmental policy, and identify and assess its environmental risks and environmental legal requirements. This work will be completed by September 2015.</p>
<p>132. The Corporation should better monitor its environmental risks. It should also identify and assess the extent of contamination on the Canadian Museum of Civilization site, implement an action plan to manage risks to the environment and health and safety, and determine any associated liabilities. (126–131)</p>	<p>The Corporation’s response. Agreed. The new framework to implement its environmental policy will allow the Corporation to better monitor its environmental risks. The Corporation will identify and assess the extent of contamination on the Canadian Museum of Civilization site and implement an action plan to manage risks to the environment and health and safety, and determine any associated liabilities. This work will be completed by March 2015.</p>