November 19, 2025

To: Executive Policy Committee
From: Tom Sparrow, Chief Construction Officer
Subject: **Assessment of the NEWPCC Governance Framework and Recommendations**

Dear Members of the Executive Policy Committee,

I am writing to provide my assessment of the NEWPCC Governance Framework and the associated recommendations presented in the November 2025 report. The proposed Framework delivers an important and long-overdue modernization of how the City governs and oversees large, complex capital projects. It responds directly to the findings of the KPMG Audit and aligns well with the principles embedded in both the Governance Framework and the Assurance Plan. Collectively, these reforms represent a meaningful advancement in strengthening transparency, accountability, and informed decision-making for the NEWPCC Upgrade Program.

The enhanced structure significantly improves access to critical project information and offers a clear mechanism to surface risks, challenge assumptions, and support informed decision-making. This addresses a major gap identified by KPMG, which noted that the City previously lacked an independent assurance function for its largest capital projects. The introduction of monthly EPC reporting, improved line-of-sight to Council, and enhanced dashboard-based performance tracking will help accelerate governance cycles, enable earlier identification of emerging issues, and provide a more comprehensive view of project risk related to cost, schedule, quality, and contingency. Likewise, strengthened Delegation of Authority thresholds—$50M for the CAO and $35M for the CFO, will reduce approval delays and improve the City's responsiveness to time-sensitive project decisions.

By extending this governance model to all future Mega Projects valued at $500 million or more, the City will establish a consistent and unified approach to oversight, stage-gate discipline, reporting, and assurance across major capital initiatives. Overall, the NEWPCC Governance Framework and the accompanying recommendations are well aligned with KPMG's core guidance, including governance modernization, enhanced reporting, defined escalation protocols, and the establishment of an independent assurance function.

While the Framework is a strong and transformative step forward, there remain areas requiring further definition. In particular, the Assurance/Advisory function, assigned to the Chief Construction Officer, necessitates clearer safeguards to ensure true independence. The current approach does not outline requirements for external assurance, defines resourcing needs for technical subject-matter expertise, establish triggers for third-party reviews, or set expectations for the frequency of external validation. This omission may create challenges in supporting a

fully independent and effective assurance function. In addition, the in-camera process for EPC remains incomplete, limiting the ability to brief Council fully on sensitive commercial, legal, or contractual matters.

In conclusion, I support the adoption of the NEWPCC Governance Framework and its recommendations while also advocating for dedicated assurance staffing and external expertise, formal independence protections, and clearly defined EPC/Council in-camera protocols. These elements will ensure the governance model functions as intended and will enable the Assurance/Advisory role to fully support Council's oversight of this critical infrastructure program.

Sincerely,



Tom Sparrow **CAPM PMP MBA MSc DBA (c)**
Chief Construction Officer
City of Winnipeg