

Special Examination

Report of the Auditor General of Canada
to the Board of Directors of the
Canadian Broadcasting Corporation



Independent Auditor's Report | 2022



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada



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Special examination reports

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

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

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

Cette publication est également offerte en français.

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Cat. No. FA3-177/2022E-PDF

ISBN 978-0-660-44572-4

Cover and title page photos: CBC/Radio-Canada

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Audit Summary

Over the past 10 years, the Canadian Broadcasting Corporation (CBC/Radio-Canada) has been operating in an increasingly challenging environment with evolving media consumption patterns, changing demographics, significant competition from global digital giants, and pressures arising from the **coronavirus disease (COVID-19)** pandemic. In response to these challenges, the corporation has committed to

- changing its internal culture
- adopting new policies concerning equity, diversity, and inclusion, and concerning sustainability
- modernizing its operations

Despite the challenges, we found no significant deficiencies in the corporation's systems and practices, and we noted good practices in many areas. While the corporation generally maintained sufficient systems and practices for accomplishing its mandate, we identified some areas for improvement.

The corporation had elements of good change management practices in the projects we looked at. Both the board and management demonstrated a commitment to these projects and to culture change. However, a clear statement of the desired culture would better position the corporation to achieve its culture change goals. A culture change statement would in turn assist and guide management in its action plans as well as in the development of required skills for change leadership and organizational culture.

We found that the corporation had good operational practices for managing its programming.

For the projects we looked at, the corporation used good project management practices. However, the corporation could benefit from project management principles applicable to all of its significant infrastructure and technology projects. It could also benefit from improved governance of these projects.

The corporation had good systems and practices for corporate risk management. That said, the corporation could strengthen its corporate risk management process by reviewing its risk policy and risk reporting to the board. The corporation also needs to improve the testing frequency of its disaster recovery and business continuity plans.

There were areas for improvement as well in the corporation's strategic plan for its human resources, an issue we first noted in our 2013 special examination report.

Coronavirus disease (COVID-19)—The disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

The corporation also had good practices in governance. However, the corporation did not provide the board with a comprehensive report on compliance with significant laws and regulations.

Introduction

Background

Role and mandate

1. The Canadian Broadcasting Corporation, or CBC/Radio-Canada, is a Crown corporation established by Parliament in 1936 as Canada's national public broadcaster. Its current mandate, corporate powers, and governance framework are set out in the 1991 *Broadcasting Act* and the relevant sections of the *Financial Administration Act*. The corporation's mandate is to provide radio and television services, as well as digital offerings, including a wide range of programs that inform, enlighten, and entertain. To achieve this mandate, the corporation delivers services across multiple platforms regionally, nationally, and internationally.
2. The corporation's mandate requires it to make predominantly and distinctively Canadian programming available across the country in a manner that satisfies both national and regional needs, and that is of equivalent quality in both English and French. The corporation's mandate also requires it to deliver programming that reflects the multicultural and multiracial nature of Canada, with specific attention to the interests of Indigenous peoples.
3. The corporation submits annual reports to the Minister of Canadian Heritage and the President of the Treasury Board for tabling in Parliament. It also reports on its regulatory obligations as required under the terms of the audio and audio-visual broadcast licences issued to it by the Canadian Radio-television and Telecommunications Commission.
4. The corporation must comply with the licensing and other regulatory requirements established by the commission under the *Broadcasting Act*. It must also meet requirements under the *Radiocommunication Act*.

Nature of business and operating environment

5. The corporation has its head office in Ottawa. It produces and broadcasts content on television, radio, and digital platforms. Its decentralized networks consist of 27 television stations, 88 radio stations, and 1 digital-only station. The corporation's English services

are based in Toronto, and its French services are based in Montréal. Internationally, the corporation has permanent foreign bureaus in Washington, D.C.; New York City; London; Paris; Moscow (closed for an undetermined period at the time of reporting); Beijing; and Mumbai (most recent bureau opening).

6. The growth of global digital services and the increasing market share of global streaming services have had a profound effect on Canadians' media consumption and viewing patterns. Furthermore, consolidation in the domestic private media sector and the decline in traditional news media have put more pressure on the corporation. To keep pace with a rapidly and increasingly digital environment, the corporation has transformed its operations and programming to respond to consumer habits and demand. Each year, the corporation publishes an overview that identifies key challenges and opportunities facing Canadian media and broadcasting.

7. The COVID-19 pandemic required the corporation to adapt to an unprecedented situation. To ensure workforce safety and continuity in news services, the corporation moved 80% of its employees to a teleworking model. In a parallel effort, management instituted a Future of Work project to review the impact of the pandemic in areas such as legal and financial matters, environmental sustainability, real estate, and workforce management.

8. The Senior Executive Team manages the corporation's day-to-day operations. The team consists of the President and Chief Executive Officer and the heads of the corporation's 7 components:

- French services (Radio-Canada)
- English services (CBC)
- People and Culture
- Corporate Development
- Technology and Infrastructure
- Finance
- Legal Services

9. As of 31 March 2022, the corporation had 6,576 permanent employees, 411 temporary employees, and 756 contract employees. Many of the corporation's employees are unionized.

10. The corporation operates at arm's length from the federal government, as set out in the *Broadcasting Act*, in order to "protect and enhance the freedom of expression and the journalistic, creative and programming independence enjoyed by the Corporation in the pursuit of its objects and in the exercise of its powers."

11. In 2019, the corporation filed an application for the renewal of its broadcast licences with the Canadian Radio-television and Telecommunications Commission. Representatives of the corporation appeared before the commission in January 2021. In consultations with the commission in January 2022, the proposed conditions for licence renewal were discussed. The corporation's licences were due to expire on 31 August 2022.

Sources of funding

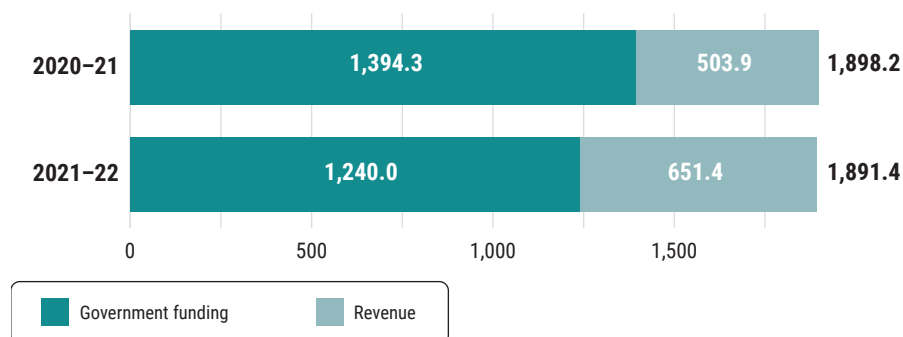
12. The changing media landscape creates significant economic uncertainty for the corporation, especially as it affects advertising and subscription revenues. The corporation has developed and implemented strategies to optimize revenues from all sources.

13. The corporation has 4 sources of funding (Exhibit 1):

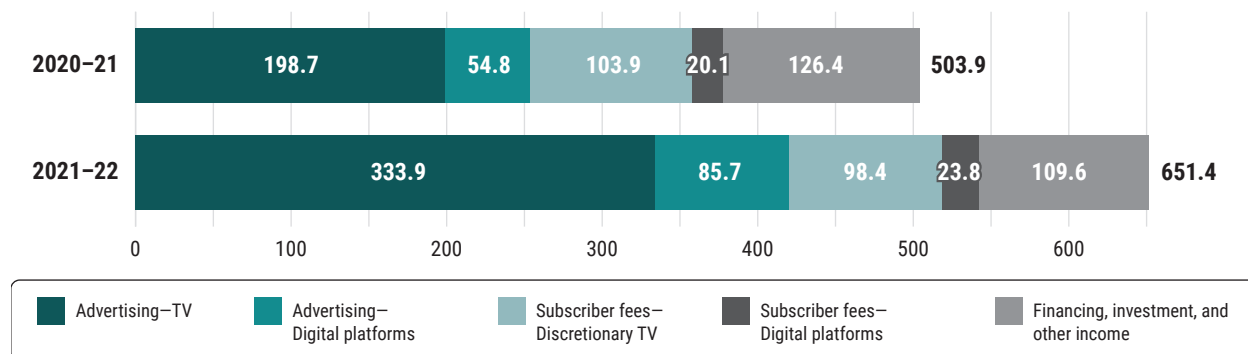
- **Government funding.** This amounted to \$1.1 billion in operating funding in the 2021–22 fiscal year, as well as \$0.1 billion in capital funding.
- **Advertising revenue.** This includes sales of advertising on traditional television platforms, where revenue has fallen in recent years as a percentage of total funds. It also includes sales of digital advertising, where increases in revenue have partially offset the decreased revenue from traditional television platforms. A major event, such as the Olympic Games, can also affect advertising revenue.
- **Subscriber fees.** This category includes fees for discretionary television services such as CBC News Network and ICI RDI, where the dollar value of fees has been decreasing. In the meantime, subscriptions have increased to digital platforms, such as ICI TOU.TV EXTRA and CBC Gem.
- **Financing and other income.** This is income from various other sources, including real estate rentals, leasing of space, host broadcasting fees, and retransmission royalties.

Exhibit 1—The corporation’s sources of funding and revenue

Sources of funding (in millions of dollars)



Revenue (in millions of dollars)



Notes:

- Government funding for the 2020-21 fiscal year included advances to offset incurred expenses for the Tokyo 2020 Olympic Games, which were delayed to 2021.
- “Revenue” covers all other sources of funding and revenue.

Source: CBC/Radio-Canada

Strategic plan

14. In spring 2019, the corporation began to implement a 3-year strategic plan, titled *Your Stories, Taken to Heart*. In fall 2021, the plan was extended for 2 years into 2024. Building on the corporation’s existing services, the plan aims to increase and deepen audience engagement. It outlines 3 principles for developing priorities:

- putting audiences, individuals, and communities first
- building a lifelong relationship with Canadians
- strengthening the role of CBC/Radio-Canada as Canada’s most trusted media brand

15. The plan also sets out 5 strategic priorities to better serve Canadians (Exhibit 2).

Exhibit 2—Priorities of the corporation’s strategic plan

Customized digital services	CBC/Radio-Canada’s digital services and content offerings will reflect Canada’s cultural realities, will be easily accessible, and will serve Canadians as individuals as well as members of communities with shared experiences.
Engaging with young audiences	CBC/Radio-Canada will forge lifelong relationships with children of all ages by offering a wide range of programming on multiple platforms.
Prioritizing local connections	CBC/Radio-Canada will strengthen its connection to Canada’s regions by re-imagining its local/ regional offerings, across multiple platforms, to better meet each community’s needs.
Reflecting contemporary Canada	CBC/Radio-Canada will reflect the socio-demographic realities of Canada in everything it does, from its workforce to its programming.
Taking Canada to the world	CBC/Radio-Canada will promote Canada’s culture, creative talent and democratic values through internationally appealing programming and news offerings in all formats.

Source: CBC/Radio-Canada

16. Moreover, the strategic plan identifies several enablers for achieving these objectives. These include maximizing the contribution of the following:

- **People**—by focusing on talent management, a working environment conducive to trust and engagement, and modernization of the corporation’s human resources practices in order to meet the challenges of the changing media landscape. The strategy also recognizes the importance of having a workforce that reflects the diversity of contemporary Canada.
- **Commercial revenue**—by focusing on the growth of digital and all other sources of revenue, while managing the decline of traditional funding sources.
- **Technology**—by focusing on delivering the tools for CBC/Radio-Canada to continue its digital transformation and invest in more agile and scalable technologies, so that the corporation can respond to future market changes (technology and evolving consumer expectations) and be protected against cyber-threats.

17. Over the past 20 years, the corporation has experienced sweeping changes in its external environment, audiences, internal operations, and the ways it produces and delivers content. We discuss these changes and their implications for the corporation in the “Management of modernization initiatives” section of this report.

Focus of the audit

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

19. In addition, section 139 of the *Financial Administration Act* requires that we state an opinion, with respect to the criteria established, on whether there was reasonable assurance that there were no significant deficiencies in the systems and practices we examined. We define and report significant deficiencies when, in our opinion, the corporation could be prevented from having reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

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

- Corporate management practices
- Management of programming
- Change management
- Management of modernization initiatives

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

22. 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, with improvements needed in board oversight, strategic planning for human resources, and risk management

What we found

23. We found that the corporation had good corporate management practices. However, improvements were needed in board oversight, strategic planning of human resources processes, risk identification and assessment, risk mitigation, and risk monitoring and reporting.

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

- Corporate governance
- Strategic planning
- Corporate risk management

Context

25. The corporation is governed by its Board of Directors, which has 12 members, including the Chair and the President and Chief Executive Officer. An independent, non-partisan advisory committee selects individuals who would make a significant contribution to the work of the board. The committee then recommends qualified candidates to the Minister of Canadian Heritage. All board members are appointed by the **Governor in Council**. Six committees support the board:

- the Audit Committee
- the Standing Committees on English and French Language Broadcasting and Innovation
- the Technology and Infrastructure Committee
- the Strategic Planning Committee
- the Human Resources and Governance Committee

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

26. To fulfill its mandate, the corporation sets out strategic objectives in its strategic plan. It also develops performance indicators to measure its progress toward these objectives. Along with the indicators, the corporation uses targets to specify the success levels or goals it must reach to achieve strategic objectives.

27. The corporation is exempt from certain sections of Part X of the *Financial Administration Act*. As a result, the corporation’s operating budget is not subject to government approval. The corporation submits an annual corporate plan to the Minister of Canadian Heritage, thereby facilitating the approval of the corporation’s capital budget by the Treasury Board.





Recommendations






28. Our recommendations in this area of examination appear at paragraphs 32, 37, 42, 45, and 49.





Corporate governance

29. **Analysis.** We found that the corporation had good systems and practices for corporate governance. However, an improvement was needed 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 independence	The board functioned independently.	<p>The board made decisions independently from management and held regular private meetings without management in attendance.</p> <p>The corporation had a code of conduct that stated its values, ethical principles, and expected behaviours. This code was applicable to board members.</p> <p>The corporation established processes for board members to declare real, potential, or apparent conflicts of interest annually.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Providing strategic direction	The board provided strategic direction.	<p>The board actively participated with management in setting the strategic direction, which aligned with the corporation’s mandate and governing legislation. The strategic planning process took into account risks in resource allocation and priority setting. The process involved considering the evolution of risks and updating the strategic direction accordingly.</p> <p>The board set objectives for the President and Chief Executive Officer and assessed her performance. Her objectives aligned with the strategic direction and took into account specific initiatives.</p>	
Board appointments and competencies	The board collectively had capacity and competencies to fulfill its responsibilities.	<p>There were no vacancies on the board during the period covered by the audit.</p> <p>The board used outside expertise, when it thought necessary, to fill gaps in its skills and expertise profile.</p> <p>The board communicated with the responsible minister about board appointments, renewals, and vacancies.</p> <p>Board members were provided with orientation sessions and ongoing training.</p> <p>(A training-related weakness in change management is discussed in paragraphs 72 and 73.)</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

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 internal audit function provided an independent, objective view on risk and internal controls. This helped the board exercise its oversight and monitoring responsibilities.</p> <p>The values and ethics policies, including those related to conflict of interest and wrongdoing, were communicated to all staff members. The board ensured that action was taken when there was any deviation.</p> <p>The board annually evaluated its performance and that of its committees, individual directors, and the Chair. It had a transparent mechanism to report the results and took the required actions when necessary.</p> <p>Weakness</p> <p>The board and its committees did not receive a comprehensive report on whether the corporation was compliant with all significant laws and regulations that applied to it.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

30. **Weakness—Board oversight.** Generally, the board exercised its oversight responsibilities and received appropriate and timely information, made decisions, questioned the information provided, offered direction, and requested additional information from management when necessary. Moreover, the board and its committees regularly received updates on legislation that was key to the corporation’s operations. For example, they received information on the state of the corporation’s application to renew its licences, on proposed changes to the *Broadcasting Act*, and on compliance with the *Canada Labour Code*. However, we found that the board and its committees did not receive a comprehensive report on whether the corporation was compliant with all significant laws and regulations that applied to it. Moreover, the corporation’s compliance process was not always specific enough about the people or areas of the corporation responsible for monitoring compliance with significant laws and regulations.

31. This weakness matters because the board is responsible for overseeing the management of the business, activities, and other affairs of the corporation, and for ensuring that the corporation always operates in accordance with applicable laws and regulations. Because the board

lacked comprehensive information on compliance and the corporation had not clearly identified accountabilities, it was more difficult for the board to monitor the corporation's compliance with significant laws or regulations.






32. **Recommendation.** The corporation should provide the board with a report at least once a year on its compliance with laws and regulations that are significant to its operations, and it should clarify the people or areas of the corporation with responsibility for monitoring compliance.





The corporation's response. Agreed. The corporation will provide the board with a report on its compliance with those laws that are key to its operations. Internal responsibilities and compliance monitoring will be further specified and documented. The corporation expects to implement this process by the 2023–24 fiscal year.

Strategic planning

33. **Analysis.** We found that the corporation had good systems and practices for strategic planning. However, improvements were needed in strategic planning processes in the area of human resources (Exhibit 4).

Exhibit 4—Strategic planning—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Strategic planning processes	The corporation established a strategic plan and strategic objectives that were aligned with its mandate.	<p>The corporation had a strategic planning process in place, which included analyzing its internal and external operating environments.</p> <p>The corporation defined a strategic direction that aligned with its mandate. This direction included digital activities and identified certain conditions for success leading to change management activities.</p> <p>The corporation’s enterprise-wide strategic plan was reflected in its corporate plans and was well communicated throughout the organization. Senior executives established annual performance objectives, which were linked to the strategic objectives.</p> <p>The corporation established human resources objectives, including equity, diversity, and inclusion goals, in alignment with its strategic objectives.</p> <p>The corporation presented a strategic plan for its Technology and Infrastructure component. The plan considered the corporation’s current and future needs and priorities, and it included environmental sustainability goals.</p> <p>Weakness</p> <p>The corporation did not have a complete strategic plan for human resources outlining all the elements needed to support management’s actions.</p>	
Performance measurement	The corporation established performance indicators in support of achieving strategic objectives.	<p>The corporation established enterprise-wide key performance indicators and targets for its strategic objectives.</p> <p>These key performance indicators and targets were measurable, specific, time-bound, and comparable to those of other Canadian and international public and private broadcasters.</p> <p>The Technology and Infrastructure component had a process for measuring progress toward achieving the objectives of its strategic initiatives. The component reported to senior management and the board.</p>	
<p>Legend—Assessment against the criteria</p> <ul style="list-style-type: none">  Met the criteria  Met the criteria, with improvement needed  Did not meet the criteria 			

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Performance monitoring and reporting	The corporation monitored and reported on progress in achieving its strategic objectives.	<p>The corporation monitored progress quarterly against strategic objectives. It reported this information to senior management and the board twice a year.</p> <p>The corporation used performance information in decision making.</p> <p>Through its quarterly and annual reports, corporate plan summaries, and annual general meetings, the corporation reported its key performance results toward achieving its strategic objectives to stakeholders, Parliament, and the public.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

34. **Weakness—Strategic planning processes.** In the area of human resources, we found that the corporation did not have a complete, long-term strategic plan outlining all the elements needed to support management’s actions. The existing human resources strategic plan did not include a resourcing plan containing assessments of future needs and identification of gaps in staffing or skills. However, the corporation had a short-term human resources budget, set of priorities, and timeline.

35. We noted a similar finding in our 2013 special examination report and made recommendations. Management agreed with our recommendations but stated that the corporation could not implement these changes until it completed the implementation of a new human resources information system capable of providing the required information. At the time of the current audit, the corporation was implementing this system but had not completed it.

36. This weakness matters because the corporation’s People and Culture component operates in a quickly evolving and competitive market for talent. Furthermore, the corporation is experiencing significant changes in its operating environment—for example, a shift from traditional to digital platforms, as well as evolving Canadian demographics. The lack of long-term resourcing plans for human resources could affect the corporation’s ability to identify human resource gaps, to determine which type of assignment will best support an employee’s professional development, or to decide where to focus recruitment efforts.





37. **Recommendation.** The corporation should develop a complete human resources strategic plan, which would include a resourcing plan, an assessment of future needs, identification of gaps in staffing or skills, and monitoring procedures.

***The corporation's response.** Agreed. The corporation continues to work on improving its human resources strategic planning through, amongst many initiatives, the multi-year implementation of a new human resources information system which will support its workforce planning. In the meantime, the corporation remains committed to modernizing its human resources processes, improving its employee experience and better reflecting diversity on-screen and off-screen. Documenting its workforce planning and longer term staffing needs will better position the corporation to continue adapting proactively to new market realities and trends. The workforce planning process documentation and related improvements are expected to be completed by the end of calendar year 2024.*

Corporate risk
management

38. **Analysis.** We found that the corporation had good systems and practices for corporate risk management, but improvements were needed in its enterprise risk management policy, testing of the disaster recovery and business continuity plans, and risk reporting to the board (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 objectives.	<p>The corporation had a risk management process in place.</p> <p>The corporation assessed inherent and residual risks for each risk identified. Significant risks were then summarized and included in a report shared with senior management and board members.</p> <p>In fall 2021, in response to an observation from the internal audit unit, the corporation formally integrated risk management information into the development of its most recent strategic plan.</p> <p>The board was active in reviewing management's risk assessment.</p> <p>Weakness</p> <p>The enterprise risk management policy did not assign particular roles, ownership, and responsibilities. Management did not bring its risk appetite statement into use by applying specific risk tolerances, targets, or the process for escalating risks. In addition, training requirements were not always specified.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Risk mitigation	The corporation defined and implemented risk-mitigating measures.	<p>The corporation identified and implemented action plans for all risks identified.</p> <p>The corporation’s approved operating and capital budget for the 2021–22 fiscal year aligned with its strategic and corporate plans, reflected its financial needs, and was supported by analysis and justifications.</p> <p>The corporation managed its financial risk management and contingency planning activities closely with its budgeting process. This allowed timely adjustments to be made for the COVID-19 pandemic.</p> <p>The corporation had established a 3-year cybersecurity plan, security policies and procedures for information technology (IT), and a cybersecurity awareness program.</p> <p>The corporation conducted periodic corporate IT security assessments (such as through penetration tests and vulnerability scans) to identify, manage, and mitigate IT security risks. It reported on these risks to senior management.</p> <p>Weakness</p> <p>The corporation did not require testing of disaster recovery and business continuity plans at set intervals. The plans were tested in specific situations, such as the implementation of a new system or during real-life scenarios.</p>	!
Risk monitoring and reporting	The corporation monitored and reported on the implementation of risk mitigation measures.	<p>Senior management and the board received an annual report on risks identified.</p> <p>The corporation monitored and reported risks to senior management and the board through quarterly risk reports.</p> <p>Weakness</p> <p>The quarterly risk reports provided to the board did not include specific timelines, owners, and clear deliverables for each mitigation measure.</p>	!
<p>Legend—Assessment against the criteria</p> <p>✔ Met the criteria</p> <p>! Met the criteria, with improvement needed</p> <p>✘ Did not meet the criteria</p>			

39. **Weakness—Risk identification and assessment.** We found that the corporation did not have an enterprise risk management policy that

- clearly outlined the roles and responsibilities of all participants in the enterprise risk management program
- indicated the roles responsible for identifying and escalating risks, and for managing the occurrence of risk events, incidents, or control breakdowns

40. The risk management policy briefly mentioned risk appetite, but it did not specify expected risk tolerance levels and thresholds that the corporation was willing to accept in pursuit of its organizational objectives. The policy also did not cover risk management training. Moreover, the policy did not define risk targets at either the corporate or departmental level.

41. This weakness matters because without a comprehensive enterprise risk management policy that sets out clear roles and responsibilities, specifying the training required and the risk owners, it is more challenging for the corporation to ensure that it is managing key risks appropriately. This weakness also matters because setting risk tolerance levels would help the corporation identify a need for action, make informed risk-based decisions, allocate resources, and set priorities. Finally, in view of its decentralized structure, the corporation would be better able to develop appropriate action plans if its components all had a common procedure for escalating risks.

42. **Recommendation.** The corporation should update its enterprise risk management policy to specify roles and responsibilities, designate risk owners, define risk appetite, set risk tolerances and targets, identify the process for escalating risks, and set out concrete actions to be taken along with timelines for results. Also, the corporation should make training on risk management available to the board and management.

***The corporation's response.** Agreed. The corporation's enterprise risk management program is identifying, managing, and mitigating existing and emerging risks. Updating our policies to include and expand on these recommended attributes, making associated process changes, and refreshing training to the board and management will help enhance the program and ensure it aligns with contemporary practices. These updates are expected to be completed by the end of calendar year 2023.*

43. **Weakness—Risk mitigation.** The corporation had IT disaster recovery and business continuity plans, as well as a policy and procedures related to its business continuity plans. However, the corporation did not require testing of disaster recovery and business continuity plans at set intervals. The plans were tested in specific situations, such as the implementation of a new system or during real-life scenarios—for example, when the COVID-19 pandemic reached Canada.

44. This weakness matters because regular testing of the business continuity and IT disaster recovery processes ensures that they are up to date for the current environment, are free of flaws that might interfere with restoring operations, and can achieve a timely recovery under various scenarios.

45. **Recommendation.** The corporation should establish and follow clear procedures and guidelines for the testing of its disaster recovery and business continuity plans.

***The corporation's response.** Agreed. Enhancing the corporation's procedures and guidelines for regular testing of its disaster recovery and business continuity plans will ensure that the corporation maintains its network availability and reliability. These procedures and guidelines are expected to be completed by the end of calendar year 2023.*

46. **Weakness—Risk monitoring and reporting.** The corporation provided information on mitigation measures to senior management and the board through its quarterly risk dashboard. The dashboard identified risks and the mitigation measures for each of them. However, we found that the report did not specify timelines, responsible individuals, and clear deliverables for each mitigation measure.

47. The corporation developed and reported on the mitigation plans for key risks. In some cases, however, we found that the reports provided generic statements or perceptions of the current situation but did not present activities, tasks, or plans with specific timelines. We also noted a lack of standardization in the way the corporation identified risk ownership and accountability. In some cases, components of the corporation were listed as the risk owners, while individuals were listed in others.

48. This weakness matters because without defined timelines, specific responsible individuals, and updated deliverables for each mitigation strategy or action plan, it is more challenging for the board and management to monitor the corporation's progress toward achieving its risk mitigation objectives.

49. **Recommendation.** The corporation should enhance its reporting to the board and senior management to identify clear timelines, responsible individuals, and deliverables for risk mitigation.

***The corporation's response.** Agreed. Enhancing the corporation's internal reporting on risk mitigation activities will provide additional visibility for the board and senior management to help monitor progress on managing the residual risk within the business. These updates are expected to be completed by the end of calendar year 2023.*

Management of programming

The corporation had good practices for managing its programming

What we found

50. We found that the corporation had good operational practices for managing its programming.
51. The analysis supporting this finding discusses the following topic:
- Programming

Context

52. As Canada's national broadcaster, the corporation must provide broad and distinctive Canadian programming of high quality, intended to inform, enlighten, and entertain. Two separate components of the corporation are responsible for programming activities: English services (CBC) and French services (Radio-Canada). They each deliver a comprehensive range of television, radio, Internet, mobile, and satellite-based services.
53. Radio and television services have traditionally been the core business of the corporation. However, the use of the corporation's digital services has been increasing. The corporation highlighted this fact and the need to reach Canadians on the platforms they used in 2019, when it submitted its application for renewal of its broadcast licences to the Canadian Radio-television and Telecommunications Commission.
54. Program offerings include news and current affairs, arts and entertainment, children's programs, and sports. In addition to English and French, the corporation offers services in 8 Indigenous languages as well as 5 languages for international audiences.
55. Equity, diversity, and inclusion play an integral part in the corporate strategy, which draws on specific Canadian perspectives to shape the corporation's workforce composition and content choices.






Recommendations





56. We made no recommendations in this area of examination.

Programming

57. **Analysis.** We found that the corporation had good systems and practices for the management of its programming (Exhibit 6).

Exhibit 6—Programming—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Development of schedule and selection of programs	The corporation developed and selected program schedules that took into account its strategic objectives and considered Canada's diversity.	<p>The corporation's programming aligned with its strategic objectives.</p> <p>The corporation used pre-established criteria to assess programming proposals. Equity, diversity, and inclusion were among the criteria for selecting content. Moreover, regional representation and official language minorities were taken into account in the overall programming selection.</p> <p>In preparing its program offerings, the corporation took into account target audiences, costing estimates, and broadcasting strategies to optimize audience ratings for programs in all media services.</p> <p>The corporation applied and monitored journalistic standards and responded to complaints received by the ombudsman for each service.</p>	
Management of production resources	The corporation allocated its production resources in accordance with a defined plan, measured the results achieved, and took corrective actions when needed.	<p>The corporation established a process, methods, and tools to plan the use of its resources (human, financial, and equipment) for all media services, including internal and external productions. In particular,</p> <ul style="list-style-type: none"> • roles and responsibilities were established, documented, and communicated • programming objectives and budgets were communicated to staff members and external producers • there was coordination between media services so that employees could work on any or all of the platforms (television, radio, and digital), depending on their roles and requirements <p>The corporation monitored and evaluated the progress and success of its productions, and the use of its resources.</p> <p>The corporation established programming contingency plans and discussed and defined the parameters and conditions for developing and executing the plans.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Measurement, monitoring, and reporting	The corporation regularly evaluated the success of its programs, using recognized performance indicators, and took the results of its evaluations into account when updating its programming.	<p>To establish rating targets and measure the success of its content, the corporation used standard industry practices for assessing audience ratings, reach, and engagement targets.</p> <p>The corporation established qualitative targets and expectations linked to its mandate.</p> <p>When selecting program content, the corporation took into account the results of its assessments of audience ratings and other quantitative as well as qualitative targets and expectations.</p> <p>The corporation monitored, reported, and took actions to ensure its compliance with the terms of the licences granted to it by the Canadian Radio-television and Telecommunications Commission.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

Change management

The corporation had good practices for managing change, but some improvements were needed in organizational culture change, assessing board members’ competencies, and providing change leadership training

What we found

58. Overall, we found that the corporation had good practices for managing its change initiatives. However, we found that improvements were needed in the way the corporation managed organizational culture change, assessed board members’ competencies, and provided related training.

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

- Change management

Context

60. The corporation faces rapid change in its operating environment, including the media landscape in which it operates, its workforce, and the technology on which it relies. There is a continuing shift from traditional to digital platforms, along with increased competition from large foreign companies. This shift is affecting the corporation’s

revenues, as well as its content and workforce. Other changes to the operating environment include Canada's increasing demographic diversity and the ongoing effects of the COVID-19 pandemic. All these challenges have increased the need for the corporation to embrace change (Exhibit 7).

Exhibit 7—The corporation has been confronted with the need to embrace change

The corporation's environment is changing rapidly. At the same time, it has launched major initiatives to change its internal culture—a difficult undertaking for any organization. Following are some of the core concepts of change and culture management.

Culture is the collection of systems, practices, processes, and interactions that shape a work environment. It is rooted in the values, beliefs, and assumptions of the individuals in that workplace. Culture determines the organization's norms, and it influences the behaviours of management and staff.

Culture change is always a long-term effort, particularly in the case of a complex, decentralized organization such as the CBC/Radio-Canada, with its many subcultures. Organizations may devote years to culture change and still not succeed.

Change leadership is particularly important in culture change. The leader must create a sense of urgency, must influence and inspire others with a vision, and create agility to bring about needed change in the required time frames. For example, if an organization is adopting a new policy or technology, the change leader must communicate to the persons affected why this technology is needed now and must address their questions and concerns.

Change management may involve using a set of tools and processes to address the organization's resistance to change. The change manager guides the process of putting a change initiative into action. The manager monitors progress on implementing a new policy or technology and informs the change leader in case of serious issues.

61. As part of its strategic plan, the corporation has recognized the importance of continuous improvement and modernization of its operations, to tackle the challenges of a rapidly changing media landscape and to continue delivering on its mandate.

62. Some of the changes faced by the corporation are the results of particular projects—for example, the move to the new Maison de Radio-Canada facilities, the implementation of more modern broadcasting technologies at the Toronto Broadcast Centre, and the introduction of a new information management system for human resources. At the same time, the corporation is undertaking important culture change initiatives. These include the launch of its Equity, Diversity and Inclusion Plan and the implementation of its environmental strategy. Also, in response to the COVID-19 pandemic, the corporation developed a hybrid work model. Once adopted, the model could also have a significant impact on the corporation's culture.





Recommendations

63. Our recommendations in this area of examination appear at paragraphs 68, 71, and 74.

Change management

64. **Analysis.** The corporation had in place good operational practices for managing its change initiatives. However, we found that improvements were needed in organizational culture change management (Exhibit 8).

Exhibit 8—Change management—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Change management	The corporation implemented the changes necessary to evolve the organization and its people and culture.	<p>The board approved a strategic plan that committed the corporation to multiple transformations. The plan also included several projects that represented changes for the corporation and its people and culture.</p> <p>For the projects we looked at, the corporation performed change management in accordance with recognized methods and practices.</p> <p>Management identified the Equity, Diversity and Inclusion Plan as a culture change initiative. It monitored and reported on the performance measures provided for the initiative.</p> <p>Weaknesses</p> <p>The corporation did not have an overall culture statement to guide management actions, explain how the desired culture related to the corporation’s approved values, set timelines for achieving the desired culture, and specify how each key project and initiative would contribute to achieving it.</p> <p>Neither the skills matrix for board members nor the criteria for their selection specifically identified the need for organizational culture and change leadership skills.</p> <p>The corporation did not offer change leadership training to senior management or the board.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

65. **Weakness—Change management (culture change).** Although senior management was committed to making the effort needed to effect culture change, we found that the corporation did not clearly define the overall desired culture in a statement that would guide management actions, explain how the desired culture related to the corporation’s approved values, and set timelines for achieving the desired culture.

66. We also found that the corporation did not have a comprehensive list of all key culture change projects or initiatives in progress indicating how each would help to achieve the corporation’s desired culture. Management monitored each key project and initiative, as well as its degree of success. It reported on each separately in various updates to the board but without making any link to the desired culture and approved values. For example, the corporation’s strategic plan identified trust and engagement as conditions for success, but the plan did not link trust and engagement to the corporation’s values or refer to them in a desired culture statement.

67. This weakness matters because if the corporation does not have an overview of key culture change initiatives underway, it is not able to monitor the overall progress of those initiatives and may not be in a position to take corrective actions when needed. This weakness also matters because misalignment between the approved values and key culture change initiatives could result in a culture other than what was intended. This is also why it is important to have identified the desired culture.

68. **Recommendation.** The corporation should develop an overall statement of its desired culture, clearly defining the way that the desired culture relates to its approved values, and the way significant projects and initiatives will contribute to the desired culture, along with related timelines. The corporation should also establish how it will monitor and report on progress made toward its desired culture.

***The corporation’s response.** Agreed. The corporation’s organizational culture is shaped by its corporate values: creativity, inclusiveness, relevance, and integrity. Due to the creative nature of its activities, the corporation benefits from a diversity of perspectives, including its linguistic and regional diversity. The corporation acknowledges that it would benefit from establishing a culture change framework which would bring together its corporate values and key culture change initiatives. The corporation expects to establish a culture change framework and develop a process to report and monitor it by the end of calendar year 2024.*

69. **Weakness—Change management (organizational culture and change leadership skills).** 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. Among the important skills and knowledge identified in the skills matrix

for board members was expertise in the area of human resources. However, while the skills matrix for board members included experience in human resources management, it did not specifically identify the need for experience in organizational culture and change leadership. Even though the corporation had no direct control over board member appointments, it was responsible for communicating the expertise and profile sought for future board members to the independent advisory committee that recommended qualified candidates for appointment.

70. This weakness matters because in the absence of organizational culture and change leadership experience, the board might not have the knowledge and skills to monitor and support significant changes that the corporation is implementing. This is particularly important because culture management and change leadership are key factors for ensuring the success of change initiatives and projects.

71. **Recommendation.** The corporation should include skills related to organizational culture and change leadership in the skills matrix for board members or in the expertise and profile sought for future board members.

***The corporation's response.** Agreed. The Selection Criteria section of the Governance Guide will be updated to reflect organizational culture and change leadership as desired skills. The corporation expects to complete this update in the 2022–23 fiscal year.*

72. **Weakness—Change management (training).** We found that the training offered by the corporation to the board and senior management did not specifically include change leadership training. However, for recent senior management hirings, we noted that the corporation sought candidates with skills in change management.

73. This weakness matters because change leadership is a key contributor to the success of change initiatives and projects. Including change leadership training specifically within the training offered to the board and senior management ensures that they have access to the tools, knowledge, and skills for overseeing and leading the corporation through change.

74. **Recommendation.** The corporation should make comprehensive change leadership training available to senior management and board members.

***The corporation's response.** Agreed. The corporation will introduce change management training for board members in the 2023–24 fiscal year. Change leadership training to the corporation's senior management is expected to be available by the 2024–25 fiscal year.*

Management of modernization initiatives

The corporation had good practices for managing its modernization initiatives, but some improvements were needed

What we found

75. We found that the corporation had in place good operational practices for managing its modernization initiatives. However, we found that improvements were needed in project management practices.

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

- Modernization initiatives

Context

77. Five key areas directly support the corporation's modernization initiatives:

- **Recruitment and staffing.** This involves talent management, creating a working environment conducive to trust and engagement, and modernization of human resources practices. In its efforts to recruit talented employees, the corporation faces fierce competition, especially from technology giants. Its People and Culture component priorities recognize the importance of having a workforce that reflects the diversity of Canada today.
- **Learning and development.** This involves ensuring that the corporation's employees have the skills and knowledge appropriate to an environment in which Canada's diversity is increasing, work habits are shifting, and the media landscape is constantly changing.
- **Project management.** This involves successfully delivering key projects that are wholly or partly related to infrastructure and technology such as real estate, digital, and IT projects from various components of the organization. These include the move to the new Maison de Radio-Canada in Montréal, obtaining the right tools for ongoing digital transformation, and investing in more advanced technologies.
- **Procurement and disposal.** This involves integrating sustainable consumption and considering the environmental impact of the corporation's procurement and disposal practices.
- **Revenue generation.** This involves maintaining the corporation's financial sustainability by managing the decline of traditional revenue sources and promoting continued growth in revenues from digital offerings and all other sources.






Recommendations






78. Our recommendations in this area of examination appear at paragraphs 82 and 85.





Modernization initiatives

79. **Analysis.** The corporation had good operational practices for managing its modernization initiatives. However, we found that improvements were needed in project management practices (Exhibit 9).

Exhibit 9—Modernization initiatives—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Recruitment and staffing	The corporation recruited staff in a way that ensured a competent, representative, and inclusive workforce.	<p>The corporation had a policy, procedures, and guidelines that outlined the roles and responsibilities for recruitment and staffing.</p> <p>Staffing levels were monitored through the corporation’s budget-forecasting process.</p> <p>The corporation’s equity, diversity, and inclusion objectives were key considerations in the recruitment and staffing processes.</p> <p>The corporation tracked progress toward achieving equity, diversity, and inclusion objectives and reported on the progress quarterly to senior management and the board.</p>	
Learning and development	The corporation identified the learning needs of its employees, and its learning and development program addressed these needs, including the changing media landscape and promotion of diversity and inclusion.	<p>The corporation had a policy, processes, and defined roles and responsibilities for learning and development. The policy took into account the corporation’s overall business strategy and objectives.</p> <p>The learning and development offerings in place reflected the corporation’s business needs and corporate priorities, including promoting diversity and inclusion and facilitating digital transformation.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Project management practices	The corporation conducted infrastructure and technology projects that were focused on user needs.	<p>The corporation documented business and user needs for its key projects.</p> <p>For significant projects, including the new Maison de Radio-Canada and implementation of the human resources information management system, the corporation monitored and reported on progress and constraints, such as cost, schedule, and scope.</p> <p>Weaknesses</p> <p>The corporation did not require all of its infrastructure and technology projects to follow project management principles adapted to the size, type, and complexity of each project.</p> <p>Project portfolio governance did not formally address the ways all projects progressed, or enterprise-wide aspects, such as resource management, communication, and how projects affect each other.</p>	
Procurement and disposal practices	The corporation periodically reviewed its procurement and disposal activities, reported on its environmental performance, and implemented timely corrective actions.	<p>The corporation had policies and procedures for procurement and disposal. In November 2021, it approved a new policy on sustainable procurement, in line with the corporation's broader environmental and sustainable development objectives.</p> <p>The new policy will require that procurement decisions give due consideration to environmental and sustainable development concerns.</p> <p>The corporation measured and reported on its environmental performance.</p> <p>The corporation established processes for ensuring that it managed its real estate portfolio in an environmentally sustainable manner.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Revenue generation	The corporation developed and implemented strategies to optimize revenues from all sources.	<p>The corporation established processes that oriented and supported the development of its revenue strategy, which consisted of managing declining revenues from traditional services and accelerating digital revenue growth in a manner that aligned with the corporation's mandate and strategic objectives.</p> <p>When the programming schedules were established, the potential of revenues were estimated and included in the budget.</p> <p>The corporation measured and monitored the contribution of revenue-generating activities to total corporate revenues.</p>	
<p>Legend—Assessment against the criteria</p> <p> Met the criteria</p> <p> Met the criteria, with improvement needed</p> <p> Did not meet the criteria</p>			

80. **Weakness—Project management practices (principles).** We found that the corporation did not formally establish project management principles that were applicable to all of its infrastructure and technology projects and were adapted to the size, type, and complexity of each project. For the large projects we reviewed, the corporation used recognized project management frameworks, but it did not require the systematic application of broad management principles. For example, not all infrastructure and technology projects had to follow a formal project management framework. Not all had a communications plan or had to determine whether expected benefits were realized.

81. This weakness matters because the corporation's modernization efforts focus to a large extent on infrastructure and technology project management. An adapted project management framework would allow the corporation to consistently identify the expected results, risks, and issues involved in carrying out projects. An adapted framework would also help to ensure that the expected results are achieved and that they align with overall strategic objectives. Projects that have a significant impact on the organization would benefit from a communications plan that defines expectations, sets timelines, and identifies key internal stakeholders. This approach would help to increase transparency and awareness of projects at the appropriate level within the corporation.

82. **Recommendation.** The corporation should require all its significant infrastructure and technology projects to follow project management principles. It should require such projects to follow a project management framework appropriate to the size, type, and complexity

of each project; to develop a communications plan; and to review the realization of expected project benefits.

The corporation's response. *Agreed. Enhancing the project management framework for infrastructure and technology projects will allow the corporation to monitor the expected results, risks, and issues involved in carrying out those projects. This will also help ensure that expected results are achieved and aligned with the corporation's overall strategic objectives.*

At the time of reporting, the corporation was already in the process of enhancing the project management framework for technology and infrastructure projects. Work to address this recommendation will be delivered in several phases. The expected maturity level will be reached by the end of the 2024–25 fiscal year.

83. **Weakness—Project management practices (portfolio governance).**

While the corporation had project prioritization and governance processes for capital projects, we found that it did not apply those processes to operational projects and hybrid projects (both capital and operational). For example, in one of the projects we examined, we found a lack of project portfolio governance. This led to issues with managing competing resources, as well as only intermittent communications between components, which in turn contributed to delays.

84. This weakness matters because oversight of major projects with significant infrastructure and technology aspects through project portfolio governance can help the corporation to optimize resources across projects, formalize the roles and responsibilities of different components, ensure adequate lines of communication between the parties involved, and manage project timelines and interdependencies to prevent delays.

85. **Recommendation.** To manage limited resources and achieve its priorities, the corporation should establish enterprise-wide project governance mechanisms, including a requirement to assess the resource needs of each project, and mandatory monitoring and reporting on its entire portfolio of infrastructure and technology projects.

The corporation's response. *Agreed. Enhancing the corporation's infrastructure and technology project governance mechanisms will help monitor the progress and resource needs for major projects.*

At the time of reporting, the corporation was already in the process of enhancing the existing governance mechanisms. Work to address this recommendation will be delivered in several phases. The expected maturity level will be reached by the end of the 2024–25 fiscal year.

Commentary on the United Nations' Sustainable Development Goals and on equity, diversity, and inclusion

86. In 2015, Canada and other United Nations member states adopted the 2030 Agenda for Sustainable Development, a vision for partnership, peace, and prosperity for all people and the planet. The 2030 Agenda outlined 17 Sustainable Development Goals, which aimed to address current and future social, economic, and environmental challenges. At the national level, the Government of Canada reiterated its commitment to implementing these goals.

87. The federal government established formal expectations for the integration of the Sustainable Development Goals by federal departments and agencies. As announced in Budget 2021, most of Canada's large Crown corporations (entities with over \$1 billion in assets) will report on their climate-related financial risks for their financial years, starting in the 2022 calendar year at the latest. Budget 2021 also proposed that Crown corporations be required to implement gender and diversity reporting, starting in 2022.

88. On 22 January 2021, the Clerk of the Privy Council and Secretary to the Cabinet issued a Call to Action on Anti-Racism, Equity, and Inclusion in the Federal Public Service. It calls on leaders across the public service to take practical actions that will be the basis for systemic change.

89. As part of its Sustainable Development Strategy, the Office of the Auditor General of Canada has committed to reporting on progress toward sustainable development goals in the course of performing its audit work. Accordingly, we examined whether the corporation had integrated these goals into its operations.

90. While the corporation is not required to follow the federal government's expectations for federal departments and agencies, it launched initiatives to incorporate the Sustainable Development Goals into its operations and report on them. It acted through the adoption and implementation of its environmental strategy, Greening Our Story.

91. The corporation's strategy has 4 key areas:

- **Producing sustainably.** The corporation plans to adopt sustainable production practices and advance sustainable production in Canada.
- **A light footprint.** The corporation plans to adopt various initiatives to reduce its energy consumption and carbon emissions throughout its facilities, by its fleet of vehicles, in travel, and in its consumption of resources and waste generation.
- **Scripting a new path.** The corporation plans to make environmental sustainability a key value by adopting a corporate sustainability

policy, providing information and training to employees, and engaging with its partners.

- **Shaping its narrative.** The corporation plans to continue to report on progress in implementing its Greening Our Story strategy and will inform Canadians about climate change and environmental stories relevant to their lives.

92. The corporation also acted through its Equity, Diversity and Inclusion Plan, Progress in Progress, which aims to ensure that the corporation reflects Canadians, their experiences, and their perspectives in its content and its workforce. The corporation took several actions to implement this priority:

- hiring of 2 executive directors responsible for equity, diversity, and inclusion within the French and English services
- establishment of equity, diversity, and inclusion workforce targets for employees and management positions, with reporting on the achievement of these targets
- provision of training to employees
- inclusion of diversity as a criterion for the selection of content

93. In its June 2021 update on equity, diversity, and inclusion initiatives, the corporation recognized that recruiting and retaining talent from various groups (such as Indigenous peoples, racialized people, and people with disabilities) is a priority for better reflecting contemporary Canada. It also acknowledged that diversity does not automatically mean inclusion—that is, treating everyone fairly and respectfully, valuing their contributions, welcoming them, and making them feel that they belong. Furthermore, the corporation reported that it was taking action to address the situation. For example, in early 2022, Radio-Canada launched an initiative to foster a culture of inclusiveness.

94. In our view, the United Nations' Sustainable Development Goals offer a framework for organizations, including Crown corporations, to identify and positively contribute to social, economic, and environmental effects through their activities, and to report on results. As CBC/Radio-Canada is doing, we encourage Crown corporations to consider and integrate these goals as a means of embedding sustainability considerations, as well as equity, diversity, and inclusion, into their operations, while supporting the government in these important initiatives.

Conclusion

95. In our opinion, on the basis of the criteria established, there was reasonable assurance that there were no significant deficiencies in the corporation's systems and practices we examined. We concluded that the Canadian Broadcasting Corporation maintained its systems and practices during the period covered by the audit in a manner that provided the reasonable assurance required under section 138 of the *Financial Administration Act*.

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on the Canadian Broadcasting Corporation. Our responsibility was to express

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

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

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

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

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

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

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

In accordance with our regular audit process, we obtained the following from the corporation:

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

Audit objective

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

Scope and approach

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

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

As part of our examination, we interviewed members of the Board of Directors, senior management, and employees of the corporation to gain insight into its systems and practices. We reviewed documents related to the systems and practices selected for examination. We tested the 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 planning, corporate risk management, programming, change management, and modernization initiatives.

In carrying out the special examination, we relied on the following internal audit reports of the corporation: Risk Management Framework and Governance (2021), Maison de Radio-Canada Decommissioning (2021), Nouvelle Maison de Radio-Canada and Olympic Games—Project Management Review (2021), Maison de Radio-Canada Project Management Controls (2019), Maison de Radio-Canada Change Management (2019), Digital Strategy (2019), and Equity and Diversity (2018).

Sources of criteria

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

Corporate governance

Board of Directors Governance Guide, CBC/Radio-Canada, 2019

Conflict of Interest Act

Broadcasting Act

Financial Administration Act

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

Strategic planning

Board of Directors Governance Guide, CBC/Radio-Canada, 2019

Your Stories, Taken to Heart (2019–24 strategic plan), CBC/Radio-Canada

2019–20 to 2023–24, 2020–21 to 2024–25, and 2021–22 to 2025–26 corporate plans, CBC/Radio-Canada

Semi-annual strategy reports presented to the Board of Directors, CBC/Radio-Canada

Broadcasting Act

Financial Administration 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

Ultimate HR Manual, Human Resource Professionals Association and CCH, 2010

COBIT 5 Framework—EDM02 (Ensure Benefits Delivery), EDM03 (Ensure Risk Optimization), EDM04 (Ensure Resource Optimization), APO02 (Manage Strategy), ISACA

Corporate risk management

CBC/Radio-Canada annual reports

FIN-1 Risk Management, CBC/Radio-Canada, 2012

Broadcasting Act

Financial Administration Act

Enterprise Risk Management—Integrating with Strategy and Performance, Committee of Sponsoring Organizations of the Treadway Commission, 2017

ISO 31000—Risk Management— Principles and Guidelines, International Organization for Standardization, 2009

COBIT 5 Framework—APO13 (Manage Security), BAI10 (Manage Configuration), DSS05 (Manage Security Services), MEA03 (Monitor, Evaluate and Assess Compliance with External Requirements), ISACA

Global Technology Audit Guide: Assessing Cybersecurity Risk—Roles of the Three Lines of Defense, Institute of Internal Auditors, 2016

ISO/IEC 27001—Information Security Management, 2013

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

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

Programming

Your Stories, Taken to Heart (2019–24 strategic plan), CBC/Radio-Canada

2019–20 to 2023–24, 2020–21 to 2024–25, and 2021–22 to 2025–26 corporate plans, CBC/Radio-Canada

Broadcasting Decisions and Broadcasting Orders applicable to CBC/Radio-Canada, Canadian Radio-television and Telecommunications Commission

Broadcasting Act

Federal Sustainable Development Act

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

Appointment Policy, Public Service Commission of Canada, 2016

Policy Framework for People Management, Treasury Board of Canada Secretariat, 2010

Call to Action on Anti-Racism, Equity, and Inclusion in the Federal Public Service, Clerk of the Privy Council, 2021

Change management and modernization initiatives

Your Stories, Taken to Heart (2019–24 strategic plan), CBC/Radio-Canada

2019–20 to 2023–24, 2020–21 to 2024–25 and 2021–22 to 2025–26 corporate plans, CBC/Radio-Canada

Greening Our Story (2021–26 plan), CBC/Radio-Canada

Federal Sustainable Development Act

The 8-Step Process for Leading Change, Dr. John Kotter, 2019

Call to Action on Anti-Racism, Equity, and Inclusion in the Federal Public Service, Clerk of the Privy Council, 2021

Policy on Learning, Training, and Development, Treasury Board, 2017

COBIT 5 Framework—APO05 (Manage Portfolio), APO03 (Manage Enterprise Architecture), APO11 (Manage Quality), BAI03 (Manage Solutions Identification and Build), BAI07 (Manage Change Acceptance and Transitioning), ISACA

A Guide to the Project Management Body of Knowledge (PMBOK® Guide), 6th edition, Project Management Institute Inc., 2017

Policy on the Planning and Management of Investments, Treasury Board, 2019

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

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

Government of Canada's approach on Gender-based Analysis Plus, Women and Gender Equality Canada, 2021

Period covered by the audit

The special examination covered the period from 1 December 2020 to 4 February 2022. 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 8 June 2022, in Ottawa, Canada.

Audit team

This special examination was completed by a multidisciplinary team from across the Office of the Auditor General of Canada, led by Riowen Abgrall, Principal, who was supported by Annie Branchaud and Josée Maltais, Directors, and Marc-André Gervais, Audit Project Leader. 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.

List of Recommendations

The following table lists the recommendations and responses found in this report. The paragraph number preceding the recommendation indicates the location of the recommendation in the report.

Recommendation	Response
<p>32 The corporation should provide the board with a report at least once a year on its compliance with laws and regulations that are significant to its operations, and it should clarify the people or areas of the corporation with responsibility for monitoring compliance.</p>	<p>Agreed. The corporation will provide the board with a report on its compliance with those laws that are key to its operations. Internal responsibilities and compliance monitoring will be further specified and documented. The corporation expects to implement this process by the 2023–24 fiscal year.</p>
<p>37 The corporation should develop a complete human resources strategic plan, which would include a resourcing plan, an assessment of future needs, identification of gaps in staffing or skills, and monitoring procedures.</p>	<p>Agreed. The corporation continues to work on improving its human resources strategic planning through, amongst many initiatives, the multi-year implementation of a new human resources information system which will support its workforce planning. In the meantime, the corporation remains committed to modernizing its human resources processes, improving its employee experience and better reflecting diversity on-screen and off-screen. Documenting its workforce planning and longer term staffing needs will better position the corporation to continue adapting proactively to new market realities and trends. The workforce planning process documentation and related improvements are expected to be completed by the end of calendar year 2024.</p>
<p>42 The corporation should update its enterprise risk management policy to specify roles and responsibilities, designate risk owners, define risk appetite, set risk tolerances and targets, identify the process for escalating risks, and set out concrete actions to be taken along with timelines for results. Also, the corporation should make training on risk management available to the board and management.</p>	<p>Agreed. The corporation’s enterprise risk management program is identifying, managing, and mitigating existing and emerging risks. Updating our policies to include and expand on these recommended attributes, making associated process changes, and refreshing training to the board and management will help enhance the program and ensure it aligns with contemporary practices. These updates are expected to be completed by the end of calendar year 2023.</p>
<p>45 The corporation should establish and follow clear procedures and guidelines for the testing of its disaster recovery and business continuity plans.</p>	<p>Agreed. Enhancing the corporation’s procedures and guidelines for regular testing of its disaster recovery and business continuity plans will ensure that the corporation maintains its network availability and reliability. These procedures and guidelines are expected to be completed by the end of calendar year 2023.</p>

Recommendation	Response
<p>49 The corporation should enhance its reporting to the board and senior management to identify clear timelines, responsible individuals, and deliverables for risk mitigation.</p>	<p>Agreed. Enhancing the corporation’s internal reporting on risk mitigation activities will provide additional visibility for the board and senior management to help monitor progress on managing the residual risk within the business. These updates are expected to be completed by the end of calendar year 2023.</p>
<p>68 The corporation should develop an overall statement of its desired culture, clearly defining the way that the desired culture relates to its approved values, and the way significant projects and initiatives will contribute to the desired culture, along with related timelines. The corporation should also establish how it will monitor and report on progress made toward its desired culture.</p>	<p>Agreed. The corporation’s organizational culture is shaped by its corporate values: creativity, inclusiveness, relevance, and integrity. Due to the creative nature of its activities, the corporation benefits from a diversity of perspectives, including its linguistic and regional diversity. The corporation acknowledges that it would benefit from establishing a culture change framework which would bring together its corporate values and key culture change initiatives. The corporation expects to establish a culture change framework and develop a process to report and monitor it by the end of calendar year 2024.</p>
<p>71 The corporation should include skills related to organizational culture and change leadership in the skills matrix for board members or in the expertise and profile sought for future board members.</p>	<p>Agreed. The Selection Criteria section of the Governance Guide will be updated to reflect organizational culture and change leadership as desired skills. The corporation expects to complete this update in the 2022–23 fiscal year.</p>
<p>74 The corporation should make comprehensive change leadership training available to senior management and board members.</p>	<p>Agreed. The corporation will introduce change management training for board members in the 2023–24 fiscal year. Change leadership training to the corporation’s senior management is expected to be available by the 2024–25 fiscal year.</p>
<p>82 The corporation should require all its significant infrastructure and technology projects to follow project management principles. It should require such projects to follow a project management framework appropriate to the size, type, and complexity of each project, to develop a communications plan, and to review the realization of expected project benefits.</p>	<p>Agreed. Enhancing the project management framework for infrastructure and technology projects will allow the corporation to monitor the expected results, risks, and issues involved in carrying out those projects. This will also help ensure that expected results are achieved and aligned with the corporation’s overall strategic objectives.</p> <p>At the time of reporting, the corporation was already in the process of enhancing the project management framework for technology and infrastructure projects. Work to address this recommendation will be delivered in several phases. The expected maturity level will be reached by the end of the 2024–25 fiscal year.</p>

Recommendation	Response
<p>85 To manage limited resources and achieve its priorities, the corporation should establish enterprise-wide project governance mechanisms, including a requirement to assess the resource needs of each project, and mandatory monitoring and reporting on its entire portfolio of infrastructure and technology projects.</p>	<p>Agreed. Enhancing the corporation’s infrastructure and technology project governance mechanisms will help monitor the progress and resource needs for major projects.</p> <p>At the time of reporting, the corporation was already in the process of enhancing the existing governance mechanisms. Work to address this recommendation will be delivered in several phases. The expected maturity level will be reached by the end of the 2024–25 fiscal year.</p>

