



Combined Internal Audit and Evaluation of the Public Private Partnership Canada Fund (P3CF)

Final Report

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List of Acronyms

ADM	Assistant Deputy Minister	MC	Management Committee
BN	Briefing Notes	MCF	Management Control Framework
CANCEA	Canadian Centre for Economic Analysis	O&M	Operations and Maintenance
COSO	The Committee of Sponsoring Organizations of the Treadway Commission	OPI	Office of Primary Interest
DAC	Departmental Audit Committee	P3	Public-Private Partnership
DBFM	Design, Build, Finance, Maintain	P3CF	P3 Canada Fund
DBFOM	Design, Build, Finance, Operate and Maintain	PIMS	Program Information Management System
DCC	Direct Construction Costs	PO	Program Overview
FA	Financial Agreements	RA	Recipient Audit
FTE	Full-Time Employee	RASCI	Responsible, Accountable, Supporting, Consulted and Informed
GBA+	Gender-Based Analysis Plus	SCC	Substantial Completion Certificates
IAD	Internal Audit Directorate	SOP	Standard Operating Procedure
INFC	Infrastructure Canada	TB	Treasury Board
IPI	Investment, Partnerships and Innovation Branch	Ts&Cs	Terms and Conditions
IT	Information Technology	VfM	Value for Money

Program Overview

P3CF Description

P3CF funded infrastructure projects are undertaken through P3 arrangements. The P3CF was created through the Government of Canada's 2007 Budget Plan.

The P3CF is focused on supporting and promoting P3 projects across Canada. Funding is available to First Nations communities, provincial governments, municipal governments, and their private sector partners. Eligible projects include water and wastewater systems, public transit expansions, enhancements to the core national highway system, brownfield redevelopment infrastructure, and better local roads.

From 2008-2009 to 2017-2018, P3CF was managed by PPP Canada Inc., which was a Parent Crown Corporation *created in 2008 to spearhead the Government of Canada's efforts to promote the use of P3s within the federal government, including the management of the P3CF. Its mandate was to improve the delivery of public infrastructure by achieving better value, timeliness and accountability to taxpayers through P3s.

In 2017-18, the federal government determined that PPP Canada Inc. had fulfilled its mandate and ceased its activities as of March 31, 2018, transferring responsibility of the P3CF project FAs to the IPI Branch within INFC.

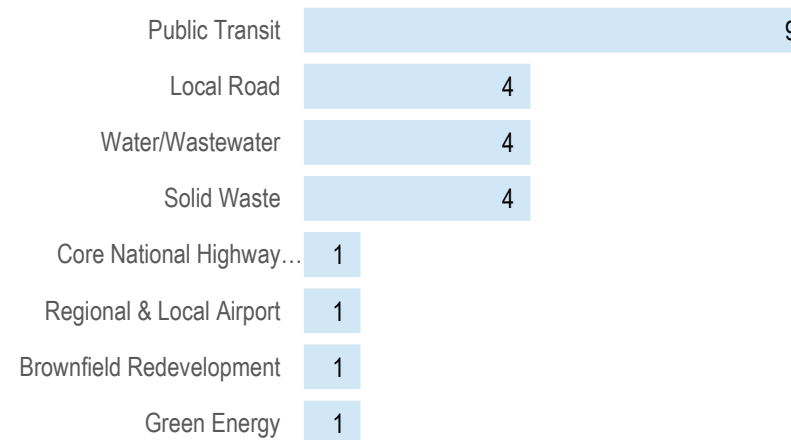
IPI is a centre of expertise on innovative approaches to infrastructure delivery, including alternative approaches to funding, financing and procurement, as well as opportunities for partnerships with the private sector to deliver public infrastructure.

P3CF Objectives

The P3CF was designed to support the following objectives:

- Leverage private sector expertise and capital in support of efficient, innovative, and timely infrastructure investments;
- Help in managing public sector exposure to project risks, including cost overruns;
- Increase private sector capital financing for infrastructure renewal;
- Act as a catalyst for the development of the P3 market in Canada;
- Foster economic growth;
- Support a cleaner environment; and
- Promote stronger communities.

P3CF has 25 total projects spread over 8 infrastructure categories



What are public-private partnerships (P3)?

Partnerships between governments and the private sector with the following characteristics:

- The public sector integrates all parts of a P3 project into one contract.
- P3s require the architect, the builder, the lender and the maintenance and/or operations provider to form a team.
- The public sector always owns the infrastructure, determines timelines, location, scope, and budget.
- The public sector uses a competitive process to select private-sector companies to design, build, finance, maintain and/or operate the public infrastructure or service.
- The private sector determines its team members in the consortium to deliver the P3 project.
- P3s are designed to transfer a major share of the risks (e.g., cost overrun, delays, unexpected maintenance, etc.) to the private sector partner, who benefits from a secure, long-term investment opportunity.

"Parent Crown corporation" means a corporation that is wholly owned directly by the Crown but does not include a departmental corporation". Financial Administration Act, F-11 (Section 83)

Program Overview (continued)

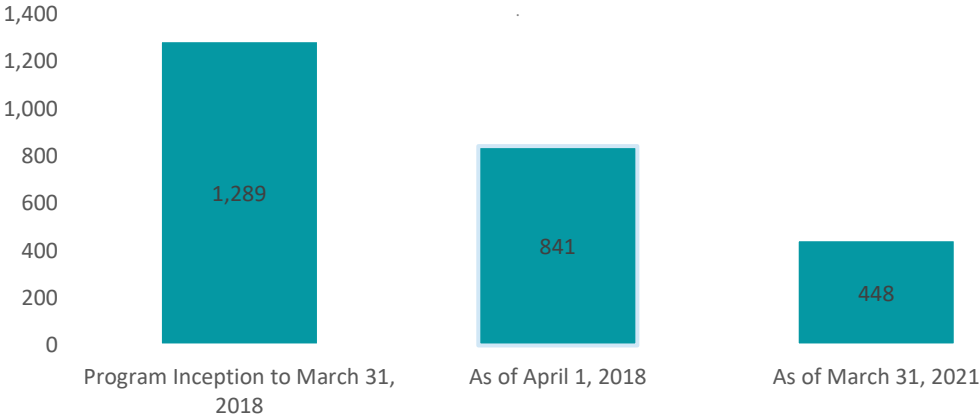
Program Funding

P3CF funding was allocated to projects that have private sector involvement in at least two of the following five structural elements: design, build, operate, maintain, or finance. One of those elements must include operate, maintain or finance.

The maximum federal share of the total eligible cost of each project funded through the P3CF was 25 percent. The exception would be for projects in jurisdictions that lack the internal capacity to manage a P3 procurement project. In this case, P3CF funding could be up to 50 percent.

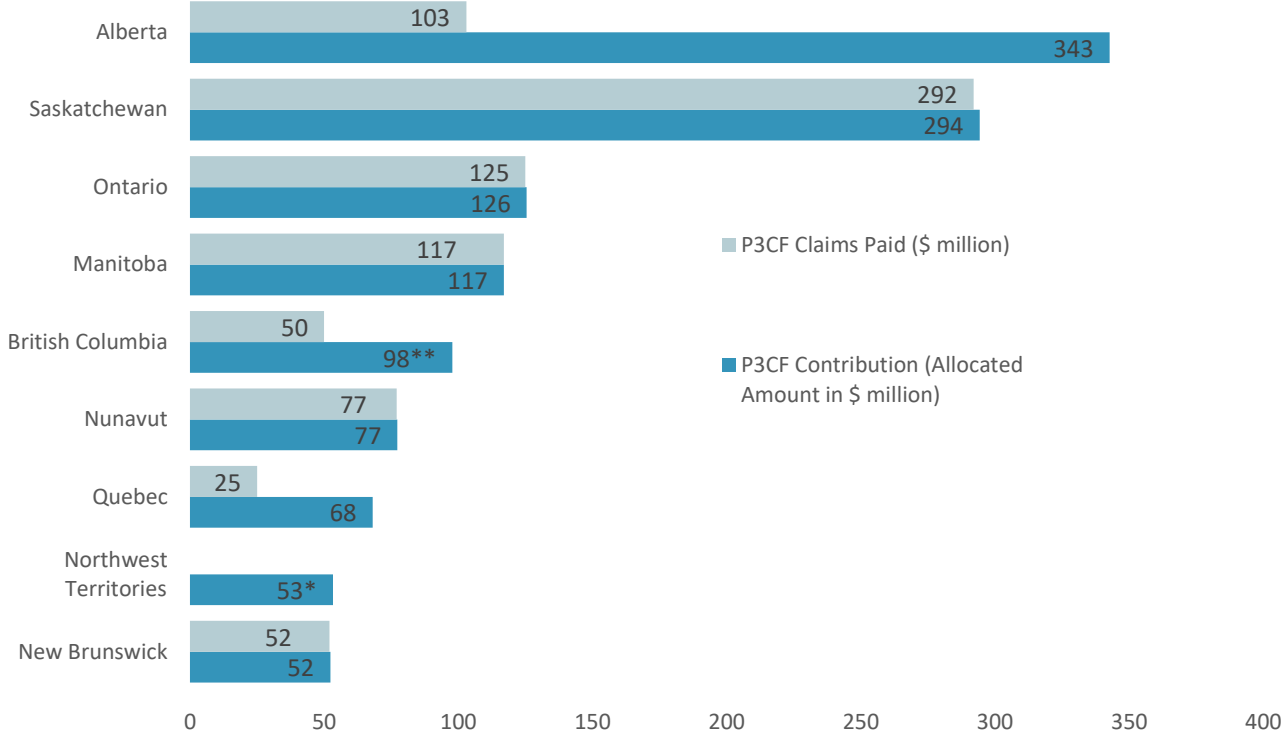
The P3CF committed over \$1.3 billion to 25 projects across seven provinces and two territories. As of March 31, 2021, the P3CF has allocated \$1.289 billion to 24 infrastructure projects, which were transferred to INFC, under asset categories such as solid waste, public transit, water/wastewater, brownfield redevelopment, core national highway system, regional and local airports, green energy, and local roads. Among the 24 projects*** transferred to INFC, one was a low-interest loan agreement, the first of its kind in Canada.

Since March 31, 2018, the majority of funds committed under financial agreements were disbursed (Amount in \$ million)



Source: Program document as of March 31, 2021

Out of \$1.289 billion allocated to provinces and territories, \$841 million was paid as of March 31, 2021



Source: Program document as of March 31, 2021

*The project in the Northwest Territories is currently under construction.
 ** Includes a loan of \$7.2 millions.
 ***There were originally 25 legacy infrastructure projects funded by PPP Canada Inc.; however, one project was fully completed under PPP Canada Inc. and is therefore excluded from the \$1.289 billion figure above.

Program Overview (continued)

P3CF Transfer to INFC

Prior the transfer to INFC, PPP Canada Inc. was responsible for overseeing the P3CF, which included ensuring compliance against the project’s Ts&Cs. Key recipient requirements included providing advisory services to support project-level management and monitoring of activities such as mandatory compliance audits. Recipients were also required to establish MCs, which are co-chaired by two members, one appointed by INFC and one by the recipient. These meet regularly and play an important role in project oversight. At PPP Canada Inc., 53 employees were assigned to work on the P3CF.

At the time of novation (April 2018), INFC was mandated to ensure that all financial commitments and contractual obligations under the FAs were honored. However, no resources were allocated to INFC for internal management of the program being transferred. When the program was assigned to IPI, the Branch was able to hire three former PPP Canada Inc. employees to be responsible for the administration of the FAs.

At that time, there were no additional project intakes, and the management role of P3CF shifted to program administration.

The Ts&Cs requirements expired upon the program transfer from PPP Canada Inc. to INFC, leaving only the requirements set out in the projects’ FAs. Although the program was not subject to the TB *Policy on Transfer Payments*, INFC is required to provide due diligence on the FAs, payments and project monitoring and evaluation.

As a result of the transfer of the P3CF from a Crown Corporation to INFC, the inherited documents and management practices did not always align with the usual INFC approach to programs. This includes the absence of a program performance measurement strategy, which would outline the program’s intended outcomes and approach for demonstrating results. Since such a strategy was not established when the P3CF was developed, there was a subsequent lack of information on P3CF projects’ performance results.

After the transfer on April 1, 2018 P3CF focused on **completing** projects



Source: Program document
 *Substantial Completion refers to the completion of the construction phase of the projects, at which point the terms of the FAs are not yet completed.

Program Overview (continued)

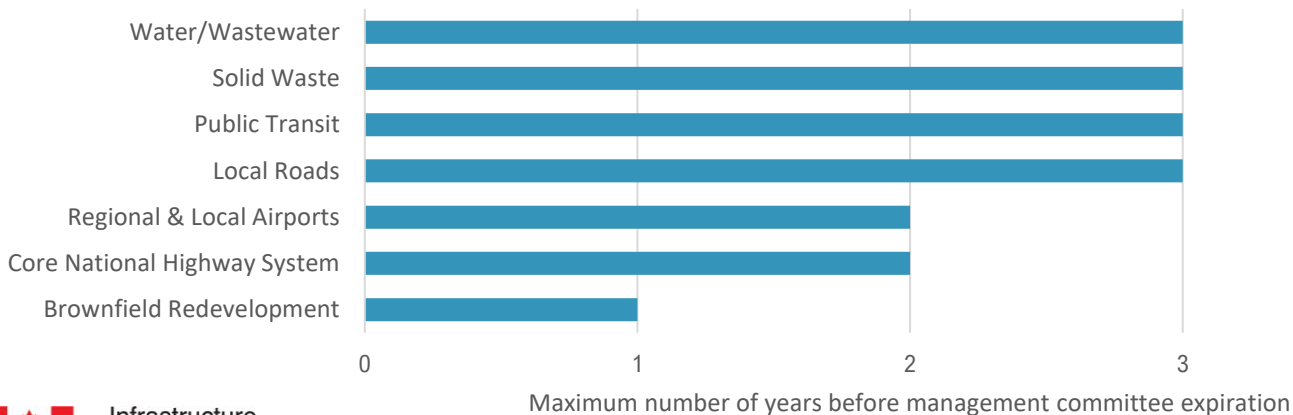
Project Governance

As per the FAs, MCs will exist up to three years after the project's substantial completion. The mandate of the MC is to:

- Monitor the recipient's performance and the progress of the project in accordance with the FA;
- Review the compliance audit plan;
- Facilitate the conduct of the audit and review audit recommendations and any impact on the FA; and
- Prepare and submit the annual progress reports, establish subcommittees, as needed.

All decisions and recommendations of the MC must be unanimous and recorded in writing through a record of decision.

There is a wide range of variation in the number of years between when a project is substantially completed, and its management committees expire.



Risk Assessments

A Program Overview (PO) document and supporting tools are in place and assist in the identification, prioritization and communication of risks. They also support the tracking of payment timing to ensure payments are made upon substantial completion of projects or other key milestones, and that lessons learned are documented to support the continuous improvement of the process. In addition, through communications with recipients, the P3CF team informally tracks mitigating risks of novated projects.

Although advisory services are no longer a program requirement, the P3CF team provides ad hoc support to recipients by referring to past guides and policy decisions. It also connects recipients with each other to share solutions and best practices to mitigate risks.



Program Overview (continued)

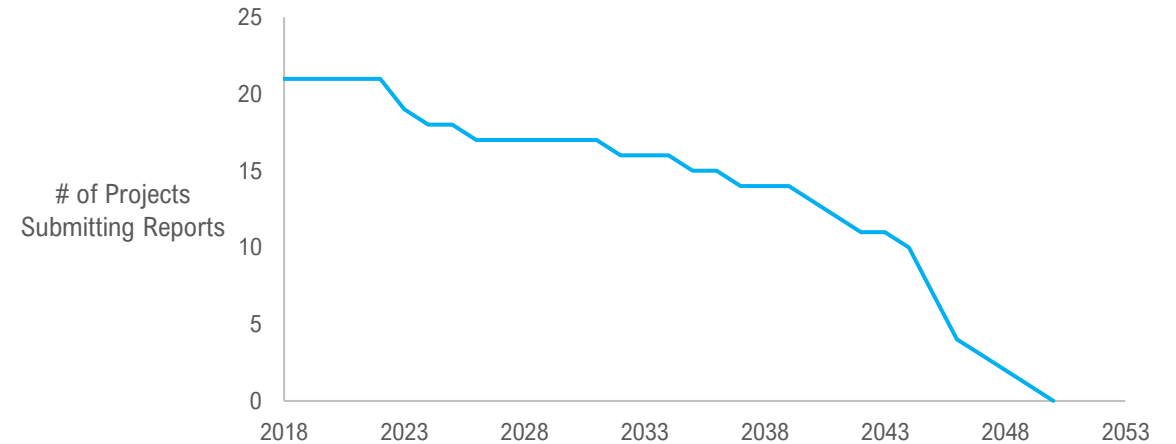
Project Monitoring

The current process for project monitoring includes site visits (performed virtually during the pandemic) and the review of the substantial completion certificates signed by independent engineers to confirm project progress updates. As per the audit clause of the FA, “INFC may, at its expense, audit all accounts, records and claims for reimbursement relating to the Project and may undertake reviews.” Moreover, “INFC may at any time, at its own expense, conduct an audit of actual costs claimed by the recipient as eligible costs under the Agreement. If such audit reveals an underpayment by INFC, it will remit the amount of such underpayment to the recipient and if such audit reveals an overpayment by INFC to the recipient, the recipient will promptly repay the amount of such overpayment to INFC.”

P3CF Reporting

As per the FAs, recipients are responsible for providing an annual progress report to INFC no later than June 30th in each year during the term of the agreements, up to and including the fiscal year following the completion date. Each annual report shall include, among other requirements, a general description of the project focusing on major achievements, detailed summary information on the project's progress, and an update of project economic benefits achieved during the applicable fiscal year. All 24 P3CF legacy projects are scheduled to be substantially completed by 2023. However, their reporting requirements will continue until 2049 with an average of 6 reports required per year, starting with 19 reports due in 2023.

All 24 P3CF legacy projects, inherited by INFC in 2018, are scheduled to be substantially completed by 2023. However, INFC must process and analyze recipients' annual reports until 2049.



At the project intake phase; provinces, territories and municipalities were required to assess a range of procurement options, including an assessment of a quantitative and financial analysis to determine whether a P3 approach would provide better value for money than a traditional procurement approach. It was required that recipients publish the value for money reports.

Value for Money (VfM) as defined in the PPP Canada Inc. 2015-16 annual report, is the comparison of total life-cycle costs for a project using both traditional and P3 delivery models. It includes an assessment of the various risks linked to the asset and identifies who is best positioned to manage these risks - the public or the private sector. P3s are the right solution when the benefits exceed the costs and the VfM analysis demonstrates savings to Canadians in the long term.

Refer to [Annex E](#) for VfM estimation of P3CF projects.

Summary of Key Findings and Conclusions

P3CF has elements of an effective long-term project management framework* in place to support the successful delivery of the 24 legacy projects inherited by INFC following the dissolution of PPP Canada Inc.

Elements of a sound program management structure are in place to effectively achieve P3CF's objectives and outcomes, but some improvements are required to strengthen the long-term project management framework. [\(Key Finding #1\)](#)

The risk management processes currently in place for the identification, assessment and mitigation of project and program risks are not always well documented and should be followed consistently for all P3 projects to facilitate the implementation of a risk-based monitoring approach. [\(Key Finding #2\)](#)

P3CF has put in place some compensating controls to adequately monitor the successful delivery of the P3CF projects. Further improvements could benefit P3CF and improve the monitoring of ongoing projects and future programs. [\(Key Finding #3\)](#)

**Having an effective long-term project management framework in place will set the department up to answer several key questions:*

- Do we have clearly defined and communicated roles and responsibilities? How are major risks to the program being managed?*
- What controls are in place to mitigate these risks?*
- Who is accountable for these controls?*
- Are we using existing INFC tools to effectively monitor P3CF projects (for example INFC's Recipient Auditing Framework)?*
- Does P3CF have adequate resources in place for the effective long-term management of projects?*
- Are we considering operational efficiencies when we set up our control structures? Are there areas that are over controlled?*

P3CF is aligned with the Government of Canada's priorities, supported municipalities, provinces and territories in meeting their needs, and has made progress towards achieving its objectives.

P3CF was aligned with federal government priorities and helped provinces and territories invest in green infrastructure, public transit, highway and roads, and brownfield redevelopment infrastructure. [\(Key Finding #1\)](#)

P3CF has contributed to leveraging private sector financing for building infrastructure projects. P3CF projects were facilitated by public-private partnerships, where recipients benefited from the financial resources of, and transfer of risk to, the private sector. P3CF helped in managing public sector exposure to project risks, including cost overruns. P3CF has contributed to increased private sector capital financing for infrastructure renewal [\(Key Finding #2\)](#)

P3CF supported P3 market development, particularly in inexperienced jurisdictions by providing advice, tools and guidance that helped municipalities navigate the P3 model and develop capacity to pursue P3 projects in the future. [\(Key Finding #3\)](#)

Identifying communication processes and practices could help adequately support recipients' project management needs and could have supported the project development, particularly in Northern communities. Supplemental support following the transfer to INFC could have been contributed to improve communication between recipients and INFC. [\(Key Finding #4\)](#)

While P3CF has leveraged private sector capital in support of efficient infrastructure investments, a lack of data following substantial completion prevents a full assessment of their performance. [\(Key Finding #5\)](#)

Overall, P3CF project delivery time was shorter than the Canadian average for P3 projects. Although some experienced delays, these were comparable to traditionally procured projects. [\(Key Finding #6\)](#)

Recommendations and Considerations

Recommendations

Given that the P3 Canada Fund will soon be fully entering the Operations and Maintenance phase of the program life-cycle for the next 20-30 years, with the last three outstanding legacy projects nearing substantial completion over the next year, we recommend that:

1. IPI document a complete risk-based forward-looking management control framework, incorporating existing documented processes (e.g., Program Overview and Standard Operating Procedures), and in collaboration with the Grants & Contributions Centre of Expertise, Corporate Services Branch, re-evaluate the program risks and include the following key elements*:
 - a. Established and understood effective oversight procedures;
 - b. Clearly defined and communicated roles and responsibilities;
 - c. Risk management that includes senior management's risk tolerance and mitigation measures; and
 - d. Updated relevant monitoring controls, such as a centralized repository of project information, including the conduct of recipient audits (where applicable) and lessons learned. This would be conducted with the objective of ensuring operational efficiencies and that cost-benefits are achieved in terms of establishing appropriate monitoring controls over the long-term management for this legacy program, which should be aligned to the program's and recipients' risk profiles as a best practice.
2. IPI document and implement a performance measurement strategy that aligns to the existing program structure and available financial and performance information, given the requirements of the FA. This will enable effective long-term results tracking and reporting on P3CF's projects over the full monitoring period.

Considerations for future programming

- Going forward, INFC should ensure adequate resources are assigned within the Department and a formal integration process (e.g., program management guidance, training and tools) is provided to program delivery staff when existing programs are transferred from Other Government Departments or Crown Corporations, including:
 - Design and delivery: defining/identifying communication processes and best practices that could adequately support the recipients' project development and management needs, particularly in Northern communities; and
 - Accountability: developing management control and performance measurement strategies upon program transfer to help effectively monitor and assess the achievements of program objectives and outcomes.





Annex A

Detailed Objectives,
Scope, and Findings
from Internal Audit

Internal Audit Objectives, Scope and Approach

Objective

The objective of the internal audit component of this engagement was to assess the effectiveness of the long-term project management framework, specifically the design and implementation of monitoring and oversight controls.

Sub-Objective #1 – Governance

To determine whether there is an appropriate program and project management structure in place to effectively achieve P3CF's objective and outcomes.

Sub-Objective #2 – Risk Management

To determine whether risk management processes are in place to identify, assess and mitigate program & project risks, are effective, and are sufficiently documented.

Sub-Objective #3 – Monitoring and Resourcing

To determine whether INFC has in place an adequate ongoing monitoring plan and adequate support to achieve the successful delivery of the legacy P3 projects inherited.

Scope

Based on preliminary research and the risk assessment exercise, conducted by the IAD team as part of planning for this engagement, the scope of the P3CF Internal Audit included all 24* legacy P3CF projects, inherited from PPP Canada Inc. at the time of its dissolution (March 2018) and the period covered was between April 1, 2018, and March 31, 2021.

Statement of Conformance

The internal audit portion of this combined engagement conforms to the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, as supported by the last results of the Quality Assurance and Improvement Program.

A detailed approach can be found in Annex D.

*There were 25 legacy projects; however, the review included the 24 projects in scope that were transferred to INFC and excluded the project that was completed under PPP Canada Inc.

Key finding 1: Elements of a sound program management structure are in place to effectively achieve P3CF’s objective and outcomes, but some improvements are required to strengthen the long-term project management framework.

Sub-Objective #1: **Governance**
To determine whether there is an appropriate program management structure in place to effectively achieve P3CF’s objective and outcomes.

Internal Audit Criterion:
1.1 Program oversight processes are in place and if applicable, aligned with the Program Guide and FA.

What is in place and working well?

A Program Overview (PO) document as well as Standard Operating Procedures (SOPs) were developed by the P3CF team to facilitate transition following the novation of P3CF Funding Agreements in March 2018. They provided an overview of the P3CF transfer; the remaining obligations of the P3CF to be governed; outlined the due diligence on the FAs required including MCs, Value-for-Money reports, site visits, scope-change requests, payments, project monitoring and evaluation, and compliance audits; and were updated to include progress-to-date and next steps. An Action Plan was also developed by IPI to list key processes and templates to be developed (including working with IT to assess whether adding P3CF in PIMS for project tracking was feasible at the time of novation) and some of those were completed (e.g., Compliance Audit requirement BN to ADM, IPI, and claims process and checklists). Some templates were completed at the time of the review: MC templates, claims process checklists and a Compliance Audit requirement briefing note template for INFC's senior management approval.

What is missing and why it is important?

While the PO listed the key requirement processes for managing the P3CF, it did not outline the roles and responsibilities for each process, nor risks and control measures that would normally be outlined in a Management Control Framework (MCF) found in existing INFC programs nor was it officially approved by the Assistant Deputy Minister, IPI Branch. Some key components of the Action Plan also were not completed e.g., project tracking requirements and formal standard operating procedures with roles and responsibilities. The purpose of having these key elements of an MCF* in the PO is to ensure that P3CF has the necessary practices and procedures in place to support the achievement of program objectives, to mitigate known risks to the department and allow for transfer of corporate knowledge.

What should be in place?

The PO in place should further cover all key roles and responsibilities for the delivery of P3CF and monitoring/oversight processes, including formal approvals, documented decision-making, regular updates and sharing of all foundational documents (e.g., SOPs) with key stakeholders. The PO should also outline the program controls that are in place and describe their function to illustrate how risks related to P3CF are identified and mitigated by the department. **The MCF should answer several key questions: How are major risks to the program being managed? What controls are in place to mitigate these risks? What outputs are generated by the application of these controls? Who is accountable for these controls? How do the major program risks link to the risk categories in INFC's Corporate Risk Profile?**

*In line with the *Committee of Sponsoring Organizations (COSO) Framework*: see further detailed methodology in [Annex D](#)

Key finding 1 (cont'd): Elements of a sound program management structure are in place to effectively achieve P3CF’s objective and outcomes, but some improvements are required to strengthen the long-term project management framework.

Sub-Objective #1: Governance
To determine whether there is an appropriate program management structure in place to effectively achieve P3CF’s objective and outcomes.

Internal Audit Criterion:
1.2 Oversight bodies are in place to govern portfolio management of projects, specifically MCs, and are operating effectively.

What is in place and working well?
At the time of the review, the P3 team included three former PPP Canada Inc. employees that had the level of expertise required to manage more complex projects, along with the knowledge and history of the P3 projects inherited by INFC. Although no longer required to provide advisory services, the IPI team demonstrated they were available to meet with recipients as needed to assist them in addressing emerging issues. This included referring recipients to relevant policy papers, connecting them to other recipients with similar situations and strategically meeting with recipients for projects nearing substantial completion to ensure the timeliness of payments.

What is missing and why it is important?
While ad hoc oversight meetings did occur, they were not found to be aligned with all the FA's requirements. The MC clause to establish the committees, nominate co-chairs, hold regular biannual meetings, follow official agendas and maintain records of discussions were not in place for any of the novated projects. The intent after novation was for INFC to carry out oversight meetings as outlined in the MC clause. However, due to limited resources, the P3CF team used targeted meetings instead of regular biannual meetings, to monitor the progress of active projects and to deal with any emerging issues. The absence of a formal MC process does not comply with the current FA requirements and increases the possibility of risks related to P3 projects going unnoticed.

What should be in place?
Regular (i.e., biannual), documented and implemented processes related to MCs (e.g., Establishment of MCs, Co-Chairs nominations, Agendas and RoDs which are well documented and approved appropriately) to comply with the FA requirements. However, IPI senior management, based on available resources and the legacy nature of the program, could consider the required frequency of MCs from biannual to targeted, using a risk-based approach, for the remaining P3 projects that would still require MCs.

Key finding 2: The risk management processes currently in place for the identification, assessment and mitigation of project and program risks are not always well documented and should be followed consistently for all P3 projects to facilitate the implementation of a risk-based monitoring approach.

Sub-Objective #2: Risk Management
To determine whether risk management processes are in place to identify, assess and mitigate program and project risks, and whether they are effective and sufficiently documented.

Internal Audit Criterion:
2.1. Processes are in place to identify, assess, mitigate and monitor project and program management risks.

What is in place and working well?
The P3CF team maintained positive relationships with key stakeholders, and when projects faced emerging risks (e.g., potential construction delays), the P3CF team assisted the recipients with mitigation strategies. Measures included reaching out to P3 partners and Legal Services and following up to ensure the issues had been resolved. Furthermore, at the program onset the team at PPP Canada Inc. performed and documented risk analyses of all significant projects to ensure suitable P3 projects were selected for funding. The P3CF team used the results of these conducted-risk workshops to support the monitoring of project-level risks and projects that were reaching successful completion, on time and on budget.

What is missing and why it is important?
The audit team found there was an absence of documented ongoing project risk management in the project files. While emerging risks have been managed effectively by the P3CF team, the documentation for the communications with recipients is inconsistently retained and therefore poses a risk that historical records are not available for audit purposes, if required. Although a program-level-risk assessment was completed at the onset of the program (by PPP Canada Inc.) the P3CF team has not since updated it to reflect changes in the delivery model of the program now at INFC. The documentation and ongoing monitoring of program and project-level risk assessments prepares the management team for unexpected risks, thereby minimizing risks associated and extra costs before they materialize. Revisiting the program risk.

What should be in place?
Formalized and consistent documentation of program and ongoing monitoring of project-level risks, including the collection of recipient data on their risk assessments, and any results of risk management exercises or decisions including risk tolerance and risk mitigation measures. Given the legacy nature of the program, the risk assessment exercise should include consideration for operational efficiencies and the cost benefits of monitoring activities based on program and project-level risks.

Key finding 3 : INFC has put in place some compensating controls to adequately monitor the successful delivery of the P3CF projects. Further improvements could benefit P3CF and improve the monitoring of ongoing projects and future programs.

Sub-Objective #3: **Monitoring and Resourcing**

To determine whether INFC has in place an adequate ongoing monitoring plan and adequate support to achieve the successful delivery of the inherited legacy P3 projects.

Internal Audit Criterion:

3.1 P3CF has in place adequate monitoring activities, such as recipient audits, that are aligned with relevant legislation outlining program monitoring requirements.

What is in place and working well?

The Program Overview document combined with the knowledge of the P3CF team supported effective project-level monitor activities. Furthermore, the claim payment process in place ensured oversight of project activities; specifically, all expenses were aligned with the agreements and ~~that~~ all covenants and other obligations had been met before issuing payments. In response to the COVID-19 pandemic, the P3CF team contacted recipients and worked collaboratively to determine the impacts of COVID-19 on P3CF projects. The team was also very innovative in its monitoring activities using media clippings and virtual site visits.

What is missing and why it is important?

At the time of the review, the construction phases of most projects were complete and the operations phase underway. At the operations phase, INFC entered long-term project monitoring, which continues for 30 years following the construction phase for most projects. No evidence of a formal tracking system that documented monitoring activities at the project level was found; there was no evidence that the MC / Targeted meetings are proactively monitoring P3CF key risks to improve opportunities for risk mitigation; and there was no documented program-level monitoring plan that would ensure that sufficient resources are allocated to P3CF to adequately monitor the P3CF projects at INFC over the long-term. Additionally, conducting recipient audits was previously a mandatory requirement under PC3F's Ts&Cs, but became optional under the novated FA's due to insufficient resources and lack of budget allocation to the P3CF team to conduct them. Although the P3CF Ts&Cs expired at novation, the P3CF team acknowledged the value of completing recipient audits and that the impact of not conducting project-level monitoring activities, such as recipient audits, results in the lack of assurance regarding a recipient's compliance with the FAs and whether P3CF funds were used as intended.

What should be in place?

A project-level tracking system that documents and plans for long-term project monitoring activities, including recipient audits, as part of the INFC-wide integrated risk-based recipient audit framework. This would include allocating sufficient resources and budget to the program for conducting monitoring activities including recipient audits to reflect key practices set out in the Treasury Board Guideline on the Directive on Transfer Payments* on recent audits issued under the Policy and the Directive on Transfer Payments.

Key finding 3 (cont'd): INFC has put in place some compensating controls to adequately monitor the successful delivery of the P3CF projects. Further improvements could benefit P3CF and improve the monitoring of ongoing projects and future programs.

Sub-Objective #3: **Monitoring and Resourcing**

To determine whether INFC has in place an adequate ongoing monitoring plan and adequate support to achieve the successful delivery of the inherited legacy P3 projects.

Internal Audit Criterion:

3.2 Oversight processes in place are communicated and working as intended.

What is in place and working well?

The P3CF team was aware of the monitoring required to manage the P3CF. It has been managing project oversight requirements to date, including ongoing discussions with key stakeholders on emerging project-level risks and maintaining communications with the appropriate levels of management to provide project-level updates.

What is missing and why it is important?

At INFC, the ADM of IPI is accountable for approving reports received; however, the audit team found that reports did not contain a section for approvals or documentation that approvals were made. Approvals for key program and project decisions were also missing from project files and from the current oversight processes. The audit team also noted through interviews and reviewed documents that, upon novation, an insufficient level of resources were allocated to PC3F to carry out the long-term management and oversight of the P3CF. Sufficient resourcing and good communication practices ensure that key stakeholder roles and responsibilities are aligned to program objectives.

What should be in place?

Oversight processes and practices should be in place, documented and communicated, as part of the overall program and project-level monitoring practices and processes, to effectively support the monitoring of P3 legacy projects. However, IPI senior management should consider adjusting the approval levels required for documenting key program and project decisions and for oversight processes based on the results of a program and project-level risk assessment.

Key finding 3 (continued): INFC has put in place some compensating controls to adequately monitor the successful delivery of the P3CF projects. Further improvements could benefit P3CF and improve the monitoring of ongoing projects and future programs.

Sub-Objective #3: **Monitoring and Resourcing**

To determine whether INFC has in place an adequate ongoing monitoring plan and adequate support to achieve the successful delivery of the inherited legacy P3 projects.

Internal Audit Criterion:

3.3 An adequate process is in place to support the FA's annual reporting requirements.

What is in place and working well?

Although a formal process was not in place to support the FAs' annual reporting requirements, the P3CF team does maintain an evergreen checklist to document the receipt of recipient annual reports and their contents. The completion of the reporting checklist is done throughout the year as pieces of the annual reporting contents are received by project. Each project varies in the FA reporting requirements for example one project could have to submit 9 items and another project 10 items as part of their annual reporting requirement, the items vary by project types. Although for most projects the annual reports were not submitted on time, this was especially during the pandemic, the P3CF team did reach out to affected recipients at the onset of the pandemic and were provided with project updates that included pandemic-related risks and mitigation strategies.

What is missing and why it is important?

There were inconsistencies in the collection of recipients' annual reports. Most project files were missing annual reports as required by their FA terms. Additionally, there was a lack of a documented process for analyzing and reviewing the projects information in the annual reports. And although there was evidence of a tracking tool for the current year, there was no evidence that a tracking tool was completed for each reporting year to record the collection of all projects and all required reports, including when they were received, completeness of reports received, and any related communications between the IPI team and recipients requesting reports or providing extensions. Not having an adequate process in place to analyze the annual reports and to track whether all FA reporting requirements were met has resulted in some recipients not following their FA reporting requirements and INFC not having sufficient data to report results achieved at the program level.

What should be in place?

A formal centralized process for the monitoring of all required recipients' reports. This should include a tracking tool highlighting which reports are outstanding, completeness of the reports received, and any related communications between the IPI team and recipients requesting reports. The process should also include standardized reporting templates and guidelines for the storage and review of the annual reports. These guidelines should include a mention of when an exception or exemption is provided to the recipient, in cases where they are unable to submit required reports or have provided another form of project update. IPI management should also assess the reporting requirements outlined in the FAs and the information they require to report on program-level results and consider the number of reports required. Does INFC require annual reports over the next 20-30 years to effectively report on the program? This finding aligns to the evaluation limitation related to data availability to assess long-term results ([slide #21](#)) and the corresponding [recommendation #2](#) to develop a program performance measurement strategy.

Key finding 3 (continued): INFC has put in place some compensating controls to adequately monitor the successful delivery of the P3CF projects. Further improvements could benefit P3CF and improve the monitoring of ongoing projects and future programs.

Sub-Objective #3: Monitoring and Resourcing

To determine whether INFC has in place an adequate ongoing monitoring plan and adequate support to achieve the successful delivery of the inherited legacy P3 projects.

Internal Audit Criterion:

3.4 P3CF has processes in place to ensure claims for payments paid by INFC follow relevant legislation and the requirements stated in the FAs.

What is in place and working well?

P3CF had processes in place to ensure claims for payments paid by INFC were made on time and followed relevant legislation. This includes written certification with respect to the substantial completion of projects and the eligibility of costs for direct construction and project implementation costs. All claim payments tested were found to be aligned with relevant legislation (e.g., Financial Administration Act and TB's Policy on Transfer Payments), as well as the payment process as outlined in the P3CF program FAs and INFC's internal claim processes.

What is missing and why it is important?

The claims process used prior to the pandemic was a circulated claim binder that contained all required documentation and approvals necessary to release payments. Not all documents were saved in the project's electronic files, making it difficult to locate all the evidence during the review. Although all claims processed had a form of evidence that the required due diligence was in place prior to payment, the audit team found that all claim documentation submitted by recipients and final signed INFC claim documents were not always electronically scanned and saved in the individual claim file folders. Given the TBS Directive on Service and Digital*, having consistent processes such as a centralized electronic repository will ensure there is supporting evidence that all claims paid by INFC follow relevant legislation and the requirements stated in the FAs.

What should be in place?

Considering all claim payments were supported by evidence and only 3 payments remain outstanding, as best practice for future programs, a standardized information management practice should be in place, in coordination with Finance. This would ensure all required claims documentation submitted by recipients, evidence of the INFC analyst due diligence review and final signed section 34 claim documents are electronically saved in the individual claim file folders. This coordinated process could include an internal checklist to ensure claims for payments paid by INFC follow relevant legislation and that all evidence is on file before releasing the payment.



Annex B

Detailed Objective,
Scope, and Findings
from Evaluation

Evaluation Objective, Scope, and Methodology

Objective

In alignment with the 2016 Treasury Board Policy on Results, the objective of the evaluation component of this engagement is to assess the relevance, progress towards outcomes, and design and delivery of the P3CF. The evaluation focused on the P3CF objectives related to supporting and promoting P3 procurement models for infrastructure renewal and took into consideration Gender-Based Analysis Plus (GBA+). Longer-term objectives such as fostering economic growth, supporting a cleaner environment, and promoting stronger communities could not be evaluated, due to a lack of performance indicators and related data.

Scope

The evaluation covers the timeframe from the inception of the P3CF on April 1, 2008, to March 31, 2021. Given the timeframe considered, all 25 P3CF projects are included in the evaluation scope, including the one project (the AMT Lachine Transit Maintenance Facility project) that was not transferred to INFC in 2018 because it ~~was~~ had been completed.

Methodology

The evaluation used multiple lines of evidence to gather information in support of the findings. This included a review of program documents, program data, and external data, a literature review, and key informant interviews. A detailed methodology can be found in [Annex D](#).

Evaluation Questions

The evaluation questions were developed based on a review of program documentation and objectives.

1. To what extent was the P3CF relevant for Canadians?
2. To what extent does the P3CF support the achievement of its expected outcomes?
3. To what extent is the design and delivery of P3 Model effective and efficient?
4. To what extent are inclusiveness and accessibility part of the P3CF design and delivery?

Evaluation Limitations and Mitigation Strategy

Limitations encountered during the evaluation include:

Absence of performance measurement and information gathering mechanism: P3CF was created under PPP Canada Inc., a Crown Corporation. A performance measurement strategy, including performance indicators and targets to assess project results, was not in place for the program at that time. Data was not collected against some project data elements, such as project final construction cost. As a result, the evaluation could not assess P3CF's on-budget performance, or the extent to which the P3CF objectives were achieved. This includes the longer-term outcomes of fostering economic growth, supporting a cleaner environment, and promoting stronger communities. This limitation is the subject of the [second recommendation](#) of this report. The evaluation took this limitation into account, focusing on assessing the P3CF objectives related to supporting and promoting P3 procurement models for infrastructure renewal.

Program data and information consistency and accessibility: While files created with information on each P3CF project provided information to conduct the evaluation, there was no centralized and easily accessible repository including updated financial and performance information on the projects funded, which would allow the department to track achievement of program objectives and outcomes. For each project, the same type of information was found in different document types, saved in different places, or reported differently. The evaluation worked with the program team to validate the available data and information available to ensure its reliability and consistency.

Lack of data on Gender Based Analysis Plus: The P3CF did not require inclusiveness and accessibility considerations in the design and delivery of its projects, and GBA+ was not a requirement in the development of the P3CF. Therefore, no related data was collected. Based on this lack of data, an assessment that takes GBA+ into account was therefore not possible.

The Performance Measurement Strategy (PM Strategy)

is a results-based management tool that is used to guide the selection, development and ongoing use of performance measures. Its purpose is to assist program managers and deputy heads to:

- continuously monitor and assess the results of programs as well as the economy and efficiency of their management;
- make informed decisions and take appropriate, timely action with respect to programs;
- provide effective and relevant departmental reporting on programs; and
- ensure that credible and reliable performance data are being collected to effectively support evaluation.

Source: [PM Strategy, Treasury Board Secretariat](#)

Key finding 1: P3CF has supported municipalities, provinces and territories to fund infrastructure that meets their needs.

Several factors facilitated recipients' choice to use the P3 model.

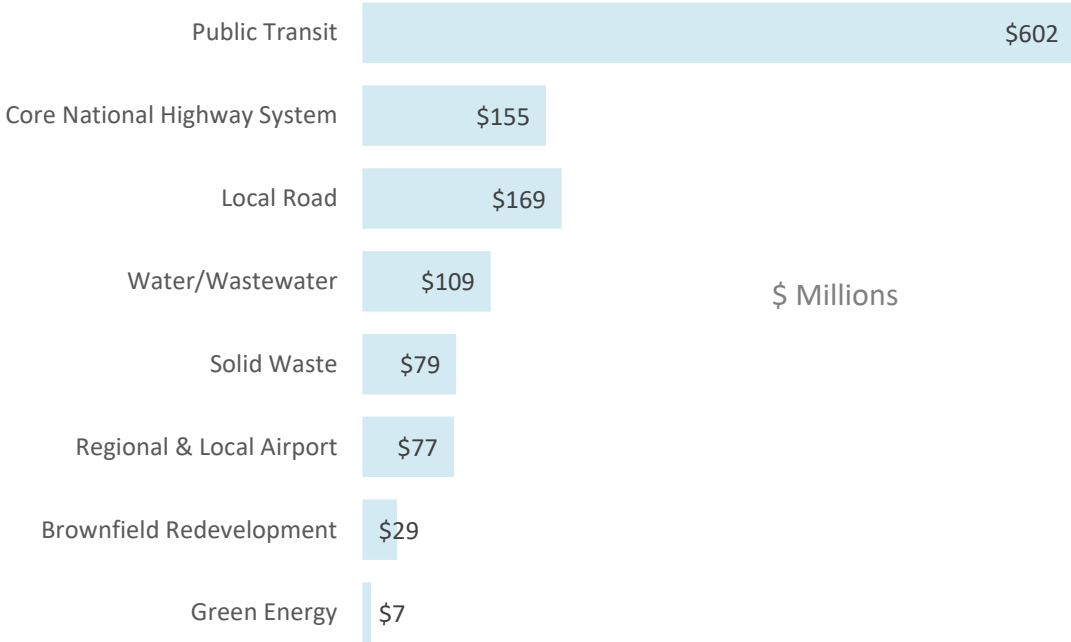
- Recipients were generally supportive of the P3 approach and indicated that federal support was needed. Some of them mentioned pursuing P3 projects beyond those funded by P3CF.
- While the P3 procurement process was new to some recipients, P3CF was aligned enough with recipients' own procurement processes to address their needs.
- Market appetite, strong examples of P3s in some provinces, recipients' internal P3 policies, and limited ability to access and qualify for alternative funds were determinants in recipients' choice to use the P3 model.

P3CF is aligned with GoC priorities

- The objectives of P3CF to achieve more efficient project delivery (on time and on budget) aligned with GoC priorities related to public investment in infrastructure at the time the program was developed.
- After the 2008-09 recession, public savings and private-sector spending were prioritized, as well as quick infrastructure investments as for economic stimulus.
- The implementation of various types of public infrastructure projects funded under the P3CF aligns with the GoC's more recent priorities of supporting public transit, green infrastructure, and social infrastructure.

Interviewees highlighted the importance of federal funds for P3CF projects in leveraging private-sector financing. Some P3CF projects would not happen without P3CF funding, as some municipalities have limited capacity to access and qualify for private-sector financing. Project starts would have been delayed or would have led to numerous smaller projects given that recipients reliance on grants from other levels of government for large projects.

P3CF has allocated \$1.229 billion to provinces, municipalities and territories over 8 infrastructure categories



Source: Program document as of March 31, 2021

Key finding 2: Projects were facilitated by public-private partnerships, where recipients benefit from the financial resources of, and transfer of risk to, the private sector.

P3CF helped in managing public sector exposure to project risks, including cost overruns.

- The most common procurement model is Design-Bid-Build, where governments are directly involved in the design phase, tenders the construction, is responsible for any design flaws or cost overruns and has little control over timelines and completion date. During operations, the performance of the asset is typically the responsibility of governments.
- In the standard P3 procurement model, DBFOM, the private partner is responsible for all or most phases of the lifecycle; assumes most risk between the phases; is fully accountable for delivery and is incentivized to produce the most effective result over the lifespan of the asset. Issues such as poor design, substandard construction or inadequate or deferred maintenance become the responsibility of the private sector.
- P3s enabled improved risk management for all parties involved by transferring the risks to the parties best suited to manage them. Across the P3CF projects, risks transferred to the private sector were typically:
 - building and construction
 - design
 - Financial (e.g., related to cost overruns or delays)
 - maintenance
 - operating
- Risks that were shared between the public and private sectors varied based on the project. Some commonly shared risks include utilities and environmental (site) conditions and considerations.
- Literature suggests that while the public sector may be paying more than the cost of the project phases under the P3 model, not only is it not taking on they are forgoing potential issue-related additional costs, it also has access to the financial resources of the private sector not available to municipalities.

* It was not possible to quantify the extent of this benefit due to the absence of performance targets.

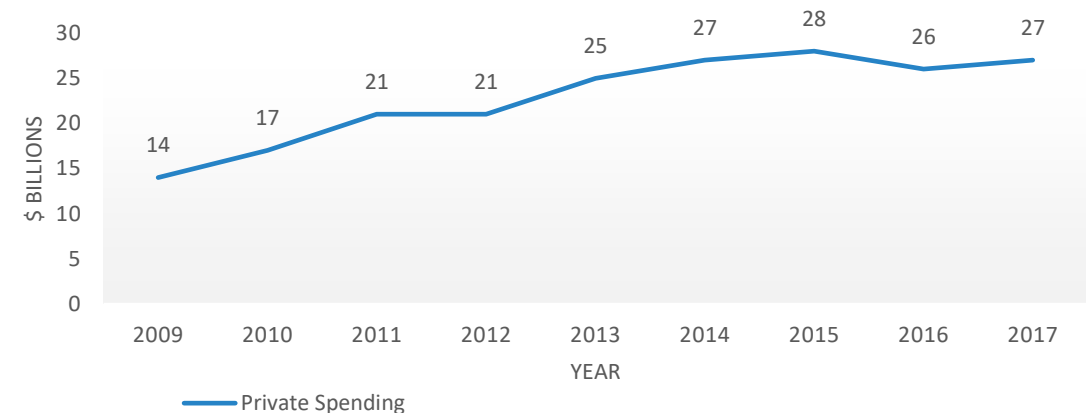
P3CF has contributed to increased private sector capital financing for infrastructure renewal*

Key Highlights

- P3CF contributed \$841 million and committed an additional \$378 million across 25 projects as of March 31, 2021, in addition to providing a loan of \$7.2 million.
- Reports show that project financing was transferred to the private partner in the case of 21 projects. Private-sector financing facilitated preferred borrowing rates and allowed the public sector to spread payments out over a longer timeframe.
- Total dollar value of private-sector long-term financing for P3CF is estimated at \$2.855 billion, which represents 46% of the total project capital cost, \$6.216 billion.

P3CF was a part of an increasing trend in private spending on infrastructure since 2009, although a slight decline was noted in 2016.

Private infrastructure spending in Canada, 2009-2017



Source: Statistics Canada, Infrastructure Economic Accounts

Key finding 3: P3CF supported P3 market development, particularly in inexperienced jurisdictions.

Recipients gained capacity in P3 projects

- Inexperienced participants refer either to jurisdictions without prior experience in the P3 market, or projects in categories new to the P3 model, such as wastewater and solid waste.
- Of the 25 projects funded by P3CF, 17 were considered inexperienced participants.
- Recipients built capacity and gained P3 experience through participation in the P3CF process.
- Eight (8) out of the 25 P3CF projects were recognized by the Canadian Council for Public-Private Partnerships for Innovation and Excellence in P3 projects.

Several P3CF projects received awards

1. Sudbury Biosolids – [Chuck Wills Award](#), 2013
2. BC Social Housing – [Social Housing Innovation Award](#), 2013
3. Regina Wastewater Treatment Plant – [Chuck Wills Award](#), 2014
4. Saint John Drinking Water – [Silver Award for Infrastructure](#), 2017
5. Iqaluit Airport – [Gold Award for Infrastructure](#), 2017
6. North Commuter Parkway and Traffic Bridge – [Gold Award for Infrastructure](#), 2018
7. Tlichio All-Season Road – [Gold Award for Project Development](#), 2019
8. Calgary Stoney Bus – [Silver Award for Infrastructure](#), 2019

Interview respondents reported gaining P3 experience through their P3CF projects

- Respondents in inexperienced jurisdictions reported that the municipality guide, business case template, other program tools and guides, documentation of lessons learned, and other program resources were helpful. These resources allowed jurisdictions like municipalities to:
 - Minimize cost and report to provinces and territories with greater ease;
 - Navigate the procurement process;
 - Adopt some of the federal guidelines at the local level; and,
 - Receive support to navigate processes across the stages of a P3 project.
- In jurisdictions where the P3 process was well developed, respondents found existing supports outside of P3CF to also be helpful. This included using provincial P3 structures and guidelines, sharing tools and knowledge through existing connections with municipalities, and sharing advice with industry organizations, such as transit authorities. Further, some jurisdictions reported pursuing P3 projects beyond those funded by P3CF.
- Other factors that respondents mentioned as facilitating a successful project included hiring external experts and keeping their own advisors on the projects. Program documents indicate that technical, legal and financial experts were on the P3CF project procurement teams, providing expert advice through the P3 process.

Supplemental support was required following the transfer to INFC

- Respondents reported that the transition of projects to INFC was not always seamless: communication, roles and responsibilities were not clear.
- Respondents noted that they needed to access advice through other connections. For some, those connections were facilitated by INFC, while for others they used connections that existed before the involvement of INFC.

Key finding 4: Federal support of P3s instilled confidence in the process for recipients despite P3CF design and delivery processes were not always aligned with recipient processes

Federal support of P3s instilled confidence in the process for recipients and private sector

Document review, interviews and literature review revealed that:

- Private sector stakeholders view federal government support as important to reducing perceived risks associated with the P3 model, as federal involvement provides an increased sense of comfort when bidding on projects.
- With federal investment, private sector stakeholders are more confident that the organizations they are working with will have sufficient resources and support to procure projects properly.
- The regular meetings and support provided at the federal level under the P3CF FAs helped address potential challenges that may have arisen during the project construction phase.

More alignment between the program and particular project challenges during the project development process would have benefitted some recipients

- Interviewees highlighted a lack of understanding within PPP Canada Inc. of the unique needs faced by communities, specifically in the North, such as their climate, small community populations, and remoteness, which can lead to delivery issues.
- Interviewees explained that the applications and documentation requirements provided in the P3CF templates were not flexible nor sensitive to Northern or Western Canadian individual needs.
- Some interviewees also indicated the templates were too general in nature for use for all types of infrastructure projects, including transit projects.

Key finding 5: While P3CF has leveraged private sector capital in support of efficient infrastructure investments, a lack of data following substantial completion prevents a full assessment of their performance.

Value for Money: VfM is a measure comparing the cost savings between two delivery models: a P3 delivery and public sector delivery.

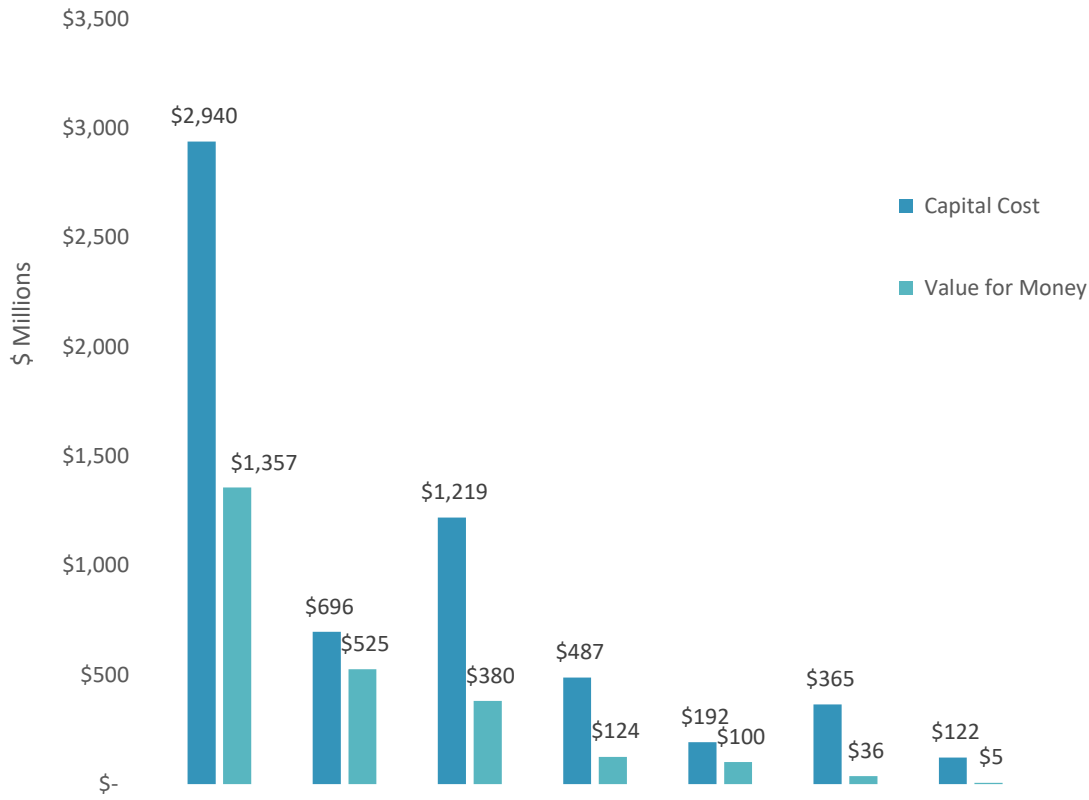
If the P3 project costs are assessed to be lower than the public sector, then the P3 project is said to likely be able to deliver positive VfM. VfM savings are often presented as a percentage of the public sector delivery cost:

$$\text{VfM (\%)} = \frac{\text{cost of public sector delivery} - \text{cost of P3 delivery}}{\text{Cost of public sector delivery}} \times 100$$

P3CF projects reported estimated value for money comparable to those achieved in other P3 projects.

- Determining the estimated VfM involved holding risk “workshops” where consultants and experts on behalf of provinces, territories, municipalities and transit agencies calculate the risk-adjusted costs of delivering a project. These costs become the cost of the P3 delivery in the calculation of the project VfM.
- The 25 P3CF projects were estimated to provide an average of 15.5% VfM.
- A comparative VfM analysis from 79 Infrastructure Ontario projects (from 2007 to 2020) found a value for money average of 13%.
- According to the Canadian Centre for Economic Analysis (CANCEA), P3 projects were estimated to provide an average of 24% VfM across Canada.
- Value savings from P3CF projects range from \$2.4 million to \$574 million.

P3CF projects demonstrated estimated value for money across project categories



Source: Program document

Literature review and interviews indicate that P3s’ operation and maintenance continue over a significant period of time, and long-term achievement of VfM can be impacted by uncertainty over time. For example, cost overruns over the course of a project can erode the estimated VfM.

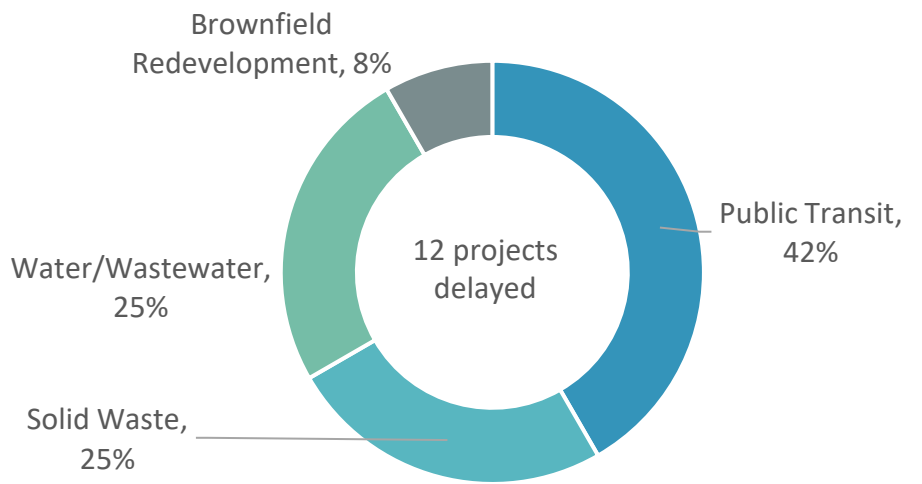
Key finding 6: P3CF has leveraged private sector capital in support of timely infrastructure investments. Although some projects experienced delays, these were comparable to traditionally procured projects.

Key Definitions

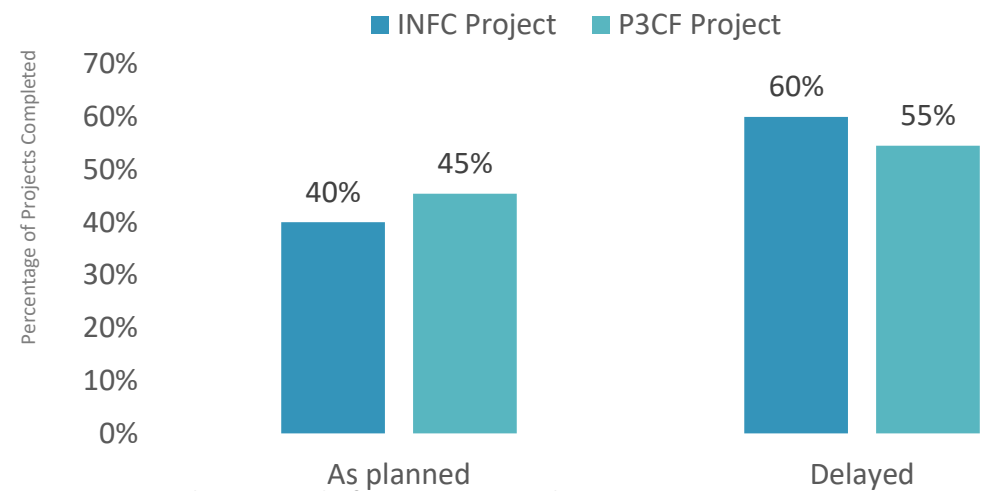
- Substantial Completion Date: The date when construction ends. An expected substantial completion date was set for each P3CF project.
- Delay: Delays were measured from the expected substantial completion dates for P3CF projects, and the expected completion dates for INFC programs that do not use the P3 delivery model.
- Some of risks related to delay were shared with private sector when it is due to environmental (site) conditions.

- P3CF projects demonstrated shorter delivery time, an average than three years, than the Canadian average for P3 projects. CANCEA reported that Canadian P3 construction projects take on average six years to deliver, or eight years when including the procurement process.
- INFC’s conventional projects of a similar scope to the PC3F projects also had an average delivery time of about three years:
 - 60% (21 out of 35) of these conventional projects were completed behind schedule, compared to 55% (12 out of 22) of substantially completed P3CF projects. For those 12 P3CF projects, delays were less than one year.
 - Solid waste and public transit projects tended to experience more delays due to unforeseen events.

Distribution of projects by category



The timeliness of P3CF projects was comparable to INFC’s conventional projects



Source: Program document and Infrastructure Financial Report

Primary Causes of Delay

Document review and interviews indicated the common reasons for P3CF project delays included:

- Poor weather including rain and snowfall;
- Unforeseen events such as contaminated soil;
- Delay from suppliers or change in partners;
- Lack of expertise or P3 experience from contractors; and,
- COVID-19 pandemic-related delays.

Projects well suited for a P3 have a well-defined scope and are less likely to be impacted by unexpected changes.


Source: Program document as of March 2021

Key finding 7: The P3CF did not require inclusiveness and accessibility considerations in the design and delivery of its projects. Because of this and a subsequent lack of related data, an assessment of gender-based analysis plus was not possible.

The 2016 Directive on Results requires evaluators to consider government-wide policy commitments, including Gender-based Analysis Plus (GBA+). GBA+ factors were not required considerations in the development and delivery of P3CF projects. Because of this and a subsequent lack of related data, an assessment considering gender-based analysis plus was not possible. However, evaluators examined whether the program achieved unexpected GBA+ related results.

It was found that:

- Indigenous and First Nations as well as certain vulnerable communities were consulted during the design and construction of five P3CF projects in the categories of public transit, local roads, regional airport, brownfield redevelopment and green energy.
 - For example, directly impacted communities were consulted during the design phase of the projects to ensure alignment with cultural considerations and sensitivities.
- Indigenous and Northern/remote communities benefited from P3CF projects.
 - The First Nations communities were direct project participants and partners in two projects.
 - Projects specifically included Indigenous and First Nations employment and training and/or hired Indigenous owned business.
 - Green energy brought consistent and reliable electricity to a First Nation community in British Columbia.
 - Projects facilitated to northern and remote communities through spending on regional and local airports, core national highway systems and local roads.

A yellow tracked excavator bucket is shown in the foreground, angled towards the right. The bucket is filled with dark soil. In the background, another tracked excavator is visible, working on a large pile of earth. The sky is a clear, bright blue. A large white diamond shape is overlaid on the left side of the image, containing the text.

Annex C
Management Action
Plan

Annex C – Management Action Plan

	Recommendation	Management Action Plan	Deliverables	OPI and Due Date
1	<p>It is recommended that IPI document a complete risk-based forward-looking management control framework, incorporating existing documented processes (e.g., Program Overview and Standard Operating Procedures), and in collaboration with the Grants & Contributions Centre of Expertise, Corporate Services Branch, re-evaluate the program risks, and include the following key elements* in line with the <i>COSO Framework</i>:</p> <ul style="list-style-type: none"> Established and understood effective oversight procedures; Clearly defined and communicated roles and responsibilities; Risk management that includes senior management’s risk tolerance and mitigation measures; and, <u>Updated relevant monitoring controls**</u>, such as a centralized repository of project information, including the conduct of recipient audits (where applicable) and lessons learned. 	<p>As a first step, IPI is implementing a risk-based monitoring practices: including regular engagement with project proponents at least once a year; collection of project annual reports as required in FA and lessons learned on a voluntary basis; tracking of project hand-back requirements and planning; tracking of staff transition for both public and private sector partners.</p> <p>Secondly, IPI will then be updating the P3CF Program Management Guide to document the risk-based practice above which will act as the new Program Overview and Standard Operation Procedures (POSOP). The renewed document will incorporate the findings of this audit and include oversight procedures, clearly defined roles and responsibilities, mitigating measures and requirements for monitoring project information.</p> <p>A Claim Process Map has been completed, which provides a step-by-step process for issuing P3CF recipient payments and will be included as part as the oversight procedures in new POSOP.</p>	<p>Program Overview and Standard Operation Procedures</p>	<p>Glenn Campbell, ADM, IPI April 2023</p>
2	<p>It is recommended that IPI document and implement a performance measurement strategy that aligns to the existing program structure and available financial and performance information given the requirements of the FAs. This would enable effective long-term results tracking and reporting on P3CF’s projects over the full monitoring period.</p>	<p>IPI is developing a performance measurement strategy that outlines the program's expected outcomes, including associated indicators that align to available data, including through the Financial Agreement requirements. The purpose for the exercise is to build capacity and database for future programs and projects.</p> <p>IPI will also ensure it tracks the results/outcomes progress of projects throughout the period of the agreement.</p>	<p>Performance measurement template (including tracking tool such as project database)</p>	<p>Glenn Campbell, ADM, IPI April 2023</p>

*In line with the *Committee of Sponsoring Organizations (COSO) Framework*: see further detailed methodology in [Annex D](#)

** *With the objective of ensuring operational efficiencies and that cost-benefits are achieved in terms of establishing appropriate monitoring controls over the long-term management for this legacy program, which should be aligned to the program's and recipients' risk profiles as required by Treasury Board's Policy on Transfer Payments.*



Annex D

Internal Audit and Evaluation Methodology

Annex D – Internal Audit Methodology

Internal Audit Approach

In accordance with INFC's 2021-22 to 2025-26 Integrated Audit and Evaluation Plan (IAEP), the Internal Audit Directorate undertook the Review of P3 Canada Fund as part of the approved Audit and Evaluation Branch Combined Internal Audit and Evaluation engagement of the Legacy projects from P3 Canada.

A risk-based approach was used to establish the objectives, scope, and approach for this internal audit engagement.

Considering these risks, detailed audit criteria were developed to guide the audit field work and form the basis for the overall engagement conclusion.

The internal audit engagement included various tests, as considered necessary, to provide reasonable assurance on the overall engagement conclusion. These tests included, but were not limited to, interviews, walkthroughs, audit review of supporting documentation, and other audit procedures. All project files were reviewed as part of the testing procedures.

The field work was substantially completed on December 2, 2021.

Internal audit findings were communicated to the auditee to validate facts and to confirm the clarity, accuracy, and completeness of the information reported.

Additional Reference Material

The audit criteria were also derived from the COSO Enterprise Risk Management Framework. The Committee of Sponsoring Organizations of the Treadway Commission (COSO*) is an international organization dedicated to improve management performance by developing and sharing best practices in internal control, risk management, governance and fraud deterrence.



The Saint John Water Treatment Facility Project

The City's New Loch Lomond Drinking Water Treatment Facility is now delivering safe, clean drinking water to customers and allowing the City to minimize maintenance costs.

Source: Program document

Annex D – Methodology, Evaluation Limitations and Mitigation Strategy

Lines of Evidence

Multiple lines of evidence have drawn on both quantitative (e.g., administrative and financial data) and qualitative data (e.g., key informant interviews). The analytical methods used for this evaluation were tailored to the nature of the data available. The evaluation design and level of effort were calibrated with available INFC resources. The following lines of evidence were used for data collection:

- Document Review
- Literature Review
- Interviews
- Program and External Data Review

Document Review

The document review addressed the program context evaluation question of relevance and effectiveness. Program foundational documents were examined to address the relevance for the program and reports on plans and priorities, departmental plans, Budgets and Speeches from the Throne were used to examine the question of alignment with government priorities. The annual progress reports, Value for Money reports and documents related to the financial agreements, and management committee were reviewed to assess the effectiveness and the efficiency of P3 Canada Fund (P3CF).

Literature Review

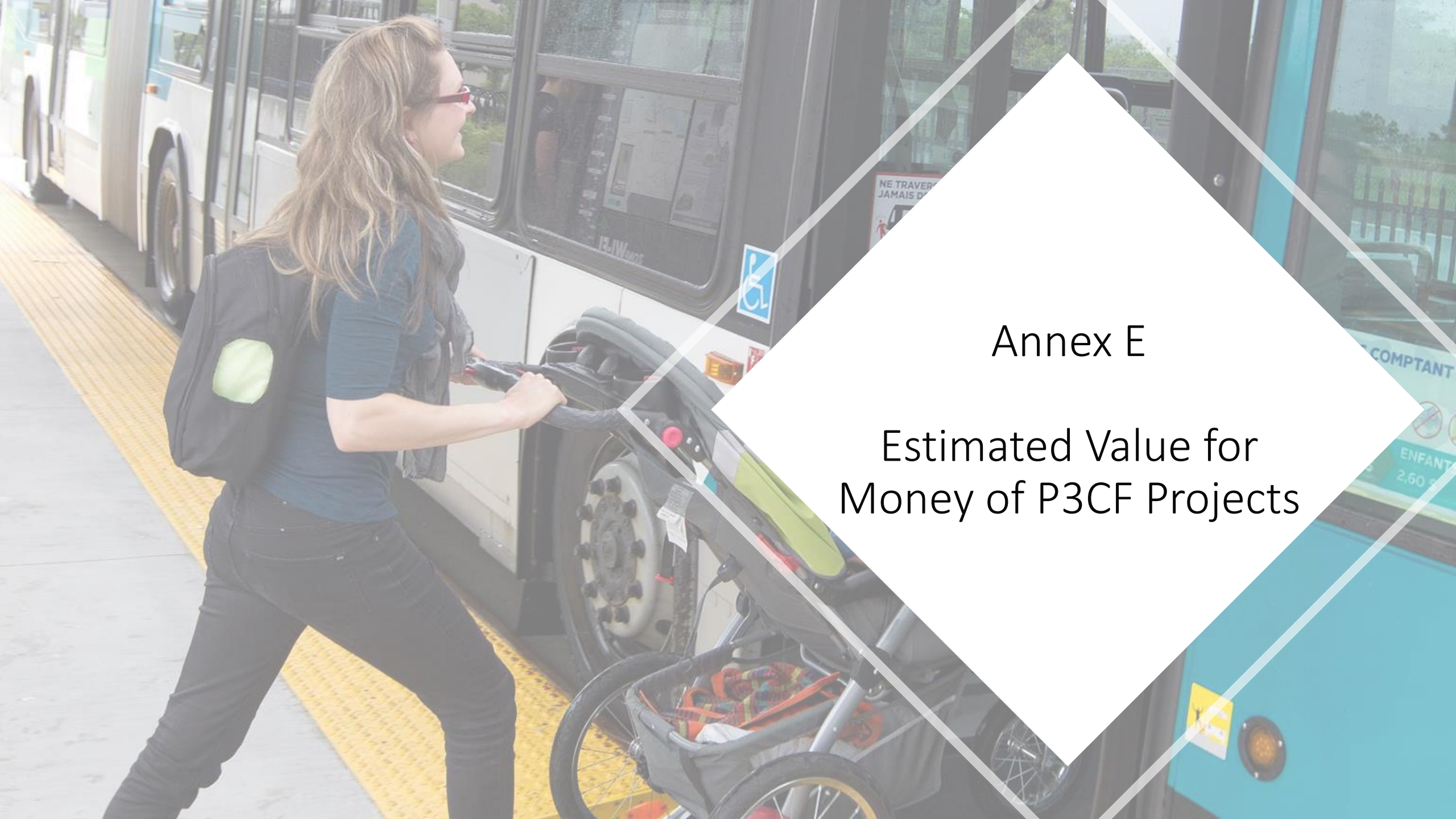
The literature review examined academic literature to get a better understanding of Public-Private partnerships, identify links between P3CF projects, P3CF objectives and outcomes, and efficient program delivery mechanisms. It was also used to compare and assess the magnitude of program results.

Interviews

The key informant interviews were conducted to assess the relevance, the design and delivery, the achievement of expected outcomes and areas of improvements of P3CF and included key stakeholders such as three INFC program managers and analysts, eight representatives from the Provinces and Territories, and two other recipients such as transit agencies.

Program and External Data Review

The program and external data review consisted of reviewing administrative and financial data from P3CF project files and INFC's economic accounts. The evaluation employed analytical methods used by organizations such as the CANCEA and Infrastructure Ontario, to measure P3CF's on-time performance. Data from projects' VFM reports were used to assess whether P3CF projects demonstrated value savings.



Annex E

Estimated Value for Money of P3CF Projects

Annex E – Estimated Value for Money of P3CF Projects

P3 projects are projected to save a total amount of \$2,527 million according to value for money reports.

