**Agenda – Executive Policy Committee – December 9, 2025**

## REPORTS

**Item No. 4 New Governance Framework as a result of the NEWPCC Upgrade Projects Audit Report**

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the proposed governance framework for "Mega" projects, which is composed of the Governance Framework and the Assurance Plan outlined in Schedules 1 and 2 respectively, be approved and that the Public Service proceed to operationalize the framework and plan, including the following:

    A. The total project budget threshold for Mega projects be set at $500 million or greater.

    B. Enhanced monthly reports on Mega projects be made to Executive Policy Committee instead of quarterly reports to Standing Policy Committee on Finance and Economic Development.

2. That authority be delegated to negotiate and approve contract awards for the NEWPCC Upgrade projects, and the terms and conditions of the resulting agreements as determined necessary by the City Solicitor/Director of Legal Services, where the value of the contract does not exceed the following and there are sufficient funds in a Council-approved budget to award the contract:

    A. The Chief Administrative Officer, Chair of the Project Steering Committee, up to $50 million

    B. The Chief Financial Officer, up to $35 million

3. That authority be delegated to the Chief Administrative Officer, Chair of the Project Steering Committee, to approve contract over-expenditures for the NEWPCC Upgrade projects where there are sufficient funds in a Council-approved budget and the accumulated contract over-expenditure does not exceed the contingency allowance, which may be sub-delegated to the Chief Financial Officer.

4. That the City Solicitor/Director of Legal Services prepare a by-law to amend the City Organization By-law No. 7100/97 to designate Executive Policy Committee as having jurisdiction over the Mega Projects and the specific power and duty to consider and make recommendations to Council on matters relating to Mega Projects and bring same directly to Council for enactment.

WINNIPEG PUBLIC SERVICE RECOMMENDATION (continued):

5. That, effective February 2026, the following projects commence reporting to Executive Policy Committee as Mega projects:

    A. North End Sewage Treatment Plant ("NEWPCC") Upgrade Projects: Power Supply and Headworks Facilities

    B. North End Sewage Treatment Plant ("NEWPCC") Upgrade Projects: Biosolids Facilities

6. That the Public Service be directed to report back to Council in February 2027, one year after implementation of the new governance framework, with a review of the framework's ability to meet the intended objectives of the NEWPCC Upgrade Projects audit report, including any recommendations to enhance the Mega projects framework.

7. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

# ADMINISTRATIVE REPORT

**Title:** New Governance Framework as a result of the NEWPCC Upgrade Projects Audit Report

**Critical Path:** Executive Policy Committee – Council

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| D. Tooth | R. Taylor | T. Graham | J. Dunford |

## EXECUTIVE SUMMARY

The Public Service has been working with KPMG to implement recommendations from the North End Sewage Treatment Plant ("NEWPCC") Upgrade Projects Audit Report approved by Council on January 30, 2025 (attached as Schedule 3). As noted in that report, the audit found that the NEWPCC Upgrade projects are following the current structure, guidelines, and processes in place as part of the City's established procedures and policies for capital project planning, initiation, execution, and close out. However, these structures, guidelines and processes should be more appropriately scaled for the cost, complexity, and consequences associated with the NEWPCC Upgrade projects.

The Public Service agrees with KPMG's recommendations and is providing, for Council's consideration, a "Mega" project framework that would operationalize said recommendations.

This report outlines the following:

- The proposed governance framework recommended for governance of the City's Mega projects in alignment with KPMG's Governance Framework and Assurance Plan, attached as Schedules 1 and 2.
- A proposed total project budget threshold of $500 million and greater for future Mega projects reporting under this new framework.
- Elevated and enhanced reporting to Executive Policy Committee and Council (to commence in February 2026). This monthly reporting would replace quarterly reporting to the Standing Policy Committee on Finance and Economic Development. Monthly reporting will provide more timely and consistent information to Council.
- The request for delegations of authority for the NEWPCC Upgrade projects.

## RECOMMENDATIONS

1. That the proposed governance framework for “Mega” projects, which is composed of the Governance Framework and the Assurance Plan outlined in Schedules 1 and 2 respectively, be approved and that the Public Service proceed to operationalize the framework and plan, including the following:

    A. The total project budget threshold for Mega projects be set at $500 million or greater.

    B. Enhanced monthly reports on Mega projects be made to Executive Policy Committee instead of quarterly reports to Standing Policy Committee on Finance and Economic Development.

2. That authority be delegated to negotiate and approve contract awards for the NEWPCC Upgrade projects, and the terms and conditions of the resulting agreements as determined necessary by the City Solicitor/Director of Legal Services, where the value of the contract does not exceed the following and there are sufficient funds in a Council-approved budget to award the contract:

    A. The Chief Administrative Officer, Chair of the Project Steering Committee, up to $50 million

    B. The Chief Financial Officer, up to $35 million

3. That authority be delegated to the Chief Administrative Officer, Chair of the Project Steering Committee, to approve contract over-expenditures for the NEWPCC Upgrade projects where there are sufficient funds in a Council-approved budget and the accumulated contract over-expenditure does not exceed the contingency allowance, which may be sub-delegated to the Chief Financial Officer.

4. That the City Solicitor/Director of Legal Services prepare a by-law to amend the City Organization By-law No. 7100/97 to designate Executive Policy Committee as having jurisdiction over the Mega Projects and the specific power and duty to consider and make recommendations to Council on matters relating to Mega Projects and bring same directly to Council for enactment.

5. That, effective February 2026, the following projects commence reporting to Executive Policy Committee as Mega projects:

    A. North End Sewage Treatment Plant (“NEWPCC”) Upgrade Projects: Power Supply and Headworks Facilities

    B. North End Sewage Treatment Plant (“NEWPCC”) Upgrade Projects: Biosolids Facilities

6. That the Public Service be directed to report back to Council in February 2027, one year after implementation of the new governance framework, with a review of the framework’s ability to meet the intended objectives of the NEWPCC Upgrade Projects audit report, including any recommendations to enhance the Mega projects framework.

7. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

## REASON FOR THE REPORT

To inform elected officials of changes being recommended to the governance of the City's Mega projects in accordance with the NEWPCC Upgrade audit report approved by Council on January 30, 2025, and for Council approval of the establishment of the threshold for a "Mega" Project at $500 million dollars.

Council authority is required in order to delegate authority to award a contract where the value of the contract exceeds the Chief Administrative Officer's authority of $10,000,000 pursuant to B8.2 of the City's Purchasing Policy. On May 19, 2010, Council delegated authority to the CAO to approve contract awards for upcoming South and North End sewage treatment plant capital projects where the value of each contract does not exceed $30 million and there are sufficient funds in a budget approved by Council.

Council authority is required in order to delegate the authority of the Chief Administrative Officer to approve contract over-expenditures, where the accumulated amount for each contract, including over-expenditures, exceeds $10,000,000, provided monies are available within the applicable capital or operating budget as approved by Council.

Council has the authority to delegate additional authority to the Chief Administrative Officer in accordance with The City of Winnipeg Charter.

## IMPLICATIONS OF THE RECOMMENDATIONS

This report implements recommendations from the KPMG NEWPCC Upgrade Projects Audit report, attached as Schedule 3; specifically, recommendation 1a and recommendation 8.

The Public Service will amend the appropriate governance documents to reflect the new governance framework for Mega projects.

Amendments to the City Organizational By-law No. 7100/97 will be prepared by Legal Services and introduced directly to Council for approval.

The Public Service will report back to Council upon one year of implementation of the new governance framework on its ability in meeting the intended objectives observed in the NEWPCC Upgrade Projects audit report and outlined in this report.

There are no anticipated incremental costs to the recommendations of this report.

## HISTORY/DISCUSSION

The Public Service has been working with KPMG to implement recommendations from the North End Sewage Treatment Plant ("NEWPCC") Upgrade Projects Audit Report, approved by Council on January 30, 2025. As noted in that report, the audit found that the NEWPCC Upgrade projects are following the current structure, guidelines, and processes in place as part of the City's established procedures and policies for capital project planning, initiation, execution and close out. However, these structures, guidelines and processes are not fit for purpose for the cost, complexity, and consequences associated with the NEWPCC Upgrade projects.

### Existing Framework

Currently, projects over $25 million are required to form a Major Capital Projects Advisory Committee ("MCPAC") and begin reporting project and financial status to the Standing Policy Committee on Finance and Economic Development ("SPC FED") on a quarterly basis or as otherwise approved by the Committee.

Project and Financial Status reports are prepared by the project team and are provided to the MCPAC, then submitted to SPC FED as shown in Figure 1, below. Any budget amendments, over-expenditure reports (above those delegated to the Public Service) and delegations of authority flow from the project team to the appropriate Standing Policy Committee, Executive Policy Committee ("EPC") and Council for approval as shown in Figure 2, below. The audit notes that "the current governance structure does not adequately support achieving appropriate alignment, accountability, autonomy, and disclosure to effectively oversee and monitor NEWPCC performance and risk."

**Figure 1 – Critical Path for Major Capital Project Reporting to SPC FED:**

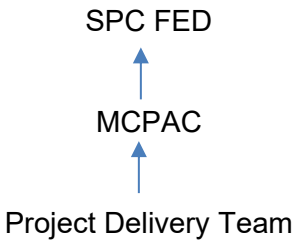
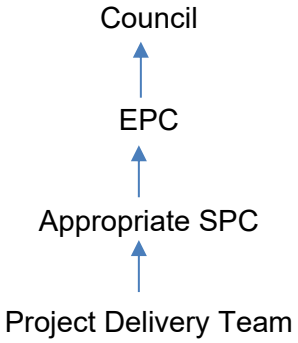



**Figure 2 – Critical Path for Budget Amendments, Over-expenditures and Delegations of Authority:**



**Proposed Framework**

The proposed reporting framework will apply to “Mega” projects. Each of the three NEWPCC Upgrade projects have budgets of over $500 million and a combined total of $2.38 billion per the 2024/25 Budget. The Public Service recommends a project budget threshold of $500 million and greater for “Mega” projects reporting under the proposed new framework. Projects below $500 million could be designated as Mega projects by Council.

The audit provided that the current reporting is too far removed from Council and that the benefits of the new structure include an elevated level and frequency of reporting allowing for more effective oversight and more timely decision making.

Project oversight would be elevated from the current MCPAC to a Project Steering Committee (PSC). For the NEWPCC Upgrade projects, the PSC will be comprised of, at minimum, the following:

- Chief Administrative Officer (Chair)
- Chief Financial Officer
- Director of Water and Waste (Sponsor)
- Director of Assets and Project Management
- Director of Public Works
- Chief Construction Officer (observing capacity/support)

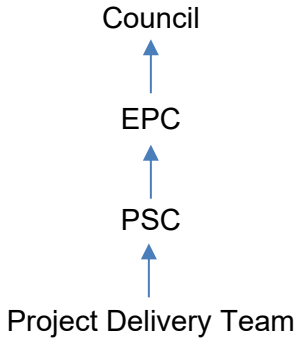
The chair may appoint additional members to the PSC for NEWPCC such as funding partners, industry expertise or other members as deemed necessary by the chair. The Public Service currently meets quarterly with a NEWPCC Upgrade Stakeholder Group that includes representatives from the Provincial Government as well as external stakeholders (See Schedule 4). Future Mega PSCs will be similar in composition as determined by the Chief Administrative Officer.

Responsibilities included in the Terms of Reference for the PSC include:

- Responsible for oversight of each NEWPCC Upgrade project.
- Provides recommendations to EPC for project decisions above the authority of the CAO and/or the CFO.
- Accountable for project decisions at the CAO and/or CFO levels.
- Accountable for conducting gate reviews and recommending gate decisions.
- Establishes support for the NEWPCC Upgrade projects across the organization.

Project reporting will be elevated as well, and the frequency will be increased. Currently, quarterly project status reports are submitted to SPC FED whereas under the new reporting structure, Figure 3, they will be submitted to EPC and Council monthly:

**Figure 3 – Critical path for reporting under new governance framework:**




Amendments to City Organizational By-law No. 7100/97 are required to clarify governance relating to Mega Projects, including designating EPC as having jurisdiction to consider and report to Council on Mega Projects.

The Public Service recommends EPC establish a monthly meeting for the purposes of project oversight of a Mega project.

A challenge associated with elevating these reports is that situations can arise where sensitive, yet pertinent information might be provided to Council. Current Council by-laws, however, do not provide an option for Council to go in-camera. As this governance model is implemented, the Public Service will monitor and consider providing recommendations on this in the future.

**Delegation of Authority**

Recommendation 2 from the audit report provides the following:

> *"Revise the decision and financial delegation of authority in alignment with project specific governance structure, including more delegated authority to empower the Project team to make timely decisions in support of project objectives, schedule and contract requirements.*
>
> *It is typical industry practice to have authority delegated to the Project, within financial limits, for management of items within the initial approved budget/contract. The levels within the delegated authority should be developed specific to the needs of the Project and through consultation with executive leadership and Council. They should consider the existing delegation of authority, project contracts and commercial structures, stage gate structure, governance structure, contingency drawdown curve, and City requirements/precedent."*

On February 27, 2025, Council approved delegations of authority for the NEWPCC Upgrade projects as follows:

1. *That authority be delegated to approve contract over-expenditures for NEWPCC Upgrade: Power Supply and Headworks Facilities projects where the accumulated contract over-expenditure does not exceed the following:*

    a. *The Chief Administrative Officer, up to the contingency allowance*
    b. *The Chief Financial Officer, up to 15% of the initial contract value*

c. *The Director of Water and Waste, up to 10% of the initial contract value*

2. *That authority be delegated to approve contract over-expenditures for the Owner's Advocate Engineer (RFP No. 182-2015) where the total contract value does not exceed the following:*

    a. *The Chief Financial Officer, up to $150 million*
    b. *The Director of Water and Waste, up to $100 million*

This report requests that the above-noted February 27, 2025, delegation be replaced with the proposed global delegations of authority for the NEWPCC Upgrade projects (Power Supply and Headworks Facilities, Biosolids Facilities and Nutrient Removal Facilities) outlined as follows (Figure 4, below) compared to current approvals:

**Figure 4: Proposed Delegations of Authority**

| | Current | Proposed |
|---|---|---|
| **Authority** | **Approval of Award of Contracts** | **Approval of Award of Contracts** |
| CAO | $10 million (delegated to CFO) | $50 million* |
| CFO | $10 million | $35 million |
| | | |
| | **Current** | **Proposed** |
| **Authority** | **Contract Over-expenditures**** | **Contract Over-expenditures**** |
| CAO<br>(may be sub-delegated to CFO) | $10 million | >$10 million (up to contingency amount)<br><br>*Contract for Owner's Advocate Engineer (RFP No. 182-2015): total value of the contract not to exceed $150 million* |

**On May 19, 2010, Council delegated authority to the CAO to approve contract awards for upcoming South and North End sewage treatment plant capital projects where the value of each contract does not exceed $30 million and there are sufficient funds in a budget approved by Council.*

***Accumulated amount, including O/E's, provided monies are available within the applicable operating or capital budget.*

Increasing the requested delegated authority, which is within the Council approved project budget, allows for more timely decision-making.

Future Mega projects utilizing the new governance framework outlined in this report will request delegations of authority specific to the needs of the particular project.

**Enhanced Reporting**

Recommendation 8 from the audit report provides the following:

> *"Develop a project governance report with an easy-to-use dashboard to provide a single report of project performance against objectives. The report would include project performance across safety, environment, cost, schedule, progress, quality, etc. along with key risks and issues. Commentary to address performance, risks, issues, and an explanation as to why a KPI is off plan, what actions are being taken to address the issue, and the expected outcomes should also be included. The information from this report could then be used to populate the other reporting required of the Project. The goal is a "single source of truth" report monthly.*
>
> *As part of the dashboard, include enhanced cost and schedule reporting such as performance relative to baseline, a forecast to complete, earned value, and performance metrics. Also include supporting narrative to guide readers to interpret the results. Refer to Recommendations #36 and #37 regarding reporting of cost and schedule performance metrics. The Project Controls monthly dashboard could also be included with the Administrative Report or report to MCPAC if appropriate. Consider an interim action to address this specific to Headworks, with a broader action for all Projects shortly thereafter."*

The current report format to SPC FED for major capital projects provides a quarterly information update on the following areas:

- Current status of the project (Detailed Design, Procurement, Pre-Construction, Construction),
- Schedule,
- Risk,
- Funding,
- Property Acquisition,
- Stakeholder Engagement, and
- Any notable Subsequent Events to the reporting period
- Financial Forecast.

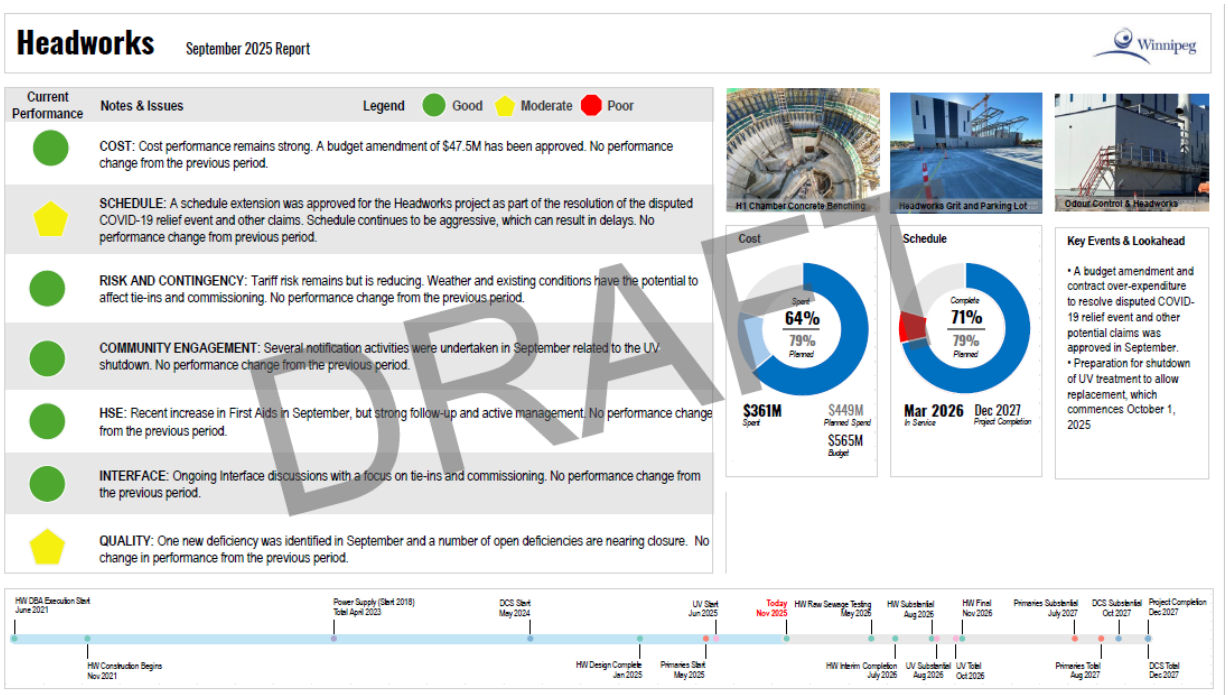
This format was updated and implemented in October 2017 as a result of an audit recommendation from the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Audit which recommended the Public Service incorporate the minimum requirements for capital project status reporting as recommended by the Government Finance Officers Association (now Canadian Association of Government Finance Officers).

Project dashboard reporting, by comparison, provides a snapshot of current project status using key performance indicators ("KPIs") to measure project performance and health in the form of charts and graphs and other visual representations. Critical KPIs outlined in the governance structure include the following:

- Safety: Measures safety performance across the project
- Cost: Measures actual and forecast cost compared to baseline
- Schedule: Measures actual and forecast schedule performance compared to baseline schedule
- Scope/Change: Measures scope changes and variance across the project
- Progress/Earned Value: Measures work completed against the plan, budget and schedule
- Contingency: Measures contingency spend and drawdown

The Public Service has engaged S.M.A Consulting Ltd. to develop a project dashboard for the NEWPCC Upgrade projects. The dashboard appearance and content is currently being finalized; however, a sample dashboard report is shown in Figure 6, below.

**Figure 6: Draft Dashboard Report**




Complimenting the Dashboard Report will be an Executive Summary Report which will summarize key project information, including explanations of KPI trends and variances in cost and schedule, as well as any new or ongoing significant issues and risks.

Once the new framework and reporting have been implemented for the NEWPCC Upgrade projects, the Public Service will look to replicate this for future Mega projects, update the reporting of Major Capital Projects to SPC FED, and there is a planned update of the City's Open Capital Projects Dashboard as well.

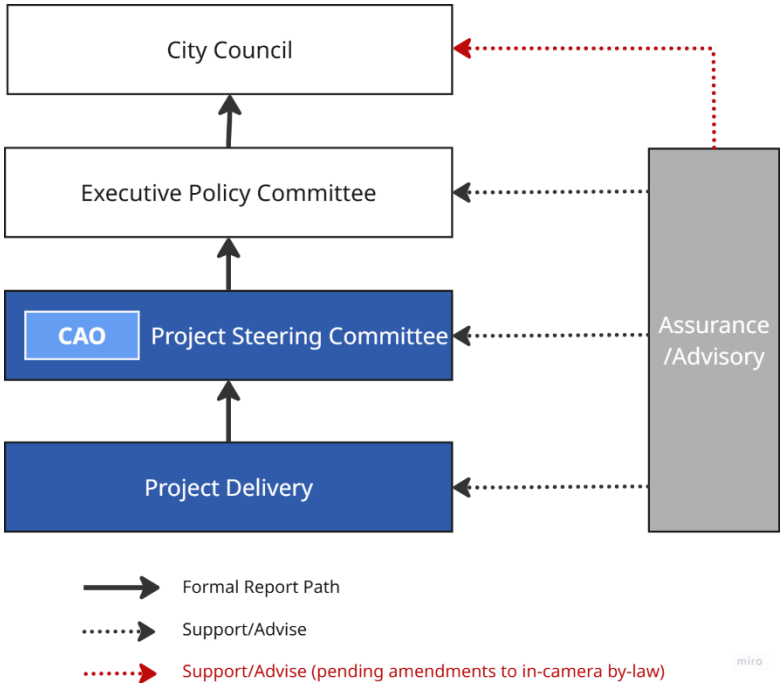
## Assurance Role

Led by the Chief Construction Officer, the assurance role outlined within the attached Assurance Plan (see Schedule 2), will independently monitor project performance throughout the project lifecycle and will have a supporting/advisory relationship to the Project Delivery Team, the Project Steering Committee and EPC and Council. This does not preclude the City Auditor from conducting any independent audits or reviews as deemed necessary in their normal course of business.

As described in the plan, the assurance function "will serve as an extension of the oversight function and enhance the capabilities of the oversight bodies by leveraging in-depth experience and capacity from major projects."

The Assurance / Advisory function, shown in Figure 7, below, does not have decision making authority related to Program Delivery or Governance, or to the individual Project's within the program. It will provide independent, objective advice and guidance free from influence or bias.

**Figure 7: Assurance Role**




Deliverables noted in the Assurance plan will be provided at appropriate frequencies to any of the Project Team, PSC and EPC (please see page 17 of Schedule 2). The Assurance Monthly Memo, for example, will provide the PSC and EPC with concise updates on project status, key project metrics, risk, and any critical issues or decisions to be made.

Implementing the changes outlined in this report, as recommended by KPMG, will help achieve more effective project governance through four key principles outlined in the attached governance framework: Alignment, Accountability, Autonomy and Disclosure.

**Requested Changes**

At a Reports Briefing on November 20, 2025, an earlier draft of this administrative report was reviewed by members of the Executive Policy Committee and the following revisions were requested:

- When referencing the steering committee and overall project oversight on page 5, include reference that there is space for representatives from funders (federal and provincial reps) and industry expertise.

- When referencing assurance, there should be reference that the City's Auditor will continue to do their due diligence in parallel to this process.

- Include a reporting/organizational chart (appendix) to give a better understanding of the overall structure.

**FINANCIAL IMPACT**

## Financial Impact Statement Date: October 24, 2025

## Project Name:

**New Governance Framework as a result of the NEWPCC Projects Audit Report**

**COMMENTS:**

There are no financial implications associated with this report.

*Mike McGinn Oct. 24, 2025*
Mike McGinn, CPA, CA
Manager of Finance

## CONSULTATION

This Report has been prepared in consultation with:

- Chief Construction Officer
- Legal Services
- Water and Waste
- Corporate Finance

## OURWINNIPEG POLICY ALIGNMENT

**Leadership and Good Governance – 1.5 Evidence-Informed Decisions**. Invest in data and technology in order to support objective, evidence-informed decision-making; support open government and open data principles for collection and sharing; help coordinate records and information management; and improve process efficiency, results-based service delivery and accountability.

## WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

## WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

## SUBMITTED BY

Department: Asset and Project Management
Division: Capital Projects Oversight and Reporting
Prepared by: D. Tooth, Acting Manager, Capital Projects Oversight and Reporting
Date: October 24, 2025

Attachments:

Schedule 1: KPMG Governance Framework

Schedule 2: KPMG Assurance Plan

Schedule 3: KPMG NEWPCC Upgrade Projects Audit Report

Schedule 4: NEWPCC Upgrade Stakeholder Group

Schedule 5: CCO Assessment of the NEWPCC Governance Framework and Recommendations