

**PSPC MANAGEMENT ACTION PLAN**  
**Response to the Recommendation from the Audit of Surveillance of Arctic Waters**  
**(Auditor General of Canada, Fall Report 2022)**

Report Ref. No.	OAG Recommendation	Departmental Response	Description of Final Expected Outcome/Result	Expected Final Completion Date	Key Interim Milestones (Description/Dates)	Responsible Organization/ Point of Contact (Name, Position, Tel #)	Indicator of Achievement (For Committee Use Only)
Para. 66	<p><b><u>Recommendation 2</u></b></p> <p>To address delays in the delivery of equipment to replace and improve the key federal capabilities used for maritime surveillance in the Canadian Arctic and the risk that several types of equipment may cease operating before being replaced, National Defence, Transport Canada, Fisheries and Oceans Canada, the Canadian Coast Guard, and Public Services and Procurement Canada should:</p> <ul style="list-style-type: none"> <li>• identify options and take action to acquire equipment in a timely manner</li> <li>• develop and approve contingency plans to address the risk of having reduced surveillance capabilities</li> </ul>	<p><b>Agreed.</b></p> <p><i>(Joint intro)</i></p> <p>National Defence, Transport Canada, Fisheries and Oceans Canada and the Canadian Coast Guard, and Public Services and Procurement Canada agree that it is important to acquire equipment in a timely manner and manage capability risks associated with Arctic water surveillance.</p> <p><i>(PSPC specific portion)</i></p> <p>The Management Action Plan (MAP), developed in response to the 2021 audit of the National Shipbuilding Strategy (NSS), identified a number of efforts to improve delivery and accuracy of schedules and ensure disciplined reporting of progress toward milestones. Public Services and Procurement Canada has completed many of these actions, including: a</p>	<p>Receipt of evidence-based shipbuilding project schedules that are complete, current and reliable.</p> <p>Development and dissemination of mitigation strategies for all identified NSS risks.</p> <p>Management of process for the introduction of a third NSS shipyard</p>	<p>Deliverable A – December 2023</p> <p>Deliverables B to D - Completed</p> <p>Deliverable E - early 2023 (with initial shipbuilding contracts expected in Spring 2023)</p>	<p><b>Key interim milestone A:</b></p> <p><b>Enhanced Project Performance Through Detailed Schedule Analysis.</b> Continue to leverage the world-class Earned Value Management (EVM) project management methodology that integrates schedule, costs, and scope to measure project performance. This will enable schedule and cost forecasting, identification of windows of opportunities to address potential issues, and adjustment of project parameters in a timely and effective manner. Work with client departments to confirm capability to perform detailed EVM analysis, or contract on their behalf to obtain third-party expert support. Use the EVM analysis to evaluate windows of opportunities within the project/program schedules. Link integrated EVM data to Risk Management discussions (see Key interim milestone C).</p> <p>Date of Completion:</p> <ul style="list-style-type: none"> <li>- EVM Clauses in Key Build Contracts: <b>Completed</b></li> <li>- Implementation across all Governance <b>December 2023</b></li> </ul>	<p>Simon Page</p> <p>Assistant Deputy Minister, Defence and Marine Procurement Branch</p> <p>873-455-3834</p>	

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	<p>in the event that key satellites, ships, or aircraft cease to operate before they are replaced</p>	<p>review of new and existing shipbuilding contracts to ensure the inclusion of Earned Value Management (EVM) and schedule-related obligations and deliverables; adding cost, schedule and risk management as a regular, recurring agenda item at governance committees; and, ensuring completeness of mitigation strategies for all NSS risks and implementation of approaches to track and report on progress. In addition to the implementation of this MAP, efforts have progressed with regards to the identification and integration of a third NSS shipyard to support Canadian Coast Guard program delivery inclusive of the provision of ice breaking capability in the North. These activities support Public Services and Procurement Canada's ongoing and dedicated efforts to acquire equipment in a timely manner.</p>			<p><b>Key interim milestone B:</b></p> <p><b>Comprehensive Review and Adjustment of Contracts.</b> Review existing contracts for EVM and schedule-related obligations and deliverables. Assess the adequacy/acceptability and completeness of these obligations and deliverables and re-enforce and/or adjust specific clauses as required. Leverage the established NSS governance to consider proposed contract amendments aimed at ensuring use of EVM schedules, other shipyard-related schedule obligations, and deliverables are included as part of shipbuilding contracts. Lessons learned from the review of existing contracts will be applied to new contracts.</p> <p>Date of completion: <b>Completed</b> For new contracts: <b>as required</b></p> <p><b>Key interim milestone C:</b></p> <p><b>Focused Governance Reviews and Decision-Making.</b> Establish a dedicated, recurring agenda item for the review of integrated schedule information (including EVM data and long-term project and programme schedules) at ADM and DM-level governance committees. This recurring agenda item will have direct linkages to the Risk Management information and be reviewed in a consolidated and timely manner so that project and program schedules can be comprehensively discussed and decision-making can be effectively enabled.</p> <p>Date of completion: <b>Completed (ongoing activity)</b></p>		

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					<p><b>Key interim milestone D:</b></p> <p><b>Comprehensive Mitigation Strategies.</b> To ensure clarity and transparency, ensure completeness of mitigation strategies for all NSS risks and implement approaches to track and report on progress. The degree of control on each of the mitigation strategies will also be analyzed. Integrate risk mitigation strategies into the ADM and DM-level governance Committees and ensure linkages with key project/program parameters such as cost and schedules (EVM) are established and monitored.</p> <p>Date of completion: <b>Completed (ongoing activity)</b></p> <p><b>Key Interim milestone E</b></p> <p><b>Third Shipyard.</b> Given requirements for the construction of large ships in support of the Canadian Coast Guard, the need for a third Canadian shipyard with the capacity and capability to deliver large ships has been identified. PSPC has been actively engaged in the process to support the inclusion of a third shipyard into the NSS. A prequalification process identified Chantier Davie Canada Inc. (CDCI) as the only capable bidder. Subsequent to this, a solicitation process was conducted and CDCI's bid submission was comprehensively evaluated and deemed compliant.</p> <p>Associated future activities:</p>		

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					<ul style="list-style-type: none"> <li>• Discussions are underway with CDCI to successfully negotiate an Umbrella Agreement Date of completion: <b>Early 2023</b></li>   <li>• Treasury Board submission seeking advance approval to enter into the Umbrella Agreement Date of completion: <b>Completed</b></li>   <li>• Post Umbrella Agreement signing, intent is to enter into contracts with CDCI to build 9 large ships (6 Program Icebreakers, 1 Polar Icebreaker and 2 Ferries). Date of completion: Initial contract <b>Spring 2023</b></li> </ul>		