

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE AUDIT COMMITTEE - AS OF SEPTEMBER 30, 2009**

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
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 & maintenance expenditures, giving consideration to providing funding on a more 'targeted' basis.	<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 & 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>Status: Pending Implementation</p> <p>Update/Rationale: As of 30/09/2009:</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>

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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.	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.	31/12/2009	Status: Pending Implementation Update/Rationale: As of 30/09/2009: a. Completed – Performance Measurement Strategy and Risk profile were approved by the Department's Evaluation, Performance Measurement and Review Committee in September 2009. b. Completed – The National Capital Management Board has been dissolved. The work of the Board has been taken over by the Operations Committee. To reflect these new roles and responsibilities, new terms of reference for the Committee have been approved. c. Ongoing – OPSB is working with CIB to implement the Performance Measurement Strategy and Risk Profile and ensure that key performance indicators are incorporated into all relevant reporting and performance management agreements.
	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&E action plans, DPR/RPP input, etc.).	30/06/2009	
	c) Operations and Planning Support Branch to communicate roles and responsibilities to Regional Offices and develop procedures to collective	31/03/2010	

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	performance information on key performance indicators and ensure that the key performance indicators are incorporated into regional and national level Performance Management Agreements.		
3. The Director General, Community Infrastructure Branch and the Director General, Operations and Planning Support Branch should develop, formalize, document and implement a risk management framework specific to the CFM Program that incorporates roles and responsibilities at the Headquarters and regional senior management and board / committee level and an appropriate level of oversight / monitoring / quality assurance role for Headquarters over regional practices.	<p>a) Community Infrastructure Branch to develop a CFM Program-specific Performance Measurement Strategy in conjunction with program renewal. The Strategy will include a risk management framework that details oversight and quality assurance functions for Headquarters and regions.</p> <p>b) Operations and Planning Support Branch to work with Regional Offices to implement risk management framework and oversight and quality assurance functions for Headquarters and regions</p>	<p>31/12/2009</p> <p>31/03/2010</p>	<p>Status: Pending Implementation</p> <p>Update/Rationale: As of 30/09/2009:</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. Ongoing – OPSB is working with CIB and Regional Offices to implement the Performance Measurement Strategy and Risk profile and ensure that key performance indicators are incorporated into all relevant reporting and performance management agreements. OPSB also working with CIB and Regional Offices to implement CFM Program Management Control Framework, which helps to identify key program risks and mitigate them. OPSB also developing new Quality Management Program to ensure quality of CFM Program is maintained and improved upon.</p>

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4. The Director General, Community Infrastructure Branch and the Director General, Operations and Planning Support Branch should conduct a review of the methodology and process for allocating CFM Program funding from Headquarters to regions.	a) Community Infrastructure Branch to work with Chief Financial Office, Operations and Planning Support Branch and Regional Offices to explore options for enhancing the methodology and process for allocating CFM Program funding (core and non-core) from Headquarters to regions.	31/12/2010	Status: Pending Implementation Update/Rationale: As of 30/09/2009: a. Ongoing – CIB is working with CFO on options for the allocations of CFM Program funding from HQ to Regions. This action item ties into the work being done in action item #1 relating to departmental response to the new Transfer Payment Policy. b. Ongoing – CIB is working with CFO on options for the allocations of CFM Program funding from HQ to Regions. This action items ties into the work being done in action item #1 relating to departmental response to the new Transfer Payment Policy.
	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.	31/12/2011	
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 disseminated to program management in the regions.	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 (water major capital, school major capital, etc.)	30/06/2009	Status: Pending Implementation Update/Rationale: As of 30/09/2009: a. The process for capital planning has been defined and partially implemented. Flowcharts for other processes of the CFMP will be developed and circulated in draft format by Dec 2009.

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	<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 2nd 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, 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>30/09/2009</p> <p>30/09/2009</p> <p>30/09/2009</p> <p>31/12/2009</p> <p>31/12/2009</p>	<p>b. Pending implementation following completion of part (a).</p> <p>c. Detailed guidelines for the capital planning process have been drafted, but cannot be finalized until overall CFMP processes have been defined to ensure the entire program process works cohesively. Further implementation is therefore pending on completion of part (a).</p> <p>d. Pending implementation following completion of part (c).</p> <p>e. Community Infrastructure Branch (CIB) has collected the many documents being used by regions to manage the CFMP. Work is now underway to consolidate and standardize. In addition, a central repository will be created. PPD is currently examining what medium would be used for storage and easy access, be it INAC's intranet, Collaboration, or another tool.</p> <p>f. Pending implementation following completion of part (e).</p>

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	f) Operations and Planning Support Branch to work with regions to implement work done in 5.1.5.		
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>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>Status: Pending Implementation</p> <p>Update/Rationale: As of 30/09/2009:</p> <p>a. The definition of Major capital projects will be aligned with risk, as per the new Transfer Payments Policy. Completion to be re-aligned with item #1a).</p> <p>b. Pending development and approval of new guidelines, OPSB will implement guidelines in the regions.</p>
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>Status: Completed</p> <p>Update/Rationale: As of 30/09/2009:</p> <p>CFM Program Management Control Framework establishes processes for the ongoing monitoring of regional practices by Headquarters. 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>

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			<p>A Project Brief Review committee has also been created to exam 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 the Ops Committee.</p> <p>Operations and Planning Support Branch also annually reviews a sample of all major capital projects completed during the previous year. 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>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.</p>	<p>a) Community Infrastructure Branch to draft/update comprehensive national guidelines for major capital project file documentation requirements to address key risk areas.</p> <p>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.</p>	<p>30/09/2009</p> <p>30/09/2009</p>	<p>Status: Completed</p> <p>Update/Rationale: As of 30/09/2009:</p> <p>a. Completed – CFM Management Control Framework (details major capital project file documentation requirements) developed and approved by Operations Committee. Major Capital document checklist drafted and included as appendix to MCF.</p> <p>b. Completed – OPSB has implemented the CFM Management Control Framework in the regions and is now conducting file reviews in regions of high</p>

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			risk projects, including the review of all major capital projects valued over \$10 million.
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	<p>Status: Completed</p> <p>Update/Rationale: As of 30/09/2009:</p> <p>Operations and Planning Support Branch annually reviews a sample of all major capital projects completed during the previous year. 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>
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 & maintenance.	<p>a) Community Infrastructure Branch to draft/update guidelines detailing minimum requirements for the management of oversight of minor capital and operations & 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 & maintenance.</p>	<p>31/09/2009</p> <p>31/03/2010</p>	<p>Status: Pending Implementation</p> <p>Update/Rationale: As of 30/09/2009:</p> <p>a. The regions have provided planned O&M compliance activities for the next fiscal year. These activities have been reviewed and will be discussed at the Nov 3-5 Capital Managers' meeting in Saskatoon. During that session, capital managers will discuss options for increasing compliance. The summary of those discussions will be used in the development of an O&M Regime and will be incorporated in the National Procedures Manual.</p>

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			<p>This work will be aligned with the Quality Management Program.</p> <p>b. On completion of (a) above, OPSB will implement guidelines detailing requirements for management of oversight of minor capital and operations and maintenance.</p>
8 b) The Director General, Operations and Planning Support Branch should work closely with the Chief Financial Officer to establish processes for the ongoing monitoring of regional practices by Headquarters to assess compliance with the guidelines.	Operations and Planning Support Branch to work with Chief Financial Office to establish processes for the ongoing monitoring of regional practices by Headquarters to assess compliance with the minor capital and operations & maintenance guidelines.	31/03/2010	<p>Status: Pending Implementation</p> <p>Update/Rationale: As of 30/09/2009:</p> <p>On completion of 7(a) above, OPS Branch with CFO assistance will establish processes for the ongoing monitoring of regional practices by Headquarters to assess compliance with the minor capital and operations and maintenance guidelines.</p>
9. The Director General, Community Infrastructure Branch and the Director General , Operations and Planning Support Branch should consider the implementation of risk based FN compliance audits as part of a formalized risk management framework.	<p>a) Community Infrastructure Branch to work with Operations and Planning Support Branch to develop compliance audit framework and process for the CFM Program, building upon the compliance audit work that has been undertaken specifically for the First Nations Water and Wastewater Action Plan.</p> <p>b) Operations and Planning Support Branch, with support from Community Infrastructure Branch, to implement the</p>	<p>31/12/2009</p> <p>31/03/2010</p>	<p>Status: Pending Implementation</p> <p>Update/Rationale: As of 30/09/2009:</p> <p>a. This is being developed simultaneously with the CFMP flowcharts of item #5, to ensure compliance regimes mesh with the overall program delivery.</p> <p>b. Pending implementation following completion of part (a)</p>

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	compliance audit framework and processes in the regions.		