

Reports of the Auditor General of Canada
to the Parliament of Canada

Rehabilitation of Parliament's Centre Block—Public Services and Procurement Canada

Report 3



**Independent Auditor's
Report | 2023**



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

Performance audit reports

This report presents the results of a performance audit conducted by the Office of the Auditor General of Canada (OAG) under the authority of the *Auditor General Act*.

A performance audit is an independent, objective, and systematic assessment of how well government is managing its activities, responsibilities, and resources. Audit topics are selected on the basis of their significance. While the OAG may comment on policy implementation in a performance audit, it does not comment on the merits of a policy.

Performance audits are planned, performed, and reported in accordance with professional auditing standards and OAG policies. They are conducted by qualified auditors who

- establish audit objectives and criteria for the assessment of performance
- gather the evidence necessary to assess performance against the criteria
- report both positive and negative findings
- conclude against the established audit objectives
- make recommendations for improvement when there are significant differences between criteria and assessed performance

Performance audits contribute to a public service that is ethical and effective and a government that is accountable to Parliament and Canadians.

This publication is available on our website at www.oag-bvg.gc.ca.

Cette publication est également offerte en français.

© His Majesty the King in Right of Canada, as represented by the Auditor General of Canada, 2023.

Cat. No. FA1-27/2023-1-3E-PDF

ISBN 978-0-660-47347-5

ISSN 2561-343X

Cover photo: Office of the Auditor General of Canada

At a Glance



Overall message

Overall, we found that Public Services and Procurement Canada effectively managed the early phases of the Centre Block Rehabilitation Program to rehabilitate Parliament’s Centre Block and build the new Parliament Welcome Centre, recognizing that much of the work of the planning phase, the design phase, and the initial stages of the construction phase had been done.

The rehabilitation program involves many partners, including the House of Commons, the Senate of Canada, and the Library of Parliament. Public Services and Procurement Canada consulted widely to take into account the heritage character of the Centre Block building, the needs of the public and the parliamentary partners, and environmental considerations. The department also consulted with Indigenous communities to capture the nation’s Indigenous heritage throughout the renewed Centre Block and the Parliament Welcome Centre.

During the early phases of the rehabilitation program, Public Services and Procurement Canada used a flexible approach to keep the program moving forward while waiting on the parliamentary partners to define their requirements. For example, the department moved ahead with work that needed to be done to prepare for the rehabilitation, such as demolition and excavation activities, while waiting on the decisions needed to finalize the project’s scope. As noted in our 2010 audit, the governance framework underpinning the overall rehabilitation of the Parliament buildings is fragmented, and it contributed to the delays in decision making during the planning phase.

As the program moves more into the construction phase, where making changes to elements that are built or in the process of being built becomes more difficult, the impact of delayed decisions on costs and timelines will be greater. Having timely decisions and maintaining rigorous cost management processes are important to contain costs and remain on schedule.

Key findings



- During the planning phase, the design phase, and the initial stages of the construction phase of the Centre Block Rehabilitation Program, Public Services and Procurement Canada had so far effectively managed the scope, schedule, and costs and kept the program on schedule and within costs. One way it achieved this was by using flexible management approaches.
- The department worked with stakeholders and experts to develop the scope of the program and balance sustainability, heritage, accessibility, and inclusivity elements. It also balanced these elements with the requirements of building occupants and the need to improve and modernize the Centre Block building.
- The governance of the rehabilitation program remained fragmented, resulting in delays in obtaining key decisions on some user requirements from the parliamentary partners.

Key facts and figures



- The Centre Block was built between 1916, when fire destroyed the original building, and 1927, and it has housed the House of Commons and the Senate of Canada since 1922. It has had only minor repairs since then.
- Assessments of the Centre Block building by Public Services and Procurement Canada show many issues, such as a decaying structure, failing building systems (like mechanical and electrical), and hazardous material on site.
- The rehabilitation of the Centre Block building and the construction of the Parliament Welcome Centre started in 2016 and has a construction completion date of 2030 to 2031, with the aim of reopening 1 year later. This rehabilitation program is a large and complex project of a historic building.
- The estimated cost of construction, established in 2021, is \$4.5 billion to \$5 billion to rehabilitate the Centre Block and build the Parliament Welcome Centre.

See **Recommendations and Responses** at the end of this report.

Table of Contents

Introduction	1
Background	1
Focus of the audit	4
Findings and Recommendations	5
Public Services and Procurement Canada worked with stakeholders and experts to develop the scope of the Centre Block Rehabilitation Program while facing delays in receiving some user requirements	5
Work with various experts and stakeholders	6
Consultations on heritage, sustainability, and accessibility elements.....	7
Delays in receiving key decisions on some user requirements	8
Public Services and Procurement Canada put in place processes to manage the schedule and cost of the Centre Block Rehabilitation Program	12
Flexible schedule management approach.....	12
Processes to effectively manage costs so far	14
Conclusion	16
About the Audit	17
Recommendations and Responses	21

Introduction

Background

Canada's Parliament buildings

3.1 Canada's Parliament buildings are the focal point of Canadian political life as well as a national treasure and a tourist destination. They convey the symbolic and ceremonial aspects of Parliament. Over time, the buildings and the site have become a visual symbol of Canada's parliamentary democracy. In 1987, they were given the federal government's highest-level heritage designation.

3.2 The Parliament buildings are set on the Parliament Hill grounds and are part of the Parliamentary Precinct, which includes the 3 city blocks facing Parliament Hill. Some of the buildings in the precinct are

- the Centre Block (with the adjacent Peace Tower)
- the West Block
- the East Block
- the Library of Parliament
- a visitor welcome centre (underground between the West Block and the Centre Block)
- the Confederation Building

The grounds provide the setting for national celebrations, public ceremonies, and lawful demonstrations.

3.3 The primary occupants of the Centre Block are members of the House of Commons and the Senate of Canada and their staff, and staff from the Library of Parliament and the Parliamentary Protective Service. In addition, there are millions of Canadian and international visitors who visit the Centre Block and the grounds of Parliament Hill.

3.4 Since the current Centre Block building was completed in 1927—to replace the original that was destroyed by a fire in 1916—only minor repairs have been made to the building. Over the years, assessments of the building conditions by Public Services and Procurement Canada showed decaying structural integrity, asbestos and other hazardous material on site, and tears and holes in the roof that led to water leaks and moisture damage. The building needed major repairs to bring it up to modern safety, environmental, and accessibility standards and to make it functional for parliamentarians and their staff. In our 2010 audit on

rehabilitating the Parliament buildings, we reported that the department predicted that the Centre Block could experience “total failure” sometime between 2019 and 2025 if major repairs were not undertaken.

Centre Block Rehabilitation Program

3.5 The Centre Block building, including the Peace Tower, is being rehabilitated to bring it up to modern standards, such as current building codes. In addition, the visitor welcome centre is being expanded to build a new Parliament Welcome Centre (Exhibit 3.1). These projects are referred to as the Centre Block Rehabilitation Program.

Exhibit 3.1—Conceptual drawings of the new Parliament Welcome Centre

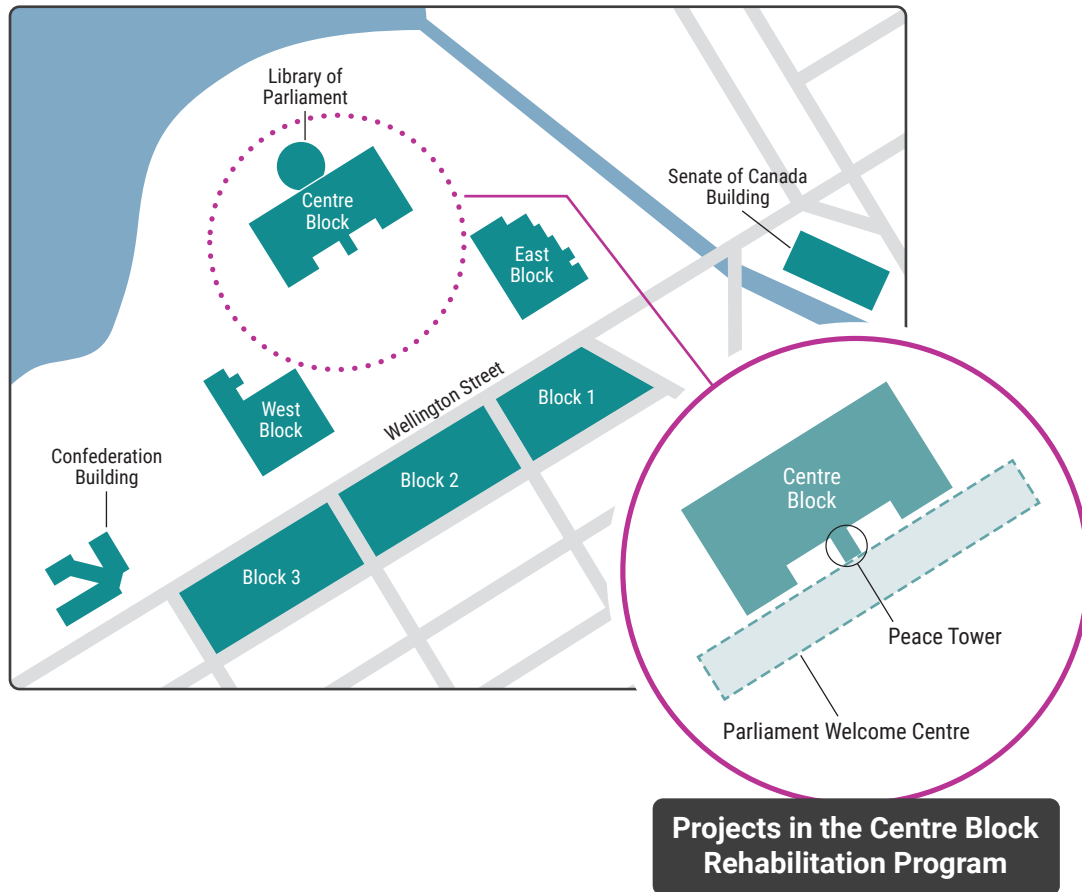


Source: Public Services and Procurement Canada

3.6 The Centre Block Rehabilitation Program is part of the Long Term Vision and Plan for the Parliamentary Precinct (Exhibit 3.2). This plan was developed in 2001 and updated in 2006, and it is the government’s multi-year strategy for

- restoring deteriorated heritage buildings in the Parliamentary Precinct
- improving accommodations to support parliamentary operations
- modernizing the buildings to make them accessible, sustainable, digital, and more secure

Exhibit 3.2—The Centre Block Rehabilitation Program is part of the government's Long Term Vision and Plan for the Parliamentary Precinct



Source: Adapted from the Public Services and Procurement Canada website

3.7 The Centre Block Rehabilitation Program was approved in 2016. The projected target date for completing construction is 2030 to 2031, with the reopening scheduled for 1 year later to allow Parliament to do testing and get the building ready for operations. The estimated cost of \$4.5 billion to \$5 billion was established in 2021 for the construction, as well as for contingencies—provisions for anticipated challenges, such as poorer building conditions than expected—and a reserve—provisions for unanticipated challenges, such as the increase in building-material costs due to unexpected events. This project is guided by a project management process that covers 3 phases from planning to construction (Exhibit 3.3). Our audit period included the planning phase to the initial stages of the construction phase.

Exhibit 3.3—Key project management phases

Planning	Design	Construction
<ul style="list-style-type: none"> Developing the scope (all products, services, and results of a project), the preliminary schedule, and rough cost estimates 	<ul style="list-style-type: none"> Defining design elements and a project plan Establishing the schedule and cost estimates on the basis of building condition, client requirements, and the design 	<ul style="list-style-type: none"> Undertaking the construction and implementing the project plan while monitoring costs and the schedule and finalizing activities

Source: Based on information from Public Services and Procurement Canada

Roles and responsibilities

3.8 Public Services and Procurement Canada operates as a common service organization for the federal government. The department is the custodian of federal real property, including the buildings and grounds in the Parliamentary Precinct. It is responsible for the care, upkeep, operations, and management of these buildings and grounds. For the Centre Block Rehabilitation Program, the department is responsible for the rehabilitation work done to the buildings, including activities such as project planning and delivery, as well as managing the schedule, scope, and costs.

3.9 In 2017, the department entered into 4 main contracts to support the delivery of the program. The contracts are for

- architectural and engineering services
- construction management services
- project management support services
- cost, time, and risk management support services

Focus of the audit

3.10 This audit focused on whether Public Services and Procurement Canada effectively managed the cost, schedule, and scope of the Centre Block Rehabilitation Program while balancing the requirements of Parliament, the heritage character of the building, sustainability, and equitable access for parliamentarians and the public. The audit also looked at whether the department, in cooperation with key partners and stakeholders, put in place a governance framework to support timely decisions for the Centre Block Rehabilitation Program.

3.11 This audit is important because the Centre Block building and the Peace Tower are iconic elements of Canadian heritage and a symbol of Canadian democracy. A significant amount of public funds have been allocated to this program, and Canadians should know the progress so far and whether the program has been effectively managed.

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

Findings and Recommendations

Public Services and Procurement Canada worked with stakeholders and experts to develop the scope of the Centre Block Rehabilitation Program while facing delays in receiving some user requirements

Why this finding matters

3.13 This finding matters because establishing the project scope in the planning phase is important to determine the key elements of a project, such as user needs and upgrades. For the Centre Block and the Parliament Welcome Centre, timely decisions related to parliamentarians' user requirements are needed to establish the scope of the program and define design elements. All these elements are important to determine the construction cost and schedule of the program and to keep it on track.

Context

3.14 During the planning phase of the Centre Block Rehabilitation Program, Public Services and Procurement Canada was to develop the scope of the Centre Block and the Parliament Welcome Centre projects. The scope of any project includes all products, services, and results of a project. Once the scope of a project is completed and the design has been defined, a schedule and cost can be established.

3.15 Public Services and Procurement Canada needed to balance many priorities in developing the scope for rehabilitating and modernizing the buildings and grounds for parliamentarians, their staff, and visitors. This needed to be done while respecting the heritage character of the buildings, improving accessibility, and reducing Parliament's ecological footprint, in collaboration with key stakeholders. The scope of the Centre Block Rehabilitation Program includes

- replacing and repairing the Centre Block building components (for example, exterior walls, the roof, and mechanical and electrical systems)
- upgrading the Centre Block building to meet current building codes (for example, foundations, structural upgrades, and universal accessibility)

- modernizing the Centre Block to support 21st-century parliamentary functions and workplaces (for example, meeting rooms and offices for parliamentarians and their staff, information technology, and security)
- building a new underground multi-level Parliament Welcome Centre
- conducting program early works (for example, building assessments and site preparation, like an access road)

Work with various experts and stakeholders

Findings

3.16 We found that Public Services and Procurement Canada gathered information from experts and relevant stakeholders to develop the scope for rehabilitating and modernizing the Centre Block building.

3.17 We found that the department assessed the Centre Block building and its site to gain a comprehensive understanding of the building conditions, such as its structural and mechanical conditions. The department also worked with experts to undertake an assessment to better understand the requirements needed to bring the buildings up to the current national building code. For example, the necessary upgrades to withstand an earthquake were included in the program's scope.

3.18 We also found that the department worked with the parliamentary partners—the House of Commons, the Senate of Canada, the Library of Parliament, and the Parliamentary Protective Service—to determine their user requirements. This included consultations to understand requirements, such as the number of offices, the size of the lobbies, and the technical requirements of committee rooms. The parliamentary partners were also consulted on options for security, heritage conservation, sustainability, and accessibility.

3.19 We found that the department consulted with stakeholders to develop the scope of the program. For example, the department consulted with the federal organization that provides heritage conservation advice. In addition, the department consulted with Indigenous communities for guidance on incorporating Indigenous elements throughout the Centre Block and the Parliament Welcome Centre. Following consultations with Indigenous communities, the department began to make changes to ventilation design so that some traditional Indigenous ceremonial practices could take place indoors, such as smudging (involving prayer and the burning of sacred medicines) and the use of the qulliq (an oil lamp used by Arctic peoples).

3.20 In June 2021, the department published drawings that had been developed regarding the exterior, interior, and systems of the Centre Block building and the Parliament Welcome Centre. This was used to make public a program scope and estimated cost and to present key milestones to Canadians for the delivery of the program.

Consultations on heritage, sustainability, and accessibility elements

Findings

3.21 We found that the department consulted with stakeholders and experts on how to balance environmental sustainability and accessibility elements in the program's scope while respecting the heritage nature of the Centre Block building.

3.22 We found that the department worked with experts to undertake assessments and determine specific sustainable design elements. The department also consulted with the parliamentary partners and stakeholders to discuss sustainability options that were aimed at balancing heritage requirements. For example, the department was examining various options for efficient energy use that would not compromise the heritage of the Centre Block building. This would help reduce greenhouse gas emissions and contribute to Canada's commitment to achieve net zero greenhouse gas emissions by 2050.

3.23 We also found that the department consulted with experts and stakeholders to incorporate accessibility and inclusivity elements into the program scope while balancing the heritage attributes of the building and site, the visitor experience, security, and cultural values. For example, the scope included updating the existing washrooms throughout the Centre Block and the Parliament Welcome Centre to make them gender-neutral.

3.24 We found that the department was working toward attaining the following certifications in environmental design and accessibility for the Centre Block building and the Parliament Welcome Centre:

- Leadership in Energy and Environmental Design certification, a recognized green building certification program
- Rick Hansen Foundation Accessibility Certification, which certifies the level of physical and inclusive access of buildings and sites

3.25 We found that the department completed a **gender-based analysis plus**¹ assessment on its Long Term Vision and Plan. However, it

¹ **Gender-based analysis plus**—An analytical process that provides a rigorous method for the assessment of systemic inequalities and a means to assess how diverse groups of women, men, and gender-diverse people may experience policies, programs, and initiatives. The "plus" acknowledges that gender-based analysis goes beyond biological (sex) and socio-cultural (gender) differences and considers many other identity factors, such as race, ethnicity, religion, age, and mental or physical ability.

Source: Adapted from Women and Gender Equality Canada

did not complete one specifically for the Centre Block or the Parliament Welcome Centre. The Centre Block and the Parliament Welcome Centre are the centrepiece of the Parliamentary Precinct and as such, they should be representative of the diversity of Canadians. Without a specific gender-based analysis plus assessment for this program, along with monitoring of its implementation, there may be missed opportunities for the program to be representative and inclusive of all Canadians.

Recommendation

3.26 Public Services and Procurement Canada should conduct a gender-based analysis plus assessment for the Centre Block Rehabilitation Program following federal government best practices in order to guide decision making, monitoring, and program review to ensure that the public spaces are inclusive and represent the diversity of all Canada's peoples.

The department's response. *Agreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

Delays in receiving key decisions on some user requirements

Findings

3.27 As the primary occupants of the Centre Block, the parliamentary partners are accountable for determining their user requirements related to the rehabilitation program. This includes items like the number and size of offices, committee rooms, and lobbies, as well as security. We found that, although the department had established a governance framework for the implementation of the program, decision making on some user requirements from the parliamentary partners remained fragmented and key decisions were not always endorsed in a timely manner.

3.28 Our 2010 audit on rehabilitating the Parliament buildings found that the governance framework that the department (formerly Public Works and Government Services Canada) had in place to guide the overall rehabilitation of the buildings was inadequate. We recommended that the minister, in cooperation with the parliamentary partners, develop mechanisms to transfer responsibility and accountability for the Parliament buildings to the House of Commons and the Senate of Canada. The department provided an action plan and took steps to address our recommendation. However, consensus among all stakeholders was not achieved, and no changes occurred to transfer responsibility and accountability. The department remained responsible for managing the rehabilitation project, while parliamentarians remained responsible for providing requirements for the use of the buildings.

3.29 In 2019, the department implemented an integrated governance framework for the Long Term Vision and Plan with oversight committees that included the Assistant Deputy Minister Oversight Committee and a new Deputy Minister Oversight Committee. These committees included representatives from the department and the parliamentary partners. We found that, to support decision making on the Long Term Vision and Plan, including the Centre Block Rehabilitation Program, the committees had a standing item on specific key decisions on user requirements related to the Centre Block Rehabilitation Program in their meeting agendas. However, they did not discuss the program's overall scope, schedule, and costs. As a result, the parliamentary partners did not receive complete information about the overall progress and risks to the program through these committee meetings.

3.30 The House of Commons Board of Internal Economy is the governing body of the House of Commons, while the Standing Senate Committee on Internal Economy, Budgets and Administration considers all financial or administrative matters related to the internal management of the Senate of Canada. One of the roles of this board and committee is to establish and endorse key decisions on the user requirements proposed for the Centre Block Rehabilitation Program. The department provided information on design options for the key decisions to the committees individually and had to work with each parliamentary partner to reach agreement on user requirements. This created a risk to the timely delivery of the program if the House of Commons and the Senate of Canada endorsed conflicting decisions.

3.31 In 2021, 2 parliamentary committees started meeting jointly to discuss the Long Term Vision and Plan. The Senate committee and the House of Commons board established smaller groups—a Senate subcommittee and a House of Commons working group—that review the Long Term Vision and Plan and the renovations to the Centre Block. The subcommittee and the working group met jointly 3 times during our audit period to discuss areas of common interest and provide recommendations on user requirements to their respective committees. In our view, meeting jointly allows the department to present information to representatives of the 2 houses of Parliament at the same time to facilitate making recommendations on user requirements.

3.32 We found that the department presented a proposal for an integrated forum to the Long Term Vision and Plan Deputy Minister Oversight Committee in March 2022. The proposed forum would be composed of the Minister of Public Services and Procurement, the Speaker of the House of Commons, and the Speaker of the Senate of Canada to discuss matters of common interest, challenges, and risks on the implementation of the Long Term Vision and Plan. Consensus was not achieved among all partners on this proposal. The Long Term Vision and Plan Deputy Minister Oversight Committee agreed that the

speakers of both houses of Parliament and the minister would meet on an ad hoc basis as required. However, by the end of the audit period, the department told us that no meetings had taken place.

3.33 We found that decision making remained fragmented, as discussions on key decisions on user requirements continued to be undertaken separately by the House of Commons and the Senate of Canada (Exhibit 3.4). This meant that key decisions on some user requirements from the parliamentary partners were not timely. The delays in some key decisions from the parliamentary partners resulted in the department not having all of the elements necessary to complete the scope of the Centre Block and the Parliament Welcome Centre in a timely manner. For example, a decision about the use of the east courtyard was required by spring 2020 but a final design was not agreed to by the parliamentary partner until March 2022. In addition, we found that at the end of our audit period, there were key decisions from the parliamentary partners that remained outstanding, such as the Centre Block security requirements.

3.34 We also found that delays in decision making on user requirements was an ongoing concern for the department for the delivery of the program. The department communicated concerns on the delays in receiving user requirements from the parliamentary partners to some parliamentary committees. However, the department had not publicly stated in a consistent manner that delays on key decisions for user requirements were an ongoing, significant risk. In our view, given the size and complexity of the program, as it moves further into the construction phase, potential scope changes will increase the impacts on the cost and schedule of the Centre Block Rehabilitation Program.

Recommendation

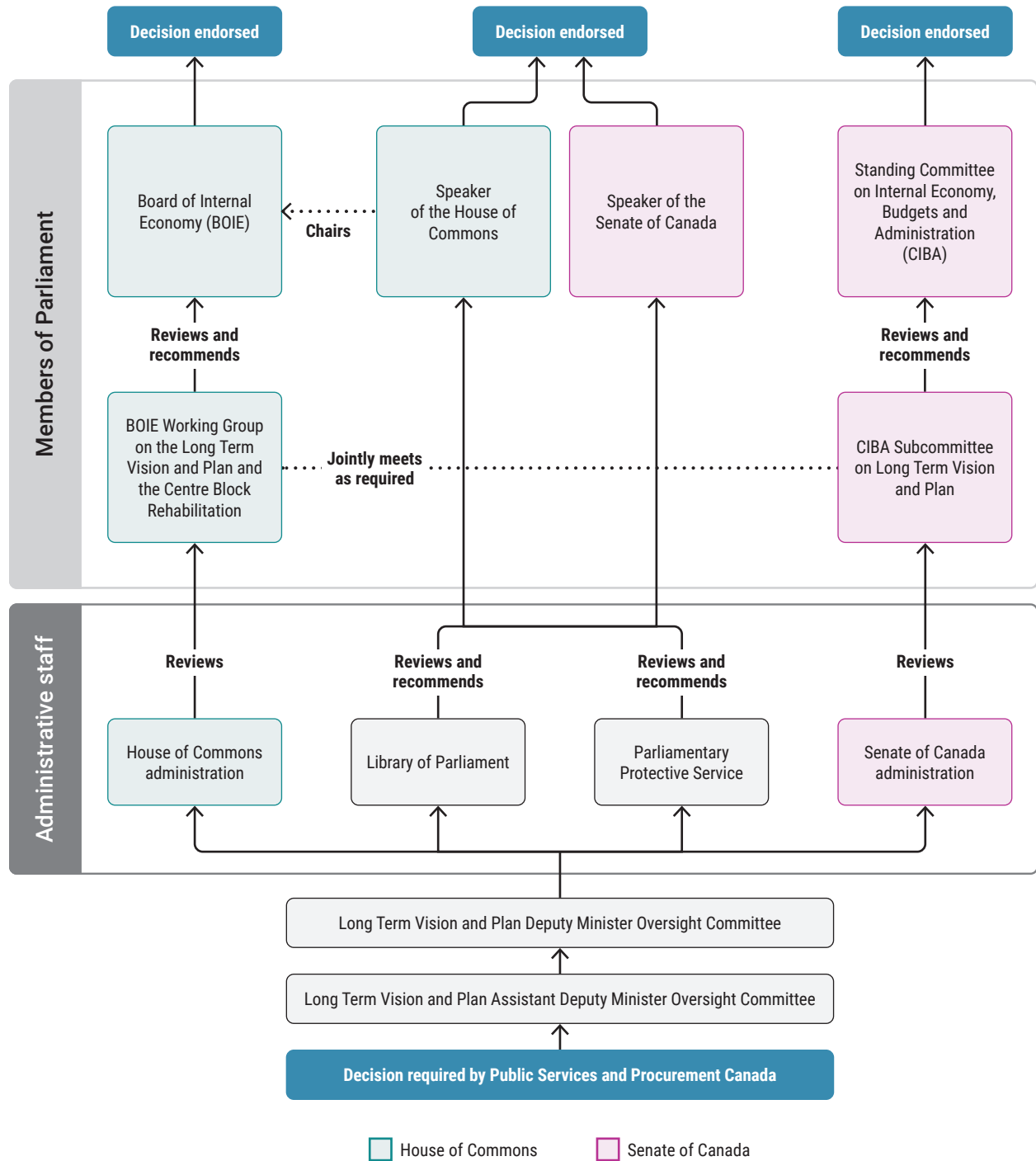
3.35 To support timely decision making from the parliamentary partners, Public Services and Procurement Canada should submit a progress update on the Centre Block Rehabilitation Program to the Speaker of the House of Commons and the Speaker of the Senate of Canada at the same time and at least twice a year. The update should outline

- key risks and mitigation measures to manage the program
- significant changes or adjustments, with an assessment of their impacts on the scope, costs, and overall schedule
- key decisions required to be made by the parliamentary partners with an expected timeline

The department's response. *Agreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

Exhibit 3.4—Decision making remained fragmented



Public Services and Procurement Canada put in place processes to manage the schedule and cost of the Centre Block Rehabilitation Program

Why this finding matters

3.36 This finding matters because the Centre Block Rehabilitation Program is a complex endeavour taking place over multiple years. Having processes in place to effectively manage the cost and schedule will help achieve the best outcomes for Canadians.

Context

3.37 For a program of this size, the federal government requires that key processes be in place for effective management, such as project plans and risk assessments. It also requires that a department outline the schedule and costs of a program from the planning to the completion of a project.

3.38 At the start of a project, an initial schedule is developed to outline timelines for planning, design, and construction activities. Once the scope is defined during the planning phase, a project schedule is established, and key milestones are set for the delivery of the project. In 2016, the Centre Block Rehabilitation Program was approved with a preliminary completion date of 2029.

3.39 Given the size of the program, requests for funds have been done every 5 years. Public Services and Procurement Canada received funds in 2016 and in 2021 to support the Long Term Vision and Plan and for the planning, design and construction phases of the Centre Block Rehabilitation Program.

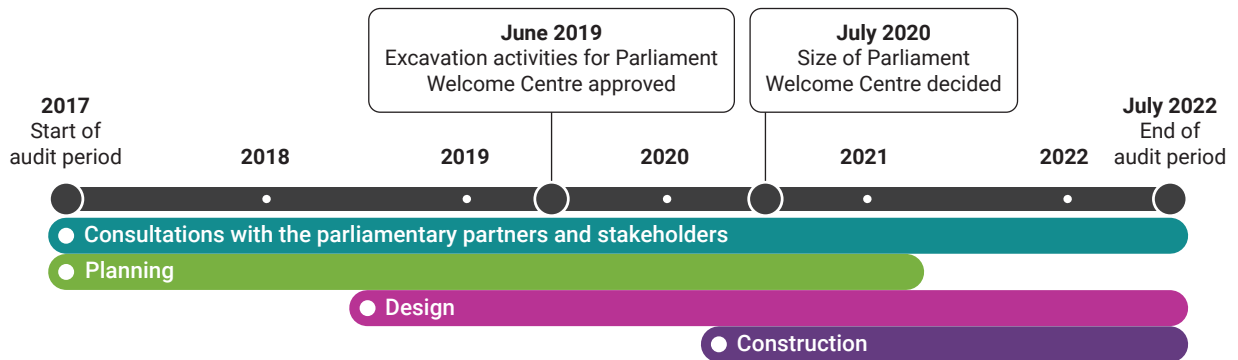
Flexible schedule management approach

Findings

3.40 We found that the department had processes in place to effectively manage the schedule. This included a flexible schedule management approach to help the program remain on schedule.

3.41 We found that the department used a flexible approach to effectively manage the scheduling and timing of activities and to mitigate risks. The department undertook early work activities, such as moving equipment from the building to allow it to be vacated and relocating major utilities, monuments, and trees. While not having all of the decisions on user requirements, the parliamentary partners agreed that the department could begin the excavation activities for the Parliament Welcome Centre in spring 2019 prior to giving full confirmation on its size in July 2020 (Exhibit 3.5). In our view, this approach contributed to the project remaining on schedule in these early phases.

Exhibit 3.5—A flexible management approach contributed to the project remaining on schedule during our audit period



3.42 During the planning phase of the program, the department based the schedule on a preliminary understanding of the Centre Block building’s condition. The schedule included planning activities, such as building assessments, scoping activities, and site preparation. With a better understanding of the project scope, the department established the schedule in 2021, with a target date for completing construction of 2030 to 2031.

3.43 We found that the department had a comprehensive plan for schedule management. This plan presented the roles and responsibilities of stakeholders, the tools and approaches that would be applied for schedule management, and a schedule management process that included

- planning the sequence of activities using a collaborative approach
- scheduling such activities to assign resources and timelines
- monitoring, evaluating, and reporting progress against the schedule
- taking mitigation and corrective actions to limit the impact of changes on the schedule

3.44 We found that the department worked collaboratively to effectively manage the schedule and the risks of delays. The department had multiple forums to discuss the planning and scheduling of activities. It had an integrated office that included representatives from the project contractors and the department, who planned, coordinated, and adjusted activities to keep the project on schedule. For example, in April 2020, the department identified the **coronavirus disease COVID-19**² pandemic as a risk to the schedule, and it developed strategies, such as taking certain health and safety measures to allow workers to remain on site, so the work could stay on schedule.

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

3.45 We found that Public Services and Procurement Canada had tools to monitor and inform different parties on the program's progress. For example, it planned and monitored activities and project milestones using an integrated schedule that included 1 schedule for construction and 1 for design. This allowed for the coordination between the design and construction work. Starting in 2020, monthly dashboards were prepared to monitor progress. The dashboards showed various aspects of the program, including the top risks and corresponding mitigation strategies, project health, and project milestones.

Processes to effectively manage costs so far

Findings

3.46 We found that Public Services and Procurement Canada had processes in place to effectively manage the costs of the program so far and mitigate the risks of costs increasing. For example, the department

- used a cost estimate process and a change management process
- used monthly expenditure data from its financial system to monitor and compare these costs against monthly planned costs
- used monthly risk registers to identify potential cost increases
- reported internally using quarterly dashboards and presentations to departmental committees

3.47 The department received funding in 2016 and 2021 for planning, design, and construction activities for the rehabilitation of the Centre Block and the Parliament Welcome Centre. In planning for the overall costs of the program, the department included contingency amounts—for anticipated challenges, such as potential scope changes—and a reserve—for unanticipated challenges, such as changes to the cost of materials and labour. We found that following the planning and some design work from 2016 to 2021, the department used an independent firm to validate the overall costing methodology and establish a cost estimate for the construction of the Centre Block and the new Parliament Welcome Centre. In June 2021, the department published this cost estimate of \$4.5 billion to \$5 billion for the program. This amount was for construction activities as well as contingencies and a reserve.

3.48 We examined the department's actual costs since the program was approved. We found that up to 31 July 2022, the department had spent a total of \$880.7 million on rehabilitating the Centre Block and expanding the Parliament Welcome Centre. Of that amount, \$450.0 million was spent on planning and design activities, such as assessments and preparing the construction site, while \$430.7 million was spent on construction activities, against the cost estimate, including the excavation activities for the Parliament Welcome Centre (Exhibit 3.6), as well as on initiating activities to rehabilitate the Centre Block, such as the removal of hazardous material.

Exhibit 3.6—The excavation activities for the Parliament Welcome Centre



Photo: Public Services and Procurement Canada

3.49 In our examination of the spending, we found that as the department managed the schedule in a flexible way, this also allowed the project to remain within costs. We found that so far, the department had kept spending below the 2016 approved funding (Exhibit 3.7). The department expected that spending would increase beginning in the 2023–24 fiscal year, as the project moves further into the construction phase. In our view, it is important to maintain rigorous cost management processes and monitor the risk of cost increases as the spending rises over the coming years.

Exhibit 3.7—The department had spent below the approved amounts so far, and the spending will increase in the coming years

Fiscal years	Approved funding (in millions)	Actual spending (in millions)
Total	\$5,121.3	\$880.7
2016–17 to 2020–21	\$761.5	\$624.6
2021–22 to 2025–26	\$4,359.8	\$256.1

Source: Public Services and Procurement Canada

3.50 Since September 2021, Public Services and Procurement Canada published quarterly reports on its website that provided additional information on the construction of the Centre Block Rehabilitation Program. The department also published information about the progress of the rehabilitation program in its Long Term Vision and Plan annual reports, which included cost reporting. However, we found that these reports were not published in a timely manner. For example, the 2020–21 and 2021–22 Long Term Vision and Plan annual reports had not been published by the end of our audit period.

Recommendation

3.51 To provide timely information to all Canadians, Public Services and Procurement Canada should publish its Long Term Vision and Plan annual reports within the calendar year.

The department's response. *Agreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

Conclusion

3.52 We concluded that so far, Public Services and Procurement Canada had effectively managed the scope and had put processes in place to effectively manage the cost and schedule of the Centre Block Rehabilitation Program while balancing the requirements of the parliamentary partners, the heritage character of the building, sustainability, and equitable access for parliamentarians and the public.

3.53 We also concluded that the department, in cooperation with key partners and stakeholders, had put in place a governance framework for the Centre Block Rehabilitation Program. However, although the department made efforts to improve processes, decision making remained fragmented, and key decisions from the parliamentary partners on some user requirements were not timely.

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on the management of the Centre Block Rehabilitation Program. Our responsibility was to provide objective information, advice, and assurance to assist Parliament in its scrutiny of the government's management of resources and programs and to conclude on whether the management of the program complied in all significant respects with the applicable criteria.

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 Management 1—Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or 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 entity management:

- 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

- Public Services and Procurement Canada effectively managed the cost, schedule, and scope of the Centre Block Rehabilitation Program while balancing the requirements of Parliament, the heritage character of the building, sustainability, and equitable access for parliamentarians and the public
- Public Services and Procurement Canada, in cooperation with key partners and stakeholders, put in place a governance framework to support timely decisions for the Centre Block Rehabilitation Program

Scope and approach

The audit assessed whether Public Services and Procurement Canada effectively managed the cost, schedule, and scope of the Centre Block Rehabilitation Program. The audit also assessed whether the governance structure that the department put in place with the parliamentary partners for the program supported timely decisions related to requirements.

In addition, the audit examined whether the department completed a gender-based analysis plus for the Centre Block Rehabilitation Program. The audit also examined whether the department was preparing itself to meet its sustainability, accessibility, diversity, and inclusion targets for the program.

The audit work included document reviews and interviews with department representatives and stakeholders, as well as a site visit. The scope of the audit did not include the procurement and contracting processes for the Centre Block Rehabilitation Program.

Criteria

We used the following criteria to conclude against our audit objective:

Criteria	Sources
<p>Public Services and Procurement Canada effectively manages the cost of the Centre Block Rehabilitation Program to meet the expected results of the program.</p>	<ul style="list-style-type: none"> • Contracting Policy, Treasury Board • Policy on Management of Materiel, Treasury Board • Policy on the Management of Projects, Treasury Board • Policy on Management of Real Property, Treasury Board • Policy on the Planning and Management of Investments, Treasury Board • Directive on the Management of Materiel, Treasury Board • Directive on the Management of Procurement, Treasury Board • Directive on the Management of Projects and Programmes, Treasury Board • Directive on the Management of Real Property, Treasury Board

Criteria	Sources
<p>Public Services and Procurement Canada effectively manages the schedule of the Centre Block Rehabilitation Program to meet the expected results of the program.</p>	<ul style="list-style-type: none"> • Policy on Management of Materiel, Treasury Board • Policy of the Management of Projects, Treasury Board • Policy on Management of Real Property, Treasury Board • Directive on the Management of Materiel, Treasury Board • Directive on the Management of Projects and Programmes, Treasury Board • Directive on the Management of Real Property, Treasury Board
<p>Public Services and Procurement Canada effectively manages the scope of the Centre Block Rehabilitation Program to meet the expected results of the program.</p>	<ul style="list-style-type: none"> • Policy on Government Security, Treasury Board • Policy on Management of Materiel, Treasury Board • Policy of the Management of Projects, Treasury Board • Policy on Management of Real Property, Treasury Board • Policy on the Planning and Management of Investments, Treasury Board • Directive on the Management of Materiel, Treasury Board • Directive on the Management of Procurement, Treasury Board • Directive on the Management of Projects and Programmes, Treasury Board • Directive on the Management of Real Property, Treasury Board • Guide to the Management of Movable Heritage Assets, Treasury Board of Canada Secretariat
<p>Public Services and Procurement Canada has implemented its action plan addressing the governance recommendation from the 2010 audit of the Office of the Auditor General of Canada.</p>	<ul style="list-style-type: none"> • 2010 Spring Report of the Auditor General of Canada, Chapter 3—Rehabilitating the Parliament Buildings • PWGSC Management Action Plan—Chapter 3: Rehabilitation of the Parliamentary Precinct—Spring 2010 Report of the Auditor General of Canada, Public Works and Government Services Canada, 2010

Criteria	Sources
<p>Public Services and Procurement Canada has effective governance in place to support the Centre Block Rehabilitation Program to meet the expected results of the program.</p>	<ul style="list-style-type: none"> • Policy on Management of Materiel, Treasury Board • Policy on Management of Real Property, Treasury Board • Policy on the Management of Projects, Treasury Board • Policy on the Planning and Management of Investments, Treasury Board • Directive on the Management of Projects and Programmes, Treasury Board • Directive on the Management of Materiel, Treasury Board • Directive on the Management of Real Property, Treasury Board

Period covered by the audit

The audit covered the period from 1 January 2017 to 31 July 2022 for the 3 first criteria and from 1 January 2010 to July 2022 for the last 2 criteria. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, 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 March 2023, in Ottawa, Canada.

Audit team

This audit was completed by a multidisciplinary team from across the Office of the Auditor General of Canada led by Susan Gomez, Principal. 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.

Recommendations and Responses

In the following table, the paragraph number preceding the recommendation indicates the location of the recommendation in the report.

Recommendation	Response
<p>3.26 Public Services and Procurement Canada should conduct a gender-based analysis plus assessment for the Centre Block Rehabilitation Program following federal government best practices in order to guide decision making, monitoring, and program review to ensure that the public spaces are inclusive and represent the diversity of all Canada’s peoples.</p>	<p>The department’s response. Agreed. To implement this recommendation, Public Services and Procurement Canada, working with Parliament, will conduct a renewed gender-based analysis plus for the Long Term Vision and Plan by 2024, with a more detailed focus on the Centre Block Rehabilitation Program. Public Services and Procurement Canada will also continue engaging a broad range of stakeholders and partners, including Indigenous communities and organizations, to ensure that the Centre Block Rehabilitation Program represents the diversity of Canada and is a step in the path of Indigenous reconciliation. In the spirit of implementing this recommendation on a go-forward basis, gender-based analysis plus conducted in the future for the Long Term Vision and Plan will also include a specific focus on upcoming major projects, such as the Block 2 redevelopment, East Block and Confederation Building.</p>
<p>3.35 To support timely decision making from the parliamentary partners, Public Services and Procurement Canada should submit a progress update on the Centre Block Rehabilitation Program to the Speaker of the House of Commons and the Speaker of the Senate of Canada at the same time and at least twice a year. The update should outline</p> <ul style="list-style-type: none"> • key risks and mitigation measures to manage the program • significant changes or adjustments, with an assessment of their impacts on the scope, costs, and overall schedule • key decisions required to be made by the parliamentary partners with an expected timeline 	<p>The department’s response. Agreed. In support of further strengthening governance and decision making to maintain the on-schedule and on-budget performance of the Centre Block Rehabilitation Program, starting in 2023, Public Services and Procurement Canada will, as recommended, provide a semi-annual update to Parliament that will highlight emerging risks, significant changes and key decisions required. To support timely and effective decision making on the broader Long Term Vision and Plan, the progress updates will also include similar information on other major projects.</p>
<p>3.51 To provide timely information to all Canadians, Public Services and Procurement Canada should publish its Long Term Vision and Plan annual reports within the calendar year.</p>	<p>The department’s response. Agreed. Starting in 2023, Public Services and Procurement Canada will, as recommended, ensure that the Long Term Vision and Plan annual reports, which have been posted publicly since 2016, are published within the same calendar year as their fiscal-year reporting period.</p>

