

**ACTION PLAN IMPLEMENTATION STATUS UPDATE  
REPORT TO THE AUDIT COMMITTEE - AS OF SEPTEMBER 30, 2010**

**EDUCATION AND SOCIAL DEVELOPMENT PROGRAMS AND PARTNERSHIPS – COMMUNITY INFRASTRUCTURE**

**AUDIT OF CAPITAL FACILITIES AND MAINTENANCE (200719)**  
**AEC APPROVAL DATE: 04/12/2008**

PROJECT RECOMMENDATIONS	ACTION PLAN	EXPECTED COMPLETION DATE	PROGRAM RESPONSE
<p>1. The Director General, Community Infrastructure Branch should work closely with the Director General, Operations and Planning Support Branch and the Chief Financial Officer to reassess the funding authorities and First Nation funding agreements that currently provide flexibility in the funding on minor capital and operations &amp; maintenance expenditures, giving consideration to providing funding on a more 'targeted' basis.</p>	<p>a) Chief Financial Office to develop standardized departmental approach to drafting First Nation funding agreements that respond to funding authority requirements under the new TB Transfer Payment Policy.</p> <p>b) Community Infrastructure Branch to work with Chief Financial Office (Transfer Payments and Financial Policy Directorate) to understand broad framework of new Treasury Board Transfer Payment Policy and how it affects future funding authorities /agreements as it relates to community infrastructure and apply these principles to the future funding agreements.</p> <p>c) Operations and Planning Support Branch to work with Regional Offices (Chief Financial Office and Community Infrastructure Branch in support) to develop mechanisms to bring about more effective oversight of minor capital and operations &amp; maintenance spending in First Nation funding agreements. This work will be aligned with a and b.</p>	<p>30/09/2009</p> <p>31/12/2009</p> <p>31/03/2010</p>	<p><b>Status: Pending Implementation</b></p> <p><b>Update/Rationale: As of 30/09/2010:</b></p> <p>a. Ongoing – CFO has until March 31, 2011 to develop a departmental action plan in response to the new Transfer Payment Policy. CFO currently has in place a national standardized departmental approach relating to funding agreements, which will be updated to respond to requirements under the new policy and directive on transfer payments.</p> <p>b. Ongoing – Community Infrastructure Branch continues to work with CFO to understand how the new Transfer Payment Policy will affect future funding agreements as they relate to community infrastructure.</p> <p>c. Ongoing – Once a) and b) are complete, OPS Branch will work with Regional Offices to implement new funding agreements and authorities associated with the new Transfer Payment Policy. Pending completion of the above work, OPS Branch is working with CIB and CFO staff to assist in the development of mechanisms which will improve oversight of minor capital and operations and maintenance spending in FN funding agreements. This work will be aligned with the Quality Management Program.</p> <p><b>AES: Behind Plan</b></p>

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<p>2. The Director General, Community Infrastructure Branch and the Director General, Operations and Planning Support Branch should ensure that the roles and responsibilities for performance management at the senior management and board / committee level are defined and communicated, and that performance information, including Key Performance Indicators, is incorporated into ongoing performance management at both the national and regional levels.</p>	<p>a) Community Infrastructure Branch to develop a CFM Program-specific Performance Measurement Strategy (replacement for now defunct RMAF/RBAF) in conjunction with program renewal. Performance Measurement Strategy will spell out roles and responsibilities, as well as key performance indicators. Key performance indicators will also continue to be reported on quarterly through the department's smart reporting process.</p>	31/12/2009	<p><b>Status: In Progress</b></p> <p><b>Update/Rationale: As of 30/09/2010:</b></p> <p>a. Completed – Performance Measurement Strategy and Risk Profile were approved by the Department's Evaluation, Performance Measurement and Review Committee in September 2009.</p> <p>b. Completed – The National Capital Management Board has been dissolved. The work of the Board has been taken over by Operations Committee. To reflect these new roles and responsibilities, new terms of reference for the Committee have been approved.</p> <p>c. Completed – OPSB developed a process with CIB to integrate new KPIs into existing regional and national reporting tools. KPIs are being reported on as they are implemented.</p>
	<p>b) Community Infrastructure Branch to work with Operations and Planning Support Branch to restructure terms of reference for the National Capital Management Board and/or other senior management committees, clarify roles and responsibilities with respect to CFM Program, and establish key performance measurement indicators for ADM-Committee level (i.e., review of quarterly reporting input, follow up on A&amp;E action plans, DPR/RPP input, etc.).</p>	30/06/2009	
	<p>c) Operations and Planning Support Branch to communicate roles and responsibilities to Regional Offices and develop procedures to collective performance information on key performance indicators and ensure that</p>	31/03/2010	



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	<p>b) Community Infrastructure Branch to work with Chief Financial Office, Operations and Planning Support Branch and Regional Offices to take results from 4.1.1 and apply to each of the asset classes (i.e., water, schools, housing). The current engineering assessment for water will also provide information for this exercise.</p>		<p>OPSB is developing a tracking tool to monitor trends in minor capital and operations and maintenance spending to support senior management decision-making and oversight. Tracking should be in place by Summer 2011.</p> <p>The Management Control Framework and Budget Management Regime have established the methodology and allocation process for non-core (major capital).</p> <p>b. Ongoing CIB is working with CFO on options for the allocations of CFM Program funding from HQ to Regions. Research is taking place to develop options for allocations from HQ to Regions. A working group is being created with Regions to discuss options for reforming minor capital allocations. Determining optimal allocations in other areas such as operations and maintenance funding is also being considered.</p> <p><b>AES:</b> Underway</p>
<p>5. The Director General, Community Infrastructure Branch and the Director General, Operations and Planning Support Branch should ensure that updated and comprehensive national guidelines for the management of the CFM Program are developed and</p>	<p>a) Community Infrastructure Branch to develop/update high level flowchart, indicating various activities undertaken by the department and the purpose of each activity. Will cover generic processes (major capital, minor capital, etc.) and theme-specific processes</p>	<p>30/06/2009</p>	<p><b>Status: In Progress</b></p> <p><b>Update/Rationale: As of 30/09/2010:</b></p> <p>a. Ongoing _ CIB is in the process of developing individual procedures for each area of the CFM Program. The Management Control Framework,</p>

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<p>disseminated to program management in the regions.</p>	<p>(water major capital, school major capital, etc.)</p> <p>b) Operations and Planning Support Branch to work with regions to implement work done in a).</p> <p>c) Community Infrastructure Branch to develop/update 2<sup>nd</sup> tier guidelines that will detail roles and responsibilities, the management control framework for the CFM Program, and authorities to approve funding expenditures. Flowcharts in 5.1.1 will also be expanded to additional themes including roads and bridges major capital and electrification major capital.</p> <p>d) Operations and Planning Support Branch to work with regions to implement work done in 5.1.3.</p> <p>e) Community Infrastructure Branch to compile/consolidate national standards for engineering and/or construction standards, templates, financial coding, detailed audit and compliance regimes,</p>	<p></p> <p>30/09/2009</p> <p>30/09/2009</p> <p>30/09/2009</p> <p>31/12/2009</p>	<p>First Nations Infrastructure Investment Plans process and Performance Measurement Strategy have already been developed and implemented, while additional procedures relating to water and wastewater, roads and other types of infrastructure will continue to be developed.</p> <p>b. Ongoing _ OPSB is working to implement new procedures as they are developed</p> <p>c. Completed – A Management Control Framework has been developed for the CFM Program to improve program management. Detailed program procedures for capital planning have been developed and implemented.</p> <p>d. Completed – Management Control Framework had been implemented in the regions.</p> <p>e. Completed – National Standards will be included in new funding agreements. It is also already required to be information included in all major capital project briefs.</p>

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	<p>checklists for business processes, etc. Regional variations may be introduced to account for different regional factors. Identified gaps in information will be filled with new procedures/processes development as required.</p> <p>f) Operations and Planning Support Branch to work with regions to implement work done in 5.1.5.</p>	31/12/2009	<p>f. Ongoing- OPSB is working with regional offices to implement procedures as they are developed.</p> <p><b>AES:</b> Behind Plan</p>
<p>6 a) The Director General, Community Infrastructure Branch should develop and communicate guidelines for the categorization of projects to be managed as major capital projects.</p>	<p>a) Community Infrastructure Branch to draft/update comprehensive national guidelines for the categorization of projects to be managed as major capital projects.</p> <p>b) Operations and Planning Support Branch to implement in regions comprehensive national guidelines for the categorization of projects to be managed as major capital projects.</p>	<p>30/06/2009</p> <p>30/09/2009</p>	<p><b>Status: Completed</b></p> <p><b>Update/Rationale: As of 31/03/2010:</b></p> <p>6. a) Ongoing – A Management Control Framework and procedures for Major Capital projects have been developed and implemented. The definition of Major Capital is being aligned with risk, as per the new Transfer Payment Policy (to be aligned with item 1.a.)</p> <p>b. Ongoing – The Management Control Framework has been implemented in cooperation with OPSB. Work is ongoing to align program risk for Major Capital projects with the General Assessment tool to measure recipient risk currently being developed and tested in regions by Regional Operations Branch and with program risk tools being developed by INAC's Audit and Evaluation Sector.</p>

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PROJECT RECOMMENDATIONS	ACTION PLAN	EXPECTED COMPLETION DATE	PROGRAM RESPONSE
			AES: Close
6 b) The Director General, Operations and Planning Support Branch should establish processes for the ongoing monitoring of regional practices by Headquarters.	Operations and Planning Support Branch to establish processes for the ongoing monitoring of major capital regional practices (i.e., file review, project approval process) by Headquarters, including communication interface between Operations and Planning Support Branch and Community Infrastructure Branch.	30/09/2009	<p><b>Status: Completed</b></p> <p><b>Update/Rationale: As of 31/03/2010:</b></p> <p>6. b) Completed - CFM Program Management Control Framework establishes processes for ongoing monitoring of regional practices by HQ. HQ is responsible for conducting annual major capital project file reviews to ensure that regions have undertaken major capital projects according to established guidelines.</p> <p>A Project Brief Review committee has also been established to examine major capital projects as presented to HQ. The committee reviews and makes recommendations on the proposed Project Brief to Directors General in preparation for consideration by Operations Committee.</p> <p>OPSB also annually reviews a sample of all major capital projects completed during the previous year according to procedures outlined in the Management Control Framework. File reviews focus on how well the region met the guidelines for file requirements for a specific project. Where file reviews reveal deficiencies, HQ will recommend remedial action to improve compliance with</p>

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			guidelines. <b>AES:</b> Close
7 a) The Director General, Community Infrastructure Branch should ensure that national comprehensive guidelines for management of the CFM Program (as recommended in item #5.1) include major capital project file documentation requirements to address key risk areas.	a) Community Infrastructure Branch to draft/update comprehensive national guidelines for major capital project file documentation requirements to address key risk areas.  b) Operations and Planning Support Branch to implement in regions comprehensive national guidelines for the management of the CFM Program that include major capital project file documentation requirements, which address key risk areas.	30/09/2009  30/09/2009	<b>Status: Completed</b>  <b>Update/Rationale: As of 31/03/2010:</b>  7a. Completed – CFM Management Control Framework has been developed and approved by Operations Committee. A Major Capital document checklist has been drafted and included as an appendix to the Management Control Framework. b. Completed – OPSB has implemented the CFM Management Control Framework in the regions and has conducted file reviews in regions of high risk projects, including a sample of CEAP projects and of all major capital projects valued over \$10 million.  <b>AES:</b> Close
7 b) The Director General, Operations and Planning Support Branch should establish processes for the ongoing monitoring of regional practices by Headquarters to assess compliance with the guidelines.	Operations and Planning Support Branch to establish processes for the ongoing monitoring of regional practices by Headquarters to assess compliance with guidelines as they relate the major capital project file documentation.	31/12/2009	<b>Status: Completed</b>  <b>Update/Rationale: As of 31/03/2010:</b>  7. b) Completed – OPSB also annually reviews a sample of all major capital projects completed during the



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			<p>previous year according to procedures outlined in the Management Control Framework. File reviews focus on how well the region met the guidelines for file requirements for a specific project. Where file reviews reveal deficiencies, HQ will recommend remedial action to improve compliance with guidelines.</p> <p><b>AES:</b> Close</p>
<p>8 a) The Director General, Community Infrastructure Branch should develop guidelines outlining minimum requirements or expectations, including monitoring, for the management and oversight of minor capital and operations &amp; maintenance.</p>	<p>a) Community Infrastructure Branch to draft/update guidelines detailing minimum requirements for the management of oversight of minor capital and operations &amp; maintenance.</p> <p>b) Operations and Planning Support Branch to implement in regions guidelines detailing minimum requirements for the management of oversight of minor capital and operations &amp; maintenance.</p>	<p>30/09/2009</p> <p>31/03/2010</p>	<p><b>Status: Pending Implementation</b></p> <p><b>Update/Rationale:</b> <b>As of 30/09/2010:</b></p> <p>8. a) Ongoing – CIB, through its minor Capital Working Group, will be estimating minimum standards for minor capital and operations and maintenance funding in the regions. Standards should be in place by Summer 2011.</p> <p>The Management Control Framework and Budget Management Regime have established the methodology and allocation process for non-core (major capitals).</p> <p><b>AES:</b> Behind Plan</p>

