



Report of the Auditor General of Canada to the Board of Directors of the Canadian Race Relations Foundation

Independent Auditor's Report

Special Examination—2020



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada



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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.

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Office of the
Auditor General
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12 November 2020

To the Board of Directors of the Canadian Race Relations Foundation:

We have completed the special examination of the Canadian Race Relations Foundation in accordance with the plan presented to the Finance and Audit Committee of the Board of Directors on 1 November 2019. 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 Directors.

We will present this report for tabling in Parliament shortly after it has been made public by the Canadian Race Relations Foundation.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Duvnjak', written in a cursive style.

Dusan Duvnjak, CPA, CMA
Principal
240 Sparks Street
Ottawa, Ontario K1A 0G6

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Audit Summary

We found no significant deficiencies in the corporate management practices or management of outreach and awareness activities of the Canadian Race Relations Foundation during the period covered by the audit. While we identified several areas for improvement, the corporation generally maintained reasonable systems and practices for accomplishing its mandate. Our assessment took the corporation's small size into account.

Introduction

Background

Role and mandate

1. The Canadian Race Relations Foundation is a federal Crown corporation with a mandate to contribute to the elimination of all forms of racism and racial discrimination in Canadian society.
2. The *Canadian Race Relations Foundation Act* specifies that the corporation may achieve its mandate through activities such as
 - undertaking research and developing a national information base
 - establishing links with public, private, and educational institutions and libraries
 - facilitating consultation and information exchange on race relations policies, programs, and research
 - promoting effective race relations training
 - increasing public awareness
 - collaborating with business, labour, volunteer, community, and other organizations and all levels of government to institute and support programs and activities
 - supporting and promoting the development of effective policies and programs

Nature of business and operating environment

3. The corporation was founded in November 1997, after the *Canadian Race Relations Foundation Act* came into force on 28 October 1996. The corporation was created as part of the 1988 Japanese Canadian Redress Agreement, which acknowledged that the treatment of Japanese Canadians during and after the Second World War was unjust and had violated human rights. The government established a \$24-million endowment fund, of which \$12 million was contributed on behalf of the Japanese Canadian community to commemorate its members and the injustices they had suffered.

4. To support its mandate, the corporation set 4 strategic objectives for its 2017–20 planning period:

- Identify key questions of racism and racial discrimination.
- Be recognized as the leading national comprehensive resource on racism, race relations, and related best practices and solutions.
- Engage Canadian youth and other groups in addressing racism and race relations.
- Develop and promote educational resources on the Canadian Charter of Rights and Freedoms and the *Canadian Multiculturalism Act*. Use their inherent values as a tool for building a common understanding of our individual responsibilities and for exploring the nature and limits of rights in Canada with respect to speech, religious beliefs, and discrimination.

5. The corporation derives its primary source of income from the investment of the original \$24-million endowment fund and other investments, whose combined value fluctuates. It also receives donations, funds from partners for project administration, and government grants and contributions for specific projects. However, it does not receive regular annual funding from the government. Between April 2017 and March 2020, the corporation's interest and dividend income, minus all the portfolio investment fees, averaged just over \$700,000, its other revenues averaged about \$180,000, and its expenses averaged about \$980,000. The combined value of its investments and their proceeds can fluctuate sharply—as was the case in March 2020, when significant losses occurred because of the COVID-19 pandemic and declining oil prices. The corporation's investments and the endowment fund diminished by approximately \$4 million to become a combined value of about \$26 million during the 2019–20 fiscal year.

6. The corporation is a registered charity under the *Canadian Race Relations Foundation Act*. Located in Toronto, Ontario, the corporation conducts its activities nationally. The number of its employees has varied over recent years. At the time of our examination, it had 6 employees, including the Executive Director, who is appointed by the **Governor in Council**.

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

Focus of the audit

7. Our objective for this audit was to determine whether the systems and practices we selected for examination at the Canadian Race Relations Foundation 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*.

8. In addition, section 139 of the *Financial Administration Act* requires that we state an opinion, with respect to the criteria established, on whether there was reasonable assurance that there were no significant deficiencies in the systems and practices we examined. We define and report significant deficiencies when, in our opinion, 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.

9. On the basis of our risk assessment, we selected systems and practices in the following areas:

- corporate management practices
- management of outreach and awareness activities

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

10. 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 14–17).

Findings, Recommendations, and Responses

Corporate management practices

The corporation had weaknesses in assessing its performance and in risk management, requiring improvement in board oversight

What we found

11. The corporation had good management practices in many of the areas we examined. However, several areas needed improvement. The corporation did not set performance indicators that would have allowed it to readily assess how it was accomplishing its strategic objectives, although it did regularly monitor the implementation of its activities and events. Furthermore, in the absence of comprehensive risk management, the corporation was unable to assess how successful it was in mitigating its risks. Both of these weaknesses contributed to the board's inability to effectively oversee these systems and practices.

12. The analysis supporting this finding discusses the following topics:

- Corporate governance
- Strategic planning
- Corporate risk management

Context

13. The Board of Directors is responsible for the overall management of the corporation and for ensuring the achievement of its mandate. The *Canadian Race Relations Foundation Act* requires the board to include a chairperson and up to 11 other directors, who are appointed by the Governor in Council on the recommendation of the minister designated for the purposes of the *Canadian Multiculturalism Act*. The Minister of Canadian Heritage was the designated minister during the period covered by the audit. As of the middle of March 2020, the board had full membership. The board is supported by 6 standing committees:

- Executive
- Finance and Audit
- Governance
- Human Resources
- Investment
- Nominations

14. The board also established an ad hoc committee to provide leadership and oversight over the development of the corporation's 2020–23 strategic plan. The board's Investment Committee included an external advisor. The corporation is not required to submit annual corporate plans to the government.

Recommendations

15. Our recommendations in this area of examination appear at paragraphs 23 and 28.

Corporate governance

16. **Analysis.** We found that the corporation had good corporate governance practices, but an improvement was needed in board oversight (Exhibit 1).

Exhibit 1 Corporate governance—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Board independence	The board functioned independently.	<p>Board members completed their annual declarations expressing adherence to the corporation’s bylaws on conflict of interest.</p> <p>The board made decisions through votes by its members only.</p> <p>The board held sessions without operational management in attendance. Members recused themselves from discussions when they perceived potential conflicts of interest.</p>	
Providing strategic direction	The board provided strategic direction.	<p>The corporation incorporated its strategic objectives into its annual business plan. This plan was prepared by management and reviewed and approved by the board.</p> <p>The board’s Chairperson set the Executive Director’s annual performance objectives, which aligned with the corporation’s strategic direction and business plan activities.</p> <p>The board actively participated in setting the corporation’s strategic direction for 2020–23. It formed an ad hoc committee for this purpose.</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 1 Corporate governance—Key findings and assessment (continued)

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Board oversight	The board carried out its oversight role over the corporation.	<p>The board monitored the corporation’s financial status and the progress of various initiatives.</p> <p>The corporation’s outsourced internal audit function contributed to the board’s oversight through periodic internal audits and risk assessments.</p> <p>The board evaluated its performance through its annual self-assessment.</p> <p>The board was reviewing and updating its bylaws during the period covered by the audit.</p> <p>The board’s Chairperson assessed the Executive Director’s performance.</p> <p>Weakness</p> <p>The board was unable to fully assess how the corporation was performing against its strategic objectives and how it managed risks.</p> <p>Note: For our detailed findings and recommendations on performance measurement, monitoring, and reporting and on risk management, see paragraphs 18–23 and 25–28, respectively.</p>	
Board appointments and competencies	The board collectively had the capacity and competencies to fulfill its responsibilities.	<p>The board determined the skills and knowledge that its membership needed. It communicated its members’ profiles and skills, along with priority considerations, to Canadian Heritage to assist in appointment processes.</p> <p>When necessary, the board engaged external advisors, such as an investment advisor and an advisor for strategic planning for 2020–23.</p> <p>The corporation had an orientation program for new board members. Members participated in various types of additional training.</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>			

Strategic planning

17. **Analysis.** We found that the corporation had some good practices for strategic planning. However, we found weaknesses in performance measurement, monitoring, and reporting (Exhibit 2).

Exhibit 2 Strategic planning—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Strategic planning processes	The corporation established a strategic plan and strategic objectives that were aligned with its mandate.	<p>The corporation followed the direction of its 2017–20 strategic plan. The plan’s objectives were consistent with the corporation’s mandate.</p> <p>The corporation’s strategic plan identified activities and events that the corporation aimed to achieve for each of the strategic objectives.</p> <p>In developing its 2020–23 strategic plan, the corporation consulted with various stakeholders and assessed its strengths, weaknesses, opportunities, and threats.</p>	
Performance measurement	The corporation established performance indicators in support of achieving its strategic objectives.	<p>The corporation presented the completion of activities and events as indicators of its achievement of its strategic objectives.</p> <p>Weaknesses</p> <p>The corporation did not clearly define performance indicators for its strategic objectives.</p> <p>The corporation lacked performance targets for some of its annual activities and events.</p>	
Performance monitoring and reporting	The corporation monitored and reported on progress in achieving its strategic objectives.	<p>Management monitored the implementation of the planned activities and reported the corporation’s progress to the board.</p> <p>The corporation published an annual report, which included descriptions of activities and events linked to each of the corporation’s strategic objectives.</p> <p>The corporation held an annual public meeting.</p> <p>Weakness</p> <p>The corporation’s annual report did not provide enough information on how its annual activities and events demonstrated progress toward achieving its strategic objectives.</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>			

18. **Weaknesses—Performance measurement, monitoring, and reporting.** We found that the corporation had weaknesses in measuring and therefore monitoring and reporting its performance. Our findings for both strategic and operational performance measurement, monitoring, and reporting are discussed here, because the corporation had combined these elements in its annual business plan.

19. In its strategic plan, the corporation had set its strategic objectives and described core activities that it would undertake to achieve those objectives. We found that the corporation had not defined specific indicators for achieving those objectives or for their core activities. The objectives and core activities were carried into its annual business plan, which identified means to achieving each of the core activities. However, while the corporation included some performance indicators for these means, in many cases, it had not established performance targets, which would have helped it measure whether the activities were effective.

20. For example, there were no specific performance indicators for the strategic objective of identifying key questions of racism and racial discrimination. The corporation identified round tables as events that would contribute toward identifying race relations issues. However, it had not set a performance target for measuring whether the round tables were well attended by an engaged public, one of their defined success factors.

21. We also found that without specific indicators for its strategic objectives and targets for its activities, the corporation could not fully assess or clearly report on progress in its 2018–19 annual report, which only described the relevant activities and events.

22. These weaknesses matter because improving how it measures its performance would allow the corporation to better assess its effectiveness in achieving its objectives with its limited resources. Furthermore, reporting to the board clearly on the corporation’s performance against its strategic objectives would strengthen oversight and is important for transparency and public understanding of how the corporation is achieving its mandate.

23. **Recommendation.** The corporation should develop performance indicators and targets that would allow it to measure, monitor, and report to the board and the public on its progress against strategic objectives and on the effectiveness of its activities.

The corporation’s response. Agreed. In developing the corporation’s 2020–23 strategic plan, the board recognized an opportunity to improve the assessment of the corporation’s performance and began the shift to an outcome-based logic model. As part of this process, the corporation will develop the appropriate performance indicators and targets during the 2020–21 fiscal year to measure, monitor, and report on the corporation’s achievement of its strategic objectives.

Corporate risk management

24. **Analysis.** We found that the corporation had weaknesses in risk management (Exhibit 3).

Exhibit 3 Corporate 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 its strategic objectives.	<p>The corporation identified its risks in categories such as financial, human resources, operational, and strategic.</p> <p>Weakness</p> <p>The corporation had not formally updated its risk register regularly. The most recent update, in 2020, did not clearly assess the likelihoods and impacts of risks.</p>	
Risk mitigation	The corporation defined and implemented risk mitigation measures.	<p>The corporation had an Investment Committee and an Investment Policy Statement. This statement described the corporation’s risk appetite and outlined requirements for managing investment risks, such as the portfolio asset mix, types of investments, and roles and responsibilities.</p> <p>The corporation periodically used internal audits to examine areas such as human resources, investments, and cybersecurity. Such audits identified weaknesses that posed risks, with corresponding recommendations that the corporation implemented.</p> <p>Weaknesses</p> <p>The corporation had not formally defined and documented its risk tolerance levels, except those related to its investments.</p> <p>The corporation had not established formal actions with timelines for mitigating risks that it considered important.</p>	
<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 3 Corporate risk management—Key findings and assessment (continued)

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Risk monitoring and reporting	The corporation monitored and reported on the implementation of risk mitigation measures.	<p>The corporation’s Investment Committee met quarterly and when required to monitor investment portfolio performance and make adjustments.</p> <p>Weakness</p> <p>Because the corporation had not established mitigating actions for most risks, it could not monitor or report on how it was mitigating them.</p>	
<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 			

25. **Weaknesses—Risk management.** We found that the corporation needed to improve its risk management practices. While it had good risk management practices for managing its investments—which are important because investment returns are the corporation’s main source of funding—we found that the corporation did not approach risk management systematically.

26. The corporation formally updated its risk register in March 2020—its first update since 2016. In the 2020 update, it identified about 20 risks and their potential barriers, many of them linked to its limited resources. However, it had not clearly assessed the likelihoods and impacts of these risks. Therefore, the update did not provide a complete basis for prioritizing risks for the attention of management and the board. The corporation had also not defined and documented risk tolerance levels or established actions and timelines for mitigating risks. We found that without these, the corporation was unable to effectively monitor or report on how it was managing important risks.

27. These weaknesses matter because a more structured approach to risk management would help the board and management ensure that the corporation has effective practices to mitigate risks that threaten the achievement of its mandate.

28. **Recommendation.** The corporation should clearly rank its key risks by assessing their likelihoods and impacts and establish risk tolerance levels and required actions for top risks. These actions should identify responsibilities, timelines, and expected results, and their implementation should be monitored regularly.

***The corporation's response.** Agreed. Further to the risk assessment completed in 2020, the corporation will establish risk tolerance levels and develop a corporate risk register that will include clear ranking of risks and risk mitigation strategies. The corporation will develop more detailed action plans for mitigation strategies, as appropriate. These action plans will assign responsibilities and establish timelines. The corporation will update the corporate risk register as required and monitor it regularly. The corporation expects to complete this work by the end of the 2020–21 fiscal year.*

Management of outreach and awareness activities

The corporation carried out activities and events but lacked formal processes for developing and delivering many of them

What we found

29. We found that the corporation carried out many outreach and awareness activities and events but had not formalized guidelines for developing and delivering many of them.

30. The analysis supporting this finding discusses the following topic:

- Management of outreach and awareness activities

Context

31. To support its strategic objectives (see paragraph 4), the corporation carried out outreach and awareness activities and events, such as

- holding round tables
- developing research projects
- hosting webinars
- maintaining a clearing house of relevant information
- delivering its Youth Ambassador Program
- producing teacher and student guides

32. Despite the corporation's small number of employees, the participation of partners and board members helped it hold many activities and events, as detailed in its 2018–19 annual report. For example, it held its 10th biennial Awards of Excellence Gala, participated in over 160 community events, produced a "Science of Racism" video, hosted 7 webinars, delivered National Youth Network workshops in 3 regions through partners, and added over 400 resources to its clearing house.

Recommendation

33. Our recommendation in this area of examination appears at paragraph 37.

Management of outreach and awareness activities

34. **Analysis.** We found that the corporation had some good practices for the operational planning and performance monitoring and reporting of its outreach and awareness activities. However, it needed to formalize its processes to help employees develop and deliver activities and events more efficiently and effectively (Exhibit 4).

Exhibit 4 Management of outreach and awareness activities—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 its strategic plan and mandate.	<p>The corporation planned outreach and awareness activities and events that aligned with its strategic plan and mandate.</p> <p>The corporation identified human and financial resources, estimated levels of effort, and set timelines for planned activities and events.</p>	
Development and delivery of outreach and awareness activities	Management implemented the outreach and awareness programs' operational plans to deliver results in accordance with the corporation's mandate.	<p>The corporation held activities and events that aligned with its mandate.</p> <p>Weakness</p> <p>The corporation lacked some written processes or tools for developing and delivering its activities and events.</p>	
Performance monitoring and reporting	The corporation monitored and reported on its operational results.	<p>In addition to reporting on the business plan, management updated the board monthly on its activities and events.</p> <p>The corporation conducted participant surveys to obtain feedback on some of its activities and events.</p> <p>Management evaluated employee performance.</p> <p>Weakness</p> <p>The corporation had not identified performance targets for many of its activities and events.</p> <p>Note: For our combined findings and recommendation on operational and strategic performance monitoring and reporting, see paragraphs 18–23.</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>			

35. **Weakness—Development and delivery of outreach and awareness activities.** Overall, we found that the corporation lacked some written processes or tools that would help employees develop and deliver a wide variety of its activities and events. Officials described many processes to us verbally, illustrating this with a few forms. For example, for its Directions Journal publication, officials described what type of review could have been performed to determine whether an article was suitable for publication, and they showed us a peer-review form. However, the analysis of suitability and when to use specific peer reviews was not documented. We noted that the corporation started documenting some processes and developing some tools during the period covered by the audit. For example, for round-table events, the corporation identified tasks that employees and partners had to perform from the time an event was confirmed (such as developing memoranda of understanding with partners) until after the event was completed (such as administering participant surveys).

36. This weakness matters because written processes and tools could help employees develop and deliver activities and events more effectively and efficiently. They would also help new employees become productive faster when there is employee turnover, as was the case in 2019 when the corporation hired 2 new employees to replace 2 who had left. This is especially important for a small organization, because corporate knowledge resides in a small number of employees.

37. **Recommendation.** The corporation should assess, formalize, and document its processes and create appropriate tools for developing and delivering its outreach and awareness activities and events.

The corporation's response. Agreed. Given the corporation's small staff number, the impact of turnover can become acute. Therefore, the corporation recognizes the importance of creating reference documentation of its key processes and activities to ensure smoother continuity of its affairs and increased efficiency and consistency in their performance. As a result of this audit, the corporation had begun to implement this recommendation and will continue throughout the 2020–21 fiscal year.

Conclusion

38. In our opinion, on the basis of the criteria established, there was reasonable assurance that there were no significant deficiencies in the corporation's systems and practices we examined. We concluded that the Canadian Race Relations Foundation 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 Race Relations Foundation. Our responsibility was to express

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

Under section 131 of the *Financial Administration Act*, the corporation is required to maintain financial and management control and information systems and management practices that provide reasonable assurance of the following:

- Its assets are safeguarded and controlled.
- Its financial, human, and physical resources are managed economically and efficiently.
- Its operations are carried out effectively.

In addition, section 138 of the act 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 on 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 of the Auditor General of Canada applies the 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 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:

- 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
- 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 Race Relations Foundation 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 Race Relations Foundation. 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*.

As part of our examination, we interviewed board directors, senior management, and other employees throughout the corporation to gain insights into its systems and practices. In performing our work, we reviewed key documents related to the systems and practices selected for examination. We selected and tested samples of items, such as outreach and awareness activities and management performance objectives, to determine whether appropriate systems and practices were in place and functioned as intended.

The systems and practices selected for examination for each area of the audit are found in the exhibits throughout the report.

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 of Canada 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 Canada and Treasury Board, 1996

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

Canadian Race Relations Foundation Act

Strategic planning

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

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

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

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

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

Corporate 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 Canada and Treasury Board, 1996

Management of outreach and awareness activities

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

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

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

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

COBIT 5 Framework—EDM02 (Ensure Benefits Delivery), ISACA

COBIT 5 Framework—APO05 (Manage Portfolio), BAI01 (Manage Programmes and Projects), ISACA

Canadian Race Relations Foundation Act

Period covered by the audit

The special examination covered the period from 1 September 2019 to 31 March 2020. 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 start date of this period.

Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on 2 October 2020, in Ottawa, Canada.

Audit team

Principal: Dusan Duvnjak

Director: Paul Kelly

Maggie LeBlanc

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
<p>Corporate management practices</p>	
<p>23. The corporation should develop performance indicators and targets that would allow it to measure, monitor, and report to the board and the public on its progress against strategic objectives and on the effectiveness of its activities. (18–22)</p>	<p>The corporation’s response. Agreed. In developing the corporation’s 2020–23 strategic plan, the board recognized an opportunity to improve the assessment of the corporation’s performance and began the shift to an outcome-based logic model. As part of this process, the corporation will develop the appropriate performance indicators and targets during the 2020–21 fiscal year to measure, monitor, and report on the corporation’s achievement of its strategic objectives.</p>
<p>28. The corporation should clearly rank its key risks by assessing their likelihoods and impacts and establish risk tolerance levels and required actions for top risks. These actions should identify responsibilities, timelines, and expected results, and their implementation should be monitored regularly. (25–27)</p>	<p>The corporation’s response. Agreed. Further to the risk assessment completed in 2020, the corporation will establish risk tolerance levels and develop a corporate risk register that will include clear ranking of risks and risk mitigation strategies. The corporation will develop more detailed action plans for mitigation strategies, as appropriate. These action plans will assign responsibilities and establish timelines. The corporation will update the corporate risk register as required and monitor it regularly. The corporation expects to complete this work by the end of the 2020–21 fiscal year.</p>
<p>Management of outreach and awareness activities</p>	
<p>37. The corporation should assess, formalize, and document its processes and create appropriate tools for developing and delivering its outreach and awareness activities and events. (35–36)</p>	<p>The corporation’s response. Agreed. Given the corporation’s small staff number, the impact of turnover can become acute. Therefore, the corporation recognizes the importance of creating reference documentation of its key processes and activities to ensure smoother continuity of its affairs and increased efficiency and consistency in their performance. As a result of this audit, the corporation had begun to implement this recommendation and will continue throughout the 2020–21 fiscal year.</p>

