

ATOMIC ENERGY OF CANADA LIMITED DETAILED ACTION PLAN
to the recommendations of the **Special Examination** Report of the Auditor General of Canada

| Report Ref. No. | OAG Recommendation | Departmental Response | Description of Final Expected Outcome/Result | Expected Final Completion Date | Key Interim Milestones (Description/Dates) | Responsible Organization/ Point of Contact (Name, Position, Tel #) | Indicator of Achievement (For Committee Use Only) |
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| Paragraph 25 | The Corporation should continue to engage with the Minister of Natural Resources on the need for timely appointment of the President and Chief Executive Officer and of a full complement of members to its Board of Directors. It should also reinforce the need for staggered terms of office to ensure continuity. | Agreed. The Corporation shares the Office of the Auditor General of Canada's noted concern. The Corporation will, as it has to date, continue to engage with the Minister of Natural Resources, as well as the Privy Council Office, on the need for the timely appointment of Board members who satisfy the skills and experience identified as important for the Board in its Board skills matrix. The Corporation is also reinforcing the need for staggered terms of office to foster continuity. The Corporation, as it has to date, will continue to engage with the Minister on the need for the timely appointment of a permanent or non-interim President and Chief Executive Officer. | <p>As indicated in AECL's response to the Auditor General's Special Examination and since the issuance of the Auditor General's report, AECL continued to engage with the Minister of Natural Resources on the need for the timely appointment of a President and Chief Executive Officer and new members of the Board of Directors. Appointments are the responsibility of the Governor in Council and therefore are outside the control of AECL.</p> <p>In February 2018, the Governor in Council appointed Richard Sexton as the President and Chief Executive Officer of AECL for a two-year term. This follows Mr. Sexton's previous appointment as President and CEO on an interim basis. In June 2017, the Governor in Council also appointed the Chair of the Board of AECL along with four members of the Board, consisting of three new members and one interim appointee becoming a permanent appointee.</p> <p>Of the five appointments, three appointments are for three years and two appointments are for two years, thus providing for staggered terms of office.</p> | Completed | N/A | | |

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| Paragraph 26 | <p>The Corporation should plan for an orderly transition, during which the newly appointed Board members and the President and Chief Executive Officer have the opportunity to familiarize themselves with the initial goal of restructuring; the resulting Government-owned, Contractor-operated arrangement; and the Corporation's strategic plans. They should also have the opportunity to provide guidance on modifying and implementing the plans.</p> | <p>Agreed. The Corporation is planning for an orderly transition. It has in place an approach and materials, including a director orientation program, to support the orientation of new Board members and executives. This has already been used as part of the orderly orientation and onboarding of the Corporation's most recently appointed board member in the fall of 2016.</p> <p>As noted in the key findings, the new Board member appointed during the examination, for a term of up to one year, had access to orientation sessions providing information about the Corporation's mandate and activities, as well as directors' roles and responsibilities. More specifically, the orientation consisted of significant background materials regarding the Corporation's governance framework and Government-owned, Contractor-operated (GoCo) model (including the Corporation's mandate, role, and priorities). These materials familiarized the member with the Corporation, its overall governance, and the operation of the Board and its committees, as well as with related procedures, the management team, the history of the Corporation and the impact of its restructuring, Canadian Nuclear Laboratories' vision for the future, 5- and 10-year plans, and ongoing key elements of the GoCo model. Background material was augmented with the member's participation in a multi-day orientation program, which included, among other things, a tour of key operations under the Corporation's oversight, one-on-one meetings with members of the Corporation's executive team to orient the new member on the areas under their respective responsibilities, and participation in a quarterly Board meeting</p> | <p>As indicated in AECL's response to the Auditor General's Special Examination, AECL had put in place an onboarding program for new members of the Board of Directors and the President and CEO in order to enable an orderly transition. The program includes information about the history of AECL, its current mandate and activities, roles and responsibilities, governance framework (including the Government-owned, Contractor-operated model), the operation of the Board and its committees, and the current plans, both long and short term. The program also includes a multi-day orientation, which features a tour of AECL's main site and meetings with the AECL management team. Since the issuance of the Auditor General's report, the three members of the Board newly appointed in June 2017 have all participated in the aforementioned onboarding program. With the benefit of the onboarding program and as part of their ongoing orientation and continuing education, they will also have the opportunity to provide guidance on modifying and implementing plans.</p> | Completed | N/A | | |

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| | | as well as a quarterly meeting of the Human Resources and Governance Committee and the Audit Committee. The Corporation will continue to update its approach and materials as necessary in preparation for future appointments | | | | | |
| Paragr aph 27 | The Board should strengthen and improve its process for monitoring and reviewing risks listed in its risk register, and should appropriately document discussions and actions. | <p>Agreed. Management and the Board have had, and will continue to have, regular engagement on the management of risks. For instance, at the 1 October 2015 meeting, the Stored Liquid Waste Project was presented to the Board as “A Case Study in Governance of Risk.” As one step in creating a risk management framework, the Corporation’s corporate risk register (developed in September 2015) was presented, reviewed, and discussed with the Audit Committee and Board in November 2015 and again after just over a year, in February 2017. Additionally, management undertakes a quarterly review and update of the corporate risk register. The Board also receives commentary on risk management issues in management’s quarterly corporate reports to the Board.</p> <p>The Corporation will formalize the Board’s regular review of the corporate risk register, or appropriate risk management program, and the Corporation has engaged an expert third party to improve its risk monitoring and review procedures. The periodic review of the corporate risk register is now a formal part of the Audit Committee Annual Work Plan and meeting agendas.</p> | Since the issuance of the Auditor General's report, considerable effort has been undertaken, with the assistance of external risk management consultants/expertise, to strengthen and improve AECL’s process for reviewing and monitoring risk. The result of this effort was approved by the Board’s Audit Committee in September as part of strengthening and improving its processes in this regard. Appropriate documentation of discussions and actions has occurred and subsequent Audit Committee meetings will continue to formally review AECL’s risk register on a quarterly basis. Since the issuance of the Auditor General's report, the skills and experience of the Board in the area of risk management has also been augmented with the appointment of a new member with experience in this area. | Completed | N/A | | |
| Paragr aph 28 | The Corporation should develop a more detailed reporting framework so that it can better measure and demonstrate to Canadians that it is enhancing efficiency and effectiveness, and is containing and reducing costs and risks over time. The Board should hold periodic public meetings, as required by the Financial | Agreed. With the restructuring now complete, the focus in the Corporation’s Corporate Plan will naturally move from the restructuring process itself to performance against the stated objectives. With this in mind, the Corporation is already collecting and assessing information across a broad | AECL has developed a high-level performance measurement plan, which focuses on efforts to measure and demonstrate the objectives of the Government-owned, Contractor-operated model, | Completed | N/A | | |

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| | Administration Act, to present its annual report and provide information on the report on the Government-owned Contractor-operated model. | <p>range of metrics, including the performance of Canadian Nuclear Laboratories (CNL) against milestones and other performance objectives. Over time, this will provide the data needed to evaluate the extent to which the objectives of the restructuring were met. Currently, the Corporation reports on the performance of CNL under the Government-owned, Contractor-operated contract within its Corporate Plan. This will be further developed as sufficient data is available and collected, and appropriate baselines are established through CNL's long-term planning and the implementation of Earned-Value Management, which are now in the process of being put in place.</p> <p>During the period of restructuring, between 2009 and 2015, the Corporation engaged regularly with stakeholders and the public, and held more than 40 stakeholder engagements. These engagements included regular meetings of its Public Liaison Committee and Environmental Stewardship Council, and numerous public open houses and joint updates on restructuring with the Department of Natural Resources and the Department of Public Works and Government Services. Now that the restructuring has ended, while CNL leads on some of these ongoing engagements, the Corporation remains a participant, and a public meeting was held in May to discuss the Corporation's first annual report since restructuring, as well as corporate planning for the coming five years.</p> | <p>namely to enhance efficiency and effectiveness, and contain risks and costs over time. This includes measuring Canadian Nuclear Laboratories' performance, which is being done on an ongoing basis through a series of measures and targets, some of which are presented and reported upon in AECL's Corporate Plan. AECL will also review and update performance measures annually to ensure alignment to objectives.</p> <p>A public meeting was held on May 8, 2017. AECL will continue to fulfill its obligations under the Financial Administration Act by holding public meetings, as required by the Act.</p> | | | | |
| Paragraph 33 | The Corporation should address the alignment in remuneration by engaging with the Minister of Natural Resources. In its annual report, it should consider providing additional insight and disclosure concerning its compensation framework. | Agreed. The Corporation will continue to engage with the Minister on remuneration. The Corporation has been actively reviewing its salary structure and has hired external consultants— both before and following restructuring, as | Starting with its Fiscal 2016-17 Annual Report, AECL has included additional insight and disclosure on its compensation framework. As in previous years, AECL has | Completed | N/A | | |

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| | | <p>well as before and following the change in level of the Chief Executive Officer—to advise it on this matter.</p> | <p>also included the total compensation for senior managers in its Annual Report, as per the accounting and reporting standards under which AECL reports.</p> <p>As part of its approach to compensation, AECL will periodically review its compensation philosophy and propose adjustments as appropriate to achieve the goal of attracting and retaining employees needed to fulfill its mandate. Adjustments will be approved by the Board of Directors and its committees, in-line with governance requirements.</p> <p>AECL continues to engage the Minister of Natural Resources Canada in remuneration matters as needed.</p> | | | | |
| Paragraph 45 | <p>The Corporation should strengthen the skills and competencies of the contract management team to manage the overall performance of the contractor in the context of the Government-owned Contractor-operated model.</p> | <p>Agreed. Work is already under way to strengthen the skills and competencies of the contract management staff through formal classroom training and on-the-job mentoring. In addition, the Corporation will continue to further mitigate the risk described in the weakness by implementing the Corporation's succession plan, including those aspects specific to planning for the replacement of the Lead Contracting Officer, should it be necessary.</p> | <p>AECL has strengthened the skills and competencies of the contract management team through both formal classroom and on-the-job training. The Lead Contract Officer, who was recognized by the OAG as having extensive experience in managing GoCo contracts, has continued to provide comprehensive on-the job training and mentorship to the AECL contract management staff since the time of the OAG review.</p> <p>To further develop the team, AECL has implemented a robust formal classroom</p> | Completed | N/A | | |

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| | | | <p>training program modeled on the US Federal government contracting certification program, with an emphasis on GoCo contracting. The program will be applied to all contract management staff, both existing and new.</p> <p>Finally, AECL has in place a succession plan, which includes consideration for the skills and competencies needed in the contract management team.</p> | | | | |