



**Canadian Museum of  
Civilization Corporation**

**Presented to the  
Board of Trustees**

19 March 2006

**Special Examination Report**



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





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

10 March 2006

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 7 September 2005. We are pleased to provide the Board of Trustees with the final report on our special examination (attached), as required by Section 139 of the *Financial Administration Act* (FAA).

We will be pleased to respond to any comments or questions you may have concerning our report at your meeting on 19 March 2006.

I would like to take this opportunity to express my appreciation to the board members, management and the corporation's staff for the excellent co-operation and assistance offered to us during the examination.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L Ricard'.

Lyse Ricard, FCA  
Assistant Auditor General

Attach.



# Table of Contents

<b>Special Examination Opinion</b>	<b>1</b>
<b>Summary of the Report</b>	<b>3</b>
<b>Overview of the Canadian Museum of Civilization Corporation</b>	<b>4</b>
Mandate	4
Organization of the Corporation	4
Corporate Objectives and Strategies	5
Corporate Activities	5
Funding	8
Challenges	9
<b>Findings and Recommendations</b>	<b>10</b>
<b>Safeguarding and Promoting Canada’s Heritage</b>	<b>10</b>
The Corporation has policies and plans for the development of the collections	10
Approval processes for acquisitions and de-accessions are in place	11
Monitoring the development of the collections needs to be improved	11
Storage facilities are adequate	12
The collections are managed and controlled	13
Security is adequate	13
Plans in place for emergency situations need to be reviewed	14
Management has long-term plans for building maintenance	14
Conservation of the collections is adequate	14
<b>Sharing Knowledge and Expertise</b>	<b>15</b>
The Corporation has made improvements since 2000	16
The Corporation needs a clear strategy for its outreach activities	16
Good practices are in place for exhibition planning and management	17
The Corporation gathers information regarding public interest	17
Efforts are made to attract a diverse audience	17
Results from research are shared	18
Marketing and communication activities are designed to attract visitors	18
<b>Construction of the Canadian War Museum</b>	<b>19</b>
The governance and project management structures performed well	19
The costs of the construction of the new Canadian War Museum project were managed effectively	20
The project schedule was also managed in an effective manner	20
The Corporation ensured the building reflected its needs	21

The warranty period is being managed	21
Capital and maintenance plans for the new museum are being finalized	21
Environment and Sustainable Development Practices	22
The Corporation could enhance its environmental management practices	22
There is ongoing monitoring of the sites	23
Oversight of hazardous waste management could be enhanced	23
Documentation to support compliance could also be enhanced	23
<b>Information Technology</b>	<b>24</b>
The Corporation needs to complete and document a disaster recovery plan for IT	25
The Corporation needs to evaluate the value-for-money of its contract with the IT service provider	25
<b>Human Resources Management</b>	<b>26</b>
Significant improvements have been made since 2000	26
Good practices are in place	27
Communication has improved and will continue to be critical	27
Staff performance is recognized	28
<b>Strategic Planning</b>	<b>28</b>
Strategic planning has improved since 2000	29
Strategic planning is adequate	29
The strategic plan is well communicated	30
Better alignment of annual work plans with strategic direction is needed	30
Monitoring progress on strategic direction is limited	30
Integrating a risk perspective into planning is important	30
<b>Performance Measurement and Reporting</b>	<b>31</b>
The Corporation has improved its performance information since 2000	31
A corporate performance measurement framework needs to be developed	32
Performance measures for accountability reporting could be improved	32
<b>Governance</b>	<b>34</b>
Certain aspects of the governance framework need to be improved	34
Corporate performance information reported to the Board should be improved	36
The Board needs to strengthen its role in the oversight of corporate risk	36
Values and ethics policies and practices need to be updated	37
The internal audit function has improved since 2000	37

## **The Corporation's Response**

38

## **Appendices**

A. About the Special Examination

40

B. *Museums Act*, Section 9 (1) (a) to (p)

42







# Canadian Museum of Civilization Corporation

## Special Examination Report—2006

---

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

### Special Examination Opinion

1. Under Part X of the *Financial Administration Act (FAA)*, the Canadian Museum of Civilization 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. The FAA also requires the Corporation to have a special examination of these systems and practices carried out at least once every five years.
3. Our responsibility is to express an opinion on whether there is reasonable assurance that during the period covered by the examination, from June 2005 to January 2006, there were no significant deficiencies in the systems and practices we examined.
4. We based our examination plan on a survey of the Corporation's systems and practices, which included a risk analysis. We submitted the plan to the Audit Committee of the Board of Trustees on 7 September 2005. 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 we selected for examination.
5. The plan included the criteria for the special examination that we selected specifically for this examination in consultation with the Corporation. The criteria were based on our experience with performance auditing. Our choice of criteria was also influenced by legislative and regulatory requirements, professional literature and standards, and practices followed by the Corporation and other organizations. The systems and practices we examined and the criteria we used are listed in Appendix A 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. We intended to rely on the internal audit report of the research function of the Canadian Museum of Civilization. However, we were not able to rely on the report because the audit was still ongoing at the end of our examination period.

7. In our opinion, based on the criteria established for the examination, there is reasonable assurance that there were no significant deficiencies in the systems and practices we examined.

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



Lyse Ricard, FCA  
Assistant Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
January 31, 2006

## Summary of the Report

9. As stated in our special examination opinion, we concluded that during the period under examination, the systems and practices of the Canadian Museum of Civilization Corporation were designed and operated in a way that provided reasonable assurance that assets were safeguarded and controlled, resources managed economically and efficiently, and operations carried out effectively.

10. Our 2000 special examination report identified no significant deficiencies. We did, however, suggest improvements in the following areas:

- strategic planning;
- performance management information;
- human resources management; and
- promoting understanding and knowledge through exhibitions and programs.

11. In this special examination, we found that the Corporation had embarked upon a number of initiatives and made significant progress in addressing many of the observations we raised in 2000. Later in this report, we comment on the Corporation's progress in strategic planning, human resources management practices and in promoting understanding and knowledge among the Canadian public. We did, however, find that the Corporation needs to establish a performance measurement framework and link that framework to its strategic directions. The Corporation also needs to adopt a strategy to extend its dissemination of knowledge and information more broadly.

12. There are other opportunities for the Corporation to enhance the quality of its systems and practices. In our view, the Corporation should also focus on the following:

- improve monitoring and reporting on the development of its collections;
- assess its long-term contract for the delivery of information technology services and implement an appropriate disaster recovery plan for those services;
- improve its corporate risk management framework; and
- implement additional governance systems and practices, as well as formalize and improve existing ones, to meet current good governance practices.

## Overview of the Canadian Museum of Civilization Corporation

13. The Canadian Museum of Civilization Corporation (the Corporation) originated in 1856 as a branch of the Geological Survey of Canada. The Corporation was established as a Crown corporation by the *Museums Act* effective 1 July 1990. The Corporation is part of the Canadian Heritage portfolio and reports to Parliament through the Minister of Canadian Heritage.

14. The Corporation is comprised of the Canadian Museum of Civilization (CMC), primarily responsible for human history; the Canadian War Museum (CWM), Canada's national military history museum; and the web-based Virtual Museum of New France, which presents exhibitions and activities related to the history of Canada from 1534 to 1763. The Canadian Museum of Civilization also includes the Canadian Children's Museum, the Canadian Postal Museum, and the IMAX theatre.

### Mandate

15. The *Museums Act* states that “. . . the heritage of Canada and all its peoples is an important part of the world heritage and must be preserved for present and future generations . . . .” The Act then establishes four national museums and defines their purpose, capacity and powers.

16. The purpose of the Corporation, 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 . . . .” To meet this broad mandate, the Corporation has been given powers to perform a number of activities described later in this section.

### Organization of the Corporation

17. The Act also establishes a Board of Trustees and a Chair responsible for managing the business, activities and affairs of the Corporation. The Board appoints a director or chief executive officer (CEO) for the Corporation for a five-year term, subject to Governor in Council approval. The senior management team consists of the CEO, a chief operating officer and Director of the Canadian War Museum, and seven executives.

18. The Corporation employs approximately 460 full- and part-time staff. About 90 percent of the employees are represented by two unions—the Public Service Alliance of Canada (PSAC) or the Professional Institute of the Public Service of Canada (PIPS). Another 400 volunteers work more than 40,000 hours each year.

### **Corporate Objectives and Strategies**

19. The Corporation and the Board have identified three strategic issues, objectives, and strategies designed to fulfill the Corporation's national mandate. These are listed in Exhibit 1.

### **Corporate Activities**

20. The Act, while providing broad direction, also lists the required activities of the Corporation (see Appendix B). The Corporation's mandated activities include:

- collecting objects;
- maintaining a collection through preservation, conservation and restoration and maintaining records and documentation about the collections;
- disposing of objects;
- lending or borrowing objects;
- organizing travelling exhibitions;
- undertaking research related to its purpose and communicating the results of the research;
- providing facilities for qualified individuals to use and study its collections; and
- promoting knowledge and disseminating information related to its purpose throughout Canada and the world.

21. The Corporation has a collection of more than 3.5 million artifacts and archaeological specimens, historical photos, audio recordings, archival video recordings, and text publications. These artifacts are cared for in specialized storage areas and through conservation processes. The collections as well as the ongoing research are the core of the Corporation's knowledge base and support the development of the collections through acquisitions and disposals.

22. The Corporation ensures that information about the collections is available to the public. One main way of accessing the collections is the Corporation's Web site, where visitors can search for a specific

**Exhibit 1 Strategic issues, objectives, and strategies****Issue: Canadian Identity in the Global Environment****Objective: To increase appreciation and understanding of Canada's heritage**

The Corporation will achieve this by

- expanding and enriching its presentation of Canadian history at both the CMC and CWM;
- completing the new CWM on LeBreton Flats;
- developing and delivering exhibitions and programs that reflect Canada's history, culture, and identity; and
- further developing its client-focussed approach to guide the organization's programming and services and to broaden the visitor base—both onsite and online.

**Issue: The Safeguard and Promotion of Canada's Heritage****Objective: To conduct research on, and to develop the Corporation's national collections and share related knowledge**

The Corporation will achieve this by

- undertaking sound, museum-based research related to Canada's heritage in various disciplines;
- developing and managing the Museums' collections while also providing information on the collections;
- continuing to develop agreements and understanding on repatriation requests while preserving national collections;
- communicating its knowledge throughout Canada and the world; and
- sharing its expertise with others.

**Issue: Challenges to Financial and Operational Viability****Objective: To strengthen the financial and operational viability of the Corporation**

The Corporation continued to improve its financial self-sufficiency by maximizing net commercial revenues, increasing fund raising efforts, and continuing to seek alternative sources of funds.

With respect to operational viability, the Corporation planned to review its corporate management framework, to implement human resource strategies, and to maintain and repair the CMC building infrastructure (dependent on government funding).

Sources: Annual Report of the Corporation 2004–2005 and Summary of the Corporate Plan (2005–2006 to 2009–2010)

subject or browse through the available material by theme. The Corporation's researchers also publish their work in scholarly and popular publications, participate in conferences and conduct public programs. Researchers play a critical role at the Corporation, by developing the collections, planning and preparing exhibitions, and undertaking general research.

**23.** Exhibitions are the Corporation's major means of disseminating information, and they have attracted, on average, 1.4 million visitors

annually over the past five years (Exhibit 2). Since opening the Canadian Museum of Civilization in 1989, that museum has focused on completing its large permanent exhibitions: The Grand Hall, the Canadian Children's Museum, the Canadian Postal Museum, the Canada Hall and the First Peoples Hall. Museum staff is now reviewing the Grand Hall, first opened in 1989, to assess possible refurbishment and the addition or replacement of exhibits. Renewing permanent exhibitions is an ongoing process for the Corporation.

**24.** The Corporation also presents special temporary exhibitions and participates each year in dozens of travelling exhibitions, also illustrated in Exhibit 2. The Corporation offers public programs designed to meet the information needs of specific audiences, including cultural celebrations, educational programs, performing arts events, and opportunities to explore topics and themes about war and military history.

**25.** The Corporation has recently undergone a period of significant change. For the past five years, the Corporation's top priority was the construction and development of a new Canadian War Museum. The original War Museum was established 125 years ago and since 1967 has been located on Sussex Drive in Ottawa. In this small facility only segments of the museum's collection were displayed while the rest of the collection remained in storage. The new War Museum opened in May 2005 and provides approximately 4,200 square metres of permanent and temporary exhibition space, as well as a research centre with a library and archives, classrooms, and other educational facilities.

**26.** The Corporation faced many management challenges during the development of the Canadian War Museum. To complement the \$114 million of parliamentary appropriations, the Corporation was expected to provide \$22 million to support the new building's construction. While some of the money came from internal re-allocation, the Friends of the Canadian War Museum and the Corporation also organized a fundraising campaign, *Passing the Torch*, that generated more than \$15 million.

**27.** From May 2005 to January 2006, over 500,000 visitors attended the CWM, about 67 percent more than the target the Corporation had set. As well, the use of the facilities for special events has also far exceeded original expectations.

**Exhibit 2 Corporate Statistics**

	2000–2001	2001–2002	2002–2003	2003–2004	2004–2005
<b>Attendance*</b>					
Canadian Museum of Civilization	1,388,656	1,307,363	1,387,304	1,350,552	1,273,000
Canadian War Museum	135,889	133,074	127,168	116,574	75,000
<b>Total</b>	<b>1,524,545</b>	<b>1,440,437</b>	<b>1,514,472</b>	<b>1,467,126</b>	<b>1,348,000</b>
<b>Travelling exhibits</b>					
Canadian Museum of Civilization	13	17	14	12	14
Canadian War Museum	12	7	7	5	5
<b>Total</b>	<b>25</b>	<b>24</b>	<b>21</b>	<b>17</b>	<b>19</b>
<b>Number of participants in public programs</b>	371,553	319,634	458,150	359,600	321,673
<b>Combined number of visitors on the Web site</b>	17.4M	20.7M	34.6M	51.1M	56.4M
<b>Publications</b>					
CMC	19	13	15	14	14
CWM	5	9	7	3	5

\* Does not include visitors to travelling exhibits.

Source: Internal statistics of the Canadian Museum of Civilization Corporation

### Funding

28. The Corporation is financed by the revenue it earns through operations, as well as through annual parliamentary appropriations. The Corporation's operating expenses for 2005–2006 are budgeted at approximately \$72 million with approximately \$29 million (40 percent) allocated to accommodation expenses; \$28 million to collections, research, and exhibitions; and slightly over \$14 million to corporate management expenses.

29. Projected revenues of \$14 million offset these expenses somewhat. General admission, IMAX, and boutique sales generate approximately \$10 million; and facility rentals, food services, donations, and parking generate more than \$4 million. Revenues fluctuate annually but have tended to average around \$12 million over the past few years.



**30.** Parliamentary appropriations are the main source of the Corporation's funding. In 2005–2006, the appropriation is expected to be \$54 million, or about 75 percent of the Corporation's annual budget.

### **Challenges**

**31.** The Corporation has identified financing as a challenge. The Corporation is responsible for two significant buildings: the Canadian Museum of Civilization and the Canadian War Museum. Although the War Museum is a new building, the Museum of Civilization is over 15 years old and is facing increasing maintenance costs. The Corporation receives a fixed amount in parliamentary appropriations for annual maintenance costs and capital investments for both buildings. Should future maintenance and capital costs exceed available funds, the Corporation will need to clearly identify the cost to maintain these buildings and work with government to find a solution to protect these valuable assets.

**32.** The new Canadian War Museum is now an important national museum with extensive exhibition space. More demands are being placed on both the staff of the museum and the Corporation as a whole to support the promotion of knowledge and dissemination of information about Canada's military history. The Corporation's overall infrastructure is being expected to provide increasing support to the new museum in such areas as security, collections management, and exhibition planning. There are additional demands for research, and for new and larger exhibitions and programs. Managing these two museums and cultures as one corporation will be challenging.

**33.** The Corporation needs to continue to attract visitors on an ongoing basis in order to fulfil its mandate as well as to generate revenues. The challenge for the Corporation is to continually renew and refresh its permanent exhibitions as well as to develop new exhibitions within available funding. Further the Corporation needs to find ways to attract visitors to these exhibitions, recognizing that it competes for the public's time and attention with other museums and alternate forms of education and entertainment.

**34.** A number of the Corporation's employees will retire in the near future. Some of these positions require highly specialized education, background and skills that may be difficult to replace. The Corporation needs to find creative ways to have access to individuals with the necessary skills and abilities.

## Findings and Recommendations

### Safeguarding and Promoting Canada's Heritage

35. The Corporation maintains a collection of more than 3.5 million artifacts that support research, programming and exhibitions. The collection of the Canadian Museum of Civilization contains about 3 million artifacts comprised of archaeological specimens; materials representing Canadian Indian, Inuit, and Métis cultures, folk life, and multicultural aspects of Canada; artifacts related to postal communications; and children's material culture, as well as other artifacts of everyday life. The Canadian War Museum has a collection of 500,000 artifacts consisting of tanks and planes, arms, medals, uniforms, musical instruments, photos, and an art collection of approximately 13,000 pieces. In addition, the Corporation maintains libraries containing archives of text documents, visual images and sound recordings, as well as a collection of photographs. The Corporation's Web site includes digital photographs of a portion of the collection.

36. We expected the Corporation would develop collections of objects and artifacts that represent Canada's history, culture, and identity. We also expected that those collections would be effectively managed, housed, secured, documented and conserved.

#### **The Corporation has policies and plans for the development of the collections**

37. The development of the Corporation's collections for the Canadian Museum of Civilization and the Canadian War Museum are guided by museum policies. Guidelines and procedures for acquisitions, de-accessions, and repatriation activities support these policies.

38. The Canadian Museum of Civilization and the Canadian War Museum have separate collections development planning processes. In 2001, the Canadian War Museum established a collections plan. There has been little need to update this plan because for the past few years the Canadian War Museum has focussed on systematically reviewing its collection in order to prepare for the opening of the new museum. This review and the subsequent de-accession process (removing objects from the collection) resulted in the disposition of approximately 47,000 objects. In late 2005, subsequent to the opening, the War Museum began developing a new collections development plan.

39. In 2003, the Canadian Museum of Civilization developed its first three-year development plan to improve the management of its

collections. The plan identifies priorities, based on the Corporation's strategic goals, the research performed, and the needs of future exhibitions. The Canadian Museum of Civilization also identifies gaps in its collection and uses these gaps to guide its decisions about acquisitions and allocating resources.

#### **Approval processes for acquisitions and de-accessions are in place**

40. Both museums have multiple committee approval processes for acquisitions (gifts, transfers, or purchases). These separate committees are comprised of experts in various subjects and senior representatives from across the Corporation. The Board approves high-value acquisitions. As part of the approval process, a number of criteria are used to guide decisions about purchases and donations, including whether those acquisitions support the Corporation's national mandate.

41. The Corporation periodically removes objects from its collections and it has clearly defined processes, criteria, and conditions for disposition. The Canadian Museum of Civilization is also involved in a particular type of de-accession—repatriation. Repatriation involves responding to requests from First Nations for the return of sacred objects and human remains from the collections, as well as treaty discussions about repatriation. The Board approves all repatriations.

42. As noted earlier, the Canadian War Museum recently followed a clearly defined de-accession process for removing objects. This process included on-site analysis of the objects, extensive documentation, expert opinion, and Board approval.

#### **Monitoring the development of the collections needs to be improved**

43. While the Corporation has well-defined approval processes for the development of its collections and both the Canadian Museum of Civilization and the Canadian War Museum are improving their long-term planning, we found that there is no formal tracking and monitoring of collections' development against these plans. In our opinion, the Corporation needs to prepare better management information to monitor and report on the collections and their development. As well, managers of the collections should report periodically to senior management and the Board on progress against the plan.

**44. Conclusion.** The Corporation has practices that guide acquisition and de-accession, to ensure the collections represent Canada's history, culture and identity. The Corporation has recently established a long-term collections development plan for the Canadian Museum of Civilization and is preparing a new plan for the Canadian War Museum.

**45. Recommendation.** The Corporation should more formally monitor the collections and their overall development through periodic reports. These reports would allow the Corporation to better demonstrate that it is developing the collections in a manner that preserves Canadian heritage.

#### **Storage facilities are adequate**

**46.** The Canadian Museum of Civilization has more than 12,000 square metres of storage space for its collections, consisting of 33 separate storage rooms. The Canadian War Museum's storage areas account for approximately 7,400 square metres. Both of these storage facilities were designed and built to museum standards and storage areas vary according to the types of materials and artifacts stored. For example, furs, feathers, leather, and plastic are kept in cold storage areas; glass and ceramics, including china, are kept in storage rooms on mounts; and paintings are stored vertically. The design of the storage facilities at the Canadian War Museum benefited from good storage practices at the Canadian Museum of Civilization.

**47.** To ensure adequate preservation, the Corporation followed environmental, temperature and shelving standards that consider relative humidity, fire, lighting, insects and pests, water, contamination, and seismic forces. Environmental controls at both museums are monitored 24 hours a day, through sensors that provide information to the environmental control room staff. Should the storage environment move outside the specified ranges, the control room staff follow procedures to restore the required environmental standards. The sensors are routinely tested to ensure they function properly. Conservators make monthly rounds of the storage and exhibition areas and report any fluctuations in the established controls.

**48.** Management informed us that the storage space at the Canadian Museum of Civilization as originally configured is nearing capacity. A study has been performed and opportunities were identified to increase its storage capacity to meet future needs. The Canadian War Museum is using compact storage shelving to maximize available space and its storage capacity was designed for 20 years of growth.

**The collections are managed and controlled**

49. Both museums use a computer-based museum collection management system to manage the artifacts. The information maintained includes a control number, tracking information about internal and external movements, pictures, conservation reports, the history of the artifact, and other cataloguing information.

50. While the computer system captures the basic inventory information for virtually all of the Corporation's collections, there is a backlog of catalogue information that needs to be entered. The Corporation is addressing the backlog over time, as resources become available.

51. The existence of an object in the Canadian Museum of Civilization's collection is confirmed mainly in preparation for exhibitions and through the work of ongoing projects, rather than by means of systematic inventory verification. To date, no significant gaps have been found. The Canadian War Museum reviewed its entire inventory of artifacts prior to its opening in 2005 and now has an updated inventory.

**Security is adequate**

52. The Corporation has a comprehensive Security Policy, supported by operations manuals and documented procedures. For example, the policy includes standards for exhibitions, loans of artifacts, use of identification cards, the safe handling of firearms, and health and safety. A risk and threat assessment is performed for each exhibition. Any artifacts loaned to another organization follow an established and proven loan protocol.

53. Prior to the construction of the Canadian Museum of Civilization and the Canadian War Museum, the Corporation defined its security requirements, taking into consideration the different levels of protection necessary to safeguard personnel, visitors, and physical assets from assessed threats. Cameras, security officers, and control room officers monitor the Corporation's facilities 24 hours a day. Any incidents are documented and officers maintain a log.

54. Staff members also assess the security requirements of individual artifacts. Exhibition staff, collection managers, conservation staff, and facilities management work together to identify appropriate security measures. The Corporation controls access to all storage areas and conservation labs. Certain high-value artifacts (for example, jewellery,

firearms, and Victoria Crosses) are kept in vaults and special storage cases that require multiple access controls.

55. During the construction of the Canadian War Museum, when the exhibition space was being prepared just prior to the opening, an antique inoperable pistol was removed from its display case. Management informed us that they supported the police investigation, addressed problems with the access to the exhibition space while it was being constructed, and fixed a weakness in the display cabinet. Within a few days, the artifact reappeared in the museum. We recognize that the circumstances were unique and note that this is the only known loss of a significant artifact in the past five years.

#### **Plans in place for emergency situations need to be reviewed**

56. The Corporation has an Emergency Response Plan outlining steps to take in the event of a natural disaster or technological incident. Memoranda of Agreement have been signed with institutions in the National Capital Region that have agreed to provide mutual conservation assistance, and share facilities for collection storage, in the event of an emergency. We did not find information that these plans are reviewed. The Corporation needs to ensure that these plans with partnership institutions are reviewed and updated periodically to make sure the collections are adequately protected.

#### **Management has long-term plans for building maintenance**

57. The Corporation is in the final stages of approving a detailed five-year financial plan for capital investment, maintenance and operations for the museum buildings. There are three financial scenarios that organize expenditures by priority and present the risks of deferring expenditures. Senior managers review these plans in detail and approve the initiatives annually.

#### **Conservation of the collections is adequate**

58. Future exhibitions generally take priority in determining which artifacts are treated for conservation prior to their display. The Corporation also identifies its vulnerable collections and develops a four-year plan for improvements to the conservation of the collections and individual artifacts. Work is performed as resources become available.

59. The Canadian Museum of Civilization's seven conservators are qualified in specialized areas (for example, in treatment of textiles,

paper, or archaeology) and share their knowledge and expertise within the Corporation and outside. The conservators provide input to publications of the Canadian Conservation Institute. A professional code of ethics for conservation also guides the conservators. The Canadian War Museum generally contracts-out its conservation work, based on the assessment of collection managers.

**60.** While the Corporation is currently relying on an out-of-date 1994 Conservation Policy, it is updating this policy to provide better guidance to conservators and to meet the conservation needs of both museums.

**61. Conclusion.** The Corporation is protecting its collections. They are stored in facilities that have appropriate environmental and security controls and the facilities are being maintained. While the vast majority of the collection is registered in a collection management system, a backlog of catalogue information exists. The Corporation has plans to deal with this backlog. The movement of artifacts is tracked and loans from the collection follow a well documented and proven protocol. Technical professionals provide conservation. Their work on individual artifacts is driven primarily by the exhibition schedule, but they are also guided by a long-term plan for conserving vulnerable collections.

## Sharing Knowledge and Expertise

**62.** The Corporation endeavours to share knowledge and disseminate information throughout Canada and internationally, mainly through its collections, exhibitions, research and publications. Marketing and communication activities inform Canadians about these exhibitions and programs. For this reason, we expected that the Corporation would effectively manage its knowledge-sharing programs and activities, while taking into consideration its stakeholders.

**63.** Exhibitions are one means of communicating information and promoting knowledge. The Corporation houses permanent exhibitions and each year presents temporary exhibitions produced in-house, in co-operation with other institutions, and on loan. Public programs designed around the needs and interests of specific audiences are another means of communicating and informing. These programs include school visits, cultural celebrations, performing arts events, film series, presentations, and live animation. In 2004–2005, the Corporation delivered approximately 200 public programs. Research is another way the Corporation shares knowledge by disseminating research results in a variety of ways including the development of exhibitions and publications.

**64.** More than 1.2 million people visited the Canadian Museum of Civilization in 2004–2005. Surveys track the satisfaction of visitors to the museum, as well as the extent to which the museum met their expectations. The published results are very positive.

#### **The Corporation has made improvements since 2000**

**65.** In our 2000 special examination, we noted that the Corporation needed to clarify the role and contribution of research to increasing and disseminating knowledge about Canadian history and culture. Since then, the Corporation has taken steps to strengthen the research capacity at the Canadian Museum of Civilization, by reorganizing the branch and adding five new curators. The museum also developed a Research Plan that outlines current and future research activities, over a five-year period (2004–2009).

#### **The Corporation needs a clear strategy for its outreach activities**

**66.** The Corporation performs a number of activities to disseminate information and knowledge. Some of these activities are outlined in paragraphs 22 to 24 of this report. The Corporation has developed travelling exhibitions and secured venues across the country and abroad to allow people outside the National Capital Region access to its exhibitions. As well, the Corporation lends artifacts to other museums in Canada and around the world. Public programs, however, tend to be designed for exhibitions and schools within the region. The Corporation uses its Web site to provide access to virtual exhibitions, to digital images of selected items from its collections and to material for educators.

**67.** We recognize that there are limits to how many people can access the Corporation's exhibitions and public programs. Although some exhibitions may be available to travel to venues across the country, not all museums are equipped with the appropriate physical infrastructure to host them, and smaller museums may not have the funds. With respect to the Web site, the Corporation does not have a corporate-wide process to decide which exhibitions or what research become virtual exhibitions. We also noted that public program information is not always easy to find on the site.

**68.** The 2000 report noted that the Canadian Museum of Civilization did not have a policy and strategy to serve clients outside the National Capital Region (NCR). The strategy should include the results the outreach plan would achieve. Promoting knowledge and disseminating information throughout Canada and internationally is



part of the Corporation's mandate. To date, the Corporation still does not have an outreach policy and strategy.

**69.** The Corporation needs to articulate an outreach policy and strategy to promote knowledge and disseminate information throughout Canada. The strategy needs to include clear expectations. With a defined strategy, the Corporation will be better able to demonstrate that its activities support the fulfillment of a national role.

#### **Good practices are in place for exhibition planning and management**

**70.** The Corporation has developed guidelines and processes for managing and developing exhibitions. These enable the Corporation to ensure that its exhibitions and related public programs complement its mandate and reflect its research activities. The Corporation provides clear guidance concerning staff members' roles and responsibilities in planning and managing an exhibition, and identifies key documentation and approval requirements.

**71.** The Corporation uses a number of tools to plan its numerous public programs. We did not, however, find a documented process for planning. Given the variety of public programs, a detailed process may not be appropriate. However, standardizing and documenting some key processes could make planning and developing public programs more consistent and efficient.

#### **The Corporation gathers information regarding public interest**

**72.** The Corporation gathers information about exhibitions and public programs through evaluations, post mortems, and final reports. These provide information about successes, challenges, and lessons learned. The Corporation also collects other information through visitor surveys as well as studies conducted to gather information about visitors, non-visitors and topics of public interest. It uses this information for management decision making and planning for future exhibitions and programs. We encourage the Corporation to use this information and lessons learned for continuous improvement and continuity of exhibition and public programming.

#### **Efforts are made to attract a diverse audience**

**73.** As a national institution, the Corporation needs to provide exhibitions and public programs that attract a Canada-wide audience. The selection processes used by both the Canadian Museum of Civilization and the Canadian War Museum reflect a conscious effort

to target exhibitions and public programs to specific audiences. For example, the recent Canadian Museum of Civilization exhibition entitled “Rocket Richard: The Legend—The Legacy” was a deliberate attempt to attract visitors who would not normally attend. The Corporation wishes to do more work in this area. We encourage the Corporation to continue to appeal to a Canada-wide audience to help address its national mandate.

#### **Results from research are shared**

**74.** The Corporation has branches devoted to research activities that share knowledge. Research results are used in a variety of ways—to generate knowledge, to guide the development of the museums’ collections, and in public programming. The Corporation shares research in a number of ways. Curators publish results in books and scholarly journals. Research informs the exhibitions, the Web site, and popular publications. Museum researchers also participate in professional conferences. Although many publications are currently available to interested parties in hard copy, the Corporation may want to explore using the Web site to disseminate its publications.

#### **Marketing and communication activities are designed to attract visitors**

**75.** Marketing and communication play major roles in advertising and promoting key exhibitions and programs to the public. For example, marketing and communication activities attracted visitors to exhibitions such as “Ancient Treasures and the Dead Sea Scrolls” and “Rocket Richard: The Legend—The Legacy.” The Corporation spends approximately \$ 4 million on these activities each year. While most marketing and communication activities revolve around planned exhibitions, these departments are developing strategies to support the Corporation’s overall communication needs. We encourage the Corporation to complete these strategies to define the way the Corporation intends to reach all Canadians.

**76. Conclusion.** The Corporation has adequate systems and practices to promote knowledge and to disseminate information, through exhibitions and public programs. Stakeholders provide input through surveys and other data-gathering techniques that are reported to senior management and used in exhibitions and public programs.

**77. Recommendation.** The Corporation should develop a clear ‘outreach’ policy and strategy aimed at providing access to all Canadians. Through a clearly defined strategy, the Corporation will be better able to demonstrate the way its activities support its national mandate.

## **Construction of the Canadian War Museum**

- 78.** In March 2001, the federal government announced its support for the construction of the new Canadian War Museum (CWM) at LeBreton Flats in downtown Ottawa.
- 79.** By late 2001, the Corporation had documented its construction requirements and site specifications for the building project. Once approved by the Board, this documentation provided a road map for the construction. In addition, these requirements were used to establish a preliminary budget.
- 80.** From fall 2001 to fall 2002, management and the Board hired a project manager to assist and advise the Corporation, selected an architect who developed options for final selection, and hired a construction manager for on-site responsibilities and managing the tendering process.
- 81.** Construction began in November 2002. By June 2004, the opening date was set at 8 May 2005. This was the 60th anniversary of VE Day, commemorating the end of the Second World War in Europe and the 125th anniversary of the Canadian War Museum.
- 82.** During the construction process, we expected that the Corporation would make reasonable efforts to ensure the museum was completed on time, within budget, and according to its specifications. We also expected the Corporation to inform the Board periodically and in a timely manner about the construction progress, to follow appropriate contracting practices and to develop adequate long-term maintenance and capital plans.

### **The governance and project management structures performed well**

- 83.** Governance of the design, development, and construction of the new museum was the responsibility of the Board of Trustees, which established the Canadian War Museum Building Committee in May 2001. This committee consisted of 12 members, half of whom were directors on the Board. The committee was responsible for reviewing all contracts, ensuring corporate policy was followed and reporting major decisions to the Board.
- 84.** The Corporation's chief operating officer was the project manager and project authority. As a senior officer, he provided the link between the Building Committee and project management and construction activities. We found that the Building Committee met regularly and performed its duties with due care, making timely decisions that supported the fast-track construction process. We also

found that the Corporation followed the appropriate contracting processes.

**The costs of the construction of the new Canadian War Museum project were managed effectively**

**85.** The budget for the development of the Canadian War Museum was initially estimated in 1999. In 2001, the budget estimates were changed, mainly to reflect the change in location on Lebreton Flats. By 2003, a final budget of just under \$136 million for the building and exhibition spaces was approved. Parliamentary appropriations contributed about \$114 million of that amount, while the Corporation's fund-raising efforts and internal resources were to generate the remaining \$22 million.

**86.** The project manager was responsible for managing the project within this established budget. The construction management firm responsible for tendering, reviewing and managing the construction, provided the project manager with good cost estimates and overall budget projections during the construction phase. Budget updates were available on a monthly basis.

**87.** We noted that the Corporation established a process to challenge major project cost items with a team of experts to ensure they met their specifications at a cost that both ensured the Corporation obtained value for money as well as met the target budget. This process was key to managing costs.

**88.** The estimated final costs for construction were about one percent under the budget at the time of our examination.

**The project schedule was also managed in an effective manner**

**89.** The Corporation undertook the construction of the museum using a form of contracting that compresses the project schedule by proceeding with design and construction at the same time. Private industry uses this contract format regularly, and the Corporation used it successfully to finish construction on time.

**90.** The project management firm updated the project schedule as required in the early stages of the project and issued monthly updates during construction. These updates were appropriately scheduled given the fast pace of the construction. This information allowed the Corporation the opportunity to understand the risk in the schedule and to make timely decisions.

**The Corporation ensured the building reflected its needs**

91. As noted earlier, the Corporation's thorough specifications provided a road map for the Canadian War Museum project. The Corporation tracked the museum's design against these specifications and was guided by them in making appropriate decisions.

92. The Corporation obtained construction inspection reports confirming that, as constructed, the building conformed to the design and that construction practices, materials and assembled work met requirements and industry standards. The architectural design firm, the engineering firms retained to design the museum, and specialist inspection and testing engineering firms all followed this process of quality assurance and verification. The construction management firm, the project management firm and Corporation's managers tracked this work and the reporting. The Corporation also made sure the mechanical and electrical systems met requirements and engineering specifications.

**The warranty period is being managed**

93. The Corporation has recently received a one-year warranty inspection report, which contains some items to be fixed. The Corporation has initiated a plan to ensure these matters are corrected under the warranty and the Corporation will obtain specialist engineering assistance for technical advice, where appropriate. At the time of our examination, the Corporation was engaged in a 12- to 18-month process of ensuring that the mechanical systems were operating properly.

**Capital and maintenance plans for the new museum are being finalized**

94. The 2006 calendar year will be the first full year of the facility's operation under the Corporation's management. The Corporation is in the final stages of approving five-year capital and maintenance plans outlining priorities, costs, and risks of deferral.

95. **Conclusion.** The Corporation effectively managed the construction of the new Canadian War Museum. The Corporation defined its requirements for the project and established good governance and project management processes to help it make timely decisions, monitor the progress of the project and manage the risks. The museum opened on time on 8 May 2005; costs are expected to be within the 2003 budget estimate; and the project met specifications. We found that the Board was informed in a timely manner throughout the project and that the Corporation followed appropriate contracting

practices. Subsequent to the building's completion, the Corporation has developed long-term maintenance and capital plans identifying projected expenditures over the next five years.

### **Environment and Sustainable Development Practices**

**96.** Environmental management systems and practices are key tools to support sustainable development objectives in organizations. Sustainable development is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” It is based on the efficient and environmentally responsible use of our scarce resources—natural, human, and economic resources. In order to put sustainable development into practice, organizations need to apply an integrated approach to planning and decision making that takes the environment into account in addition to economic and social factors. At the operational level, this means addressing major environmental risks and reducing or eliminating adverse environmental impacts associated with activities.

**97.** We examined the Corporation's planning, decision-making, monitoring, and compliance systems and practices related to environmental management. We also examined the management of risks and liabilities associated with soil and groundwater contamination at sites, as well as hazardous and non-hazardous wastes.

### **The Corporation could enhance its environmental management practices**

**98.** We observed several instances of corporate initiatives intended to make a difference for the environment. For example, the Canadian War Museum incorporates several green features intended to conserve water and energy. Parts of the museum were also constructed with recycled building materials. The Corporation has staff committed to doing what is right for the environment in their work areas. Further, the Corporation has identified specific risks and has taken environmental factors into consideration when making decisions. However, the Corporation has not yet pulled together a corporate sustainable development framework allocating responsibility and accountability at a corporate level. The Corporation could benefit from a more comprehensive or systematic identification of all the environmental aspects of its activities and facilities, and the ensuing risks and opportunities.

**There is ongoing monitoring of the sites**

99. Prior to the construction of the Canadian War Museum, the National Capital Commission (NCC) was responsible for the remediation of the site, which had a history of contamination. Prior to the land transfer, the NCC provided the Corporation with written assurance of the condition of the site including the status of some residual contamination at or near the property boundary. Since construction was completed, the Corporation has had ongoing contact with the NCC regarding the status of this residual contamination and regularly receives monitoring reports.

100. The Corporation has ongoing contact with local industry and requests regular monitoring data near the boundary of the Canadian Museum of Civilization site in Gatineau to keep abreast of any potential problems. The Corporation also maintains an inventory of its potentially contaminated areas and is managing these environmental risks and potential liabilities.

**Oversight of hazardous waste management could be enhanced**

101. The Corporation keeps inventories of non-hazardous waste such as paper, cardboard, cans, clear bottles, and food waste. We found clear systems and practices to gather, store, and regularly collect these wastes. There is a documented process for the storage, annual pick up and disposal of hazardous waste chemicals. The responsibilities and accountabilities in specific areas were clear. There was not, however, an overall hazardous material management plan. Such a plan could provide a comprehensive and integrated approach to handling these wastes and educating staff. The lack of a plan could result in inconsistent handling of hazardous chemicals and in employees who lack a complete knowledge of the risks, procedures and the occupational health and safety issues that affect the external environment.

**Documentation to support compliance could also be enhanced**

102. We observed that one individual in the Corporation receives documentation about environmental legal requirements, through a publications service. The Corporation has not yet developed a regularly updated summary of applicable laws, regulations and active permits/authorizations. This summary would facilitate easier access and broader understanding of compliance requirements. There was an awareness of the Corporation's future responsibilities under changes

to the *Canadian Environmental Assessment Act* affecting Crown corporations, which will take effect in mid-2006.

**103. Conclusion.** We found that the Corporation has a number of systems and practices in place to address environmental risks. We did note certain areas for improvement. We encourage the Corporation to perform a more systematic and comprehensive analysis of the environmental aspects of its activities and facilities. The results of this analysis would serve as the basis for developing a corporate framework and a more co-ordinated approach to guide corporate planning and priority-setting, monitoring and reporting of environmental performance, compliance and education. This could provide a vehicle for the Corporation to integrate green best practices into the way it manages activities and facilities. This would help reduce adverse impacts, reap greater benefits for the environment and take advantage of green opportunities.

### Information Technology

**104.** Information systems provide essential support to all sectors and activities of the Corporation. The Corporation's information systems include an on-line artifact catalogue that allows visitors to search available information about the collections, a collection management system, financial systems, internal communication capabilities and other systems that support operations. The Corporation's Web site is a key tool for outreach, hosting more than 100 virtual exhibitions, special resources for children, educators, scholars and the media. The digitization of objects in the collection and other web-based activities depend in large measure on the adequate funding of information systems.

**105.** We expected that the planning, development, implementation, and management of information technology and information management systems would support the organization's strategic and operational objectives, ensure business continuity, and satisfy informational needs at an acceptable cost and on a timely basis.

**106.** We found that the Corporation has a strategic and operational plan for information technology (IT) that supports the Corporation's activities and priorities. We also noted that the information technology systems meet the current needs of management and the Board and are designed appropriately to resist attacks on the systems and recover from failures.



**The Corporation needs to complete and document a disaster recovery plan for IT**

**107.** Business continuity and disaster recovery planning for IT is a major component of any organization's overall strategy. The Corporation has developed several elements that would normally be found in a disaster recovery plan, several of which are found in the Corporation's Emergency Response Plan. However, the Corporation does not have a consolidated disaster recovery plan specifically for its information systems.

**108.** The Corporation has recently prepared a draft business impact analysis that identifies various events that could affect the continuity of operations and would affect its financial and human operations, as well as its reputation. This analysis is critical for establishing an effective and efficient disaster recovery plan. The Corporation needs to complete this document.

**109.** Preparing a disaster recovery plan for information systems is critical, but not sufficient. The Corporation should also test the plan, in full or in part, to determine how well it works and what portions need improvement. It is important that the main recovery team members be involved in the test. The test should cover all critical components and simulate actual primetime processing conditions.

**The Corporation needs to evaluate the value-for-money of its contract with the IT service provider**

**110.** The Corporation has entered into a multi-year extendable agreement covering the period from 2001 to 2010 with an external service provider for all IT services. By today's standards, a 10-year IT contract is very long. There is a risk that the costs established in 2001 for these services could significantly exceed market costs in 2006. While the Corporation is very satisfied with its IT service, management has informed us that they will conduct a value-for-money review of services and costs during the first quarter of 2006–2007. The timing of this review would permit the Corporation to re-tender the IT contract before extending it from seven to ten years if it anticipated significant savings.

**111.** Without a value-for-money review of the contract, it is difficult to demonstrate to management and the Board that the Corporation is still receiving good value for its IT services.

**112. Conclusion.** The Corporation has elements of sufficient systems and practices in place to ensure that the planning, development, implementation, and management of information technology and

information management systems support the organization's strategic and operational objectives.

**113. Recommendation.** The Corporation needs to assess its IT emergency needs and then complete, document and test an appropriate information technology systems disaster recovery plan, in order to ensure business continuity. The Corporation also needs to conduct a value-for-money review of its information technology services contract, to make sure it is receiving IT services at acceptable cost, on a timely basis.

## Human Resources Management

**114.** The Corporation's success largely depends on the quality and performance of its employees. The Corporation employs approximately 460 people, 90 percent of whom are covered by four-year collective agreements with Public Service Alliance of Canada and the Professional Institute of the Public Service of Canada. Current agreements are in place through 2008–2009.

**115.** We expected that the Corporation would manage its human resources in a manner that provides it with the core competencies and skills it needs to achieve its goals and objectives, economically and efficiently.

**116.** In our 2000 report, we found the need for improvement in certain aspects of the Corporation's basic human resource management practices. These areas included restoring a strategic perspective to human resources management, developing a job evaluation and classification system, developing a compensation system, validating the competency model, increasing rigour in the staffing process of non-unionized incumbents, strengthening the performance appraisal system, and developing a mechanism to improve management's knowledge of the work environment.

### Significant improvements have been made since 2000

**117.** The Corporation has now developed a three-year strategic plan that defines the division's main risks and challenges, objectives, and strategic priorities. This plan was developed with input from all human resource staff as well as from managers. The plan is linked to the Corporation's overall strategic objectives.

**118.** The Human Resources division has also improved its staffing processes by developing and implementing an orientation guide for new employees, using consistent evaluation processes for potential candidates, and ensuring that appropriate job descriptions include

required competencies. The Corporation has ratified collective agreements with each of its unions for a four-year term and has developed compensation policies and a job evaluation system. In addition, the division revised the performance appraisal system to require the inclusion of performance objectives. The Corporation has also made notable investments in training and development for staff and management.

**119.** These improvements provide the Corporation with adequate systems and practices for managing its human resources.

### **Good practices are in place**

**120. Human resource plan monitoring.** The division monitors and reports monthly to management on its three-year strategic plan for human resources. These reports describe key initiatives, issues, statistics, and progress in priority areas, which include staffing, language training, training and development, performance evaluations, and labour relations.

**121. Succession planning.** In support of succession planning, the Corporation has implemented a leadership development and continuity process for key positions. This process is designed to create a pool of qualified candidates who are interested in career progression within the Corporation and to effectively train and develop these staff to assume higher levels of managerial responsibility and leadership roles. These individuals are eligible to compete for positions as they become available.

**122. Core Competencies.** While improving its job descriptions and creating a more consistent performance evaluation process, the Corporation also drew up a set of core competencies. While this is working well, we noted that these competencies were last updated in 1998–1999. In light of the new strategic directions the Board and senior management embarked upon after the last planning cycle, we encourage the Corporation to review these core competencies to ensure they reflect future strategic needs.

### **Communication has improved and will continue to be critical**

**123.** The Corporation has established bi-annual all-staff meetings as a forum to present new initiatives and topics of interest to the staff. These meetings are gaining in popularity and are a key communication tool. Other communication tools include an internal Web site and the practice of involving staff from different levels in corporate strategic planning, on a rotating basis.

**124.** The Corporation faces the challenge of integrating the Canadian Museum of Civilization’s employees, practices and operations with those of the new Canadian War Museum. These museums are on separate sites and have had different organizational cultures. The Corporation will be integrating systems and practices across the museums. It will be important for the Corporation to continue to communicate with all staff as well as to elicit periodic employee feedback more formally, in order to enhance two-way communication.

#### **Staff performance is recognized**

**125.** Performance assessments are received and monitored by Human Resources. We noted, however, that there is currently no formal mechanism to identify and analyze key trends in the quality or nature of the performance assessments. An overall summary of the results of performance assessments could benefit the organization in identifying corporate performance trends, as well as in training and development needs.

**126.** The Corporation has also used monthly awards of merit and annual awards of excellence to recognize and reward exceptional staff performance.

**127. Conclusion.** We found that the Corporation’s human resources management practices have improved since our last report. Human resources are managed in a manner that provides the Corporation with the competencies and skills it needs to achieve its goals and objectives economically and efficiently. We encourage the Corporation to continue to improve its practices by

- updating its documentation on core competencies, and
- establishing a means to periodically receive employee feedback.

#### **Strategic Planning**

**128.** Strategic planning assists a Corporation in achieving its mandate, with a focus on the future. The Corporation can undertake strategic planning in a number of ways, reflecting the Corporation’s culture and its current context.

**129.** We expected the Corporation to have a clearly defined strategic direction and measurable goals and objectives designed to achieve its legislated public policy mandate. We also expected that the strategic direction and goals would take into account government priorities, identified risks, and the Corporation’s need to control and protect its assets, as well as to manage its resources economically and efficiently.

**Strategic planning has improved since 2000**

**130.** At the time of our previous examination in 2000, we noted some weaknesses in how the Corporation established its strategic direction, and we identified some concerns regarding the comprehensiveness of the information used in strategic planning. We did note, however, that this was the beginning of a period of transition for the Corporation, given the appointment of both a new CEO and Chair of the Board.

**131.** Since 2000, we have found that the CEO has taken a strong leadership role in strategic planning and made significant improvements. The Corporation has begun annual strategic planning sessions that involve the Board, senior managers and a cross-section of employees who attend the corporate planning session on a rotating basis.

**Strategic planning is adequate**

**132.** The Corporation has developed a mission statement and mandate that are consistent with the *Museums Act*. The Board uses the Act as the starting point for its strategic reflection. While the Board's guidance is broad, it provides sufficient direction to enable the Corporation to deliver its mandate. The Corporation uses this guidance from the Board in its strategic plan which maps strategic priorities to the strategic directions. These priorities are then carried forward into the Corporation's annual planning process. Further, corporate principles guide corporate and operational decisions—knowledge, authenticity, coherence, choice and respect, and Canadian perspectives.

**133.** During the annual strategic planning process, the Corporation conducts an environmental scan, which provides a good overview of the business conditions expected to prevail in the upcoming planning period. Managers provide additional information regarding the Corporation's competitive position, and the Corporation reviews what it does well and what it can improve upon.

**134.** In addition, the Corporation supports its strategic planning process by reviewing important information about the habits, characteristics and satisfaction of its customers. As well, the Corporation's five-year plan is also supported by a financial strategy and long-term capital plan. For example, the construction of the Canadian War Museum used a long-term plan, and funding of the exhibitions is planned on a five-year rolling window.

**The strategic plan is well communicated**

135. We found that the Corporation clearly communicates its strategic plan and managers understand it. Managers demonstrated the ways in which strategies influenced their planning and day-to-day activities. The Corporation also employs a comprehensive communication program to share with its staff its strategic directions and the information it uses for strategic planning.

**Better alignment of annual work plans with strategic direction is needed**

136. While the Corporation's strategic directions and priorities guide its decisions related to work plans, exhibition planning, and special initiatives, we did note that many divisions do not explicitly link their annual work plans with strategic priorities, despite being requested to do so. Further, while most work plans describe activities and their expected results, many do not include clear performance measures. There is a risk that a lack of rigour in aligning work plans with strategic directions could result in allocating resources in ways that are not consistent with the Corporation's objectives. The Corporation needs to improve its quality control in this area to ensure work plans are aligned with strategic priorities.

**Monitoring progress on strategic direction is limited**

137. We found that the Corporation performs limited ongoing tracking and monitoring of progress against strategic priorities. On one occasion in 2005, the Corporation did produce a report to demonstrate to the Board how it achieved its strategic directions over the previous five-year period. The Corporation needs to prepare similar information on an annual basis to provide performance information to management and the Board that would allow them to better assess the Corporation's progress towards its stated objectives.

**Integrating a risk perspective into planning is important**

138. The Corporation takes into consideration potential risks. However, these risks are addressed in an ad hoc manner. For example, risks are discussed during strategic planning. We also found that the Corporation relies on its small management team, frequent face-to-face meetings and short feedback loops to resolve issues as they arise. The Corporation does not, however, use a corporate risk management framework that could be integrated into the strategic planning process. The Corporation needs to take a more structured approach to risk management as it identifies strategies and priorities.

**139. Conclusion.** Overall, we found that the Corporation has a well functioning and useful strategic planning process that defines strategies and objectives to achieve its legislative and public policy mandate. These strategic directions and objectives consider government priorities, identified strategic issues and the need to control and protect the Corporation's assets and manage its resources economically and efficiently. While the Corporation's strategic planning processes have significantly improved since the last special examination, the Corporation now needs to better integrate them with other corporate processes.

**140. Recommendation.** The Corporation should

- improve its strategic planning process by monitoring and reporting on progress toward the achievement of its objectives,
- improve its corporate risk management framework to support strategic planning, and
- enhance the quality control of its work plans to provide an explicit alignment with the strategic directions.

## Performance Measurement and Reporting

**141.** Clear measurement and performance reporting are essential to meeting public sector expectations for accountability and transparency in a Crown corporation. We consequently expected the Corporation to adopt performance indicators that would enable it to measure the achievement of its mandate and statutory objectives. We also expected the Corporation to compile reports that provide complete, accurate, timely and balanced information for management decision-making and accountability reporting to parliament and the public.

### **The Corporation has improved its performance information since 2000**

**142.** In our 2000 special examination, we noted that the Corporation had many performance measures in place. However, at the time, the performance information did not indicate to what extent the Corporation was able to achieve its objectives with available resources. Further, we found that management needed to improve its communication of performance information to the Board.

**143.** Since then, the Corporation has made efforts to improve its performance measures, including collecting and reporting information. It dropped some performance measures used in 2000 and added others. The Corporation reviewed the way strategic planning, corporate business planning and performance measurement were aligned and some new performance measures were adopted.

**A corporate performance measurement framework needs to be developed**

144. The Corporation is using performance information in the management of the museums. Information is collected on attendance figures; visitor surveys; and evaluations of exhibitions, programs, and partnerships, which are reported regularly to management. Managers use this performance information to make operational decisions, as well as to review major activities. The information is usually clearly presented and there are systems and practices in place to support the accuracy of the information. We noted earlier in this report that performance measurement and reporting for strategic planning needs to improve.

145. While the use of performance measures throughout the Corporation has improved, the Corporation needs to establish a corporate performance management framework for reporting to management and to the Board. For the past five years, the Corporation has identified this initiative as an objective. The Corporation has recently undertaken a Board and management review of its longer-term strategic directions. This is an opportune time for the Corporation to establish outcome measures and targets that will help achieve these recently articulated strategies. The Corporation is in a good position to revise its current measures, transforming them into a useful and comprehensive strategic performance framework for periodic reporting to the Board and management.

**Performance measures for accountability reporting could be improved**

146. The Corporation publishes two accountability documents every year: the Corporate Plan and the Annual Report. These are the main ways the Corporation publicly discloses its commitments and objectives and the extent to which it achieves them.

147. The Corporate Plan outlines the Corporation's strategic issues, objectives and strategies and provides funding, revenue, expenditure and balance sheet information for the planning period. Each of the objectives and the related strategies include selected measures and targets for a five-year timeframe.

148. In the 2004–2005 Annual Report, the Corporation reported on its performance against three objectives using 21 measures and targets. Some of these measures are qualitative while the majority are quantitative. The measures reported in the Annual Report are consistent with those reported in the Corporate Plan.



**149.** We found, however, that neither the Annual Report nor the Corporate Plan contained any substantial discussion about the resources required to manage the Corporation and meet its objectives. Nor did the Corporation provide any explanation for the difference between the target and the actual outcome in the Annual Report.

**150.** Further, we found that the indicators selected for accountability reporting generally reflect activities related to the objective. For example, the first objective is “to increase appreciation and understanding of Canada’s heritage”. The Annual Report presents activities designed to meet this objective, including the

- date of the opening of the Canadian War Museum,
- number of new special exhibitions,
- number of travelling exhibitions, and
- number of school programs and attendance.

**151.** While these measures describe the Corporation’s efforts, they do not demonstrate how they contribute to achieving the objective of increasing the appreciation and understanding of Canada’s heritage. We recognize that measuring the achievement of this type of public policy objective is difficult and challenging. We are aware, however, that the Corporation collects information charting its progress towards these public policy objectives, and we encourage it to report this information publicly. To improve performance reporting, the Corporation also needs to better link its objectives and results with the resources used to achieve them.

**152. Conclusion.** The Corporation has made efforts to improve its performance measurement, collection and reporting, both for internal management purposes and for external reporting. However, we found that the Corporation needs to establish a corporate performance measurement framework for periodic reporting to management and the Board.

**153. Recommendation.** The Corporation should establish a corporate performance measurement framework. The framework would support consistent and timely performance measurement and provide accountability and transparency in reporting to management and the Board. This framework would also be clearly linked with the performance measures reported in the Corporate Plan and the Annual Report and should link resources with results. These measures would better demonstrate to the Board, Parliament and to the public that the

Corporation is making progress in achieving its objectives, by managing its operations effectively and its resources efficiently.

## **Governance**

**154.** Corporate governance refers to the structures, systems, and practices for overseeing the direction and management of an organization, so it can carry out its mandate and achieve its objectives. In order to maximize its effectiveness, we expected that the Corporation would have a well-performing corporate governance framework that meets the expectations of best practices in Board stewardship, shareholder relations, and communication with the public.

**155.** The Corporation is managed by a Board of Trustees with 11 external members, including the chair, all appointed by Governor in Council. Seven committees and one working group support the Board: Executive Committee, Audit Committee, Canadian War Museum Committee, Canadian War Museum Building Committee, Development Committee, Finance and Compensation Committee, Nominating Committee, and the Working Group on Governance.

### **Certain aspects of the governance framework need to be improved**

**156.** We found that the Board of Trustees has established some elements of a good governance framework. To meet its governance needs, the Board established the Canadian War Museum Building Committee. This Committee was implicated in the numerous decisions that supported the Canadian War Museum construction process. We also found however a number of systems and practices of the Board that need to be improved in order to meet current good practices in governance for Crown corporations. The following sections provide more detail on our findings.

**157. Roles and responsibilities.** It is important that the Board and its committees have clearly defined roles and responsibilities in order to function effectively. For example, we expected to see the Board's role in approving the Corporation's executive succession plans and its role in the oversight of policy and the development of the collections. However, we did not find formal documentation on the Board's roles and responsibilities and its responsibilities vis-à-vis management.

**158.** The various committees of the Board all have terms of reference. However, most have not been updated for a number of years. As a result, those terms of reference may not reflect current practices. Best practices for audit committees generally include responsibility for soliciting sensitive information and ensuring ethical oversight.

However, the Audit Committee's terms of reference did not include these activities. As well, recent events and best practices have highlighted the need for the Board and its committees to function independently from management. We found, however, that the chief executive officer (CEO), the chief operating officer and the Secretary of the Corporation are voting members on all the committees except the Audit Committee. Treasury Board guidelines indicate that only the CEO should be an ex officio or non-voting member of Board committees.

**159. Board's renewal and composition.** In 2004, the Board updated its profile outlining the mix of competencies, skills and experience required to meet the Corporation's needs. The Board communicated this information to the Minister of Canadian Heritage for consideration in filling Board vacancies. A nominating committee was also created and has met several times over the past year to recommend to government candidates who would meet the Board profile. At the time of writing this report all the vacancies were filled.

**160.** We noted that the Board had not performed a formal gap analysis of its composition, by comparing it to the desired profile, in order to identify gaps and priorities. This information is important when making recommendations to the Minister about filling board vacancies.

**161.** We also found that the documented profile of the Board does not reflect the need for the chair of the Audit Committee to have financial expertise. The document needs to be updated to reflect this best practice.

**162. Board performance.** We found that the Board has yet to assess its own performance. Consistent with good governance practices, the federal government has indicated that it will ask Boards of Trustees to establish regular assessments of their effectiveness. Performing assessments provides important information to the Board that is fundamental in improving its effectiveness. For example, these assessments can help identify training needs for the Board as a whole and for individual members.

**163. Training and orientation.** We noted that while an information package is provided to new members about their duties, there was no formal orientation program in place for new members. It is important for the Corporation to put this mechanism in place. We also found that some of the trustees attended the Privy Council Office orientation program offered to directors of Crown corporations. Board members

should ensure they continue to participate in continuing education programs in areas such as governance practices, financial literacy, and risk management.

**164. Strategic direction.** The Board is responsible for establishing the Corporation's strategic direction. In September 2005, the Board participated in a planning retreat with senior management to discuss the Corporation's strategic issues and to provide guidance on the strategic direction to pursue for the next five years. This new direction will be the basis of the content of the Corporation's Corporate Plan for 2006–2007 to 2010–2011.

#### **Corporate performance information reported to the Board should be improved**

**165.** In general, the Board of Trustees receives enough information to enable it to make decisions. For example, the Board was provided with adequate information for its key decisions about the construction of the new Canadian War Museum. As well the Board receives adequate information to approve recommendations about the acquisition, de-accession, and repatriation of artifacts.

**166.** While some reports to the Board provide a good overview of what is going on in the Corporation, much of the reporting was operational and related to activities rather than results. Further, other than the one-time report referred to in paragraph 137, we found there was no clear link between the ongoing information presented to the Board and the Corporation's strategic objectives and priorities.

**167.** As mentioned in paragraphs 157 and 158, the roles and responsibilities of the Board need to be better defined. Once this process is completed, we encourage the Board to ensure that it has the information it needs to fulfil these responsibilities.

#### **The Board needs to strengthen its role in the oversight of corporate risk**

**168.** The 1996 federal guidelines on Corporate Governance in Crown Corporations state a Board should ensure that the principal risks of the Corporation's business have been identified and that appropriate systems and practices to monitor and manage these risks have been implemented. More recently, in 2005, the government indicated that it will require Audit Committees to establish risk assessment and management mechanisms in order to mitigate those risks.

**169.** As we noted in paragraph 138, management needs to take a more structured approach to risk management. A corporate risk management framework would provide the Board with an overall

assessment of the Corporation's key risks, the systems, and practices in place to mitigate these risks and the priority for action. Without this corporate risk assessment, the Board may not have an overall picture of the extent to which risks are managed by the Corporation.

### **Values and ethics policies and practices need to be updated**

**170.** Recent events in both the private and the public sectors highlight the need for all organizations to have a sound framework of values and ethics. Regulatory bodies and government central agencies are defining related policies, processes, and practices that organizations are to adopt. The Corporation has a conflict of interest code, updated in 2002, which applies to its employees.

**171.** In 2003, the government issued a *Values and Ethics Code for the Public Service* and urged public service institutions not covered by the Code to respect its spirit and adopt similar provisions for their organizations. The Code does not apply to the Corporation or the Board but it could be used as a model for the review of the Corporation's existing practices taking into account the its specific context. Whistleblowing legislation recently received royal assent but has not yet been proclaimed in force. Once in force, it will apply to the Corporation. We encourage management to review the Corporation's existing practices and ensure that they comply with these recent developments.

**172.** Individual Board members are appointed by the Governor in Council and are therefore subject to the *Conflict of Interest and Post-Employment Code for Public Office Holders*. While that Code is very detailed, it may not cover particular conflicts that could be unique to the Board. Management could not provide us with documentation on the measures taken to identify and avoid any potential conflicts of interest. Mechanisms need to be in place to manage these potential conflicts of interest and to ensure the effective functioning of the Board.

**173.** The Board should also enhance its oversight practices to include regular reports of specific situations where conflicts of interest occur, ongoing monitoring of compliance with the applicable codes and means to address areas of non-compliance.

### **The internal audit function has improved since 2000**

**174.** In our last special examination, we stressed the need to strengthen the internal audit function. For example, we noted that the

Museum had performed no internal audit between 1996 and 1999. We encouraged the Audit Committee to ensure that the internal audit plan reflects the risks identified by the Museum and to closely monitor its implementation and the results of the audits conducted.

**175.** Progress has been made since our last special examination. For example, the museum undertook a risk assessment in 2002 to update its three-year audit plan which was presented to the Audit Committee. At the time of writing this report, three of the five planned audits were completed, one was dropped, and one had been postponed. In addition, an unplanned follow-up audit of the Library Archives and Documentation Services was done. We have been informed that an update of the internal audit plan will take place by June 2006.

**176.** We noted that the Audit Committee was briefed on the audits and also informed of upcoming audits and delays that had arisen.

**177. Conclusion.** The Board has some elements of a functioning governance framework in place. The Board needs to implement additional systems and practices, as well as formalize and improve existing ones in order to meet current good governance practices.

**178. Recommendation.** The Board should

- document its roles and responsibilities as a whole and vis-à-vis management, update the terms of reference for each of its committees, and update the Board profile;
- implement a periodic evaluation of the Board's performance;
- ensure that management provides the Board with an overall assessment of the Corporation's key risks, the systems, and practices that mitigate these risks as well as the priority actions; and
- review its existing values and ethics and conflict of interest practices and build on them to ensure that they comply with best practice.

## The Corporation's Response

*The Board of Trustees.* The Board of Trustees of the Canadian Museum of Civilization Corporation accepts the thorough and positive special examination report, presented to it at its meeting on March 19, 2006. It is pleased that the report finds that the Corporation's systems and practices provide reasonable assurance that assets are safeguarded and controlled, resources managed economically and efficiently, and that operations are carried out effectively.

The Board notes that the report identifies opportunities to enhance the quality of corporate systems and practices. It will be guided by the report's recommendations and observations, specifically in the area of governance, and will also provide the oversight to support management in responding to operational findings.

**Management.** The Canadian Museum of Civilization Corporation (the Corporation) notes the opinion of the Auditor General that, based on the criteria established for the examination, there is reasonable assurance that there were no significant deficiencies in the systems and practices examined. It is pleased that the examination finds that the Corporation has embarked upon a number of initiatives and made significant progress in addressing many of the issues raised in the special examination it conducted in 2000, particularly in the areas of strategic planning, human resources management and in promoting understanding and knowledge among the Canadian public.

The Corporation concurs with the report of the Auditor General that for the past five years, its top priority was the Canadian War Museum building project, successfully launched on May 8, 2005. The report of the Auditor General acknowledges that the new CWM "is now a significant national institution with extensive exhibition space."

Over the next several years, as Corporation management continues to implement its mandate on behalf of Canadians, it will take into account the observations and recommendations made in the report of the Auditor General, including such issues as enhancing the measurement of its performance and risk management, and ensuring its governance framework continues to enable the appropriate stewardship of the Corporation.

The Corporation thanks the Auditor General of Canada for the valuable examination of its systems and practices, and appreciates the collaborative context within which the report was developed and presented.

## Appendix A About the Special Examination

### Systems and practices examined and related criteria

Key systems and practices	General examination criteria
<p><b>Corporate governance</b></p> <ul style="list-style-type: none"> <li>• Functioning of the Board of Trustees</li> <li>• Ethics regime</li> <li>• Internal Audit</li> </ul>	<p>To maximize the Corporation's effectiveness, it 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.</p>
<p><b>Strategic and operational planning</b></p> <ul style="list-style-type: none"> <li>• Strategic and operational planning practices</li> <li>• Risk management framework and practices</li> <li>• Environmental and sustainable development practices</li> </ul>	<p>The Corporation has clearly defined strategic directions and specific, measurable goals and objectives to achieve its legislative and public policy mandate. Its strategic direction 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.</p>
<p><b>Performance measurement and reporting</b></p> <ul style="list-style-type: none"> <li>• Performance measurement and monitoring systems and practices</li> </ul>	<p>The Corporation has identified performance indicators to measure the achievement of its mandate and statutory objectives. It also has reports that provide complete, accurate, timely, and balanced information for decision making and accountability reporting.</p>
<p><b>Information technology</b></p> <ul style="list-style-type: none"> <li>• Long-term strategic plan for information systems</li> <li>• Management of activities related to information technology</li> <li>• Maintenance and follow-up of information technology systems</li> <li>• Protection and safeguarding of data and equipment</li> </ul>	<p>The planning, development, implementation, and management of information technology and information management systems support the organization's strategic and operational objectives, ensure business continuity, and satisfy information needs at an acceptable cost and on a timely basis.</p>
<p><b>Human resources management</b></p> <ul style="list-style-type: none"> <li>• Human resources management strategic plan</li> <li>• Human resources planning</li> <li>• Job evaluation and compensation system</li> <li>• Performance management system</li> <li>• Work relations system</li> </ul>	<p>Human resources are managed in a manner that provides the Corporation with the core competencies and skills it needs to achieve its goals and objectives economically and efficiently.</p>



Key systems and practices	General examination criteria
<p><b>Promotion and protection of Canadian Heritage</b></p> <ul style="list-style-type: none"> <li>• Acquisition and disposition policies</li> <li>• Collection development strategy</li> <li>• Collection profiles</li> <li>• Research practices</li> <li>• Collection management system</li> <li>• Collection storage and protection practices</li> <li>• Security systems</li> <li>• Systems related to the management of risk and threats to facilities</li> <li>• Loan system for items in the collection</li> </ul>	<p>The Corporation has developed collections of objects and artifacts that represent Canada's history, culture, and identity.</p> <p>The Corporation effectively manages its collections and how they are housed, protected, documented, and conserved.</p>
<p><b>Sharing knowledge and expertise</b></p> <ul style="list-style-type: none"> <li>• Management of research projects, public program, and exhibition</li> <li>• Visitor and general public surveys</li> <li>• Exhibition and program evaluations</li> <li>• Marketing, communication, and outreach strategies</li> <li>• Partnerships with cultural institutions</li> <li>• Practices for sharing knowledge</li> </ul>	<p>The Corporation effectively manages its programs and activities related to the sharing of knowledge, while taking into consideration its stakeholders, so as to increase appreciation and understanding of Canada's heritage.</p>
<p><b>Canadian War Museum construction</b></p> <ul style="list-style-type: none"> <li>• Project management systems and practices</li> <li>• Reporting practices to the Board and stakeholders</li> <li>• Capital and maintenance plan</li> </ul>	<p>The Corporation has made reasonable efforts to ensure effective management of the construction of the Canadian War Museum (CWM):</p> <ul style="list-style-type: none"> <li>• Construction of the museum was completed on time and within the approved budget.</li> <li>• Technical and performance specifications were met.</li> <li>• Appropriate contracting practices were followed.</li> <li>• The Board of Trustees was regularly informed in a timely manner during the construction phase.</li> <li>• Maintenance and capital plans are in place.</li> </ul>

### Examination Team

Assistant Auditor General: Lyse Ricard

Principal: Aline Vienneau

Director: Mary Riopelle

Michelle Salvail

Susan Gomez

Arti Sachdev

Irène Imbeau

Lisa De Rosa

## **Appendix B *Museums Act*, Section 9 (1) (a) to (p)**

### **Establishment of the Canadian Museum of Civilization**

#### **Purpose, Capacity and Powers of the Canadian Museum of Civilization**

9. (1) In furtherance of its purpose, the Canadian Museum of Civilization has the capacity and, subject to this Act, the rights, powers and privileges of a natural person and in particular, but without limiting the generality of the foregoing, the Canadian Museum of Civilization may

- (a) collect objects of historical or cultural interest and other museum material;
- (b) maintain its collection by preservation, conservation and restoration and the establishment of records and documentation;
- (c) sell, exchange, give away, destroy or otherwise dispose of objects of historical or cultural interest and other museum material in its collection and use any revenue obtained therefrom to further its collection;
- (d) lend or borrow objects of historical or cultural interest and other museum material on long-term or short-term loan;
- (e) organize, sponsor, arrange for and participate in travelling exhibitions, in Canada and internationally, of objects of historical or cultural interest and other museum material in its collection and from other sources;
- (f) undertake and sponsor any research, including fundamental or basic research and theoretical and applied research, related to its purpose and to museology, and communicate the results of that research;
- (g) provide facilities to permit qualified individuals to use and study its collection;
- (h) promote knowledge and disseminate information related to its purpose, throughout Canada and internationally, by such means of education and communication as are appropriate;
- (i) establish and foster liaison with other organizations with a purpose similar to its purpose;
- (j) share the expertise of its staff by undertaking and sponsoring programs for training and apprenticeship in the professional and technical skills involved in the operation of other organizations with a purpose similar to its purpose;
- (k) provide and arrange for professional and technical services to other organizations with a purpose similar to its purpose;
- (l) acquire property by gift, bequest or otherwise and hold in trust or otherwise, expend, invest, administer and dispose of that property;
- (m) develop, operate and maintain branches or exhibition centres;
- (n) operate restaurants, lounges, parking facilities, shops and other facilities for the use of the public;
- (o) lease or otherwise make available any of its facilities to other persons; and
- (p) charge for goods, services and admission and use the revenue obtained therefrom for its own purposes.