



**August 24, 2017**

## **NCC will work with government to address significant infrastructure deficiency in response to Auditor General's special examination**

The Office of the Auditor General of Canada (OAG) recently completed its special examination which concluded that the National Capital Commission (NCC) had good management practices in its operations as steward of federal infrastructure in the National Capital Region. The report also concluded that without adequate resources, the NCC might not be able to maintain and preserve its assets. If the NCC's assets continue to deteriorate, they could cause health and safety issues.

As the largest landowner in Canada's Capital Region, the NCC is the steward of more than 10 percent of the region's land mass, including thousands of assets, such as heritage buildings, parkways, pathways, bridges, parks, commemorations, public art and official residences. This infrastructure serves citizens and visitors every day across the region, and it helps to define the symbolic, natural and cultural heritage of Canada's Capital Region.

Due to limited resources, the NCC has deferred maintenance on certain assets in order to prioritize work on others, primarily to address health and safety issues. Current repairs are focused on critical infrastructure issues, but in many cases, the NCC does not currently have the means to restore and improve its infrastructure located across the Capital Region.

The OAG conducts a special examination of the NCC's systems and practices at least once every 10 years, as per section 138 of the *Financial Administration Act*. The last special examination was conducted in 2007.

Other key findings of the OAG's special examination in 2017 include the following:

- The NCC routinely consulted with key stakeholders, including municipalities and the public, to identify regional needs, plans and priorities. The NCC considered these when developing its plans for the National Capital Region, including master plans, priorities and proposed strategic directions.
- Management identified projects that needed to be carried out, and established priorities through its annual Multi-Year Capital Program planning process.
- Management had established and implemented policies and procedures to complete regular assessments of the condition of its assets.
- The NCC had good systems in place for acquiring, developing and implementing its business optimization project, which replaced the NCC's existing financial system with a broader management information system, including finance, payroll and asset management systems.

- The NCC developed an enterprise risk management framework in 2008, but improvements are needed to identify and evaluate risks across the organization.

In response to the OAG's recommendations:

- The NCC conducted a detailed asset-by-asset analysis to determine the level of resources required to restore and maintain its assets.
- The NCC hired an independent third-party consultant to review the NCC's asset-by-asset analysis.
- The NCC is advancing a comprehensive and integrated enterprise risk management framework that will set risk tolerances, assess strategic and operational risks, and provide comprehensive risk information for decision making.

This fall, the NCC will finalize its analysis of the resources required to restore and maintain the condition of its assets, and work with the Government of Canada to ensure that infrastructure and other valuable federal assets in Canada's Capital Region are restored to meet the needs of Canadians, and remain safe, sustainable and resilient for years to come.

## QUOTES

"The National Capital Commission welcomes the recommendations of the Office of the Auditor General. We look forward to working with the Government of Canada to invest in federal infrastructure in the Capital Region so that it remains a source of pride for residents and visitors in the coming decades."

—Dr. Mark Kristmanson, Chief Executive Officer, National Capital Commission

## QUICK FACTS

With 537 km<sup>2</sup> under its stewardship, the NCC is the largest landowner in Canada's Capital Region. Its assets serve residents and visitors to the Capital Region every day. The NCC is steward of the following assets:

- 1,700 real estate properties
- 1,000 buildings
- 300 km of pathways
- 125 km of parkways
- 145 bridges, including 2 interprovincial bridges
- 65 commemorations and public art displays
- 125 interpretive panels and commemorative plaques
- 13 urban parks
- 6 official residences
- Gatineau Park
- Canada's Capital Greenbelt
- 3,200 various other assets (e.g. drainage systems, culverts, retaining walls, and electrical, mechanical and water systems)

The OAG evaluated systems and practices in the following six areas:

- corporate governance
- strategic planning, risk management, and performance management and reporting
- National capital long-term planning
- capital project management
- asset management and protection
- business process transformation

## **LINKS**

- *Report of the Auditor General of Canada to the Board of Directors of the National Capital Commission, Special Examination—2017*

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