



**Report of the Auditor General of Canada
to the Board of Trustees of
the Canadian Museum for Human Rights**

Independent Auditor's Report

Special Examination—2018



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada



**Report of the Auditor General of Canada
to the Board of Trustees of
the Canadian Museum for Human Rights**

Independent Auditor's Report

Special Examination—2018



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

Special examination reports

Special examinations are a form of performance audit that is conducted within Crown corporations. The Office of the Auditor General of Canada audits most, but not all, Crown corporations.

The scope of special examinations is set out in the *Financial Administration Act*. A special examination considers whether a Crown corporation's systems and practices provide reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

More details about the audit objective, scope, approach, and sources of criteria are in *About the Audit* at the end of this report.

Ce document est également publié en français.

© Her Majesty the Queen in Right of Canada, as represented
by the Auditor General of Canada, 2018.

Cat. No. FA3-133/2018E-PDF
ISBN 978-0-660-24415-0





Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

17 January 2018

To the Board of Trustees of the Canadian Museum for Human Rights:

We have completed the special examination of the Canadian Museum for Human Rights in accordance with the plan presented to the Audit, Finance and Risk Committee of the Board of Trustees on 25 January 2017. As required by Section 139 of the *Financial Administration Act*, we are pleased to provide the attached final special examination report to the Board of Trustees.

We will present this report for tabling in Parliament shortly after it has been made public by the Canadian Museum for Human Rights.

We will be pleased to respond to any comments or questions you may have concerning our report.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Duvnjak'.

Dusan Duvnjak, CPA, CMA, MBA
Principal

Table of Contents

Introduction **1**

Background 1

Focus of the audit 2

Findings, Recommendations, and Responses **3**

Corporate management practices 3

 There were significant deficiencies in strategic direction setting and board appointments 3

Management of exhibits and programs 12

 The Corporation had good practices for managing exhibits and delivering programs,
 but improvements were needed in operational planning and exhibit content management 12

Conclusion **19**

About the Audit **20**

List of Recommendations **24**

Introduction

Background

Role and mandate

1. The Canadian Museum for Human Rights is a federal Crown corporation established under the *Museums Act* to explore the subject of human rights, with special but not exclusive reference to Canada, to enhance the public's understanding of human rights, promote respect for others, and encourage reflection and dialogue. The Corporation reports to Parliament through the Minister of Canadian Heritage.

Creation of the museum

2. In early 2008, the Government of Canada entered into an agreement with public sector, private sector, and charity organizations leading to the creation of the Canadian Museum for Human Rights in Winnipeg, Manitoba, with a budget of \$265 million, including \$100 million from the federal government. Later that year, Parliament created the Corporation through amendments to the *Museums Act*.

3. Over the next several years, the Corporation built the museum at a cost of about \$351 million. The \$86 million in increased construction costs were financed by \$35 million from the Corporation's charity partner, Friends of the Canadian Museum for Human Rights, and \$51 million from the federal government. Of this federal funding, \$35 million was provided to the Corporation with the expectation that its annual appropriations would be reduced over six years, beginning in the 2018–19 fiscal year.

4. The museum opened to the public in September 2014 (Exhibit 1). Over its first three years, the museum reported having more than 1 million visitors. The percentage of surveyed visitors who reported being "satisfied" or "very satisfied" has ranged from 94 to 97 percent. At the end of the 2016–17 fiscal year, the Corporation had 156 full-time equivalent employees and 180 volunteers. Each year, the federal government provided funding to support the Corporation's operations. For the 2017–18 fiscal year, the federal government approved an initial budget of \$24.9 million consisting of base operating funding set at \$21.7 million, \$2.7 million for payments in lieu of taxes to local authorities, and an additional \$0.5 million for specific capital projects.

Exhibit 1 The Canadian Museum for Human Rights in Winnipeg



Photo: © Canadian Museum for Human Rights

Focus of the audit

5. Our objective for this audit was to determine whether the systems and practices we selected for examination at the Canadian Museum for Human Rights were providing it with reasonable assurance that its assets were safeguarded and controlled, its resources were managed economically and efficiently, and its operations were carried out effectively as required by section 138 of the *Financial Administration Act*.

6. In addition, section 139 of the *Financial Administration Act* requires that we state an opinion, with respect to the criteria established, whether there was reasonable assurance there were no significant deficiencies in the systems and practices examined. A significant deficiency is reported when the systems and practices examined did not meet the criteria established, resulting in a finding that the Corporation could be prevented from having reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

7. Based on our assessment of risks, we selected systems and practices in the following areas:

- corporate management practices, and
- management of exhibits and programs.

The selected systems and practices and the criteria used to assess them are found in the exhibits throughout the report.

8. More details about the audit objective, scope, approach, and sources of criteria are in **About the Audit** at the end of this report (see pages 20–23).

Findings, Recommendations, and Responses

Corporate management practices

There were significant deficiencies in strategic direction setting and board appointments

Overall message



9. Overall, we found two significant deficiencies in corporate governance that were outside the Corporation's control. First, though the Corporation had submitted its corporate plans to the Minister of Canadian Heritage for the past four years, none received Government of Canada approval, leaving the Corporation without an updated strategic direction supported by the Government of Canada. Second, there were vacancies on its Board of Trustees as the Corporation waited for the Government of Canada to make appointments. We also found weaknesses in risk mitigation and in risk monitoring and reporting. Additionally, we found that the Corporation had several good practices, such as in performance measurement, monitoring, and reporting.

10. These findings matter because the Corporation relies on sound corporate management practices to operate efficiently and effectively. Without government approval of corporate plans, the Corporation cannot plan its strategy or operations for the long term. This is especially important at this time, because the Corporation is facing funding uncertainties that might necessitate a reduction of the museum's offerings to the public. Also, because the Board membership should include the skills and qualifications needed to oversee the Corporation effectively, vacancies make it more difficult for the Board to fulfill its role. Furthermore, until the Corporation strengthens its practices to monitor actions that mitigate risks, it cannot be sure that potential threats to its operations, assets, and reputation are being handled appropriately.

11. Our analysis supporting these findings discusses the following topics:

- Corporate governance
- Strategic planning and performance measurement, monitoring, and reporting
- Risk management

Context

12. The Board of Trustees is responsible for the overall management of the Corporation and for ensuring achievement of its mandate. The Board includes up to 11 trustees, who are appointed by the Minister of Canadian Heritage with the **Governor in Council's** approval, a process outside the control of the Corporation. The Board is supported by an Audit, Finance and Risk Committee; a Human Resources and Governance Committee; and a Museum Programs Committee.

13. Like most Crown corporations, the Canadian Museum for Human Rights must annually submit a corporate plan to the appropriate Minister, for ultimate approval by the Governor in Council. The government approval process is outside the control of the Corporation. Once approved, summaries of corporate plans are tabled in Parliament and become public. As a type of strategic plan, annual corporate plans set out objectives, strategies, and operational and financial performance measures and targets for the next five years; they also provide an assessment of recent results against planned performance. Corporations are required to operate in a manner consistent with the most recently approved corporate plan.

Recommendations

14. Our recommendations in this area of examination appear at paragraphs 20, 24, 29, and 36.

Analysis

15. **Corporate governance.** We found that the Corporation had good practices in ensuring independence of the Board. However, we found significant deficiencies in setting strategic direction and in Board appointments, which were outside the Corporation's control. We also found a weakness in the Corporation's monitoring of its policies (Exhibit 2).

Governor in Council—The Governor General, acting on the advice of Cabinet, as the formal executive body that gives legal effect to those decisions of Cabinet that are to have the force of law.

Exhibit 2 Corporate governance—key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Board independence	The Board functioned independently.	<p>The roles and responsibilities, authorities, and accountabilities for the Board and its committees enabled their independence from day-to-day management.</p> <p>The Board held in camera sessions without management in attendance.</p> <p>The Board sought declarations of conflicts of interest at the beginning of Board meetings and documented responses in the minutes.</p>	
Setting strategic direction	The Board provided strategic direction.	<p>The Board provided strategic direction through review and approval of strategic and corporate plans prepared by management.</p> <p>The Board was active in setting the President’s annual objectives, which aligned with the Corporation’s strategic direction.</p> <p>Significant deficiency</p> <p>The Corporation has been unable to secure government approval for its annual corporate plans since its 2013–14 plan. (Government approval of corporate plans requires approval by the Governor in Council and therefore is outside the control of the Corporation.)</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

Exhibit 2 Corporate governance—key findings and assessment (continued)

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Board appointments and competencies	The Board collectively had the capacity and competencies to fulfill its responsibilities.	<p>The Board performed a self-evaluation of its skills, knowledge, and expertise.</p> <p>The Corporation communicated the needed skills and experience for Board trustees to the Department of Canadian Heritage.</p> <p>Significant deficiency</p> <p>Of a maximum of 11 Board positions, the Board had 2 vacancies, including the Chairperson's; 3 trustees' formal terms had expired, and 2 more were due to expire in upcoming months. (Appointments are made by the Minister of Canadian Heritage with the approval of the Governor in Council and therefore are outside the control of the Corporation.)</p>	
Board oversight	The Board carried out its oversight role over the Corporation.	<p>The Board regularly discussed the Corporation's financial status, performance against targets, initiatives, and risks.</p> <p>The Board had recently strengthened its oversight by creating an internal audit function.</p> <p>The Board assessed the President's performance against the objectives it participated in setting.</p> <p>Weakness</p> <p>The Corporation lacked monitoring to ensure that its existing policies were functioning as intended.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

16. **Significant deficiency—Setting strategic direction.** Corporate plans are the principal means by which the Corporation obtains agreement from the government on its strategic direction, including how it will address key issues that it faces. This would provide the Corporation with a degree of predictability to assist proper planning. Government approval of corporate plans is a process outside the Corporation's control.

17. The Corporation's most recent annual five-year corporate plan approved by government was its 2013–14 plan, which was approved before the museum opened to the public. We found that the Corporation submitted its next four annual plans to the Minister of Canadian Heritage through the Department of Canadian Heritage, but none received government approval. Corporation officials told us that the Government of Canada had not formally advised the Corporation as to why.

18. We found that the Corporation was facing significant financial pressures. Most notably, to help meet a shortfall in funding for the museum's construction before it opened, the government provided \$35 million, with the expectation that the Corporation's annual federal funding be reduced by an equal amount over six years, beginning in the 2018–19 fiscal year. For example, in the first two years, its current federal base operating funding of \$21.7 million, excluding funding for payments in lieu of taxes to local authorities, is to be reduced by \$4 million (almost 20 percent) in the 2018–19 fiscal year and by \$8 million in the following year. The Corporation had planned to receive contributions from Friends of the Canadian Museum for Human Rights (Friends) for this amount. However, early in 2017, Friends formally advised the Corporation that it could not provide contributions to the Corporation before meeting its own financial obligations related to its capital campaign. Friends estimated that this might not occur until 2022. If this financial pressure remains unresolved, the Corporation might need to make significant cost reductions.

19. This significant deficiency matters because the Corporation has operated without a government-approved corporate plan recent enough to take into account the actual experience of running the museum: before this, revenues and costs could be no more than projections. Without an updated government-approved corporate plan, the Corporation cannot perform long-term planning with any degree of certainty, which is especially needed to respond to its unresolved financial pressures that might affect exhibit development, public programming, and other operations, therefore presenting a risk to meeting its mandate.

20. **Recommendation.** The Corporation should continue to work with the government to address its financial issues and to get its annual corporate plans approved in a timely manner.

The Corporation's response. Agreed. The Corporation will continue to engage the Minister of Canadian Heritage in the need for government-approved strategic direction setting to provide the Corporation with a basis for long-term planning. The Corporation will also continue to work with the Department of Canadian Heritage to address its financial issues through continued regular and ongoing communication—completing, as it has to date, all requests on a timely basis and doing all it can to ensure timely approval of the annual corporate plans.

21. **Significant deficiency—Board appointments.** The *Museums Act* allows the Corporation to have up to 11 trustees on its Board. As of July 2017, there were 9 trustees and 2 vacancies; the terms of 3 trustees had expired, but they continued in office while awaiting reappointment or the appointment of successors, as permitted under the Act. One vacancy was for the Chairperson. The terms of 2 more trustees were set to expire by the end of 2017, at which point there would be only 4 trustees without expired terms.

22. The Act requires the Minister to appoint Board trustees with the Governor in Council's approval, a process outside the Corporation's control. To support the government's appointment process, the Corporation provided the Department of Canadian Heritage with an outline of the knowledge, skills, and experiences needed on the Board, and an assessment of its current members' skills.

23. This significant deficiency matters because vacancies make it more difficult for the Board to include all the skills and experience it needs to fulfill its responsibilities; furthermore, staggered terms of office help to foster continuity as new trustees adapt to their roles.

24. **Recommendation.** The Corporation should continue to engage with the Minister of Canadian Heritage for the timely appointment of members to its Board of Trustees. It should also reinforce the need for staggered terms of office.

The Corporation's response. Agreed. The Corporation will continue to work with the Minister of Canadian Heritage in a manner that is consistent with the new process established by the government for Board appointments. The Corporation will continue to provide the Minister with information about Board needs and its assessment of member skills and experiences, including any gaps in skills and experiences that have been identified.

25. **Weakness—Board oversight.** We found that the Board was not systematically monitoring compliance with policies. One of its responsibilities was to obtain reasonable assurance of the Corporation's compliance with policies.

26. We also found instances of non-compliance. For example, required acknowledgment by some newly hired employees of their intent to comply with the Corporation's Code of Business Conduct and Ethics was missing. Furthermore, the enforcement of a requirement for existing employees to submit an annual acknowledgement of compliance with the Code, and development of a system to monitor this, began only recently.

27. The Board was also responsible for reviewing and approving significant operational policies and practices. In 2016, the Corporation reviewed its governance practices and policies. It identified a need for additional policies in areas such as public consultations, programs, and exhibits and began filling these gaps.

28. This weakness matters because corporate policies and related procedures are an important component of a corporate control framework. Furthermore, policies apply to operations that affect the public experience, such as defining how exhibits should be developed (see paragraphs 48–49).

29. **Recommendation.** The Corporation should continue to put in place the policies that it needs; management should work with the Board to define monitoring requirements, to ensure that its policies function as intended.

The Corporation's response. Agreed. As a new organization, the Corporation has focused on constructing, opening, and beginning to operate the Canadian Museum for Human Rights. Over the upcoming planning period, the Corporation will continue to put in place the policies that it needs and will work with the Board to define monitoring requirements to ensure that the policies function as intended.

Analysis

30. **Strategic planning and performance measurement, monitoring, and reporting.** We found that the Corporation had good systems and practices for strategic planning and performance measurement, monitoring, and reporting (Exhibit 3).

Exhibit 3 Strategic planning and performance measurement, monitoring, and reporting—key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Strategic planning processes	The Corporation had a framework to define its strategic plan and objectives.	<p>Notwithstanding issues related to government-approved corporate plans (see paragraphs 16–19), the Corporation had a process for formulating its strategic plan. This process included analyzing the Corporation’s strengths, weaknesses, opportunities, and threats.</p> <p>The Corporation’s strategic direction aligned with its mandate and enabling legislation.</p>	
Performance measurement	The Corporation established performance measures in support of achieving strategic objectives.	<p>The Corporation developed quantitative performance measures, including targets for its strategic objectives.</p> <p>The Corporation was exploring ways to better measure the museum’s influence on visitors’ understanding of human rights.</p>	
Performance monitoring and reporting	The Corporation monitored and reported on progress in achieving its strategic objectives.	<p>The Corporation assessed performance against targets each quarter and reported this information to both senior management and the Board. The Corporation also periodically discussed progress against strategic initiatives.</p> <p>The Corporation published its 2015–16 annual report and held its annual public meeting.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

Analysis

31. **Risk management.** We found that the Corporation had good risk identification and assessment practices. However, we found weaknesses in risk mitigation and in risk monitoring and reporting (Exhibit 4).

Exhibit 4 Risk management—key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Risk identification and assessment	The Corporation identified and assessed risks to achieving strategic objectives.	The Corporation identified and assessed risks. It maintained a corporate risk register. The Corporation had recently approved an Enterprise Risk Management Policy and Framework.	
Risk mitigation	The Corporation defined and implemented risk mitigation responses.	Weakness The Corporation's risk register described mitigation responses, but for some risks, the response actions were not clearly defined, and there were no timelines.	
Risk monitoring and reporting	The Corporation monitored the implementation of risk mitigation responses.	The Corporation reported summary information on risks to the Board through its corporate risk register and to the government through drafts of its corporate plans. Weakness Because the Corporation did not have well-defined risk mitigation responses, it was unable to assess implementation of those responses in some areas.	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

32. **Weaknesses—Risk mitigation, and risk monitoring and reporting.** The Corporation developed and maintained a risk register, to monitor and report on risks. The risk register described top risks facing the Corporation and identified mitigation responses that were assigned to individuals or groups. However, we found that some of the responses were not specific and lacked timelines—which would have allowed the Corporation to monitor them and better assess their implementation.

33. For example, there were risks in the area of information technology, which was particularly important, given the extent of the museum's digital-based exhibits. We found that the descriptions of mitigation responses related to such risks as cybersecurity were too general to communicate their extent or when they were to take place. Likewise, in 2013, the Corporation undertook a threat assessment that produced recommendations to address information technology risks, but it was not clear how they had been addressed. We noted some that were being addressed recently.

34. The Corporation also attempted to mitigate risks associated with its funding pressures (see paragraph 18). For example, the Corporation was evaluating other fundraising mechanisms and revenue-generating options. The Corporation also continued to work with officials at the Department of Canadian Heritage, notably through the corporate planning process, to improve its overall long-term government funding arrangements. It also developed a high-level plan to deal with potential funding reductions, but its implementation could have a negative effect on the museum's offerings to the public and therefore its ability to meet its mandate. Despite these efforts, the risk remains significant.

35. These findings matter because the Corporation needs to ensure that it has effective measures to mitigate risks that threaten its offering to the public or cause other types of losses. Specific actions and timelines in risk responses are also necessary for management and the Board to monitor them comprehensively.

36. **Recommendation.** The Corporation should define its risk mitigation responses and ensure that related actions are specific, time-bound, and measurable.

The Corporation's response. Agreed. The Corporation will make improvements to risk mitigation, monitoring, and reporting, such as providing additional detail in the corporate risk register to allow for more effective oversight and augmenting the risk register with more specific action plans that include timelines and measurable outcomes.

Management of exhibits and programs

The Corporation had good practices for managing exhibits and delivering programs, but improvements were needed in operational planning and exhibit content management

Overall message



37. Overall, we found that the Corporation managed its presentation of exhibits and delivery of programs to visitors well. It also monitored its operations. However, it did not plan exhibits and programs far enough in advance, or consider the human resources needed to carry out its projects. Furthermore, project planning for developing new programs was not

detailed. We also found weaknesses in how the Corporation ensured the balance and accuracy of its exhibit content, as it lacked some of the related policies and procedures, and the information it needed to address potential errors was incomplete.

38. These findings matter because the museum’s exhibits and programs are the Corporation’s primary means of enhancing the public’s understanding of human rights, promoting respect for others, and encouraging dialogue. Sound operational planning contributes to employee well-being and helps the Corporation meet its strategic objectives by presenting new offerings to the public. Balanced and accurate exhibits are vital to the museum’s reputation, which affects visitor numbers and revenues.

39. Our analysis supporting this finding discusses the following topic:

- Management of exhibits and programs

Context

40. The museum’s exhibits tell human rights stories through a variety of media, including interactive digital displays, posters, films, photos, works of art, and other objects and artifacts (Exhibit 5). Throughout seven floors of the museum, the exhibits are organized according to various human rights themes. The Corporation fully develops some of these exhibits and borrows others, to which it adds content to connect them to human rights. Refreshing the museum’s content means that exhibit planning must be a continuous process—especially as it can take a long time to research, design, and build exhibits, and to secure artifacts.

Exhibit 5 The Canadian Museum for Human Rights’ “What Are Human Rights” gallery includes a multimedia exhibit featuring people speaking about their perspectives on human rights



41. The museum’s programs include guided tours for the general public, activities tailored to visiting school groups of various grades, hosts located throughout the museum who can provide information to visitors, and programming for special events such as commemorative days that are linked to human rights. The program offering requires extensive planning and content development, and then day-to-day management as the public participates in the program activities.

Recommendations

42. Our recommendations in these areas of examination appear at paragraphs 46 and 52.

Analysis

43. **Management of exhibits and programs.** We found that the Corporation had good systems and practices for the delivery of exhibits and programs, and for performance monitoring and reporting. However, we found weaknesses in the Corporation’s operational planning and exhibit content management (Exhibit 6).

Exhibit 6 Management of exhibits and programs—key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Operational planning	The Corporation defined operational plans that were aligned with strategic plans and its mandate.	Operational plans aligned with the Corporation’s strategic plans. Project plans for new exhibits included detailed tasks and scheduled milestones. Weaknesses The Corporation did not schedule activities far enough in advance. Operational plans did not take into account human resource requirements. The Corporation’s project plans for developing programs lacked details.	
<p>Legend—Assessment against the criteria</p> <ul style="list-style-type: none">  Met the criteria  Met the criteria, with improvement needed  Did not meet the criteria 			

Exhibit 6 Management of exhibits and programs—key findings and assessment (continued)

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Exhibit content management	The content of the Corporation's exhibits was factually correct, balanced, and in accordance with its mandate.	<p>The Corporation started preparing exhibit proposals that included a section showing alignment with the museum's mandate.</p> <p>Senior management was involved early in conceptualizing new exhibits.</p> <p>When the Corporation borrowed materials from other institutions, it added content to frame them in a human rights context.</p> <p>Weaknesses</p> <p>The Corporation lacked policies and procedures for developing exhibit content to ensure factual accuracy and balance.</p> <p>The Corporation's tracking database of exhibit issues potentially requiring action lacked relevant information.</p>	
Program delivery	The Corporation delivered programs to enhance the public's understanding of human rights, to promote respect for others, and to encourage reflection and dialogue.	The Corporation delivered a range of programs consistent with its mandate, including education programs for school groups, public tours, and special event programming, such as for commemorative days.	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

Exhibit 6 Management of exhibits and programs—key findings and assessment (continued)

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Performance monitoring and reporting	The Corporation monitored and reported on the development and delivery of its exhibits and programs.	<p>Management monitored visitor satisfaction, using tools such as teacher surveys for school groups.</p> <p>Management monitored the status of projects and held regular meetings to discuss operations.</p> <p>Management periodically reported to a committee of the Corporation's senior management and to the Museum Programs Committee of the Board.</p> <p>Management continued to explore ways to compile information to better assess the effectiveness of its exhibits and programs.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

44. **Weaknesses—Operational planning.** The Corporation conducted operational planning to manage its exhibits and programs. However, we identified weaknesses in several areas:

- The Corporation prepared a four-year schedule of planned exhibit and program themes and activities. We found that this schedule mainly covered the current and upcoming year. However, discussions among senior management and a review of museum best practices revealed a need to schedule museum activities years in advance.
- Operational planning for exhibits and program development did not estimate the human resources needed to produce the planned deliverables. Management had recognized that some employees had put in unsustainable amounts of work.
- We examined a selection of projects related to the museum's development of new program activities, such as new school tours, and found instances where project plans had not been prepared or were not thorough—for example, lacking a breakdown of major tasks, a schedule of milestones, or project risks. Management recently began to put in place more rigorous procedures for planning new program activities.

45. These weaknesses matter because they could prevent the Corporation from properly identifying and allocating necessary resources to achieve its objectives. Furthermore, unsustainable amounts of work may have negative effects on employees.

46. **Recommendation.** The Corporation should strengthen its operational planning by

- preparing a more thorough schedule of future themes and activities for exhibits and programs,
- assessing human resource requirements to produce planned deliverables, and
- continuing to improve the rigour in the planning of new programs.

The Corporation's response. *Agreed. The Corporation has recently revised the terms and conditions of the Steering Committee that*

- *reviews exhibitions and programs to ensure that they consistently exceed visitor expectations for excellence, accuracy, and balance; and*
- *ensures effective coordination and collaboration in their development and delivery, with a view to strengthening operational planning.*

The Corporation has also begun to

- *develop more practical program activity framework thematic planning tools, such as by reducing the number of theme positions and making links to core exhibitions explicit, to allow for improved scheduling of future themes and activities aligned with available human resources;*
- *develop a short, plain-language metanarrative definition that provides guiding principles for the development of exhibitions and programs;*
- *develop associated tools to operationalize the metanarrative to ensure that exhibitions and programs are focused on achieving the Canadian Museum for Human Rights' mandate, mission, and vision;*
- *use project management tools to add more rigour to the assignment of human resources to tasks; and*
- *develop short workflows for all program areas, to ensure validation, approvals, and interdepartmental efficiencies and standardization.*

47. **Weaknesses—Exhibit content management.** We found weaknesses in how the Corporation’s systems and practices for developing exhibits ensured that the content was balanced and accurate—which are part of the museum’s guiding principles.

48. The Corporation’s systems and practices to ensure that exhibits were balanced and accurate were largely informal, with few documented policies and procedures. For example, consultation with stakeholders and experts on proposed content for exhibits can be important, but the Corporation had no policies or procedures indicating under what circumstances consultation should be undertaken. We also noted that the Corporation had adopted “balance” as a guiding principle, but had not defined this principle or how it applied to the museum’s exhibits. Our recommendation on strengthening the Corporation’s policies and procedures is at paragraph 29.

49. To determine whether the museum’s informal practices provided control over the content of its exhibits, we examined a sample of exhibit projects. We found unexplained differences among project practices, including the extent of internal consultation and review, and the documentation of key decisions, advice, and feedback. It was not clear that the reviews verified facts against authoritative sources. In one exhibit project that we examined, an event remained incorrectly described despite multiple reviews during the exhibit’s development, and was discovered and corrected only after the exhibit had been presented to the public.

50. We also found weaknesses in how the Corporation addressed potential problems found in the museum’s exhibits. Since the museum’s opening, the Corporation had been working to assess and, if necessary, correct problems with equipment that supported exhibits, such as with lighting, or with the content itself, ranging from typographical to factual errors. To track them, the Corporation maintained a database of more than 1,000 potential problems, of which about 100 remained at the time of our audit. Furthermore, the information in the database was not complete. For example, the risk and priority for most of the potential problems had not been assessed and it was not always clear what action had resolved them.

51. These weaknesses matter because without rigorous systems and practices to ensure the accuracy and balance of the museum’s exhibits, errors and bias could be introduced into exhibits, which could adversely affect the Corporation’s reputation and be costly to correct after the fact.

52. **Recommendation.** The Corporation should strengthen its tracking practices for addressing potential and actual issues in its exhibits.

The Corporation's response. Agreed. The Corporation has

- *revised the protocols for tracking remediation issues and assigning project managers;*
- *refined the tracking of status milestones—rather than simply “initiated” and “completed,” there are now various checks;*
- *integrated remediation tasks into its project management system; and*
- *increased the frequency of updating and sharing summary documentation, from annually to quarterly.*

Conclusion

53. In our opinion, based on the criteria established, there were significant deficiencies in the Corporation's strategic direction setting and board appointments, but there was reasonable assurance there were no significant deficiencies in the other systems and practices that we examined. We concluded that, except for these significant deficiencies, the Corporation maintained its systems and practices during the period covered by the audit in a manner that provided the reasonable assurance required under section 138 of the *Financial Administration Act*.

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on the Canadian Museum for Human Rights. Our responsibility was to express

- an opinion on whether there is reasonable assurance that, during the period covered by the audit, there were no significant deficiencies in the Corporation's systems and practices that we selected for examination; and
- a conclusion about whether the Corporation complied in all significant respects with the applicable criteria.

Under section 131 of the *Financial Administration Act* (FAA), the Canadian Museum for Human Rights 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.

In addition, section 138 of the FAA requires the Corporation to have a special examination of these systems and practices carried out at least once every 10 years.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard for Assurance Engagements (CSAE) 3001—Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance.

The Office applies Canadian Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the relevant rules of professional conduct applicable to the practice of public accounting in Canada, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from the Corporation's management:

- confirmation of management's responsibility for the subject under audit;
- acknowledgement of the suitability of the criteria used in the audit;
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided; and
- confirmation that the audit report is factually accurate.

Audit objective

The objective of this audit was to determine whether the systems and practices we selected for examination at the Canadian Museum for Human Rights were providing it with reasonable assurance that its assets were safeguarded and controlled, its resources were managed economically and efficiently, and its operations were carried out effectively as required by section 138 of the *Financial Administration Act*.

Scope and approach

Our audit work examined the Canadian Museum for Human Rights. The scope of the special examination was based on our assessment of the risks the Corporation faced that could affect its ability to meet the requirements set out by the *Financial Administration Act*.

In performing our work, we reviewed documents related to the systems and practices selected for examination. We interviewed trustees of the Board of Trustees, senior management, and other employees of the Corporation. We tested the systems and practices in place to obtain the required level of audit assurance. For example, we examined a selection of both exhibit and program development projects. We also met with officials at the Department of Canadian Heritage and the Treasury Board Secretariat.

We did not audit the charitable organization called Friends of the Canadian Museum for Human Rights. Though its offices were housed within the museum, it was a separate legal entity and not part of the federal government.

The systems and practices selected for examination for each area of the audit are found in the exhibits throughout the report. The Corporation undertook a range of activities that served the public, including

- the presentation of exhibits,
- delivery of programs,
- operation of a boutique,
- ticket sales, and
- meeting and convention services.

Our audit focused on the management of exhibits and programs, because this was central to the Corporation's mandate.

In carrying out the special examination, we did not rely on any internal audits.

Sources of criteria

The criteria used to assess the systems and practices selected for examination are found in the exhibits throughout the report.

Corporate governance

Meeting the Expectations of Canadians: Review of the Governance Framework for Canada's Crown Corporations, Treasury Board Secretariat, 2005

Internal Control—Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, 2013

Corporate Governance in Crown Corporations and Other Public Enterprises—Guidelines, Department of Finance and Treasury Board, 1996

Museums Act

20 Questions Directors Should Ask about Risk, Canadian Institute of Chartered Accountants, 2006

Performance Management Program for Chief Executive Officers of Crown Corporations—Guidelines, Privy Council Office, 2016

Practice Guide: Assessing Organizational Governance in the Public Sector, The Institute of Internal Auditors, 2014

Strategic planning and performance measurement, monitoring and reporting

Meeting the Expectations of Canadians: Review of the Governance Framework for Canada's Crown Corporations, Treasury Board Secretariat, 2005

Guidelines for the Preparation of Corporate Plans, Treasury Board Secretariat, 1996

Corporate Governance in Crown Corporations and Other Public Enterprises—Guidelines, Department of Finance and Treasury Board, 1996

Recommended Practice Guideline 3, Reporting Service Performance Information, International Public Sector Accounting Standards Board, 2015

Museums Act

20 Questions Directors Should Ask about Risk, Canadian Institute of Chartered Accountants, 2006

Risk management

20 Questions Directors Should Ask about Risk, Canadian Institute of Chartered Accountants, 2006

Internal Control—Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, 2013

Corporate Governance in Crown Corporations and Other Public Enterprises—Guidelines, Department of Finance and Treasury Board, 1996

Management of exhibits and programs

Museums Act

Guidelines for the Preparation of Corporate Plans, Treasury Board Secretariat, 1996

Strategic Planning: What Boards Should Expect from CFOs, Canadian Institute of Chartered Accountants, 2003

Internal Control—Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, 2013

A Guide to the Project Management Body of Knowledge (PMBOK® Guide), fourth edition, Project Management Institute Inc., 2008

COBIT 5 Framework—APO05 (Manage Portfolio), BAI01 (Manage Programmes and Projects), EDM02 (Ensure Benefits Delivery), ISACA

Plan-Do-Check-Act management model adapted from the Deming Cycle

Five Year Strategic Plan: 2016–2017 through 2020–2021, Canadian Museum for Human Rights, 2015

National Standards and Best Practices for U.S. Museums, The American Association of Museums, 2008

Standards for Museum Exhibitions and Indicators of Excellence, American Alliance of Museums, 2012

Period covered by the audit

The special examination covered the period between 1 August 2016 and 1 May 2017. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the significant systems and practices, we also examined certain matters that preceded the starting date of this period.

Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on 22 November 2017, in Ottawa, Canada.

Audit team

Principal: Dusan Duvnjak

Director: Daniel Thompson

Adnan Hakim

Amanda Lapierre

John McGrath

List of Recommendations

The following table lists the recommendations and responses found in this report. The paragraph number preceding the recommendation indicates the location of the recommendation in the report, and the numbers in parentheses indicate the location of the related discussion.

Recommendation	Response
Corporate management practices	
<p>20. The Corporation should continue to work with the government to address its financial issues and to get its annual corporate plans approved in a timely manner. (16–19)</p>	<p>The Corporation’s response. Agreed. The Corporation will continue to engage the Minister of Canadian Heritage in the need for government-approved strategic direction setting to provide the Corporation with a basis for long-term planning. The Corporation will also continue to work with the Department of Canadian Heritage to address its financial issues through continued regular and ongoing communication—completing, as it has to date, all requests on a timely basis and doing all it can to ensure timely approval of the annual corporate plans.</p>
<p>24. The Corporation should continue to engage with the Minister of Canadian Heritage for the timely appointment of members to its Board of Trustees. It should also reinforce the need for staggered terms of office. (21–23)</p>	<p>The Corporation’s response. Agreed. The Corporation will continue to work with the Minister of Canadian Heritage in a manner that is consistent with the new process established by the government for Board appointments. The Corporation will continue to provide the Minister with information about Board needs and its assessment of member skills and experiences and address any gaps in skills and experiences that have been identified.</p>
<p>29. The Corporation should continue to put in place the policies that it needs; management should work with the Board to define monitoring requirements, to ensure that its policies function as intended. (25–28)</p>	<p>The Corporation’s response. Agreed. As a new organization, the Corporation has focused on constructing, opening, and beginning to operate the Canadian Museum for Human Rights. Over the upcoming planning period, the Corporation will continue to put in place the policies that it needs and will work with the Board to define monitoring requirements to ensure that the policies function as intended.</p>
<p>36. The Corporation should define its risk mitigation responses and ensure that related actions are specific, time-bound, and measurable. (32–35)</p>	<p>The Corporation’s response. Agreed. The Corporation will make improvements to risk mitigation, monitoring, and reporting, such as providing additional detail in the corporate risk register to allow for more effective oversight and augmenting the risk register with more specific action plans that include timelines and measurable outcomes.</p>

Recommendation	Response
Management of exhibits and programs	
<p>46. The Corporation should strengthen its operational planning by</p> <ul style="list-style-type: none"> • preparing a more thorough schedule of future themes and activities for exhibits and programs, • assessing human resource requirements to produce planned deliverables, and • continuing to improve the rigour in the planning of new programs. <p>(44–45)</p>	<p>The Corporation’s response. Agreed. The Corporation has recently revised the terms and conditions of the Steering Committee that</p> <ul style="list-style-type: none"> • reviews exhibitions and programs to ensure that they consistently exceed visitor expectations for excellence, accuracy, and balance; and • ensures effective coordination and collaboration in their development and delivery, with a view to strengthening operational planning. <p>The Corporation has also begun to</p> <ul style="list-style-type: none"> • develop more practical program activity framework thematic planning tools, such as by reducing the number of theme positions and making links to core exhibitions explicit, to allow for improved scheduling of future themes and activities aligned with available human resources; • develop a short, plain-language metanarrative definition that provides guiding principles for the development of exhibitions and programs; • develop associated tools to operationalize the metanarrative to ensure that exhibitions and programs are focused on achieving the Canadian Museum for Human Right’s mandate, mission, and vision; • use project management tools to add more rigour to the assignment of human resources to tasks; and • develop short workflows for all program areas, to ensure validation, approvals, and interdepartmental efficiencies and standardization.
<p>52. The Corporation should strengthen its tracking practices for addressing potential and actual issues in its exhibits. (47–51)</p>	<p>The Corporation’s response. Agreed. The Corporation has</p> <ul style="list-style-type: none"> • revised the protocols for tracking remediation issues and assigning project managers; • refined the tracking of status milestones—rather than simply “initiated” and “completed,” there are now various checks; • integrated remediation tasks into its project management system; and • increased the frequency of updating and sharing summary documentation, from annually to quarterly.

