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Final Audit Report

Audit of Capital Contribution Agreements

October 2010

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Executive Summary

This report sets out the observations, conclusions, and recommendations from the *Audit and Accountability Bureau's* audit of Health Canada's Audit of Capital Contribution Agreements. This audit was included in the departmental Risk-Based Audit Plan for fiscal year 2009-2012. The audit focused on key controls set out in the *Core Management Controls* guidelines from the Office of the Comptroller General. These guidelines are consistent with the ten elements of the federal government's Management Accountability Framework.

The objective of this audit was to determine whether there is an appropriate management control framework in place for capital contribution agreements to ensure that they are managed effectively and in compliance with applicable laws, regulations and policies.

The audit was conducted by the Audit and Accountability Bureau in accordance with the *Internal Auditing Standards for the Government of Canada* and examined sufficient, relevant evidence and obtained sufficient information and explanations to provide a reasonable level of assurance to support the audit conclusion.

The audit identified two Lines of Enquiry. The first one examined the management control framework that has been put in place to manage the Capital Contribution Agreements, as they deal with roles and responsibilities; departmental policies, guides and procedures; risk management and management information systems. The second Line of Enquiry was aimed at determining whether capital contribution agreements are managed in compliance with applicable laws, regulations, policies and procedures. The period under review was fiscal year 2008-09.

There is an effective management control framework put in place over the Capital Contribution Agreements. Roles and responsibilities are clearly defined, documented and understood by employees.

Departmental policies, guides, and procedures have been found to be consistent with the Terms and Conditions that oversees the management of Capital Contribution Agreements and the Treasury Board of Canada *Policy on Transfer Payments*. However, the main guidance document used by regional facilities managers needs to be updated.

The Program has identified and assessed key inherent risks, but could benefit from periodic reassessments of its risk mitigation strategies in light of post mortem assessments of completed capital projects in order to determine the need for any necessary changes in such areas as: policy; procedures; training; monitoring; and ministerial audits.

Information systems (i.e. Management of Contracts and Consulting Services Systems (MCCS) and Real Property Management Information System (RPMIS)) used for the management of Capital Contribution Agreements adequately support decision-making.

However, duplication of the MCCS with another departmental system has been identified. Furthermore, RPMIS does not always provide accurate and complete information on financial forecasts. These two shortcomings are currently being addressed by Program Management.

The management of the capital contribution agreements is in compliance with applicable laws, regulations, policies and procedures, with regards to project selection, financial and non-financial reporting and project file documentation. Project files were, for the most part, adequately documented and were useful in supporting sound decision-making and monitoring activities.

The report includes two recommendations to address two areas where improvements are required.

Management agrees with the recommendations and its response indicates its commitment to take action.

Introduction

Background

Health Canada provides funding to communities to implement capital projects and deliver operational services to facilities through capital contribution agreements. This funding is managed by two branches, the First Nations and Inuit Health Branch and the Regions and Programs Branch.

The Government of Canada's *Policy on Transfer Payments* governs this funding, while its objective is to ensure that transfer payment programs are: managed with integrity, transparency and accountability in a manner that is sensitive to risks; are citizen and recipient-focused; and are designed and delivered to address government priorities in achieving results for Canadians.

The Health Facilities and Capital Program, is coordinated by the Business Planning and Management Directorate, within the First Nations and Inuit Health Branch. It supports the construction, acquisition, leasing, operation and maintenance of nursing stations, health centres/offices, treatment centres, staff residences and operational support buildings. These facilities allow Health Canada to offer health programs and services to First Nations and Inuit Health Branch clients.

A capital assets group is responsible for the development, approval and for the general management of capital contribution agreements in six of the Regions and Programs Branch's seven regions (no group in the Northern Region). These regional groups ensure that the recipients comply with the terms and conditions of the agreements and monitor project status, key deliverables and milestones. For the purpose of programs coordinated by the First Nations and Inuit Health Branch, Manitoba and Saskatchewan are considered as two distinct regions and there is one capital assets group for each province.

In fiscal year 2008-09, the Department made payments amounting to $49.8 million, toward 159 capital contribution agreements.

Objective

The objective of this audit was to determine whether there is an effective management control framework in place for capital contribution agreements to ensure that they are managed effectively and in compliance with applicable laws, regulations and policies.

Scope and Approach

The Audit and Accountability Bureau conducted this audit in line with Health Canada's Risk-Based Audit Plan, which was approved for 2009-2012. The audit was conducted in accordance with the Treasury Board of Canada's *Policy on Internal Audit* and *Internal Auditing Standards for the Government of Canada*, and examined sufficient, relevant evidence and obtained sufficient information and explanations to provide a reasonable level of assurance to support the audit's conclusions.

The audit identified two Lines of Enquiry. The first one examined the management control framework that has been put in place to manage the Capital Contribution Agreements. The second Line of Enquiry was aimed at determining whether capital contribution agreements are managed in compliance with applicable laws, regulations, policies and procedures. The period under review was fiscal year 2008-2009.

In assessing the Department's management control framework over the Capital Contribution Agreements, the audit examined roles and responsibilities, the policy framework, risk management and information systems. With regards to the management of the capital contribution agreements, the audit examined project selection, financial and non-financial reporting and project file documentation.

The audit focused on key controls set out in the Core Management Controls guidelines from the Office of the Comptroller General of Canada. Audit criteria have been derived from these controls and were vetted with management. **Appendix A** provides details on audit criteria identified for each Line of Enquiry.

In validating the key controls for the management of capital contribution agreements, the audit approach included: interviews, review of key policies, processes and other documentation.

The management of capital contribution agreements was mostly assessed through the review of a sample of 25 project files from fiscal year 2008-09 managed in Quebec and Saskatchewan. Additional details on Health Canada supported health facilities and payments made for Capital Contributions Agreements in fiscal year 2008-09, as well as sample selection, are provided in **Appendix B**.

The field work for the audit was conducted from June to October 2009. In addition, internal audit activity conducted in the summer of 2009 for Health Canada's *Audit of Economic Action Plan (Budget 2009) Expenditure Controls* was leveraged to avoid duplication of effort, and to ensure minimal disruption to Program Management.

Findings, Recommendations and Management Responses

Management Control Framework

Roles and Responsibilities

Audit Criterion
Roles and responsibilities are clearly defined, documented and understood by Capital Contribution Agreements employees working in the First Nations and Inuit Health Branch and the Regions and Programs Branch.

Roles and responsibilities are clearly defined, documented and understood for the employees and committees involved in the management of the Capital Contribution Agreements.

Roles and responsibilities for managing capital contribution agreements are described in a variety of documents including: *Framework for FNIHB Capital Planning and Management; Business Processes for Managing FNIHB Capital Contribution Agreements - Module V (Managing Capital Contribution Agreements)*; Risk-Based Audit Framework (RBAF); and the Health Facilities and Capital Program: Results-Based Management and Accountability Framework.

Interviews with staff indicated an understanding of their roles, as stated in these documents, and that practices are in place to communicate financial management responsibilities and expected practices to recipients through the agreements and ongoing dialogue.

The Health Facilities and Capital Program is coordinated by the First Nations and Inuit Health Branch's Business Planning and Management Directorate. This directorate provides strategic direction to Health Canada regions and lead the development of national standards, policies and guidelines.

The Regions and Programs Branch, through its regional offices across Canada, is responsible for delivering and supporting these programs and services. The offices ensure that proper controls and accountability practices are in place and review the use of program funds and the quality of services delivered.

The Regional Directors, Capital Assets, Administrative Services and Security are the focal point for the delivery of the Capital Contribution Agreements. They are the signing authority for capital contribution agreements and are responsible for the general management of capital contribution agreements and ensuring compliance with their terms and conditions.

Contribution recipients, who receive funding for capital projects through capital contribution agreements, are legally responsible for ensuring that the projects described in the applications for funding are carried out in accordance with the contribution agreements.

The management of Capital Contributions Agreements is supported by one national committee with representatives from the First Nations and Inuit Health Branch and the Regions and Programs Branch.

The *National Capital Program Review Committee* has a number of responsibilities, including: reviewing capital and facility management proposals and making recommendations to the Departmental Long Term Capital Plan; reviewing resource requirements and allocations for funding as part of the annual planning cycle; and, establishing methods and procedures for monitoring capital projects.

Each region has a *Capital Allocation and Review Committee* responsible for areas such as: developing criteria for the approval and prioritization of capital projects; prioritizing and monitoring regional capital projects; reviewing the long term capital planning framework; and, identifying gaps in proposals and obtaining the necessary information. In the Manitoba and Saskatchewan Regions, there is a separate committee for each province.

Departmental Policies, Guides and Procedures

Audit Criterion

Departmental policies, guides, and procedures are both consistent with the Terms and Conditions that oversee the management of Capital Contribution Agreements and the Treasury Board of Canada *Policy on Transfer Payments*, and program managers are aware of any changes brought to the management of the Capital Contribution Agreements Program.

Departmental policies, guides, and procedures have been found to be consistent with the Terms and Conditions that oversee the management of Capital Contribution Agreements and the *Policy on Transfer Payments*. However, the main guidance document used by regional facilities managers needs to be updated.

Policies for financial management regarding project delivery of Capital Contribution Agreements, in the regions are communicated through various guidance documents.

The *Business Processes for Managing FNIHB Capital Contribution Agreements - Module V (Managing Capital Contribution Agreements)* "*Knowledge in a Book*", developed in 2005, outlines financial and management control measures to be put in place by Regional Facilities Managers, including describing the requirements that must be met for payments to be made. However, it was only informally introduced in the

regions in fiscal year 2007-08. This document is supported by a detailed capital contribution agreement template, which was also developed in 2005. New agreement templates were developed in 2009 for both minor (costs less than $500,000) and major (costs above $500,000) capital projects, and define payment processes and associated roles and responsibilities of recipients. It is further supported by a number of guidance documents, including the *Property Planning and Management Manual*, *Planning and Design Guidelines for Health Stations, Health Centres and Nursing Stations*, and various documents relating to community needs and environmental assessments.

As the current version of *"Knowledge in a Book"* (Module V) was drafted in 2005, it does not reflect more recent items such as the *Policy on Transfer Payments* with its additional reporting requirements and the new agreement template. This document is currently being updated and it is anticipated that a new online version will be available in late fiscal year 2010-11.

Recommendation No. 1

It is recommended that the Assistant Deputy Minister, First Nations and Inuit Health Branch, in collaboration with the Assistant Deputy Minister, Regions and Programs Branch, ensure that departmental guidance for Capital Contribution Agreements (e.g. Module V) is updated, to reflect the current Policy on Transfer Payments and the new agreement template, and is disseminated to the regions in a timely fashion.

Management Response

Management agrees with this recommendation.

Module 5 will be revised to include additional guidance and strengthened clarification on the overall CCA process to reflect the current *Policy on Transfer Payments* and the new agreement template. It is proposed that workshops be conducted in each region to re-introduce key program documents that outline the Program mandate and priorities, including roles & responsibilities of all key players of this program. Among others, the following material would be reviewed at this workshop: Property Planning and Management Manual and Module 5: Managing Capital Contribution Agreements.

Risk Management

Audit Criterion

Risks pertaining to the Capital Contribution Agreements, including specific risks related to project achievements, are identified, assessed, and managed, in accordance with relevant Treasury Board of Canada policies.

The Program has identified and assessed key inherent risks, but could benefit from periodic risk reassessments of its mitigation strategies in light of post mortem

assessments of completed capital projects in order to determine the need for any necessary changes in such areas as: policy; procedures; training; monitoring; and ministerial audits.

The *Umbrella Risk-Based Audit Framework for the Health Facilities and Capital Program Contribution Program Authority* has been developed and was last revised in 2005. It explains how risk concepts are integrated into the strategies and approaches used for managing the Capital Contribution Agreements. It is designed to facilitate departmental tracking, monitoring and reporting on risks.

The Audit Framework has identified key inherent risks in the following areas: the construction, operations and maintenance of health facilities; the provision of required equipment, relevant regulations, codes, and standards; and, the management of capital contribution agreements. An assessment of these risks was conducted in order to determine their likelihoods and potential impacts, and management measures to respond to them.

In addition, Module V identifies seven potential risks that need to be taken into account: "cash handling deficiencies; financial risks related to contracts; inadequate safekeeping of facilities and equipment; lack of security on the job site; insufficient insurance coverage; hidden deficiency in final work or product; mishaps and embezzlements". However, there is insufficient guidance on risks associated with managing contracts and on the monitoring and controlling of costs. The examination of files also revealed that there is minimal post-mortem assessments of risk and lessons learned, to provide guidance for modifications to methodology, training and the identification of areas to monitor more closely.

Some good risk management initiatives were observed in the regions. In Saskatchewan, they began to use a cumulative financial "*Reconciliation*" and a "*Quality Assurance Checklist*", which tracks advance payments made by Health Canada versus expenditures reported by recipients, ensuring budgets are respected as per each agreement. In Quebec, an annual "*Band Community Risk Assessment*" was established, which is used to reconcile terms and conditions stated in agreements with audited financial statements. It allows the Region to oversee the risk of non-compliance with the various covenants it manages for each community.

The Business Planning and Management Directorate, within the First Nations and Inuit Health Branch, is responsible for conducting audits (referred to as "ministerial audits") of recipients that received funding from programs put in place by the Branch. Through a risk-based planning exercise, the Business Planning and Management Directorate selects recipients for audit. Some contribution agreements signed with these recipients are then included in the Branch's Risk-Based Audit Plan. These audits verify the recipients' compliance with funding agreements and assess the recipients' financial controls and risk

management mechanisms. Based on audit findings, the unit makes recommendations to senior management and ensures that ministerial audit action plans are followed.

Although they do not replace on-going monitoring activities (on-site visits, regular contact and assessment of financial and non-financial reports), the conduct of contribution audits help mitigate risks. In accordance with the revised *Policy on Transfer Payments* (October 2008), higher risk projects should be subject to more monitoring and audits. However, during the past two fiscal years, only three contribution audits were carried out for capital contribution agreements while an annual average of 230 active projects existed during that same period.

Health Canada has recently developed the *Agreement/Recipient Risk Assessment Tool* within the enterprise risk management suite of grants and contributions risk management tools. The purpose of this tool is to assist program areas in assessing and managing risks associated with grants and contribution programs, funding agreements, and recipients. Effective April 1, 2010, its use became mandatory for all new agreements taking effect.

Recommendation No. 2

It is recommended that the Assistant Deputy Minister, First Nations and Inuit Health Branch, in collaboration with the Assistant Deputy Minister, Regions and Programs Branch, ensure that risk mitigation strategies are reassessed periodically in light of post mortem assessments of completed capital projects in order to determine the need for any necessary changes in such areas as: policy; procedures; training; monitoring; and ministerial audits.

Management Response

Management agrees with this recommendation.

The Branch will implement the departmental risk management tool for all Capital Contribution Agreements. This will document the current risk assessment process in place for the management of Capital Contribution Agreements and ensure that risk mitigation strategies are reassessed periodically. As such, prevailing risk management approaches will be constantly tested against evidence, refined, more evidence collected, and the approaches tested again.

The revised Module V will include reference to the need to conduct post-mortem assessments of completed CCAs to provide guidance for subsequent risk assessments, training and project management implications. FNIHB will consult with RAPB in the development of Module V.

Management Information Systems

Audit Criterion

Management information systems that support the management of Capital Contribution Agreements incorporate health facilities inventory and facility condition reports to support the decision-making process.

Systems (MCCS and RPMIS) used for the management of Capital Contribution Agreements adequately support decision-making. However, duplication of the MCCS with another departmental system has been identified. Furthermore, RPMIS does not always provide accurate and complete information on financial forecasts. These two shortcomings are currently being addressed by Program Management.

Practices are in place to support information tracking and reporting for the Capital Contribution Agreements. The Program maintains a project status tracking sheet, which is updated through project status meetings and reports from the regions. Financial reporting on capital projects is generated through the Management of Contracts and Consulting Services System (MCCS), which contains information on the level of funds committed and spent for each capital contribution agreement.

The MCCS is used by the First Nations and Inuit Health Branch. Within Health Canada, other branches use another system, the *Lotus Notes Grants and Contributions*, to support grants and contribution expenditure management. In 2007, the Audit and Accountability Bureau recommended that the Department assess options to integrate these two systems into a single system. A presentation was recently made to the Department's Senior Management in this regard and further elaboration of timelines and costs is being undertaken for two of the options with a decision expected in the fall of 2010.

In addition to the MCCS, the Department also uses the *Real Property Management Information System (RPMIS)* to support the decisions for capital contribution projects. Certain system limitations were identified with this system, as it does not always provide accurate and complete information on financial forecasts for costs of new constructions or renovations. This contributed to unrealistic initial project cost estimates. As a result, regional budgets may not portray a realistic financial picture of Aboriginal health facilities' needs. In order to demonstrate the financial needs for maintenance and renovations of health premises, some revisions are done on parallel manual systems in both regions.

Subsequent to the period audited, the Department refined its financial forecasting for new construction and renovations which responded to the issues identified by the audit in the testing of project files. Historical costing data contained in the RPMIS' database are used to calculate baseline unit cost estimates historical regional data. This model is also supported by data obtained from Statistics Canada and the Construction Sector Council. The Saskatchewan Region has been using this data in a regional system, developing replacement value estimations since 2009 for their projects.

Since the Department is already addressing the above-identified shortcomings (i.e. existence of two departmental systems and limitations in RPMIS), the report makes no recommendation in these areas.

Compliance with Policies and Procedures

Project Selection and Approval

Audit Criterion

The project selection process functions adequately and is supported by a diligent process, encompassing the assessment of a recipient's ability to perform several project-related responsibilities, prior to project inception.

The review of the sample of 25 capital contribution agreements provided evidence that there is sufficient documentation to support project selection and approval.

The long term capital planning process drives the identification of areas for infrastructure investment. A long term capital plan is maintained in each region, as well as nationally, identifying areas that require investment. Capital allocation review committee structures exist at both the regional and national levels to facilitate project selection. In addition, a suite of guidance documents and tools exist to support the project planning process. Specifically, capital contribution agreement templates, the Results-based Management and Accountability Framework documents, Module V, the First Nations Inuit Health Branch Capital Planning and Management Framework, all support the long term capital plan activities that drive project selection within the Program.

The documentation in support of project selection and approval includes the most significant aspects i.e. the rationale for the selection of the project; recipient capacity and readiness assessments; recipient strengths and challenges in financial, administrative and health programming areas; and signatures by individuals holding the appropriate delegated signing authorities.

Financial and Non-financial Progress Reporting

Audit Criteria

Financial and non-financial progress reports are reviewed and managed in accordance with the First Nations and Inuit Health Branch's business processes and the Terms and Conditions that oversee the management of Capital Contribution Agreements. Requests for payment are approved in compliance with the *Financial Administration Act* (FAA) and supported by proper documentation.

Progress reports are reviewed and managed in line with the Terms and Conditions and payments are made in compliance with the FAA, including proper documentation.

Progress reports are aimed at monitoring the expenditure of funds and represent one of the most important controls of managing capital contribution agreements. Project managers are required to implement control procedures to prevent unnecessary or inappropriate spending. This includes ensuring that payments are made in accordance with the terms and conditions of contribution agreements.

The file review of 25 contribution agreements was made to identify how progress reports were reviewed and managed. This included a review of actions taken in the following areas: recipients compliance with contracting practices; adequate analysis of claimed expenditures; that claimed expenditures are matched to approved allowable expenses; that there was proper accounting for all advance payments, that there was adequate documentation to support payments; and that there was compliance with reporting requirements.

It was determined that proper procedures were followed. Amendments to the contribution agreement to increase expenditures were well documented, payments were made in compliance with the agreements and there was appropriate reporting. A project self assessment checklist has also been created to facilitate the identification of actions to take at each phase of the project.

Project File Documentation

Audit Criterion
Project files are adequately documented and support the decision-making and monitoring processes carried out.

It was found that most of the files reviewed were adequately documented and were useful in supporting sound decision-making and monitoring activities.

The primary objective of maintaining adequate file documentation is to support decision-making. It also aims at providing evidence that all phases of capital projects are managed in accordance with sound comptrollership practices, regulatory requirements and terms and conditions stated in contribution agreements.

Documentation requirements are laid out in both Module V and the Capital Contribution Agreement Template. They identify the documents to be maintained by the various parties involved in the contribution agreement. There has been a standardization of files for regional consistency between Manitoba and Saskatchewan. However, classification of file documentation is not uniform between the two regions audited, a fact perhaps attributable to national consideration for regional flexibility.

The *Tendering Policy for First Nations Capital Projects Funded by First Nations and Inuit Health Branch* requires that all First Nations capital projects funded by the Branch use an open public tendering process when construction costs are over $500,000 (i.e. major capital projects). If costs are between $100,000 and $500,000, either an open public tender process or invite for tenders from at least three qualified firms can be used to ensure an adequate level of competition. A review of files indicated that there were tendering documents on file for each of the files reviewed. In addition, there was documentation relating to progress payments, contract amendments, site reviews (including photographs of progress) and final completion reports.

Conclusion

There is an effective management control framework in place over the Capital Contribution Agreements. Roles and responsibilities are clearly defined, documented and understood by employees.

Departmental policies, guides, and procedures have been found to be consistent with the Terms and Conditions that oversee the management of Capital Contribution Agreements and the Treasury Board of Canada *Policy on Transfer Payments*. However, the main guidance document used by regional facilities managers needs to be updated.

The Program has identified and assessed key inherent risks, but could benefit from periodic reassessments of its risk mitigation strategies in light of post mortem assessments of completed capital projects in order to determine the need for any necessary changes in such areas as: policy; procedures; training; monitoring; and ministerial audits.

Information systems (i.e. MCCS and RPMIS) used for the management of Capital Contribution Agreements adequately support decision-making. However, duplication of the MCCS with another departmental system has been identified. Furthermore, RPMIS does not always provide accurate and complete information on financial forecasts. These two shortcomings are currently being addressed by Program Management.

The management of the capital contribution agreements is in compliance with applicable laws, regulations, policies and procedures, with regards to project selection, financial and non-financial reporting and project file documentation. Project files were, for the most part, adequately documented and were useful in supporting sound decision-making and for monitoring activities.

Appendix A - Lines of Enquiry and Audit Criteria

Line of Enquiry No. 1: Determine whether an appropriate Management Control Framework is in place to manage the Capital Contribution Agreements (CCA's).

Audit Criteria

- Roles and responsibilities are clearly defined, documented and understood by Capital Contribution Agreements employees working in the First Nations and Inuit Health Branch and the Regions and Programs Branch;
- Departmental policies, guides, and procedures are both consistent with the Terms and Conditions that oversee the management of Capital Contribution Agreements and the Treasury Board of Canada *Policy on Transfer Payments*, and Program Managers are aware of any changes brought to the management of the Capital Contribution Agreements Program;
- Risks pertaining to the capital contribution agreements, including specific risks related to project achievements are identified, assessed, and managed, in accordance with relevant Treasury Board of Canada policies; and
- Management information systems that support the management of Capital Contribution Agreements incorporate health facilities inventory and facility condition reports to support the decision-making process.

Line of Enquiry No. 2: Determine whether Health Canada's management of capital contribution agreements is in compliance with applicable laws, regulations, policies and procedures.

Audit Criteria

- The project selection process functions adequately and is supported by a diligent process, encompassing the assessment of a recipient's ability to perform several project-related responsibilities, prior to project inception.
- Financial and non-financial progress reports are reviewed and managed in accordance with FNIHB's business processes and the CCA's Terms and Conditions. Requests for payment are approved in compliance with the *Financial Administration Act* and supported by proper documentation; and
- Project files are adequately documented and help support sound decision making and monitoring activities.

Appendix B –Health Canada Supported Health Facilities and Payments made for Capital Contributions Agreements in Fiscal Year 2008-2009

Region	Health Canada Supported Health Facilities (1)								Pmts made ($M) (2)	% of Pmts
	Health Centres	Health Stations	Nursing Stations	Health Offices	Hospitals	Treatment Centres	Total	% of Total		
Atlantic	25	1	0	8	0	9	43	7.78%	0.95	1.9%
Québec	16	0	11	0	0	5	32	5.79%	4.47	9.0%
Ontario	38	44	19	24	2	7	134	24.23%	11.10	22.3%
Manitoba	10	0	21	28	2	3	64	11.57%	10.36	20.8%
Saskatchewan	66	1	12	0	0	9	88	15.91%	6.87	13.8%
Alberta	44	3	3	0	0	5	55	9.95%	4.73	9.5%
British Columbia	23	87	10	12	0	5	137	24.77%	11.37	22.8%
Total	**222**	**136**	**76**	**72**	**4**	**43**	**553**	**100%**	49.85	**100%**

(1) Source: FNIHB – Real Property Information Management System, August 2010-10-07
(2) Source: Health Canada Financial System

A sample of 25 capital contribution files was selected from the population of capital contribution agreements for which payments were issued during fiscal year 2008-2009. The Quebec and Saskatchewan Regions were selected based upon materiality, previous audit results, and strategic nation-wide coverage through a combination of other audits conducted by the Audit and Accountability Bureau. 15 contribution files were reviewed in the Quebec Region, and 10 files in the Saskatchewan Region. The 25 files included in the sample represent capital contribution projects valued at $28.4 million. These are usually multi-year projects.