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REPORT ON

AUDIT OF MUSEUMS ASSISTANCE PROGRAM (MAP)

CORPORATE REVIEW BRANCH

DEPARTMENT OF CANADIAN HERITAGE

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EXECUTIVE SUMMARY

The Corporate Review Branch identified the Museums Assistance Program (MAP) in its 2003-2004 annual audit plan.

The goal of the audit was to provide Program management with reasonable assurance of the soundness of its management processes, to identify sectors where it is most exposed to risk and to establish corrective measures to be taken.

The conclusions of the audit team are based on the analysis of the findings in relation to predetermined criteria and reflect the audit work conducted between June 2, 2003, and July 25, 2003, for the Quebec, Ontario and Headquarters files. In our opinion, we conducted enough audit work and gathered the necessary evidence to support the conclusions of this audit report.

Major improvements have been noted in regard to the management of the program during the two years subject to audit (2001-2002 and 2002-2003) and in 2003-2004. These improvements stemmed, in part, from an in-depth audit of controls and an evaluation that occurred in that period.

Our audit allowed us to identify practices and processes that need to be reviewed to strengthen the compliance and effectiveness of the program. These are discussed below:

- The cash advances paid to recipients are often based on preliminary expenditure budgets rather than cash flow budgets specifying immediate cash requirements established according to monthly estimates as required by the Treasury Board Policy on Transfer Payments.
- At the time of the audit, there were no formal practices to ensure that the funds transferred to recipients are spent in accordance with the terms of contribution agreements.
- The current decentralized delivery mode of the MAP does not allow management to exercise full responsibility and accountability for the Program.



- There is no ongoing and comprehensive performance measurement system for MAP because of the incomplete content and non-use of the Program's Results-Based Management and Accountability Framework (RMAF).
- The final selection process for projects under the Access and National Outreach and Aboriginal Museum Development components does not provide reasonable assurance that peer evaluation is given full consideration.
- There is no standard national approach to evaluate projects under the Organizational Development component
- The MAP accountability framework and the information systems used do not generate complete, relevant and useful information when projects are underway and/or completed.
- Although improvements were made with regard to file management, some weaknesses remain (missing documents, updates, duplication of files, etc.).
- There is no ongoing risk-management system for MAP to identify the inherent risks of the Program and appropriate mitigation measures.



To be eligible for the Museums Assistance Program (MAP), applicants must belong to one of the following three categories:

1. Canadian museums that are incorporated, non-profit organizations and:
 - provide services to the public year-round;
 - employ at least one full-time professional staff member;
 - have policies regarding collections management, conservation and programming (as required), as well as medium-term (three to five-year) organizational plans.
2. Incorporated, non-profit organizations that wish to develop and create a museum.
3. Incorporated, non-profit museum service organizations and related institutions.

Some applicants and projects from combined non-profit organizations such as universities, municipal or regional administrations, provincial and territorial agencies and Aboriginal cultural centres, First Nations band councils and Métis and Inuit groups can also be considered under MAP, like heritage groups that are incorporated under the terms of Part II of the *Canada Business Corporations Act* are.

MAP provides financial assistance for specific projects. This assistance may cover up to 70% of direct project costs, depending on available funding. A project may extend over a number of fiscal years.

Financial assistance is provided under the following three categories:

- Access and National Outreach and its sub-component, the Exhibition Circulation Fund (ECF);
- Aboriginal Museum Development; and
- Organizational Development.

The **Access and National Outreach** component allows museums and related institutions to receive funding for projects that further the understanding of and appreciation for the diversity of Canadian cultures, landscapes, experiences and stories. Its support includes the development and circulation of travelling exhibitions to various parts of Canada. The **Exhibition Circulation Fund** helps



museums with operating budgets of up to \$1 million cover the costs of borrowing an exhibition from a museum in another province or territory or from a national museum. This sub-component covers up to 50% of costs to a maximum of \$5,000.

The **Aboriginal Museum Development** component provides priority funding for Aboriginal organizations to help them enrich and preserve their cultural heritage and to increase public awareness and understanding of Aboriginal people's rich and diverse cultures.

The **Organizational Development** component provides funding for projects intended to strengthen the organizational capacity of institutions. It also allows museum and heritage professionals and volunteers to develop their skills relating to all aspects of museum management and operations. This component also contributes to initiatives relating to collection management and preservation.

B. Recent studies on the Museums Assistance Program

Apart from the last audit of MAP in January 1994, enhanced monitoring and an evaluation of the Program have been conducted in the last three years.

In the spring of 2001, a sample of 54 current financial assistance projects (grants and contributions) was audited as part of the Department of Canadian Heritage enhanced monitoring process. A number of opportunities to improve "due diligence" were cited in a memo, and recommendations were also made to improve 26 financial assistance projects. The follow-up audit conducted in the fall of 2002 was intended to follow up on the systemic weaknesses and the recommendations relating to the 26 projects and to audit 18 financial assistance projects underway in 2002-2003. This follow-up audit included the content of contribution agreements, the management of funds and documentation of the approval process for the projects selected.

The MAP evaluation conducted in the spring of 2002 provided an opportunity to examine the relevance, degree of success and costs/benefits of the Program. Recommendations were made regarding MAP components, target groups, operations and accountability.

MAP management issued an action plan in response to the recommendations of the enhanced monitoring and the evaluation. Some measures in this plan were



in place at the time of the audit. We noted a number of significant improvements in relation to the actions taken by MAP in the two years covered by this audit (2001-2002 and 2002-2003), as well as more recently in 2003-2004.

2.0 Audit objectives

The goal of the audit is to provide Program management with reasonable assurance as to the soundness of its management processes, to identify the sectors where it is most exposed to risk and to establish corrective measures to be taken. The audit therefore seeks to determine whether the following objectives have been met:

- The management framework and practices are appropriate to ensure compliance, effectiveness and integrity of the program.
- The information used in decision-making and producing reports is reliable, relevant and timely.
- The risk management strategies and practices are appropriate and results-based.

3.0 Scope of the audit

The audit covered the activities of the Museums Assistance Program. A sample of 46 files from the Quebec and Ontario regions relating to the funding provided over the last two full years, from April 1, 2001, to March 31, 2003, was examined.

The accountability framework and the various program delivery mechanisms relating to the Program's three components, **Access and National Outreach**, **Aboriginal Museum Development** and **Organizational Development**, were examined.

The following table summarizes the scope of the audit:



Program	Total Program Budget in \$	Dollar value of files audited	% in \$ of files audited	Total # of files	# of files audited	% of files audited
2001-2002 Fiscal Year						
Access and National Outreach	4,730,957	359,500	8%	116	6	5%
Aboriginal Museum Development	1,233,178	372,000	30%	22	5	23%
Organizational Development	2,684,452	243,500	9%	100	10	10%
Total	8,648,587	975,000	11%	238	21	9%
2002-2003 Fiscal Year						
Access and National Outreach	4,993,798	597,400	12%	104	8	8%
Aboriginal Museum Development	1,247,353	265,190	21%	23	5	22%
Organizational Development	2,592,385	388,600	33%	109	12	11%
Total	8,833,536	1,251,190	14%	236	25	11%
Grand Total	17,482,123	2,226,190	13%	474	46	10%

4.0 Approach and methodology

The audit was conducted in three stages: the planning stage, the audit itself, and the drafting of the report.

The planning stage involved the following activities:

1. Review of main documents relating to the administration of the Program (see list of documents examined during the audit, Appendix A) in order to gain an understanding of MAP.



2. Interviews with the Director of Heritage Programs and the Program officers at headquarters, as well as many program managers and analysts in the regions. Appendix B provides a list of those interviewed.
3. An evaluation of the inherent risks of the Program, based on internal control questionnaires and the description of Program processes and its key control points.
4. Drafting of the Program audit, in accordance with predetermined audit objectives and criteria.
5. Review of the geographic distribution of files and sampling of files to be examined manually, taking into account Program components and the monetary value of funding to the regions.

The audit consisted primarily of:

1. The detailed review of the files selected, with reference to the audit program and the gathering of information on each of the files reviewed.
2. The analysis of information relating to the management framework, the information gathered during the review of files, and the formulation of findings.

The drafting of the report included compiling the results of the review of files and validating certain findings with MAP staff.

5.0 Conclusion

The audit team's conclusions are based on the analysis of the findings in relation to predetermined criteria and reflect the audit work conducted between June 2, 2003, and July 25, 2003. In our opinion, we conducted enough audit work and gathered the necessary evidence to support the conclusions of this audit report.

Major improvements have been noted in regard to the management of the program during the two years subject to audit (2001-2002 and 2002-2003) and in 2003-2004. These improvements stemmed, in part, from an in-depth audit of controls and an evaluation that occurred in that period.



Our audit allowed us to identify practices and processes that need to be reviewed to strengthen the compliance and effectiveness of the program. These are discussed below.

6.0 Observations and Recommendations

6.1 Control framework and management practices of Museums Assistance Program

6.1.1 Compliance with relevant acts, regulations, terms and conditions, policies and agreements

The Treasury Board Policy on Transfer Payments governs the use of grants and contributions. The policy stipulates among other things that transfer payments must not be made to recipients until the need is evident, that payments must correspond to the closest period and the most practical cash flow requirements, and that payments must be controlled to provide reasonable assurance that the funds provided are spent in accordance with the terms of contribution agreements.

As for contributions, MAP uses a system based on the payment of advances. We noted that Program officers sometimes accept expenditure budgets when making advances instead of cash flow budgets, as required by the Treasury Board Policy on Transfer Payments. Since expenditure budgets do not give any indication of financial requirements over time, the Program has no assurance that the funds will only be paid when the need arises.

MAP contribution agreements require that a final project report be submitted to ensure that projects are carried out in accordance with the agreement. If the report is not submitted, final payment may be withheld. In reviewing the contribution files, it was noted that most reports were received.

Under the Policy on Transfer Payments, it is not necessary to submit a report for projects that receive a grant. However, the Atlantic, Quebec and Prairies and Northern regions took the initiative to send a letter to grant recipients asking them to submit a final report. Even if reports are not required under an agreement, as opposed to contributions, it is important that these reports are received since they provide assurance that the projects were carried out. In regions where a report was requested for projects that received a grant, the review of grant files showed that a number of reports were missing. According to Program officers, MAP has little control over this since the reports are submitted after the total amount of grants has been paid to recipients. Without these reports, the Program does not have assurance that the projects were carried out.



At the time of the audit, there were no formal practices to ensure that the funds transferred to recipients are spent in accordance with the terms of contribution agreements. In addition, the Department's 2003-04 recipient audit plan was not finalized or implemented; this plan was supposed to identify MAP recipients who would be subject to an independent audit process, which is an effective way of providing such assurance.

There is no formal internal practice requiring Program officers to check the supporting documentation relating to eligible expenses under contribution agreements. We did notice, however, that care is exercised in making payments. For example, Program officers make notes in the files about progress made, but there is no supporting documentation from the recipients. By obtaining supporting documentation, the Program could ensure that the recipients used the funds received in accordance with approved expenditure budgets.

6.1.1.1 Recommendation

Museums Assistance Program management should:

- **Ensure that contribution recipients submit cash flow budgets for all cash advance requests, as required by the Treasury Board Policy on Transfer Payments;**
- **Ensure that recipients submit final reports demonstrating completion of grant projects and that these reports are added to the file;**
- **Together with regional MAP managers, develop appropriate monitoring policies for expenses incurred by recipients.**

6.1.1.2 Response from management

Recommendation accepted.

The Heritage Programs Branch, in cooperation with the programs branches of the regional offices, will ensure that clauses from contribution agreements stipulating that contribution recipients must submit a cash-flow budget are respected and enforced as of 2004-05.

Recommendation accepted.

When the project reports are requested from grant recipients, Program management will ensure that they are received and added to the file. Other



possibilities that could demonstrate results from the grants will also be explored in 2004-05.

Recommendation accepted.

The independent audit of MAP recipients that was started in 2003-04 will continue. A more systematic method for Program officers to audit projects will be identified in 2004-05.

6.1.2 Control framework and management practices

Every year, the Program reviews its procedures, practices and directives. The audit showed significant improvements in 2003-2004 pertaining primarily to approval criteria, Program directives, communications and the management of working files. Some deficiencies were noted, however, with regard to Program accountability.

Compared to the 2001-2002 version, the 2003-2004 version of Program directives has clearly improved. This latest version provides a precise description of the Program's objective and the application of evaluation criteria. It provides satisfactory definitions of the terms "grants" and "contributions," refers to the specific requirements of each payment mechanism and describes the processes involved in each. In addition, this version introduces the concept of "measurable results," which must be provided for each project.

MAP managers and Program officers indicated that the frequency and quality of communications between headquarters and the regions have improved greatly in recent years.

The current delivery method of MAP does not, however, allow management to exercise full responsibility and accountability for the Program.

MAP is a decentralized program that is administered by headquarters under the functional responsibility of the Director, Heritage Programs, and in five (5) regions under the operational responsibility of an executive director. The Program uses the equivalent of 15 person-years and serves about 300 clients.

The Director of Heritage Programs is responsible for the integrity, coordination, delivery and smooth operation of the Program, and for the legislation and regulations governing it. She reports Program results to senior management, provides advice on the reassignment of resources and approves the transfer of funds to the regions in accordance with recommended project budgets.



The Program is delivered both from headquarters and in the five regions. Employees at headquarters report to the Director of Heritage Programs through a program manager. Regional employees report to a regional executive director.

Projects in the regions are recommended by the Regional Executive Director or the person acting for them. The Director of Heritage Programs and the Executive Director of Heritage are not part of the recommendation chain for regional projects.

We noted that the functional role that the Director of Heritage Programs should play is limited by the fact that sometimes she is not informed of the strategic decisions the regions make and the priorities they establish in selecting projects under the Program's national components. The project evaluation and approval process is as follows:

- Upon receipt of funding applications from recipients, the regional offices determine the eligibility of each of the projects submitted for each of the Program components.
- **Access and National Outreach** and **Aboriginal Museum Development** projects are evaluated nationally by peer committees of museum professionals. These members provide professional opinions on each project based on their quality and a set of predetermined criteria. A numeric rating is assigned to each project by consensus, based on the project's merits.
- **Organizational Development** projects are evaluated directly in the regions by regional peer committees and/or by staff from the regional offices.

These exercises serve to create a list of projects to be selected for analysis and, eventually, recommendation to the Minister, for which each region will receive funds at the beginning of the year based on the amounts for recommended projects in the three program components.

We noted, however, that some regions include additional projects under the **Access and National Outreach** and **Aboriginal Museum Development** components without informing Program management of the mechanisms for selecting these additional projects and their funding method.

In addition, the Director of Heritage Programs is sometimes not informed of ongoing developments in the financial management of regional grants and contributions for the Program.

The current delivery method of MAP does not always allow Program management to exercise full responsibility and accountability for the Program.



6.1.2.1 Recommendation

Museums Assistance Program management, together with regional executive directors, should:

- **Introduce regional accountability mechanisms for strategic, operational and financial decisions relating to MAP.**

6.1.2.2 Response from management

Recommendation accepted.

Museums Assistance Program management, in consultation with regional executive directors, will develop a framework by March 31, 2005, that will describe the type of information necessary for making strategic, operational and financial decisions relating to MAP and when it is required.

6.1.3 Control framework and Program results

The Revised Policy on Transfer Payments (2001) requires that a "risk-based audit framework (RBAF)" be developed for all programs providing transfer payments. Based on its content, this tool is used to check the need to conduct recipient audits or to use other means to ensure that the expenses incurred by recipients comply with the terms of contribution agreements. Yet the current RBAF for MAP, dated October 2001, does not include anything of this nature.

The MAP evaluation report (2002) recommended that the RMAF be revised, due to its weakness relating to outputs and results. The Program accepted the recommendation, but the current audit showed that the RMAF has not been revised and is therefore still not used. The review of the RMAF for MAP confirmed that its logical framework lacks depth in the definition of activities and anticipated results in the short, medium and long term. The performance measurement strategy is also incomplete.

Further to the evaluation report recommendation regarding performance management, MAP refined its collection of performance information using the information provided by recipients in their proposals. While the MAP guidelines for 2001-2002 and 2002-2003 asked applicants to state project objectives and anticipated results, the 2003-2004 guidelines go further still, asking applicants to identify at least four outputs and medium-term results and indicate how these will be measured. We noted, however,



that Program officers do not formally validate this information and do not verify the attainment of the outputs, anticipated results and performance indicators due to a lack of time and resources.

As a result, there is no ongoing performance measurement system for MAP. The RMAF for the Program is not used and some of its components (logic model and evaluation strategy) no longer reflect Program realities. This creates uncertainty about the extent to which Program objectives are attained and their relevance. Similarly, not using the RMAF as a management tool means that MAP cannot validate and/or improve Program objectives.

6.1.3.1 Recommendation

Museums Assistance Program management should:

- **Revise the current RMAF, paying special attention to the logic model, the performance strategy and the evaluation strategy; and**
- **Use the new version of the performance strategy as an ongoing management and reporting tool.**

6.1.3.2 Response from management

Recommendation accepted.

Under the renewal of MAP scheduled for March 2005, the Museums Assistance Program management, in consultation with the regional executive directors, will develop a new results-based management and accountability framework (RMAF) that will include a new model, a performance strategy, an evaluation strategy and a risk-based audit framework by October 1st 2004.

Recommendation accepted.

The Museums Assistance Program will implement the new version of the performance strategy as an ongoing management and reporting tool by March 31, 2005.

6.1.4 Due diligence

In keeping with the concept of due diligence, decisions regarding the approval and selection of projects must be based on a solid justification, a reasonable analysis and



accountability. The audit showed that the Program exercises due diligence in most of its activities. The analysis of applications by regional Program officers improved in recent years, and the involvement of national peer committees in two of the three components (Access and National Outreach and Aboriginal Museum Development) provides a ranking of projects recommended by the regions on the basis of program criteria and objectives and the ratio of costs to anticipated results (see operation of committees in section 6.1.2). However, some weaknesses were noted in the final selection of projects for the three MAP components and in the evaluation of projects for the Organizational Development component.

A. Access and National Outreach and Aboriginal Museum Development components

The final selection of projects for the national components proceeds as follows:

- Program officers do an initial summary analysis of the projects submitted in order to identify those that best meet MAP objectives and basic criteria. The projects are then submitted to peer committees, along with the budget requested by each applicant.
- The marks given by the peers for each project are used to rank all projects per component based on their respective merit in meeting objectives and criteria. A list of projects ranked in decreasing order is then forwarded to MAP management.
- The Heritage Programs Directorate allocates a budget envelope to each region based on the projects that are ranked high during evaluations.
- The regions complete the analysis of the projects, make the final selection and decide on the budgets to be provided for each.

The final selection process for projects under the Access and National Outreach and Aboriginal Museum Development components does not provide reasonable assurance that peer evaluation is given full consideration.

We noted that sometimes the regions include projects that meet the selection criteria but are not selected, because there is no funding. Reducing the budgets allocated for selected projects would enable them to fund other worthwhile projects that were not recommended because MAP receives more applications than it can fund. For some years MAP applied a formula where, after the budgets were reviewed, the recommended amount was limited to 90% in order to increase the number of recipients. This practice has not been in effect since 2003-04.



B. Organizational Development component

For the **Organizational Development** component, the project evaluation and selection process is left up to the regions. We noted that the regions do not use a standard process to select projects.

We also noted that the decisions made by selection committee members are not documented and that tools such as a formal analysis and marking grid are not used.

There is no clear, standard directive regarding project selection for the **Organizational Development** component.

As a result, MAP cannot demonstrate that due diligence is exercised in the project evaluation process.

6.1.4.1 Recommendation

Museums Assistance Program management should:

- **In cooperation with regional executive directors, elaborate an accountability framework that would, among other things, deal with the final approval for all the projects recommended by the regions following the allocation of the original budgets; and**
- **Establish national directives regarding documentation to ensure a standard selection process and regional tools for the Organizational Development component in order to be able to demonstrate that due diligence is exercised.**

6.1.4.2 Response from management

Recommendation accepted.

Between now and November 1, 2004, Museums Assistance Program management, in cooperation with regional executive directors, will implement a framework with guidelines that will clearly define responsibilities and obligations in regards with the final approval for all projects recommended.



Recommendation accepted.

National directives to ensure compliance with the selection process for projects under the Organizational Development component were implemented for 2004-05 MAP projects and will continue to be reviewed in order to adequately meet due diligence requirements.

6.2 Information used in decision making and producing reports

6.2.1 Management information

The audit showed that the MAP accountability framework currently generates complete, relevant and useful information up to the final selection of recipients. The permanent records of financial and non-financial information for the three MAP components are in the Grants and Contributions Information Management System (GCIMS), in the files and in a great many electronic documents. This information pertains to the steps leading up to the final selection of recipients and includes project descriptions, analysis results and amounts allocated, and final lists of the projects funded.

The information relating to ongoing and completed projects is, however, incomplete and not very relevant. Much of the information gathered pertains more to project definition and meeting recipient eligibility criteria rather than achieving objectives once projects are underway. We noted that the routine information used in managing MAP provides little indication of a project's status once approved. A number of local and parallel systems are used besides GCIMS to manage their projects. The GCIMS statistical information (number of projects per component, per region, etc.) did not, however, match the figures the regions had at the time of the audit.

Similarly, GCIMS is not used to its full potential and not all information is systematically entered into the system when projects begin and are completed (e.g., final payment, final project evaluation).

The results of completed projects are not collected for analysis in accordance with Program objectives. Projects are instead managed individually. The MAP Program officers who were interviewed stated that they spend all their time on project delivery rather than analysis and reporting on the attainment of Program results. The Program therefore has little information on the degree to which its objectives are met as compared to the results achieved by projects.

As a result, the information MAP has is incomplete and not very reliable for reporting on the progress of all projects nationally and by region and on specific projects, especially as regards the attainment of results. The Program therefore lacks the tools



to make high-quality strategic decisions about its objectives and direction, based on a clear overview of activities and results in the regions. There are no procedures (reports etc.) to ensure that projects and project results are evaluated with regard to the attainment of Program objectives.

6.2.1.1 Recommendation

Museums Assistance Program management should:

- **Implement an accountability framework that can extract relevant, useful and complete information for the management of current and completed projects.**

6.2.1.2 Response from management

Recommendation accepted.

PAM management will, by March 31, 2005, develop an accountability framework to extract relevant, useful and complete information for the management of current and completed projects depending on the availability and capacity of existing departmental resources.

6.2.2 Management reports

Federal programs are in principle required to report financial and non-financial information relating to their operations in order to keep senior management and internal Program officials informed.

We noted that MAP has not developed this ability since there is no reporting system to provide information periodically on Program activities, results, strategies etc. The nature and frequency of management reports and financial information reports accounting for decisions made by the regions with regard to Program management and management of funds by regional Program officials have not been defined. The reports used by the Program provide information primarily about approved projects and the amounts allocated, and the presentation of this information varies among the regions audited.

As a result, once the budgets for the three Program components are transferred to the regions, headquarters is no longer formally informed of strategies, priorities and the management of these funds. This also contributes to a lack of transparency of Program activities and maintains marked differences among the regions as to their activities, procedures, etc. Moreover, MAP management cannot exercise the full accountability required with regard to MAP budgets and results.



6.2.2.1 Recommendation

Museums Assistance Program management should:

- **Develop a formal management reporting structure for MAP providing financial information about grants and contributions in order to ensure its accountability.**
- **Ensure that the national report and regional reports include the following:**
 - **number of projects (completed and not completed);**
 - **complete financial information about the amounts spent;**
 - **past and future strategic decisions relating to risks and performance;**
 - **all other relevant information.**

6.2.2.2 Response from management

Recommendation accepted.

MAP management will develop a management reporting structure by March 31, 2005, that will provide the financial information needed to managed grants and contributions in order to ensure accountability.

Recommendation accepted.

MAP management, in cooperation with regional executive directors, will design a model by March 31, 2005, for producing regional reports and a national report that will provide complete and relevant information to ensure adequate and responsible management.

6.2.3 Information contained in files

Based on the findings of the recent enhanced monitoring of MAP, improvements were required to ensure that the information in the files is complete, relevant and timely. Program management reminded all the regions of the great benefits of using a table of contents and checklists when preparing files in order to make the files complete and to allow the Program to demonstrate its accountability framework.

Although the audit showed marked improvement in the information contained in the files from 2001-2002 to 2002-2003, some weaknesses remain.



The audit showed significant weaknesses in the content of files in some offices. The documents relating to a project application are spread out in various types of files, and each file often provides duplicate or incomplete information. These files are often kept by different entities, such as operations, financial administration and the Grants and Contributions Information Management System (GCIMS). For the most part, they contain the same information.

The Program officers' files and the financial files contain approximately the same information, and both sets of files are often incomplete and not up to date. The documents that were most often missing from the files were those relating to incorporation, the status and structure of the organization, correspondence and records of communications with applicants and end of project reports or references to projects being completed.

6.2.3.1 Recommendation

Museums Assistance Program management, together with regional executive directors, should:

- **Identify the documents that each type of file should contain, evaluate the document's relevance to the subject in question and ensure that files are complete and up to date.**

6.2.3.2 Response from management

Recommendation accepted.

Museums Assistance Program management, together with regional executive directors, will continue the work undertaken in 2003-04 to ensure that files are complete and up to date.

6.3 Risk management strategies and practices

6.3.1 Identification and evaluation of risks

The audit showed that there is no ongoing risk management system for MAP. The Program does not have processes to identify and update inherent Program risks (e.g., risks relating to objectives, clients and other aspects of MAP).

The audit revealed that there are some local risk management initiatives. For example, one of the regions audited provides a higher ratio of contributions than it did in the past. Even though MAP's informal directive is that transfer payments under \$75,000 should



be in the form of grants, the perceived risk for certain projects with funding below this level is deemed to be high enough to justify funding by contribution. Funding by contribution allows for better control because of the formal agreement and the spreading out of payments, thereby decreasing the risks associated with the use of funds. Visits by MAP Program officers to current and/or future recipients would be another way to minimize risks. We noted, however, that these measures are not formalized as part of a risk management framework for all regions.

MAP Program officers are required to complete a risk analysis when recording each project in GCIMS. Most of the records seen in the files indicated a low risk. However, we noted that some of the analysis questions are subjective, that the analysis tool is incomplete due to the limited number of questions (5), and that there are no official strategies to mitigate risk when it is deemed to be moderate or high.

The risk-based audit framework (RBAF) is the main risk management tool recommended by Treasury Board for programs providing transfer payments. Although an RBAF was developed for MAP in 2001, the risks identified in it are too broad to be adapted to the specific situation of MAP, and the framework does not include risk mitigation measures. Moreover, the RBAF is not used as a working tool and MAP Program officers are not very familiar with it.

The current situation leads to varying degrees of objectivity in the management of risk at the local level. The lack of a formal risk management framework places MAP and the Department at risk for certain potential problems relating to the inherent risks of the Program (e.g., funds not spent in accordance with MAP objectives, due diligence in recipient selection, etc.). Similarly, risks are not included in the Program's strategic and operational plans.

6.3.1.1 Recommendation

Museums Assistance Program management should:

- **Revise the RBAF in order to identify inherent Program risks, periodic risk review procedures and the Program's operational follow-up measures depending on the risks entailed;**
- **Improve the risk analysis in keeping with future components of the RBAF.**

6.3.1.2 Response from management

Recommendation accepted.



Museums Assistance Program management, as part of the Program renewal, will revise the RBAF by October 31, 200, to identify all inherent Program risks, periodic risk review procedures and the Program's operational follow-up measures depending on the risk entailed.

Recommendation accepted.

The risk analysis for 2005-06 projects will be revised by November 1, 2004.



List of documents reviewed during the audit

Policy on Transfer Payments, Treasury Board Secretariat.

Policy on the Management of Grants and Contributions, Canadian Heritage, April 2003.

2002 Guidelines, Museums Assistance Program (MAP).

Enhanced Monitoring (Follow-up) of the Museums Assistance Program,
November 2002.

Evaluation of Museums Assistance Program (MAP), July 2002.

Results-Based Management and Accountability Framework (RMAF) for Museums
Assistance Program, October 2001.



Appendix B

List of interviews conducted during the audit

(i) Headquarters

Chantal Fortier - Director, Museums Assistance Program (MAP).

Sylvie Gervais - MAP Program Officer.

Jean Carrier - Acting Manager, Advisory Service, Centre of Expertise, Grants and Contributions.

Marie-Jocely Legros - Systems Officer, Grants and Contributions Secretariat, Centre of Expertise, Grants and Contributions.

(ii) Quebec Region

Arlette Blanchet - Senior Program Officer, MAP

Luc Rathé - Program Officer, MAP

Ghislaine Alexandre - Program Officer, MAP

Ève Bardou - Program Officer, MAP

Lyne Couture - Regional Manager, Corporate Services

Alain Couture - Financial Analyst, Corporate Services

(iii) Ontario Region

John Bell - Consultant, MAP

Tracy March - Program Manager, MAP

Violet Tam, Administrative Assistant