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Audit of Celebration and Commemoration Program

Office of the Chief Audit Executive

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List of Acronyms

CCP	Celebration and Commemoration Program
ICC	Interdepartmental Commemoration Committee
PCH	Canadian Heritage
PRAM	Project Risk Assessment Management Tool
TB	Treasury Board



Executive Summary

The Celebration and Commemoration Program is a transfer payment program which supports opportunities for Canadians to share, express and appreciate their Canadian identity. The Department also funds specific commemoration activities, called special projects, under the terms and conditions of the Program. The special projects included in the scope of the audit were World War Commemorations and Toronto 2015 Pan & Parapan American Games Federal Cultural Strategy.

The objective of this audit was to provide assurance that an effective governance framework, risk management practices and internal controls for the Program are in place and are in compliance with key requirements of relevant policies and directives. The scope of this audit included activities covering fiscal years 2013-2014 and 2014-15 to the substantial completion of the audit work in April 2016.

Audit Opinion and Conclusion

Based on the audit findings, our opinion is that Celebration and Commemoration Canada has an effective governance framework in place and that risk management practices and internal controls are being applied. The Program is in compliance with key requirements of relevant policies and directives. Reducing the reporting requirements for the Celebrate Canada component and enhancing web accessibility to the Commemoration component of the Program are identified as areas of improvement.



Statement of Conformance

In my professional judgment as Chief Audit Executive, this audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and with the *Internal Auditing Standards for the Government of Canada*, as supported by the results of the quality assurance and improvement program. Sufficient and appropriate audit procedures were conducted, and evidence gathered, to support the accuracy of the findings and conclusion in this report. The findings and conclusion are based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed with management and are only applicable to the entity examined and for the scope and time period covered by the audit.

Original signed by

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1.0 Background

In 1981, the Government of Canada created a program to fund Canada Day celebrations across the country. The Program was re-named Celebrate Canada in 1996 as its scope was broadened to include the period between June 21st to July 1st which encompasses National Aboriginal Day, Saint-Jean Baptiste Day, and Canada Day. June 27th was designated as Canadian Multiculturalism Day in 2002.

In 2002, the Minister of Canadian Heritage became responsible for the *National Commemoration Policy*, an umbrella policy designed to coordinate and bridge the areas between existing commemoration policies. The primary function of the Policy was to establish the Interdepartmental Commemoration Committee (ICC), a forum for federal government organizations to consider and coordinate a broad range of commemoration activities. The ICC is also responsible for preparing a five-year plan which lists nationally-significant historical milestones to be designated as commemoration priorities by the Government of Canada. To support this new Policy, the Celebration, Commemoration and Learning Program was created in 2003 and re-named in 2008 The Celebrate and Commemoration Program (CCP).

The Program supports a theme-based and integrated approach to celebrating and commemorating Canada. CCP is comprised of two components:

- **Celebrate Canada** provides financial support to community-based activities across Canada that celebrate and promote National Aboriginal Day, Saint-Jean Baptiste Day, Canadian Multiculturalism Day and Canada Day across the country. These celebrations enable Canadians to appreciate Canada's cultural, ethnic, linguistic and geographic diversity. Celebrate Canada is delivered through the regional offices.
- **Commemorate Canada** provides financial support for initiatives of national significance that commemorate important aspects of Canada's history, notable historical figures, places, events, and accomplishments. This component supports the *National Commemoration Policy* and is delivered by headquarters (HQ).

The objectives of the Program are to:

- Provide access to celebrations across Canada to enable all Canadians to appreciate Canada's cultural, ethnic, linguistic and geographic diversity.
- Provide access to commemorations and celebrations of national significance to all Canadians to recognize Canada's notable people, places, symbols, anniversaries and accomplishments.
- Create opportunities for all Canadians to participate in national celebrations and commemorations that contribute to building a sense of pride and belonging to Canada.



In order to undertake these activities, the Celebration and Commemoration Program has an ongoing approved funding of \$4.2 million in Salaries and Operations, \$8 million in Grants and \$2.5 million in Contributions. It should be noted that the Commemoration portion of the Program receives additional funding for 'special projects' for particular commemoration activities. During the scope of the audit, there were two special projects commemorating specific events delivered under the Commemoration component of the terms and conditions of the Program. These projects included the Toronto 2015 Pan & Parapan American Games Federal Cultural Strategy and the World War Commemorations.

The characteristics of each program component are distinct. Celebrate Canada receives a large volume of applications each year and the majority of its funding is delivered through small dollar value grant agreements. In the case of Commemorate Canada and special projects, they receive fewer applications each year and projects are delivered through larger dollar value contribution agreements. In the case of both components of the Program, the majority of recipients are recurring to Canadian Heritage. Refer to Table 1 for a distribution of program data for fiscal years 2013-2014 and 2014-2015.

Table 1: Celebration and Commemoration Program data for 2013-2014 and 2014-2015					
Program Component	Celebrate Canada		Commemorate Canada		Special projects
Fiscal year	2013-2014	2014-2015	2013-2014	2014-2015	2014-2015
Number of applications	1867	1906	11	28	79
Approved Grants	1663	1605	0	10	11
Approved contributions	30	33	7	14	25
Total amount approved	\$7,107,573	\$6,958,094	\$10,138,000	\$8,247,803	\$10,573,858

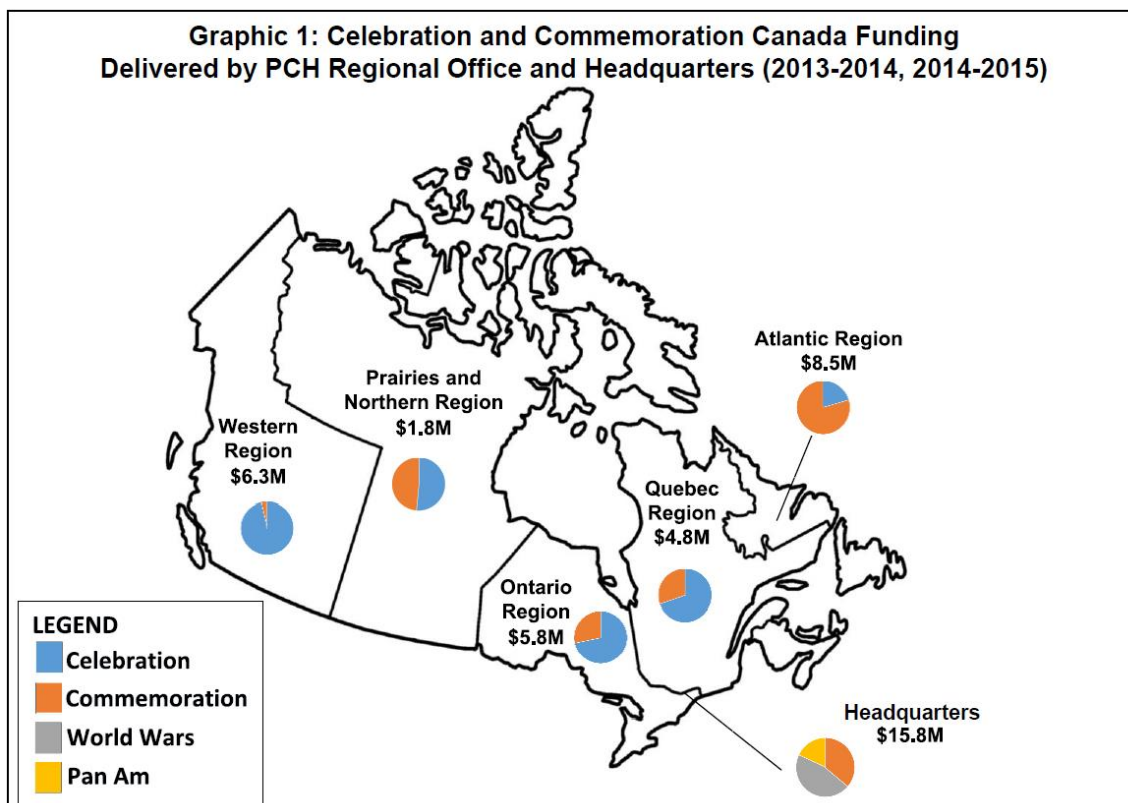
Program delivery is managed differently for each component of the Program. Celebrate Canada is managed both through headquarters and regional offices. Regional offices are responsible for the delivery of grants and contributions, including assessment, monitoring, and payments. Headquarters is responsible for establishing program guidelines and procedures and the monitoring and reporting on the use of funds.

For Commemorate Canada, headquarters manages all aspects of program delivery which includes determining Commemoration milestones, intake and assessment of applications, and reporting on the use of funds. Regional offices are also involved in the delivery of special projects, in particular the assessment, monitoring and payment to recipients.

The graphic below provides an overview of the total value of Celebration, Commemoration and special projects that are delivered by regional offices and



headquarters. It should be noted that the World Wars component was managed by headquarters up to 2014-2015, and later on included the regions.





2.0 About the Audit

2.1 Project Authority

The authority for this audit is derived from the Multi-Year Risk-Based Audit Plan for 2015-2016 to 2017-2018 as approved by the Deputy Minister.

2.2 Objective and Scope

The objective of this audit is to provide assurance that an effective governance framework, risk management practices, and internal controls for CCP are in place and are in compliance with key requirements of relevant policies and directives. The scope of this audit included CCP activities covering fiscal years 2013-2014 and 2014-2015 to the substantial completion of the audit work in April 2016. Fieldwork was conducted at HQ as well as in the Atlantic, Ontario, and Quebec regions.

2.3 Approach and Methodology

The audit methodology included, but was not limited to:

- review of the organization's documentation, guidelines and procedures, terms and conditions, policy and legislation relevant to the organization;
- mapping in a matrix format of the controls identified during the audit to the OCG core management controls framework;
- collection of data through interviews and observations with the organization's personnel in headquarters and the Atlantic, Ontario, and Quebec regions to examine processes, procedures and practices;
- walkthroughs of key controls and processes;
- review and testing a sample of 70 approved and 18 non approved CCP and special project files;
- process mapping/flowcharting exercise to demonstrate the organization structure, processes and accountability obligations; and
- analysis of financial and non-financial information.

3.0 Findings and Recommendations

This section presents detailed findings and related recommendations for the audit. The findings are based on a combination of the evidence gathered through the audit methodology for each audit criterion. **Appendix A** provides a summary of all findings and conclusions for each criterion assessed. Findings of lesser materiality, risk or impact have been communicated with the auditee either verbally or in a management letter.



3.1 Governance

Governance Framework

The governance framework for the Program includes roles and responsibilities and information is shared with governance bodies for decision-making.

A governance framework is important in order for programs to deliver their mandate in a coherent and effective manner. There is a governance framework in place for the Program which includes committees at both the Departmental and government-wide level in order to ensure alignment between government-wide commemoration priorities, departmental policy initiatives and program delivery.

The Program is supported by the departmental Program and Policy Committee which is a governance committee responsible for ensuring that there is a link between departmental policy initiatives and program implementation. Its terms of reference outline its membership, mandate and expected outcomes. A review of meeting agendas, presentations to the Committee and other documentation demonstrated that information on the progress on key Program initiatives was shared.

Commemoration priorities at PCH are governed by the Interdepartmental Commemoration Committee (ICC). The purpose of the ICC is to coordinate federal commemoration activities in a consistent fashion among federal departments and is chaired by the Assistant Deputy Minister, Sport, Major Events and Commemorations at PCH. It is responsible to establishing a five-year plan which lists nationally-significant historical milestones to be designated as commemoration priorities by the Government of Canada. A review of meeting records indicate that progress on the implementation and coordination of commemoration priorities was discussed.

The two special projects included in the scope of the audit each had their own specific governance framework in place. To ensure a coordinated whole-of-government approach, a Federal Secretariat was established within PCH for the Commemoration of the World Wars and the delivery of the Toronto 2015 Pan & Parapan American Games Federal Cultural Strategy linked through the established Toronto 2015 PanAm & Parapan American Games Federal Secretariat. Both secretariats included working groups which met regularly to coordinate the various aspects of the respective projects.

The audit team concluded that the governance framework in place included roles and that information was shared with the relevant governance bodies for decision-making.

3.2 Risk Management

Eligibility and Risk Assessment

Approved projects meet the eligibility requirements of the Program and risk assessments are completed.

The Terms and Conditions of a program outline the recipients and projects that are eligible for funding. Ensuring that approved projects meet the eligibility requirements of the program provides assurance that the objectives of the program will be realized.



The audit team reviewed 70 approved grant and contribution agreements and found that the eligibility requirements of the recipient and the project were assessed for all projects. The applicant is required to provide a description of their project and information about their organization to support their eligibility to the Program. The audit team also reviewed 18 non approved applications and found that the ineligibility of these projects was supported by an appropriate rationale.

The Project Risk Assessment and Management Tool (PRAM) is used by grant and contribution programs at Canadian Heritage to assess risk and to develop mitigation strategies for moderate to high risk projects. The PRAM includes an assessment of the external environment, the applicant and the project. The results of the PRAM are used to determine the monitoring and reporting requirements for the recipient.

The audit team found that a risk assessment was completed for all of the grant and contribution files that were reviewed during the audit. Out of the 70 approved grant and contribution agreements reviewed, 66 (94%) were assessed as low risk and 4 (or 6%) were assessed as moderate risk. For moderate risk projects, mitigating measures were outlined in the results of the risk assessment. Examples of mitigating measures included reimbursements instead of advance payments and increased monitoring of the project. There were no files assessed as high risk during the scope of the audit.

The audit team concluded that approved projects and recipients met the eligibility requirements of the Program. Risk assessments were completed to determine the monitoring and reporting requirements for the projects. This provided assurance that the Program had funded eligible recipients and determined the appropriate level of risk.

Monitoring and Reporting

Monitoring is proportionate to the risk level of recipient and value of funding. Reporting requirements for Celebrate Canada could be streamlined.

The Treasury Board *Policy on Transfer Payments* requires that programs be appropriately supported by cost-effective oversight and control systems. In particular, that monitoring and reporting reflect the risks specific to the program, the value of funding and the risk profile of the recipient.

The audit team reviewed a total of 40 grants and 30 contribution agreements and found that, for contribution agreements, monitoring and reporting were proportional to the results of the risk assessment for all projects. However, all of the grants were low risk and included the requirement for a final activity report.

In particular, the audit team noted that Celebrate Canada delivers the majority of its funding in low risk grants. The team reviewed the Program information and observed that in 2014-2015, the Program received 1906 applications of which 1638 (85%) were approved. Out of the approved applications, 98% were recurrent to the Program and 84% of recipients received low risk grants that were worth \$5,000 or less. The audit team identified Celebrate Canada as an area where the Program could achieve efficiencies by awarding multi-year agreements or further streamlining the reporting requirements, where appropriate.



The monitoring and reporting requirements for contribution agreements were proportionate to the level of risk. Out of the 30 contribution agreements reviewed, 26 either had funding values of \$50,000 and above or had a moderate risk assessment. Contribution agreements typically require increased reporting such as project updates, cash flows and audited financial statements so that Program officers could monitor the progress of the project prior to issuing payments. The remaining four contribution agreements were low risk and worth less than \$50,000. The use of these agreements was due to the funding ceiling on the Program which limits the total dollar value of grants that can be issued.

The audit team found that the majority of the monitoring and reporting requirements as set out by the Program were met. Only one out of the 40 (3%) grants reviewed was missing a final activity report. Out of the 30 contributions reviewed, there were seven (18%) files that were missing either activity or cash flow reports. However, the audit team also observed that many of the files reviewed included additional monitoring activity such as site visits, media monitoring and ongoing correspondence with the recipient, which indicates that the Program had knowledge of the recipient's activities.

The audit team concluded that monitoring requirements were proportionate to the risk level of the recipient and the value of funding. An area of improvement was identified for Celebrate Canada to streamline its reporting requirements to alleviate the administrative burden for the Program and recipients.

Recommendation

1. The Director General, Major Events, Commemorations and Capital Experience should consider, where appropriate, multi-year agreements and further streamlining the reporting requirements for Celebrate Canada.

Performance Information

Performance information is collected to report on whether the Program is meeting its objectives.

Performance information is used by programs to determine if their expected goals are being met. The primary source of performance information gathered by the Program are the activity reports submitted by recipients.

The audit team reviewed the activity reports submitted by recipients to determine whether sufficient performance information was gathered to determine if objectives of the funded projects were met. In the case of Celebrate Canada, recipients were expected to complete a report providing information on the number of participants, media coverage of the event, and factors that either led or limited the success of the celebration. Recipients for Commemorate Canada and Special Projects submitted reports which included a range of information on the project such as social media, website traffic for web-based activities or viewership of a documentary series. Some analysis of the performance information is included in the annual Departmental Performance Report to report on whether the Program is meeting its objectives.



Overall, the audit team concluded that performance information was collected and analysis of results was reported in the Departmental Performance Report. This improves the transparency of the Program and provides assurance that the Program is meeting its objectives.

3.3 Controls

Service Standards

Service Standards have been implemented and results are reported to management.

The Treasury Board *Policy on Transfer Payments* requires departments to establish reasonable and practical departmental service standards for transfer payment programs. Service standards are an integral tool to good client service and demonstrate a commitment to effective program management.

Canadian Heritage has three service standards in place to measure the timeliness of the application process. The departmental performance target is that 80% of applications must meet the standards. The activities include acknowledging the receipt of the application, issuing of the funding decision, and releasing payments.

The service standard for the acknowledgement of receipt of application and making timely payments is the same for all departmental programs. The acknowledgement of the application is to be sent within 15 days of receipt and payments are to be made within 28 days of either the grant award letter or the fulfillment of requirements outlined in the contribution agreement. The service standard for funding decisions varies between programs. Celebrate Canada had 18 weeks to issue a funding decision. The commemoration projects funded under the Federal Cultural Strategy had 20 weeks to issue a decision. Commemorate Canada projects were more complex and could take up to 26 weeks to issue a funding decision.

Results are reported on the Department's website and in the quarterly reports prepared for management. Based on a review of the results on the departmental website, both Celebrate Canada and Commemorate Canada meet the majority of the Program's service standards.

The audit team concluded that service standards have been implemented for the Program and results are reported to management. This demonstrates that the Program has committed to a recipient focused approach to managing program delivery.

The Center of Expertise, the departmental specialists for the management of grants and contribution programs, will be releasing a new tracking tool for managers to assess their program's performance in meeting service standards which will facilitate the tracking of service standards. This tool is expected to be rolled out in the Department this fiscal year.

Program Accessibility

The Program conducts outreach with potential recipients yet Program accessibility for Commemorate Canada needs improvement.



The Treasury Board *Policy on Transfer Payments* requires departments to ensure that transfer payment programs are recipient focused. Having a recipient-focused approach includes making the application and eligibility requirements public and conducting outreach to potential recipients.

The audit team found that Celebrate Canada conducts outreach with potential recipients through the regional offices. Regional offices advise potential recipients by e-mail of the launch of the application process. The Quebec Region conducts outreach activities in many parts of the province to raise awareness of the Program. As a noted practice, the Atlantic Region takes into account the administration capacity of potential recipients and conducts information sessions to advise them on how to complete an application, conduct promotional activities for the event, and how to access Government of Canada funding. In addition, it has also developed a three-year Investment Strategy for the regions to support capacity building of Celebrate Canada applicants.

Outreach activities were also conducted with potential recipients for commemoration projects. Commemorate Canada conducted outreach activities to potential recipients to raise awareness of particular commemoration activities such as the Bicentennial of the birth of Sir John A. Macdonald. The World War Commemoration Project sent out a letter to approximately 1800 organizations and issued several news releases in regards to the funding available for potential recipients. The Toronto 2015 Pan & Parapan American Games Federal Cultural Strategy delivered presentations to community organizations and news releases announced the funding for celebration and cultural activities during the Toronto 2015 Games.

The audit team noted that improvements were required in regards to program accessibility for Commemorate Canada. The Treasury Board *Directive on Transfer Payments* requires that a description of the program is made public, including application and eligibility requirements. The application form and guidelines were available online for Celebrate Canada and the World War Commemorations. The application form and guidelines were not available online for the Federal Cultural Strategy or Commemorate Canada. Applicants were required to contact the Department to obtain them. However, having application forms and guidelines for Commemorate Canada available on the PCH website would increase program accessibility and facilitate access for recipients.

Recommendation

1. The Director General, Major Events, Commemorations and Capital Experience should include the application form and guidelines for Commemorate Canada on the PCH website to improve program accessibility.

4.0 Conclusion

The purpose of this audit was to provide assurance on the effectiveness of the governance framework, risk management practices and internal control framework related to the Celebration and Commemoration Program. Based on the audit findings, our opinion is that Celebration and Commemorate Canada has an effective governance



framework in place and that risk management practices and internal controls are being applied. The Program is in compliance with key requirements of relevant policies and directives. Reducing the reporting requirements for the Celebrate Canada component and enhancing web accessibility to the Commemoration component of the Program are identified as areas of improvement.



Appendix A – Audit Criteria

The conclusions reached for each of the audit criteria used in the audit were developed according to the following definitions.

Score	Conclusion	Definition
1	Well Controlled	<ul style="list-style-type: none">Well managed, no material weaknesses noted; and effective.
2	Controlled	<ul style="list-style-type: none">Well managed and effective. Minor improvements are needed.
3	Moderate Issues	<ul style="list-style-type: none">Has moderate issues requiring management focus (at least one of the following two criteria need to be met):<ul style="list-style-type: none">Control weaknesses, but exposure is limited because likelihood of risk occurring is not high.Control weaknesses, but exposure is limited because impact of the risk is not high.
4	Significant Improvements Required	<p>Requires significant improvements (at least one of the following three criteria need to be met):</p> <ul style="list-style-type: none">Financial adjustments material to line item or area or to the Department.Control deficiencies represent serious exposure.Major deficiencies in overall control structure. <p>Note: Every audit criteria that is categorized as a “4” must be immediately disclosed to the CAE and the subject matter’s Director General or higher level for corrective action.</p>



The table below includes audit criteria and is used to develop audit conclusion.

Criterion 1: The governance framework is effective at supporting the achievement of the CCP objectives.		
	Audit Sub-Criteria	Conclusion
1.1	The CCP governance framework includes structures, roles and responsibilities, and accountabilities that are clearly defined, documented and communicated.	1
1.2	Governance bodies receive sufficient and accurate information to inform decision making.	1
Criterion 2: The Program has a recipient focused approach to ensure that it is accessible and usable.		
	Audit Sub-Criteria	Conclusion
2.1	The Program has implemented service standards and results are reported to management.	1
2.2	The Program engages with recipients to ensure the Program is accessible and usable.	3
Criterion 3: Approved projects meet eligibility requirements and risk-based approaches are adopted to determine the terms and conditions of the funding agreement and recipient monitoring.		
	Audit Sub-Criteria	Conclusion
3.1	Projects are aligned with the terms and conditions of the Program and approved projects meet the eligibility requirements of the Program.	1
3.2	Funding agreements include the required sections/clauses to address assessed project risks.	1
3.3	Recipient monitoring based on risk has been implemented and includes an assessment of project risks, value of funding, and the risk profile of the recipient	1
3.4	Reporting requirements are proportionate to the risk profile of the recipient.	1
3.5	Project and performance information is collected to report on whether the Program is meeting its objectives.	1
3.6	Payments to recipients are made in a timely manner and in accordance with the terms and conditions of the Program and the funding agreement.	3



Appendix B – Management Action Plan

Recommendations	Management Assessment and Actions	Responsibility	Target Date
Recommendation Theme			
1. The Director General, Major Events, Commemorations and Capital Experience should consider, where appropriate, multi-year agreements and further streamlining the reporting requirements for Celebrate Canada.	Reduce reporting requirements for low risk grants while retaining key measurement areas in order to meet the Program's need to capture, year over year, relevant and useful data from all projects.	Director, Celebration and Commemoration Program	May 2017
	Facilitate the processing of multi-year agreements with recurring clients. Taking into account the celebrations of Canada's 150 th anniversary in 2017, this measure will be implemented for the 2018 funding cycle.		September 2017
Recommendation Theme			
2. The Director General, Major Events, Commemorations and Capital Experience should include the application form and guidelines for Commemorate Canada on the PCH website to improve program accessibility.	<p>Provide Program information online, including guidelines for applicants. This information will include a clear means by which clients can contact the Program to access the application form.</p> <p>The Program recommends this as an interim measure pending the Department's implementation of the Enterprise Online System, a modernization initiative that will bring all grant and contribution programs</p>	Director, Celebration and Commemoration Program	July 2016



Recommendations	Management Assessment and Actions	Responsibility	Target Date
	online, including Commemorate Canada's. No date has yet been set for implementation.		