

**2026** SPECIAL EXAMINATION

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# Report of the Auditor General of Canada to the Board of Directors of the National Capital Commission



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

**INDEPENDENT  
AUDITOR'S REPORT**

## **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.

Cette publication est également offerte en français.

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# Audit Summary

We examined how the National Capital Commission implemented its corporate management practices and managed its operations during the period covered by the audit. In examining the management of operations, we found a significant deficiency in the systems and practices related to health and safety in the workplace. We also found that improvements were needed in asset maintenance, capital project management, and strategic human resource planning. In addition, for the systems and practices we examined under corporate management, we found that improvements were needed in providing strategic direction; in board oversight; in performance measurement, monitoring, and reporting; in risk identification and assessment; and in risk mitigation.

Except for the significant deficiency and despite the weaknesses, the corporation maintained its systems and practices in a manner that provided reasonable assurance that its assets were safeguarded and controlled, its resources were managed economically and efficiently, and its operations were carried out effectively.

## Introduction

### Background

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#### Role and mandate

1. The National Capital Commission is a federal Crown corporation established in 1959 under the National Capital Act to help develop, conserve, and improve the National Capital Region in keeping with its national significance as the seat of the Government of Canada. The corporation reports to Parliament through the Minister of Government Transformation, Public Works and Procurement.

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Nature of business  
and operating  
environment

2. To support its mandate, the corporation has established the following 3 strategic orientations in its 2024–25 to 2028–29 corporate plan:

- Foster an inclusive and meaningful National Capital Region of national significance, reflective of all Canadians, including Indigenous Peoples.
- Ensure a picturesque and natural National Capital Region, through conserving and enhancing natural assets, cultural landscapes, and built heritage under the National Capital Commission's stewardship.
- Contribute to a thriving, connected, and sustainable National Capital Region that inspires Canadians, through the planning, development, and improvement of the National Capital Commission's assets.

3. The corporation also established strategic priorities with key performance indicators and targets to support the strategic orientations in its corporate plan.

4. The corporation owns and manages over 11% of the lands (over 500 square kilometres) and various assets in the National Capital Region. It has custodial responsibilities for a large and diverse portfolio of built and natural assets, including owned and leased properties for residential, agricultural, and commercial purposes ([Exhibit 1](#)).

5. The corporation is also responsible for managing Canada's 6 official residences in the National Capital Region:

- Rideau Hall (residence of the Governor General of Canada)
- 24 Sussex Drive and Harrington Lake (residences of the Prime Minister of Canada)
- Stornoway (residence of the Leader of the Opposition)
- The Farm (residence of the Speaker of the House of Commons)
- 7 Rideau Gate (official guest house of the Canadian government)

Exhibit 1—Elements of the National Capital Commission portfolio



Mackenzie King Estate



Rideau Hall



Confederation Boulevard



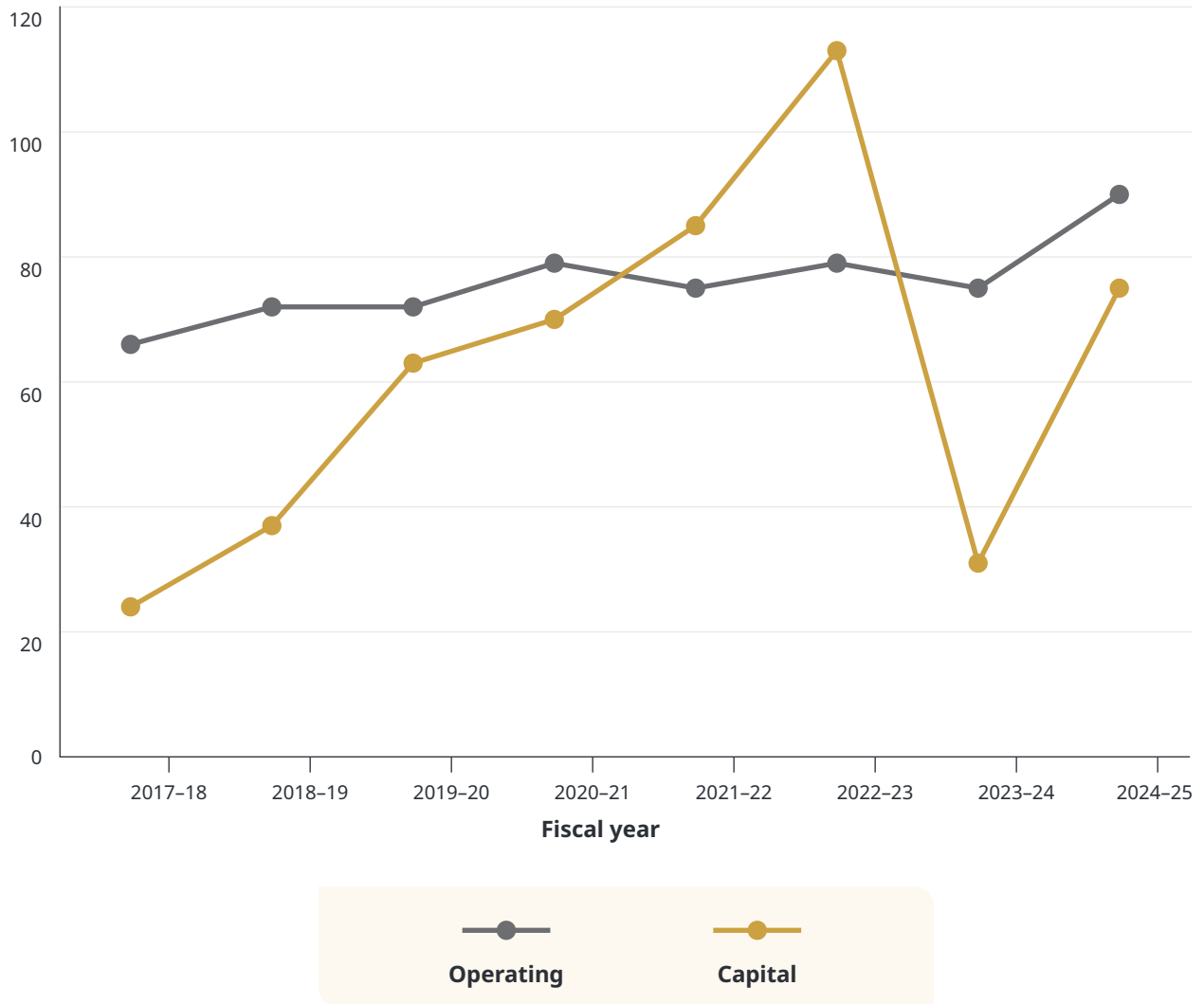
Rideau Canal Skateway

Photos: National Capital Commission

6. The corporation's primary source of funding comes from parliamentary appropriations. Starting in 2018, the corporation received additional capital funding to address different priorities, including its deferred asset maintenance deficit. In the 2024-25 fiscal year, the corporation received a total of \$164.3 million in parliamentary appropriations for its operations and capital investment needs ([Exhibit 2](#)).

**Exhibit 2**—The corporation’s parliamentary appropriations that were received between 2017–18 and 2024–25

**Parliamentary appropriations (in millions of dollars)**



Source: Based on data from the National Capital Commission



[Read the Exhibit 2 text description](#)

## Focus of the audit

7. Our objective for this audit was to determine whether the systems and practices we selected for examination at the National Capital Commission were providing the corporation 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 subsection 138(1) of the Financial Administration Act.

8. Also, section 139 of the Financial Administration Act requires that we state an opinion, with respect to the criteria established pursuant to subsection 138(3), on whether there was reasonable assurance that there were no significant deficiencies in the systems and practices we examined. We 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 operations

The selected systems and practices, and the criteria used to assess them, are listed 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.

## Findings, Recommendations, and Responses

### Corporate management practices

#### **The corporation had good corporate management practices, but improvements were needed in some areas**

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##### Context

11. The corporation is governed by its Board of Directors, consisting of 15 members. They include the Chairperson of the Board and the Chief Executive Officer, who are appointed and whose terms of office are defined by the **Governor in Council**.<sup>1</sup> The other directors are appointed by the Minister of Government Transformation, Public Works and Procurement with the approval of the Governor in Council, and they hold office for a term not exceeding 4 years. Board members may be eligible for reappointment when their terms expire. At the end of our examination period, we noted that there were no vacancies on the board.




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<sup>1</sup> **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.

Corporate governance




12. **Findings.** We found that the corporation had good systems and practices for corporate governance, but improvements were needed in providing strategic direction and in board oversight ([Exhibit 3](#)).

Exhibit 3—Corporate governance—Key findings and assessment

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 determined the skills and expertise it needed to be effective and assessed whether its members had appropriate skills and knowledge to carry out their responsibilities.</p> <p>The board communicated with its responsible minister about board appointments, renewals, and vacancies.</p> <p>Board members were provided orientation sessions and had access to training.</p>	
Board independence	The board functioned independently.	<p>The board made decisions independently from management.</p> <p>Board members completed annual conflict-of-interest declarations. Furthermore, at the beginning of board meetings, the chairperson sought declarations, and when conflicts of interest were declared, members recused themselves and did not participate in any discussions related to the topic.</p>	
Providing strategic direction	The board provided strategic direction.	<p>The board actively participated with management in setting strategic direction, which aligned with the corporation's mandate and governing legislation.</p> <p><b>Weakness</b></p> <p>While the board was active in setting the Chief Executive Officer's annual objectives on the basis of the corporation's strategic priorities, the key performance indicators and targets from the corporate plan were not included. For more on this weakness and for the related recommendation, see <a href="#">Weaknesses—Performance measurement, monitoring, and reporting (annual objectives and appraisals)</a>.</p>	

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 roles and responsibilities of the board and its committees were clearly defined.</p> <p>The internal audit function conducted regular audits, and the results were presented to the Audit Committee. The chief internal auditor met with the Audit Committee regularly, without management in attendance. This helped the board exercise its oversight and monitoring responsibilities.</p> <p>The board conducted an annual assessment of the Chief Executive Officer's performance.</p> <p><b>Weakness</b></p> <p>The board received timely information on financial results, performance, risk management, the status of key operations, and major strategic decisions. However, we found that the board did not receive complete or accurate information to properly exercise its oversight related to risk identification and health and safety in the workplace. For more on this weakness and for the related recommendations, see <a href="#">Weakness—Risk identification and assessment</a> and <a href="#">Significant deficiency—Health and safety in the workplace</a>.</p>	

Legend—Assessment against the criteria



-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria


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### Strategic and operational planning




13. **Findings.** We found that the corporation had good systems and practices for strategic and operational planning, but improvements were needed in performance measurement, monitoring, and reporting ([Exhibit 4](#)).

Exhibit 4—Strategic and operational planning—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Strategic planning	The corporation established strategic and operational plans and strategic and operational objectives that were aligned with its mandate.	<p>The corporation had systematic strategic and operational planning processes in place, which included analyzing its strengths, weaknesses, and opportunities, as well as key risks and threats.</p> <p>The corporation defined a strategic direction that aligned with its mandate in its enabling legislation.</p> <p>The corporation took into consideration its internal and external environments when preparing its corporate plan.</p>	
Operational plans implementation	The corporation implemented its operational plans to deliver results in accordance with the expected outputs.	<p>Operational plans considered the business risks and identified the individuals responsible for the implementation and monitoring of corporate priorities.</p> <p>Operational plans were aligned with the corporation's strategic objectives and performance measures.</p>	

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Performance measurement, monitoring, and reporting	The corporation established performance indicators in support of achieving its strategic and operational objectives and monitored and reported on its progress against these indicators.	<p>The strategic and operational objectives and performance indicators and targets from the corporate plan were reflected in the various operational plans to assess ongoing progress.</p> <p>The corporation reported performance results quarterly to senior management and the board.</p> <p>The corporation published its 2023–24 annual report and held an annual public meeting in March 2025.</p> <p><b>Weaknesses</b></p> <p>Some key corporate performance indicators and targets were vague or lacked clear targets, timelines, and measurable outcomes.</p> <p>The annual objectives for the Chief Executive Officer set by the board did not include the key performance indicators and targets from the corporate plan.</p> <p>The annual objectives set for the vice-presidents also did not include the strategic priorities and key performance indicators and targets from the corporate plan and often lacked measurable indicators.</p>	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

14. **Weakness—Performance measurement, monitoring, and reporting (indicators and targets).** We found that some of the established key performance indicators and targets in support of the corporation’s strategic objectives did not follow the principles of specific, measurable, achievable, relevant, and time-bound (SMART). For example, for asset management, the corporation established the following targets in its corporate plan to measure the asset condition indicator:

- that the condition of assets reflects parliamentary appropriations
- that in the long term, assets be in good condition

However, these targets were not specific enough to guide progress toward the goal. While the long-term goal is that 100% of assets should be in good condition, no interim target was established nor was a timeline set for when it should be achieved. Without clear timelines and measurable targets, it is difficult for senior management and the board to determine whether the corporation is performing as expected.

15. **Recommendation.** The corporation should establish performance indicators and targets for the corporation's strategic and operational objectives that are specific, measurable, achievable, relevant, and time-bound (SMART) and should monitor and report on progress to the board.

**The corporation's response.** Agreed. Management commits to review its existing corporate performance measurement framework (PMF) to identify gaps in the current key performance indicators and targets based on SMART principles and assess their relevance in support of corporate and operational objectives. Changes to the PMF are planned to be completed by the fourth quarter of the 2026–27 fiscal year. The corporation will continue to report progress to the board regularly.

16. **Weaknesses—Performance measurement, monitoring, and reporting (annual objectives and appraisals).** The board was active in setting the Chief Executive Officer's annual objectives on the basis of the corporation's strategic priorities. However, we found that the key performance indicators and targets established in the corporate plan were not included as expected, on the basis of the Government of Canada's Performance Management Program for Chief Executive Officers of Crown Corporations.

17. In addition, according to the corporation's Executive Group Terms and Conditions of Employment, vice-presidents should be evaluated against corporate objectives. Although their annual performance objectives and appraisals included personal objectives and corporate values, we found that they were missing the strategic priorities and key performance indicators and targets as set out in the corporate plan.

18. For example, the following key performance indicators and targets were not included in the Chief Executive Officer's and vice-presidents' annual objectives:

- all assets of the corporation should be in good condition in the long term
- 80% of capital projects should be on time and on budget

19. This weakness matters because not including key performance indicators and targets in senior management's annual objectives and appraisals makes it difficult for the corporation and the board to demonstrate that senior management has effectively delivered on all the corporation's priorities and objectives.

20. In addition, although the vice-presidents' annual performance objectives included some personal objectives and corporate values, we found that most of the related performance indicators were not measurable, thus making it difficult to demonstrate that the objectives were achieved when documenting the appraisals.

21. **Recommendation.** The corporation should establish the Chief Executive Officer's and the vice-presidents' annual objectives to include the corporation's strategic priorities and measurable performance indicators and targets on the basis of the requirements of the Government of Canada's Performance Management Program for Chief Executive Officers of Crown Corporations and the corporation's Executive Group Terms and Conditions of Employment.



**The corporation's response.** Agreed. The performance management agreements for the Chief Executive Officer (CEO) and the vice-presidents will be adjusted for the 2026–27 fiscal year performance cycle to more explicitly reflect the corporation's strategic priorities and key performance indicators and targets. As part of the CEO's annual evaluation process, the board will receive enhanced guidance outlining the principles and procedures governing CEO performance management.


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Corporate risk  
management




22. **Findings.** We found that the corporation had good systems and practices for risk monitoring and reporting. However, improvements were needed in risk identification and assessment and in risk mitigation ([Exhibit 5](#)).

Exhibit 5—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 corporate and operational risks, which it assessed according to their likelihood of occurrence and their potential impact, and presented the assessment quarterly to the board.</p> <p>The corporation had an enterprise risk management policy, which defined risk principles, roles and responsibilities, risk appetites, and risk management activities for management and the board and its committees.</p> <p><b>Weakness</b></p> <p>The corporation did not conduct an assessment to determine whether it was compliant with all significant laws and regulations.</p>	
Risk mitigation	The corporation defined and implemented risk mitigation measures.	<p>The corporation had a risk appetite statement in place for its key risk categories, which set risk tolerance (thresholds and risk limits) and provided guidance for developing mitigation strategies.</p> <p>The corporation developed mitigation action plans and identified owners for its corporate risks.</p> <p><b>Weakness</b></p> <p>The corporation did not assess and document the effectiveness of its mitigating measures and the related residual risk.</p>	

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 reported quarterly to the board on its risks and risk mitigation measures.</p> <p>The reports provided detailed information on key risks. They identified the list of risks, including operational risks, and measured these against approved risk appetite thresholds and limits.</p> <p>The corporation periodically revised its risk register to address changes to risk assessments and mitigation measures.</p>	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

23. **Weakness—Risk identification and assessment.** We found that the corporation did not perform an assessment to demonstrate it was compliant with all significant laws and regulations that applied to it nor did the corporation report to the board on this matter. This weakness matters because without a compliance with authorities assessment, it is difficult to demonstrate that all potential legal, reputational, and financial risks have been assessed. In addition, the lack of comprehensive information on compliance with authorities makes it difficult for the board to discharge its oversight responsibilities.

24. **Recommendation.** The corporation should conduct a compliance assessment covering all significant laws and regulations and identify responsible people or areas of the corporation for monitoring compliance. The result of this assessment should be documented, reviewed on a regular basis, and presented to the board.

**The corporation’s response.** Agreed. The corporation will complete a comprehensive compliance assessment that is scheduled to be presented to the board by the fourth quarter of the 2026–27 fiscal year. In the future, the assessment will be reviewed and presented to the board at a minimum on an annual basis.

25. **Weakness—Risk mitigation.** We found that the corporation had not assessed and documented the effectiveness of the mitigating measures identified nor the related residual risk to demonstrate that the risk was reduced to an acceptable level as required by its risk management policy. As a result, it is difficult for

the corporation to demonstrate that risks are being managed in accordance with its risk management policy, which may lead to risks not being reduced to an acceptable level.

26. **Recommendation.** The corporation should assess and document the effectiveness of risk mitigation strategies and determine the associated residual risk.

**The corporation's response.** Agreed. Management will adjust the mitigation tracking tool to include the assessment of the effectiveness of risk mitigation strategies and will document the associated residual risk by the second quarter of the 2026–27 fiscal year.

## Management of operations

### **There was a significant deficiency in workplace health and safety, and improvements were needed in asset maintenance, capital project management, and strategic human resource planning**

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#### Context

27. As part of its mandate and activities, the corporation must maintain its lands, buildings, and infrastructure, for accessibility, continued safe operations, rental potential, and sustainability, as applicable. The corporation employs a wide range of experts, including biologists, landscape architects, heritage managers, and conservation officers. The corporation also manages many major capital projects, including design, restoration, and construction projects and other redevelopment initiatives ([Exhibit 6](#)).

28. Since the last special examination conducted in 2017, the corporation has implemented an investment framework designed to provide information and guide decision making, including the prioritization of investments in the development of its long-term capital expenditure plan. The investment framework focuses on the 5 following ongoing priorities:

- updating the current replacement value of the asset base
- increasing information gathered through asset condition inspections
- updating the deferred maintenance asset deficit
- developing a portfolio planning framework to plan future asset maintenance needs
- modernizing the asset management system

29. Between 2018 and 2022, the corporation requested additional funding in the amount of \$561 million to address different priorities, including its deferred asset maintenance deficit. At the end of the 2024–25 fiscal year, the corporation had received approximately \$270 million of the additional funding requested.

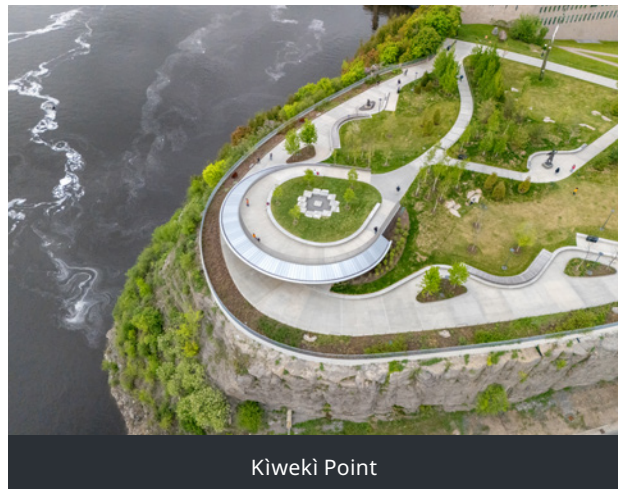
**Exhibit 6**—Recent capital and maintenance projects completed by the National Capital Commission



NCC River House



Champlain Lookout in Gatineau Park



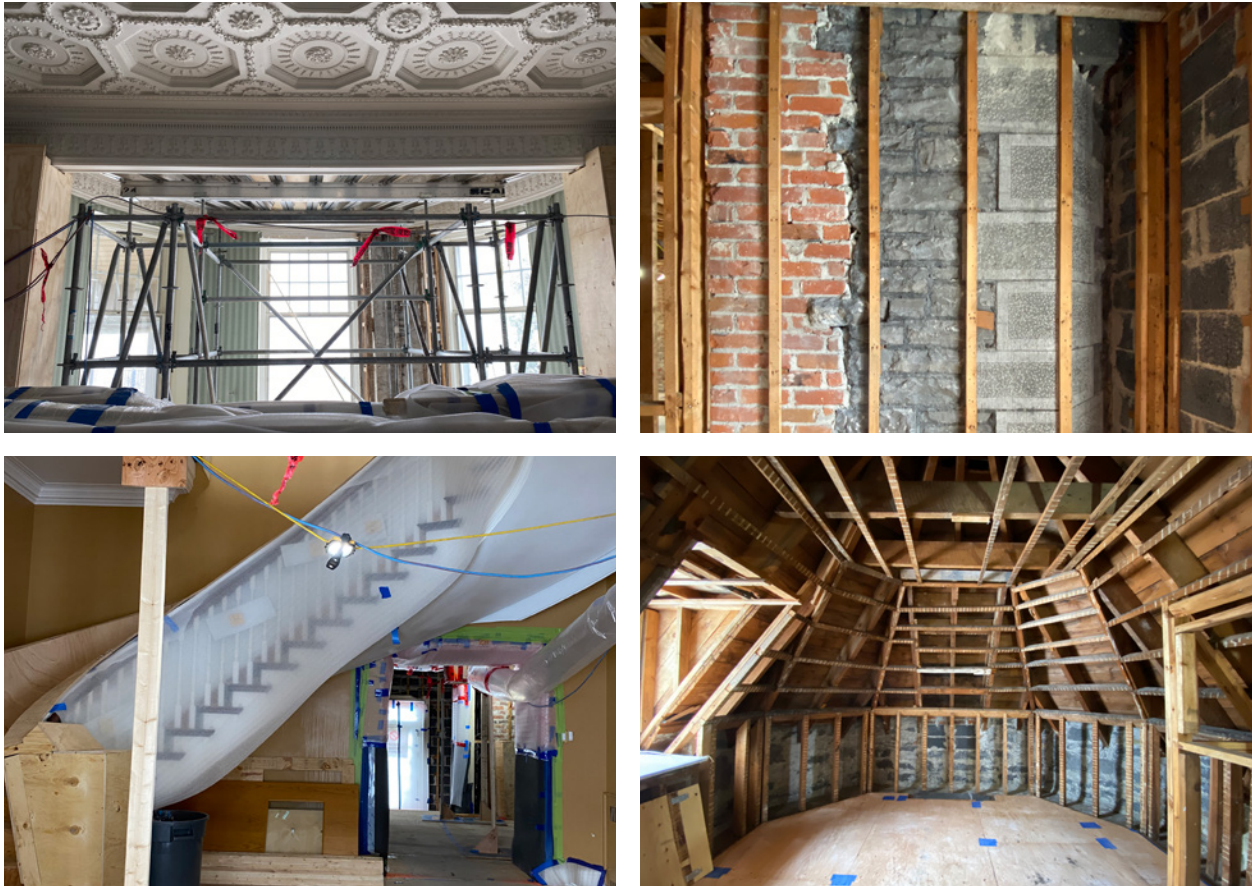
Kiweki Point

Photos: National Capital Commission

30. The corporation is also responsible for the long-term planning, capital works, and ongoing maintenance of the 6 official residences. In 2022, the corporation closed down 24 Sussex Drive, the official residence of the Prime Minister of Canada, for health and safety reasons and to protect this classified heritage asset. Necessary work has been completed to maintain the integrity of the building ([Exhibit 7](#)). The corporation presented options for the future of the official residence of the Prime Minister of Canada to the government and is awaiting a government decision.

31. The corporation's rental portfolio includes close to 600 properties (agricultural, residential, and commercial) in the urban area, the National Capital Greenbelt, and Gatineau Park. This portfolio is geographically dispersed and varied in composition. In the 2024–25 fiscal year, the corporation generated \$21.8 million in revenue from its rental operations.

Exhibit 7—24 Sussex Drive after maintenance work




Interior of 24 Sussex Drive after the maintenance work  
Photos: National Capital Commission



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## Capital asset management




32. **Findings.** We found that the corporation had good systems and practices for rental portfolio management. However, we found that improvements were needed in asset maintenance and capital project management ([Exhibit 8](#)).

Exhibit 8—Capital asset management—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
<p>Asset maintenance</p>	<p>The corporation established and implemented a preventative maintenance program that was based on regular assessments of the physical condition of its assets and allowed for an assessment of priorities in the completion of the required work. The program allocated human, material, and financial resources in a timely manner taking into account the resources available and recent climate-related events.</p>	<p>The corporation identified asset management and climate change as part of its key corporate risks.</p> <p>The corporation implemented an investment framework and established an asset maintenance prioritization process based on various factors, including asset condition and alignment with the corporation’s mandate.</p> <p>The corporation identified its strategic assets and reported on their conditions to the board on a quarterly basis.</p> <p>On the basis of the additional 2022 approved government funding, the corporation developed a long-term capital expenditure plan for its strategic assets, including the official residences (except for 24 Sussex as explained in <a href="#">paragraph 30</a>).</p> <p><b>Weaknesses</b></p> <p>The performance indicator and target for asset management is that in the long term, all assets should be in good condition. We found that 42% of the corporation’s strategic assets were assessed to be in good condition. However, except for the official residences, the long-term capital expenditure plan did not specify when the corporation expects to achieve its long-term goal that all assets should be in good condition.</p> <p>We also found that the performance indicator and target for asset management were difficult to measure and achieve, as there was no interim target to meet within a specific time frame.</p> <p>Additionally, we found that 18% of the inspections of the strategic asset condition were not performed as scheduled and that the database that was used to monitor the status of the assets’ condition was inaccurate 22% of the time.</p>	

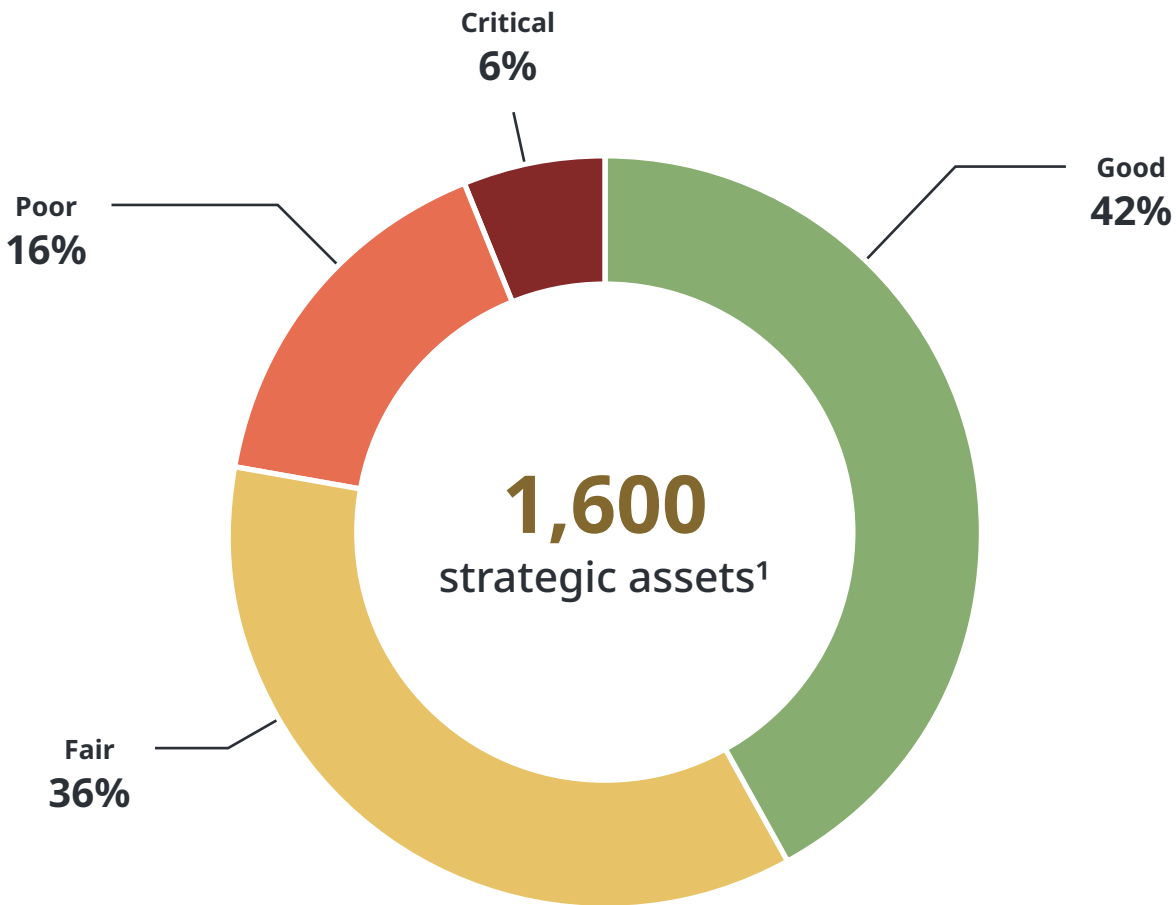
Systems and practices	Criteria used	Key findings	Assessment against the criteria
Capital project management	The capital project management framework allowed the corporation to define roles, responsibilities, authority, and accountability to plan and manage approved capital projects. This was to ensure that scope, cost, schedule, and quality objectives were met and that risks were identified and mitigated to reduce threats to the achievement of project objectives, including those related to the environment.	<p>The corporation established a process for capital project management and policies, including standard forms and templates, to facilitate the consistency of planning and delivery of capital projects.</p> <p>The completed and ongoing capital projects were approved through the prioritization process established for the multi-year capital plan (see <a href="#">Asset maintenance</a>) and were included in the corporate plan.</p> <p><b>Weaknesses</b></p> <p>We found that for the past 2 years, the corporation did not meet its target of 80% of projects to be on time and on budget.</p> <p>We found that approximately 20% of capital projects did not follow the corporation’s documentation process for capital project management.</p>	
Rental portfolio management	The corporation had efficient systems and practices to optimize the leasing portfolio.	The corporation had processes in place for optimal leasing opportunities and to provide oversight of its portfolio of rental properties.	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

33. **Weaknesses—Asset maintenance.** The corporation monitors the condition of approximately 1,600 of its strategic assets through its asset inspection program, which is used to prioritize investments in its assets. The performance indicator and target for asset management is that in the long-term, all assets should be in good condition. We found that at the end of the 2024–25 fiscal year, 42% of its strategic assets were in a good condition ([Exhibit 9](#)).

**Exhibit 9**—Forty-two percent of the corporation’s strategic assets were in good condition as at March 31, 2025



<sup>1</sup> The condition of a strategic asset is based on dividing the cost of repairing the asset by the value of replacing the asset. The resulting percentage corresponds to 1 of 4 categories: Good: 0–5%, Fair: 6–10%, Poor: 11–30%, or Critical: 31% or more.

Source: Based on data from the National Capital Commission



[Read the Exhibit 9 text description](#)

34. Despite the fact that only 42% of the strategic assets were in good condition, we recognized that the corporation received only 48% (\$270 million out of \$561 million) of the funding requested to date (see [paragraph 29](#)). Except for the official residences, the corporation’s long-term capital expenditure plan for the remaining strategic assets did not specify when the corporation expects to achieve its long-term goal that all assets should be in good condition.

35. As mentioned in [Weakness—Performance measurement, monitoring, and reporting \(indicators and targets\)](#), we also found that the performance indicator and target for asset management were difficult to measure and achieve, as there was no interim target to meet within a specific time frame.

36. Although the corporation had a process to plan and perform regular inspections of the physical condition of its 1,600 strategic assets, we found that 18% of the sample tested had not been inspected in accordance with the planned time frame. For example, although certain assets should have been inspected every 3 years, we found that 10% of these strategic assets tested had not been inspected for at least 5 years.

37. We also examined the accuracy of the information of the 1,600 strategic assets database used by the corporation to track the asset management performance indicator. We found that asset conditions in the database did not match inspection reports or that the inspection reports were missing for 22% of the sample of strategic assets tested.

38. These weaknesses matter because without accurate data on asset conditions and clarity as to when the corporation expects to achieve its long-term goal of having all assets in good condition, the corporation's ability to monitor its strategic assets is limited.

39. **Recommendation.** The corporation should:

- enhance the monitoring of its strategic asset condition, by developing a measurable performance indicator and target, including interim targets, to specify when the corporation plans to achieve its long-term goal that all assets are in good condition
- put in place controls to ensure that the inspections are performed in accordance with the planned time frame and that the asset condition database is accurately updated in a timely manner

**The corporation's response.** Agreed. Management will develop a measurable performance indicator and target with interim targets as part of its management response for the recommendation at paragraph 15 relating to its performance measurement framework by the fourth quarter of the 2026–27 fiscal year.

Management will review its inspections program and put in place controls to ensure that the inspections are performed as scheduled and that asset condition information is updated in the corporation's asset management system in a timely manner. This will be completed by the second quarter of the 2026–27 fiscal year.

40. **Weaknesses—Capital project management.** The performance of the corporation's significant projects (over \$5 million) is measured against 3 key indicators: on time, on budget, and on scope. We found that for the past 2 years, the corporation did not meet its target of 80% of projects being on time and on budget. For example, for the 2024–25 fiscal year, only 33% (4 out of 12) of the significant projects were delivered on time and 67% (8 out of 12) were completed on budget.

41. Although the corporation identified mitigating strategies to address the impacts of persistent high inflation and other significant factors escalating project costs and time overruns, at the time of the examination, they were not fully implemented.

42. In addition, from approximately 150 ongoing and recently completed projects of all dollar values, we examined a sample for compliance against the corporation's project management process. We found that approximately 20% of the sampled projects did not follow the corporation's documentation process. For example, some of the capital project plans or funding approval documentation was not prepared or included on file in a timely manner.

43. These weaknesses matter because without fully implementing mitigating strategies to address increasing costs and timeline overruns for capital projects, the corporation may continue experiencing delays and budget overruns. In addition, incomplete capital project documentation reduces the transparency, accountability, and oversight of capital spending.

44. **Recommendation.** The corporation should:

- implement its mitigating strategies for the long-term upward trend in capital project cost and time overruns and monitor the effect to ensure they have the desired impact
- enhance documentation controls and monitoring to ensure they comply with its process for capital project management



**The corporation's response.** Agreed. Management will review and more closely align its project management performance metrics (that is, on time, on budget, and on scope) with industry best practices to take into account the impacts of persistent high inflation and other significant factors escalating project costs and time overruns. As a result, management will implement enhanced mitigation strategies on project cost and time overruns by leveraging industry standards and tools by the fourth quarter of the 2026–27 fiscal year.


Management will also enhance its current processes for capital project management to ensure compliance and facilitate monitoring by the third quarter of the 2026–27 fiscal year.

Human resources management




45. **Findings.** We found that there was a significant deficiency in health and safety in the workplace and that improvements were needed in strategic human resource planning. We also found that the corporation had good systems and practices for recruitment and retention ([Exhibit 10](#)).

Exhibit 10—Human resources management—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Strategic human resource planning	The corporation conducted strategic human resource planning to ensure it had the right people, in the right place, at the right time to meet its immediate and future operational objectives.	<p>The corporation had a strategic and corporate planning process policy, which included human resource planning.</p> <p>For the purpose of preparing its corporate plan, the corporation had determined the number of employees required to fulfill its mandate.</p> <p><b>Weaknesses</b></p> <p>The corporation did not have up-to-date job descriptions and had not identified critical job positions for most branches of the corporation.</p> <p>We also found that the corporation had done limited succession planning.</p>	
Health and safety in the workplace	The organization provided a healthy and safe workplace for all employees.	<p>The corporation had adequate and up-to-date occupational health and safety policies and procedures.</p> <p><b>Significant deficiency</b></p> <p>The corporation had not evaluated and revised its hazard prevention program as required by the Canada Occupational Health and Safety Regulations.</p> <p>The annual health and safety report presented to the board did not disclose this instance of non-compliance.</p>	

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Recruitment and retention	The corporation recruited and retained the people with the skills and knowledge it needs to meet operational objectives while considering diversity and inclusion in the workplace.	<p>The corporation had a staffing policy, directive, procedures, and guides that helped it recruit and retain the people with the skills and knowledge it needed to meet operational objectives.</p> <p>The corporation had implemented recruitment and retention actions related to diversity, equity, and inclusion.</p>	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

46. **Weaknesses—Strategic human resource planning.** We found that most job descriptions for the corporation’s approximately 600 employees were not up to date, as they did not reflect the current responsibilities of the positions.

47. The corporation had a total of 9 different branches. We found that it had not identified its critical job positions in 3 of the 4 branches we sampled. Also, we found that a succession plan had been prepared only for the middle managers and that there were none for the senior executives or for the critical positions.

48. These weaknesses matter because up-to-date job descriptions are essential for clearly defining roles, responsibilities, and performance expectations, which support effective workforce planning, recruitment, and accountability. Also, unexpected departures or retirements may lead to operational disruptions, knowledge loss, and leadership gaps when critical positions are not identified and comprehensive succession plans—including for senior executives—do not exist.

49. **Recommendation.** The corporation should review its human resources planning process to consider all important elements, such as identifying critical positions, updating job descriptions, and establishing a corporation-wide succession plan.

**The corporation's response.** Agreed. Management will complete the review of its job descriptions, which is already underway, by the end of the fourth quarter of 2026–27. Also, it will broaden its current succession plan by identifying critical positions at all levels by the end of the fourth quarter of 2026–27.

50. **Significant deficiency—Health and safety in the workplace.** In January 2025, the internal audit function presented to the board the results of an audit of the physical security of the corporation, which included weaknesses related to health and safety in the workplace and management's action plan. We followed up on the status of these findings and reported below on the ones that were still outstanding at the time of our examination.

51. According to the Canada Occupational Health and Safety Regulations, employers must develop a hazard prevention program that includes a hazard identification and assessment methodology. The effectiveness of the program must be evaluated and, if necessary, revised every 3 years. We found that the corporation's program was last evaluated in 2010 (in 2018 for conservation officers) and needed to be revised, including a comprehensive review and update of hazard and risk assessments with the necessary mitigation measures.

52. Although the board was informed of this non-compliance through the internal audit report on physical security, we found that this non-compliance was not included in the annual health and safety report prepared for the board.

53. This significant deficiency matters because non-compliance with federal health and safety regulations puts both the corporation and its employees at risk, especially considering the nature and wide range of work being performed by its employees. In addition, failure to report known issues to the board undermines its oversight role.

54. **Recommendation.** To ensure compliance with the Canada Occupational Health and Safety Regulations, the corporation should strengthen its controls by:

- revising the hazard prevention programs, including a comprehensive review and update of hazard and risk assessments with the necessary mitigation measures
- enhancing the reporting process to ensure that all instances of non-compliance are included in the annual health and safety report presented to the board

**The corporation's response.** Agreed. Management has already begun correcting the deficiency and expects to make significant progress by the end of the 2025–26 fiscal year and in 2026–27 on updating the hazard and risk assessment with the necessary

mitigation measures, revising the hazard prevention program and implementing strengthened controls, with completion anticipated by the end of the second quarter of the 2027–28 fiscal year.

Management will also enhance its reporting process and will include all instances of non-compliance in its annual health and safety report. The next report is scheduled to be presented to the board in the first quarter of the 2026–27 fiscal year for the annual report of 2025–26.

## Conclusion

55. In our opinion, on the basis of the criteria established, there was a significant deficiency in the corporation's systems and practices related to health and safety in the workplace, but there was reasonable assurance that there were no significant deficiencies in the other systems and practices we examined. We concluded that except for this significant deficiency, the National Capital Commission maintained its systems and practices during the period covered by the audit in a manner that provided the reasonable assurance required under subsection 138(1) 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 National Capital Commission. 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 on 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 that:

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

Also, subsection 138(2) 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 Management 1—Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or 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 and due care, objectivity, professional competence, 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 National Capital Commission were providing the corporation 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 subsection 138(1) of the Financial Administration Act.

## **Scope and approach**

The scope of the National Capital Commission special examination was based on our assessment of the risks the corporation faced that could affect its ability to meet the requirements set out in the Financial Administration Act and its key management and business activities.

In performing our work, we reviewed key documents related to the systems and practices selected for examination. We also interviewed members of the Board of Directors, senior management, and other employees of the corporation to gain insights into its systems and practices.

We tested the corporation's systems and practices to obtain the required level of audit assurance. Our testing sometimes included detailed sampling. For example, we selected samples on the basis of auditors' judgment in corporate governance, strategic and operational planning, corporate risk management, capital asset management, and human resources management.

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

In carrying out the special examination, as part of the "strategic and operational planning" line of enquiry, we relied on the internal audit of the sustainable development strategy. We reviewed the internal audit plan, including the nature, timing, and extent of the expected work to be performed. We reviewed the internal audit findings and their file documentation and determined that the evidence supported the conclusions reached.

## **Sources of criteria**

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

### **Corporate governance**

Conflict of Interest Act

Financial Administration Act

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

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

National Capital Act

National Capital Commission By-laws

Board charter and committee charters, National Capital Commission

Corporate board profile and skills matrix, National Capital Commission

### **Strategic and operational planning**

Financial Administration Act

National Capital Act

Federal Sustainable Development Act

Guidance for Crown Corporations on Preparing Corporate Plans and Budgets, Treasury Board of Canada Secretariat, 2019

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

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

Recommendations of the Taskforce on Nature-Related Financial Disclosures, 2023

ISO 14001:2015—Environmental Management Systems—Requirements with Guidance for Use, International Organization for Standardization

Transforming Our World: The 2030 Agenda for Sustainable Development, United Nations, 2015

Crown Corporation Corporate Plan, Budget and Summaries Regulations

Strategic and Corporate Planning Process Policy, National Capital Commission

Corporate plans and annual reports, National Capital Commission

### **Corporate risk management**

Enterprise Risk Management—Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, 2017

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

ISO 31000—Risk Management—Guidelines, International Organization for Standardization, 2018

Strategic and Corporate Planning Process Policy, National Capital Commission

Risk Management Policy, National Capital Commission

## **Capital asset management**

National Capital Act

Financial Administration Act

Federal Sustainable Development Act

A Guide to Project Management Body of Knowledge (PMBOK Guide), seventh edition,  
Project Management Institute Inc., 2021

ISO 55000:2024—Asset Management—Vocabulary, Overview and Principles

ISO 14001:2015—Environmental Management Systems—Requirements with Guidance  
for Use, International Organization for Standardization

Asset Management: An Anatomy, Institute of Asset Management, 2024

Policy on the Planning and Management of Investments, Treasury Board, 2021

Directive on the Management of Projects and Programmes, Treasury Board, 2019

Directive on the Management of Real Property, Treasury Board, 2021

Organizational Project Management Capacity Assessment Tool, Treasury Board,  
version 1.4

Corporate administrative policies and procedures, including those related to capital  
planning and real estate management, National Capital Commission

Sustainable Development Strategy 2023–2027, National Capital Commission

## **Human resources management**

National Capital Act

Financial Administration Act

Public Service Employment Act

Employment Equity Act

Canadian Human Rights Act

Accessible Canada Act

Canada Labour Code, Part II

Appointment Policy, Public Service Commission of Canada, 2023

Directive on Employment Equity, Diversity and Inclusion, Treasury Board, 2020

Policy on People Management, Treasury Board, 2021

Corporate administrative policies and procedures, including those related to human  
resources and security, National Capital Commission

## **Period covered by the audit**

The special examination covered the period from September 1, 2024, to September 15, 2025. 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 February 17, 2026, in Ottawa, Canada.

## **Date of the presentation of the report to the Board of Directors**

The report was presented to the Board of Directors on February 24, 2026.

## **Audit team**

This special examination was completed by a multidisciplinary team from across the Office of the Auditor General of Canada led by Mathieu Le Sage, Principal. The principal has overall responsibility for audit quality, including conducting the audit in accordance with professional standards, applicable legal and regulatory requirements, and the office's policies and system of quality management.

# Recommendations and the Corporation's Responses

In the following table, the paragraph number preceding the recommendation indicates the location of the recommendation in the report.

Recommendation	Response
<p><b>15.</b> The corporation should establish performance indicators and targets for the corporation's strategic and operational objectives that are specific, measurable, achievable, relevant, and time-bound (SMART) and should monitor and report on progress to the board.</p>	<p><b>The corporation's response.</b> Agreed. Management commits to review its existing corporate performance measurement framework (PMF) to identify gaps in the current key performance indicators and targets based on SMART principles and assess their relevance in support of corporate and operational objectives. Changes to the PMF are planned to be completed by the fourth quarter of the 2026–27 fiscal year. The corporation will continue to report progress to the board regularly.</p>
<p><b>21.</b> The corporation should establish the Chief Executive Officer's and the vice-presidents' annual objectives to include the corporation's strategic priorities and measurable performance indicators and targets on the basis of the requirements of the Government of Canada's Performance Management Program for Chief Executive Officers of Crown Corporations and the corporation's Executive Group Terms and Conditions of Employment.</p>	<p><b>The corporation's response.</b> Agreed. The performance management agreements for the Chief Executive Officer (CEO) and the vice-presidents will be adjusted for the 2026–27 fiscal year performance cycle to more explicitly reflect the corporation's strategic priorities and key performance indicators and targets. As part of the CEO's annual evaluation process, the board will receive enhanced guidance outlining the principles and procedures governing CEO performance management.</p>
<p><b>24.</b> The corporation should conduct a compliance assessment covering all significant laws and regulations and identify responsible people or areas of the corporation for monitoring compliance. The result of this assessment should be documented, reviewed on a regular basis, and presented to the board.</p>	<p><b>The corporation's response.</b> Agreed. The corporation will complete a comprehensive compliance assessment that is scheduled to be presented to the board by the fourth quarter of the 2026–27 fiscal year. In the future, the assessment will be reviewed and presented to the board at a minimum on an annual basis.</p>
<p><b>26.</b> The corporation should assess and document the effectiveness of risk mitigation strategies and determine the associated residual risk.</p>	<p><b>The corporation's response.</b> Agreed. Management will adjust the mitigation tracking tool to include the assessment of the effectiveness of risk mitigation strategies and will document the associated residual risk by the second quarter of the 2026–27 fiscal year.</p>

Recommendation	Response
<p><b>39.</b> The corporation should:</p> <ul style="list-style-type: none"> <li>• enhance the monitoring of its strategic asset condition, by developing a measurable performance indicator and target, including interim targets, to specify when the corporation plans to achieve its long-term goal that all assets are in good condition</li> <li>• put in place controls to ensure that the inspections are performed in accordance with the planned time frame and that the asset condition database is accurately updated in a timely manner</li> </ul>	<p><b>The corporation’s response.</b> Agreed.            Management will develop a measurable performance indicator and target with interim targets as part of its management response for the recommendation at paragraph 15 relating to its performance measurement framework by the fourth quarter of the 2026–27 fiscal year.</p> <p>Management will review its inspections program and put in place controls to ensure that the inspections are performed as scheduled and that asset condition information is updated in the corporation’s asset management system in a timely manner. This will be completed by the second quarter of the 2026–27 fiscal year.</p>
<p><b>44.</b> The corporation should:</p> <ul style="list-style-type: none"> <li>• implement its mitigating strategies for the long-term upward trend in capital project cost and time overruns and monitor the effect to ensure they have the desired impact</li> <li>• enhance documentation controls and monitoring to ensure they comply with its process for capital project management</li> </ul>	<p><b>The corporation’s response.</b> Agreed.            Management will review and more closely align its project management performance metrics (that is, on time, on budget, and on scope) with industry best practices to take into account the impacts of persistent high inflation and other significant factors escalating project costs and time overruns. As a result, management will implement enhanced mitigation strategies on project cost and time overruns by leveraging industry standards and tools by the fourth quarter of the 2026–27 fiscal year.</p> <p>Management will also enhance its current processes for capital project management to ensure compliance and facilitate monitoring by the third quarter of the 2026–27 fiscal year.</p>
<p><b>49.</b> The corporation should review its human resources planning process to consider all important elements, such as identifying critical positions, updating job descriptions, and establishing a corporation-wide succession plan.</p>	<p><b>The corporation’s response.</b> Agreed.            Management will complete the review of its job descriptions, which is already underway, by the end of the fourth quarter of 2026–27. Also, it will broaden its current succession plan by identifying critical positions at all levels by the end of the fourth quarter of 2026–27.</p>

Recommendation	Response
<p><b>54.</b> To ensure compliance with the Canada Occupational Health and Safety Regulations, the corporation should strengthen its controls by:</p> <ul style="list-style-type: none"><li>• revising the hazard prevention programs, including a comprehensive review and update of hazard and risk assessments with the necessary mitigation measures</li><li>• enhancing the reporting process to ensure that all instances of non-compliance are included in the annual health and safety report presented to the board</li></ul>	<p><b>The corporation's response.</b> Agreed. Management has already begun correcting the deficiency and expects to make significant progress by the end of the 2025–26 fiscal year and in 2026–27 on updating the hazard and risk assessment with the necessary mitigation measures, revising the hazard prevention program and implementing strengthened controls, with completion anticipated by the end of the second quarter of the 2027–28 fiscal year.</p> <p>Management will also enhance its reporting process and will include all instances of non-compliance in its annual health and safety report. The next report is scheduled to be presented to the board in the first quarter of the 2026–27 fiscal year for the annual report of 2025–26.</p>

## Appendix—Text Descriptions of Exhibits

Here are the text descriptions of the exhibits.

**Exhibit 2**—The corporation’s parliamentary appropriations that were received between 2017–18 and 2024–25—Text description

This line graph shows the parliamentary appropriations that the corporation received for its operations and capital investment needs for the 2017–18 to 2024–25 fiscal years.

The parliamentary appropriations for operations remained fairly steady for the first 7 fiscal years, ranging from \$66 million in 2017–18 to \$79 million in 2022–23, until increasing to \$90 million in 2024–25.

The parliamentary appropriations for capital investments increased more noticeably, from \$24 million in 2017–18 to \$113 million in 2022–23, before decreasing significantly to \$31 million in 2023–24. It then increased to \$75 million in 2024–25.

The amounts for the period are as follows.

Fiscal year	Operating	Capital
2017–18	\$66 million	\$24 million
2018–19	\$72 million	\$37 million
2019–20	\$72 million	\$63 million
2020–21	\$79 million	\$70 million
2021–22	\$75 million	\$85 million
2022–23	\$79 million	\$113 million
2023–24	\$75 million	\$31 million
2024–25	\$90 million	\$75 million

Source: Based on data from the National Capital Commission



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**Exhibit 9**—Forty-two percent of the corporation’s strategic assets were in good condition as at March 31, 2025—Text description

This donut graph shows the percentage distribution of the National Capital Commission’s 1,600 strategic assets by condition category. The condition of a strategic asset is based on dividing the cost of repairing the asset by the value of replacing the asset. The resulting percentage corresponds to 1 of 4 categories: Good: 0% to 5%, Fair: 6% to 10%, Poor: 11% to 30%, or Critical: 31% or more.

The percentage distribution of the 1,600 strategic assets as at March 31, 2025, were as follows:

- 42% were in good condition
- 36% were in fair condition
- 16% were in poor condition
- 6% were in critical condition

Source: Based on data from the National Capital Commission



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