

## Appendix 1

This report presents the findings and recommendations of an engagement conducted by the Business Performance & Advisory Services Branch. It assesses how infrastructure delivery practices could contribute to reducing carryovers and increasing the number of projects completed in the 10-year capital plan.

The engagement revealed that the infrastructure delivery process is somewhat effective in meeting the objectives, but there are opportunities for improvement in several areas. The main findings and recommendations are summarized as follows:

OBJECTIVE	FINDING
Determine if purchase potential is maximized by analyzing the effect of allocating financial resources upfront to capital projects limits other annual capital project allocations.	The practice of allocating financial resources upfront to multi-year capital projects limits other annual capital project allocations. A more effective approach would be to allocate funds each year based on actual budget requirements or adopt a cash flow basis. In addition, implementing a reserve funding strategy would allow for increased flexibility for resource allocation.
Assess if budget allocations are optimized by analyzing the capital project's results and progress to see if they align with the expectations outlined in the financial plan.	The progress of capital projects is not always aligned with what is included in the financial plan. The main factor contributing to this challenge is a lack of proper project coordination. The coordination of elements within a single project and the scheduling between different projects has caused delays. It is recommended to complete a review of the capital project management process. After the review management should consider implementing a capital management program with a project management software component. This program will help departments by giving them a single view of project interdependencies and complexities, as well as enhance communication, visibility, and data analytics.
Review how financial resources are leveraged by analyzing the results of annual capital project spending to see if the projects are in line with the financial plan to optimize capital project efficiency.	Most capital projects spent less than their allocated budget in any given year. Many projects had either internal or external human resource-related challenges. It is recommended to conduct a resourcing analysis on each phase of the capital project process. The analysis will help with understanding the effects of adding resources to each phase of the project. Allocating adequate resources will increase the success of completing projects on time.
Examine if the 10-year capital plan has been followed by reviewing if the organization's department master plans are identified in the 10-year capital plan to establish the prioritization of capital projects.	Department master plans are not consistently used in the project planning process. This resulted in the inability to verify the numerous changes in each approved 10-year capital plan. Some of the changes are likely due to external factors such as fires, floods, pandemics, and high inflation. To reduce the number of changes and provide a uniform process across departments, creation of a corporate policy and procedure is recommended. This should strengthen the capital planning and delivery processes by increasing department accountability.
Assess the viability of the 2023 10-year capital plan by analyzing the organization's past expenditures and confirming that the proposed future capital projects are in sync with the organization's capacity for delivery.	The annual spending limit is a significant factor in assessing the influence on carryovers. As carryovers increase, the likelihood of achieving the 10-year capital plan decreases. The changes recommended, such as cash flow budgeting, improved planning processes and resourcing will improve spending levels. This will increase the likelihood of achieving the 10-year capital plan each year.