

Audit of the National Trade Corridors Fund

From: Transport Canada

Internal audit report outlining results of the audit of the National Trade Corridors Fund at Transport Canada.

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Executive summary

Introduction

The National Trade Corridors Fund (NTCF) is a \$4.7B, 11-year (2017-2018 to 2027-2028), merit-based program that funds projects designed to help infrastructure owners and users invest in the critical assets that support economic activity and the physical movement of goods and people in Canada. Projects eligible for funding include projects that improve the flow of goods and people in Canada, increase the flow of trade in and out of Canada, or address the transportation needs of Arctic and northern communities.

Objective and scope

The objective of this audit was to assess the processes in place to manage the risks to successful implementation of the NTCF Program. The audit examined the NTCF Program from its implementation in 2017 up until December 2022.

Background

The NTCF Program uses calls for proposals to encourage eligible applicants to submit proposals that support the objectives of the program. The NTCF Program evaluates these proposals to recommend projects to the Minister to fund.

From its implementation in 2017 up until December 2022, the NTCF Program has launched six calls for proposals as follows:

1. National Call
2. Northern Call

3. Continuous Call
4. Arctic and Northern Call
5. Increasing the Fluidity of Canada's Supply Chains
6. Relieving Supply Chain Congestion at Canadian Ports

Within Transport Canada (TC), the following groups are responsible for the NTCF Program:

- The Trade Policy Branch identifies market gaps and infrastructure needs and provides the general policy direction for the program.
- The Transportation Infrastructure Programs Branch manages the NTCF Program including evaluating project proposals, managing recipient activities, and approving financial claims.
- The Centre of Expertise (COE) on Funding Instruments provides guidance regarding the design and delivery of transfer payment programs. They also ensure all contribution agreements are in line with standardized terms and conditions.
- Accounting Services is responsible for verifying claims and issuing payments (section 33 of the *Financial Administration Act*).

Overall conclusion

Overall, the processes to effectively manage the risks to successful implementation and delivery of the NTCF Program are sound. The NTCF Program has been developed in accordance with TC's approach to implementing and managing transfer payment programs and it aligns with the Minister's mandate letter. The audit also identified specific areas for improvement to further strengthen the management of the program.

The NTCF Program's risk profile should be kept current throughout the life of the program by better integrating the information obtained from monitoring the implementation of projects to help identify systemic issues and provide the basis to adjust mitigation strategies and the level of oversight. This evergreen approach to risk identification is important for the continued successful management of the program to help ensure the type and level of monitoring is commensurate with the evolving level of risk.

Procedures, resources, systems, and supporting tools are in place to help ensure the NTCF Program is delivered in a consistent and transparent manner. Project proposals are assessed in a timely, fair, and transparent manner and only eligible projects are sent to the Minister for consideration of funding. However, information and file management practices need to be improved to provide easy access to records to clearly demonstrate the robustness of the evaluation conducted as part of the call for proposals process.

A new process is being implemented to have the COE's final review of a contribution agreement, before being signed by the Minister, focus on deviations from a standardized agreement template. To implement the process for the NTCF Program, a standardized template will need to be developed.

The NTCF Program monitors recipients' project activities to help ensure compliance with the contribution agreements. A revised sampling tool is now in place to generate random samples for claim verification. However, to reduce the risk of insufficient sampling of claims, the claim verification guidance provided to project managers needs to be revised to fully explain how random samples should be generated.

The audit's recommendations to further strengthen the management of the program and management's action plan are summarized in section 4 of the report.

Statement of conformance

This audit conforms with the Government of Canada's *Policy on Internal Audit* and the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, as supported by the results of an external assessment of Internal Audit's Quality Assurance and Improvement Program.

Chantal Roy, CIA

Chief Audit and Evaluation Executive

1. Introduction

1.1 Purpose

The Government of Canada's Transportation 2030 Strategic Plan includes a commitment for the Minister of Transport to invest in Canada's trade corridors to increase global market access for Canadian goods. The National Trade Corridors Fund (NTCF) falls under this Strategic Plan, specifically under the Trade Corridors to Global Markets theme. Due to its significance, priority, and impact on Transport Canada's (TC) objectives of building and maintaining a transportation system that facilitates trade, the Department's Risk-based Audit and Evaluation Plan identified a need to audit the NTCF Program.

1.2 Background

The \$4.7B NTCF is a component of the Trade and Transportation Corridors Initiative which is itself a component of the Investing in Canada Plan, the Government of Canada's strategy for addressing long-term infrastructure needs in Canada and supporting middle-class growth and well-paying jobs. The quality of Canada's transportation infrastructure and the efficiency of the country's trade corridors is key to the success of Canadian firms in the global marketplace.

The Government of Canada is investing in well-functioning trade corridors to help Canadians compete in key global markets and trade more efficiently with international partners. The NTCF represents a long-term commitment by the Government of Canada to work with stakeholders on strategic infrastructure projects to address transportation bottlenecks, vulnerabilities, and congestion along Canada's trade corridors.

The NTCF is a merit-based program that funds projects designed to help infrastructure owners and users invest in the critical assets that support economic activity and the physical movement of goods and people in Canada. Projects eligible for funding include projects that improve the flow of goods and people in Canada, increase the flow of trade in and out of Canada, or address the transportation needs of Arctic and northern communities.

The NTCF was established in 2017 with a plan to invest \$1.9B over 11 years. Additional funding was provided over the years. Budget 2019 provided an additional \$390M for transportation infrastructure in the Arctic and Northern communities, and budget 2021 committed to invest an additional \$1.8B over four years, starting in 2021-2022. Budget 2022 provided \$506M to prioritize supply chains transportation projects and support industry's adoption of digital supply chain solutions. ¹

NTCF Program profile

As per the program's Terms and Conditions, provincial, territorial, and municipal governments, public sector organizations, Indigenous groups, not-for-profit and for-profit private-sector organizations, academia, federal Crown Corporations, and Canadian Port Authorities are eligible to submit project proposals to TC, which are then evaluated against the eligibility criteria for the program.

TC advances funding under two major investment themes: 1) Strengthening Canada's Connections to Global Markets and 2) Building Internal Trade Corridors.

From its implementation in 2017 up until December 2022, TC has launched six calls for proposals (CFP). The Minister sets the priorities for these calls to address existing and emerging trade and transportation issues and opportunities, and in support of the NTCF Program's four key objectives, to:

- support the fluidity of Canadian trade by alleviating capacity constraints and bottlenecks, and strengthen modal interconnectivity and operability;
- increase the resilience of the Canadian transportation system to a changing climate and its adaptability to new technologies and future innovation;
- address the transportation needs of northern communities, including safety and economic development; and
- leverage investments from multiple partners.

Annex A provides a detailed summary of each of the six calls for proposals.

TC groups responsible for the NTCF Program

The Trade Policy Branch identifies market gaps and infrastructure needs, engages with stakeholders, and provides the general policy direction of the program.

The Transportation Infrastructure Programs Branch, which reports to the Assistant Deputy Minister (ADM), Programs, delivers the NTCF Program by:

- launching calls for proposals with tailored objectives
- evaluating project proposals
- making funding recommendations to the Minister
- preparing contribution agreements
- monitoring recipients' activities against the terms and conditions of their respective contribution agreements
- reviewing and approving financial claims

The Centre of Expertise (COE) on Funding Instruments provides guidance regarding the design and delivery of transfer payment programs. They also ensure all contribution agreements are in line with standardized terms and conditions.

Accounting Services is responsible for verifying claims and issuing payments (section 33 of the *Financial Administration Act*).

1.3 Audit objective, scope, criteria and approach

Objective and scope

The objective of this audit was to assess the processes in place to manage the risks to successful implementation of the NTCF Program. The audit examined the NTCF Program from its implementation in 2017 up until December 2022.

Criteria

Audit and Advisory Services' Generic Audit Criteria for Grant and Contribution Programs, which provides a comprehensive set of audit criteria to consistently assess grant or contribution programs², was used to assess the NTCF Program's elements of Design, Implementation, Monitoring, and Performance Reporting. Specifically, we expected that:

- the program aligns with TC's mandate
- outcomes and performance measures are defined
- risks to the achievement of program objectives are assessed and addressed
- procedures, resources, systems and supporting tools are in place to help ensure the NTCF is delivered in a consistent and transparent manner
- project proposals are assessed in a timely, fair, and transparent manner
- only eligible projects are presented to the Minister for funding approval
- formal contribution agreements are established
- there is sufficient monitoring to support contribution payments and the progress of project activities
- program results are reported and opportunities for improvement identified

Approach

The audit team assessed the audit criteria through document review, interviews and data analysis.

We reviewed the recent TC Financial Management and Quality Control's Transfer Payments (Grants & Contributions) On-going Monitoring Testing Report and found no observations relating to the NTCF Program's processes or financial controls.

1.4 Report structure

The report summarizes the audit findings under the categories of Design, Implementation, Monitoring, and Performance Reporting. Each section describes what we expected, what we found, and, where appropriate, recommendations.

The last section lists the audit recommendations and management's action plan.

2. Findings and recommendations

2.1 Program design

Internal Audit expected

- The program aligns with TC's mandate.
- Outcomes and performance measures are defined.
- Risks to the achievement of program objectives are assessed and addressed.

Internal Audit's assessment

The NTCF Program is designed to help improve Canada's ability to compete in key global markets and trade more efficiently with international partners. As such, the program aligns with TC's mandate and priorities to address the transportation bottlenecks, vulnerabilities, and congestion along Canada's trade corridors.³ As well, the program supports the transportation needs of Canada's northern communities.

Program outcomes and performance measures are defined in the NTCF Program's Performance Information Profile.

The COE on Funding Instruments has developed tools to be used in assessing risk and mitigation strategies for both the program as a whole and the individual projects within a program. This is in line with the adoption in 2010 of an Integrated Risk Management Approach to Transfer Payments.

The Program Risk Assessment and Management Summary (PRAMS) tool aids in the development of the risk assessment and mitigation strategies for the overall program. The COE's guidance on the use of the PRAMS tool indicates that the program risk assessment is to be reviewed/updated throughout the life of the program.

At the project level, the Program Operations Risk Tool (PORT) is an integral tool for managing a project's risks and mitigation strategies. At a minimum, PORT requires the risk assessment to be reviewed annually during the life of the project, and more frequently the higher the risk of the project or if issues emerge.

In the case of NTCF, the risks and mitigation strategies were developed when the program was initially created and were reviewed and updated when the program sought central agency approval for additional funding. There is no evidence, however, that the risks and mitigation strategies were or will be reviewed on a regular basis to help ensure the overall NTCF Program's risk profile remains current and relevant throughout the life of the program. As well, risk information from project and recipient monitoring is not being reviewed on a regular basis to inform and adjust the program's overall risk profile.

The COE on Funding Instruments advised that they no longer actively promote the use of the PRAMS tool and that they will be reviewing the Risk Management Framework related to transfer payments to revise the risk tools as needed.

Recommendation #1

The ADM Programs should ensure that the Centre of Expertise on Funding Instruments require programs to regularly review their risk profiles to keep them current throughout the life of the program and thus allow management to tailor their monitoring to the changing risk level.

2.2 Program implementation

Internal Audit expected

- Procedures, resources, systems and supporting tools are in place to help ensure the NTCF is delivered in a consistent and transparent manner.
- Project proposals are assessed in a timely, fair, and transparent manner.
- Only eligible projects are presented to the Minister for funding approval.
- Formal contribution agreements are established.

Internal Audit's assessment

From its implementation in 2017 up until December 2022, there have been six calls for proposals (CFP) to solicit, evaluate and select projects to recommend funding approval by the Minister. The process has not been identical for all CFPs, but generally proceeds as follows:

- Through the NTCF website and other communication tools (i.e., Ministerial announcements, stakeholder engagement), TC launches a CFP that includes eligibility requirements for applicants and projects.
- Applicants submit an Expression of Interest (EOI) (where required) for initial screening of the proposed project against the basic eligibility requirements as per the program's Terms and Conditions and the specific criteria of the call. Projects meeting the eligibility criteria and demonstrating alignment with the call objectives are invited to submit a Comprehensive Project Proposal (CPP).
- The NTCF Program organizes a team, including subject matter experts, who first evaluate the CPPs individually, and then as a team to reach a consensus on the assessment of a proposal. Guidance from NTCF Program management is provided on how to apply the evaluation criteria.
- Projects are then classified into one of three categories: 1) eligible and recommended for funding, 2) reviewed and eligible but not recommended and 3) ineligible. The Call Coordination Team prepares project summary sheets (one-pagers) that include a project description, funding details and rationale for recommending approval to the Minister. The final list of recommended projects and project summary sheets are annexed to a Recommendations Memo to the Minister, for consideration of funding. Ineligible projects are not included.
- NTCF Program officials then prepare contribution agreements for the approved projects, monitor recipients' activities against the terms and conditions of the contribution agreements, and review and approve financial claims.

We examined the CFP process in detail which is a key element of the implementation of the NTCF Program. We randomly selected a sample of project proposals and reviewed the key documents ⁴ to assess how each adhered to the CFP's process defined by program management.

We also reviewed 100% of the Minister-approved Memos that describe eligible projects evaluated by the NTCF Program to verify:

- that each of the funded projects was approved by the Minister
- completeness against the NTCF Program's Approved Projects List

Lastly, we reviewed the public project announcements ⁵ to reconcile with the list of Minister-approved projects.

Overall, we found that procedures, resources, systems and supporting tools are in place to help ensure the NTCF Program is delivered in a consistent and transparent manner. Project proposals are assessed in a timely, fair, and transparent manner and only eligible projects are sent to the Minister for funding consideration. We also found that the public announcements we reviewed reconcile with the list of Minister-approved projects.

However, information and file management practices are weak based on our 100% review of Minister-approved Memos and testing of a random sample of projects (see Annex A – Summary of Calls for Proposals and Annex B – Call for Proposal Random Sampling: Detailed Results). We found that:

- there is no Quality Assurance process to help ensure the traceability and completeness of data (e.g., trackers) for management decision making and reporting
- out of the 137 funded projects, 3 projects were approved by the Minister outside of the CFP process⁶
- supporting documents (paper based or digital) for CFP 1 were not stored in a tracker or saved in a central repository
- EOI and CPP trackers for some of the CFPs are incomplete and missing information to document project approval decisions (blank cells, missing links to supporting documents)
- key supporting documents for some of the projects are paper-based and not centrally filed or easily accessible
- some EOI and CPP Project ID#s for CFP 4 do not align/match

The results of our testing also show that some process improvements have been made as the CFP process progressed. For example, after CFP 1, guidance was developed that provides Program staff with EOI and CPP process roles and responsibilities, procedures, and templates. EOI and CPP spreadsheet trackers were also implemented to retain key project information and documents in a central repository. For CFP 3, the NTCF Call Coordination Team was implemented to help coordinate the overall CFP process.

Once the Minister approves a proposed project for funding, the NTCF Program prepares a contribution agreement. The COE on Funding Instruments has developed a standardized contribution agreement template to help ensure a consistent approach for all programs across the Department. The COE guidance states that each program should designate a "Super User" who is responsible for developing the program contribution agreement using the standardized template and providing guidance to program staff who will be completing the contribution agreements. The Super User is to liaise between the program and the COE and inform the program of any revisions the COE makes to the standardized template. Our audit found that the NTCF Program developed their own contribution agreement templates that did not align with the standardized template; however, the NTCF Program's management has recently assigned an internal team to review and update their templates to ensure alignment with the standardized template.

The COE has been responsible for reviewing all completed contribution agreements prior to signature by the recipient and the Department. Given the misalignment between COE and NTCF templates, the process for finalizing contribution agreements requires additional time and effort as program management relies on the COE to make revisions just prior to finalizing the contribution agreements. The COE is implementing a new departmental process that requires their final review to only focus on deviations from a standardized template prior to finalizing contribution agreements.

Recommendation #2

The ADM Programs should ensure that the NTCF Program implements a Quality Assurance process to improve their information and file management practices in a manner that will improve the traceability and completeness of data (e.g., trackers) for supporting management decision making and reporting.

Recommendation #3

The ADM Programs should ensure that a standardized contribution agreement template is developed for the NTCF Program's use and that the Centre of Expertise on Funding Instruments focuses their final review on deviations from the standardized template prior to finalizing contribution agreements, as per the newly implemented departmental process.

2.3 Program monitoring

Internal Audit expected

- There is sufficient monitoring to support contribution payments and the progress of project activities.

Internal Audit's assessment

The NTCF Program monitors recipients' project activities, including verifying a sample of claims for payment, to help ensure compliance with the terms and conditions of the contribution agreements. However, the COE on Funding Instruments' risk-based claim verification guidance is incomplete, resulting in project managers and officers following inconsistent approaches.

Each recipient's claim may include one or more invoices. According to the COE guidance, if there are five or fewer invoices, all invoices must be verified for eligibility. If there are more than five invoices, a random sample of invoices must be selected for verification based on the risk associated with the project/recipient. The guidance also advises that in the case of an error being found, the project officer should use their discretion to potentially carry out a higher percentage of random sampling on the claim, ask for specific invoices, or make the correction.

While the guidance identifies a random sampling approach as one of the methods for claim verification, it does not explain how to select a random sample. The guidance refers to a Random Sampling Excel tool, but through our testing we found that it did not select a random sample of invoices. We informed the COE of this deficiency, and they have since fixed the tool to generate random samples.

When project managers and officers identify issues during the claim verification process, they discuss the issues with the recipient and indicate the required corrective actions. Project managers and officers monitor to ensure the agreed upon corrective actions are implemented. Depending on the potential severity of the issues identified, project managers and officers may also revisit the PORT risk assessment and update as required to keep it current. As described in Section 2.1, the risk information gathered through monitoring individual contribution agreements should be used to identify potential systemic issues and to inform and keep the risk profile for the program current.

In addition to claim verification, TC may perform recipient audits² and it is up to a project manager to determine the need for an audit based on assessed risk, and desired level of assurance.

Recommendation #4

The Centre of Expertise (COE) on Funding Instruments fixed the issue with the random sampling tool as soon as Internal Audit raised it with them. To ensure the guidance available to project managers is current, the ADM Programs should ensure that the COE:

1. update their guidance document to include a definition and instructions on what random sampling is and how to carry it out
2. inform all program and project managers of the clarified random sampling approach

2.4 Performance reporting

Internal Audit expected

- Program results are accurately reported and opportunities for improvement identified.

Internal Audit's assessment

The NTCF Program results are reported annually in the Departmental Results Report along with other TC Transfer Payment Programs over \$5M. As well, a Performance Information Profile is updated annually for NTCF describing outcomes and performance indicators. These details are recorded and tracked in the department's Corporate Data Pathfinder system.

The audit did not examine the utility of performance indicators to measure the effectiveness of the program or the reporting practices in detail given that TC's Evaluation team plans to conduct an evaluation of the NTCF Program in the future.

The NTCF Program's spending is regularly reported to senior management as part of the department's financial planning and reporting process.

The program's Financial Management Advisor (FMA) reports on actuals and forecasts of material changes six times per year. The FMA requests project managers to verify that forecasts in the Surface Infrastructure System are up-to-date and accurate.

Management practices are periodically reviewed to identify needed improvements to program management. Lessons learned from the management of similar programs in the past (e.g., Asia-Pacific Gateway and Corridor Fund) have been incorporated into the management of the NTCF Program.

Recommendation

No recommendation required.

3. Conclusions

Overall, the processes to effectively manage the risks to successful implementation and delivery of the NTCF Program are sound. The NTCF Program has been developed in accordance with TC's approach to implementing and managing transfer payment programs and it aligns with the Minister's mandate letter. The audit also identified specific areas for improvement to further strengthen the management of the program.

The NTCF Program's risk profile should be kept current throughout the life of the program by better integrating the information obtained from monitoring the implementation of projects to help identify systemic issues and provide the basis to adjust mitigation strategies and the level of oversight. This evergreen

approach to risk identification is important for the continued successful management of the program to help ensure the type and level of monitoring is commensurate with the evolving level of risk.

Procedures, resources, systems, and supporting tools are in place to help ensure the NTCF Program is delivered in a consistent and transparent manner. Project proposals are assessed in a timely, fair, and transparent manner and only eligible projects are sent to the Minister for consideration of funding. However, information and file management practices need to be improved to provide easy access to records to clearly demonstrate the robustness of the evaluation conducted as part of the call for proposals process.

A new process is being implemented to have the COE's final review of a contribution agreement, before being signed by the Minister, focus on deviations from a standardized agreement template. To implement the process for the NTCF Program, a standardized template will need to be developed.

The NTCF Program monitors recipients' project activities to help ensure compliance with the contribution agreements. A revised sampling tool is now in place to generate random samples for claim verification. However, to reduce the risk of insufficient sampling of claims, the claim verification guidance provided to project managers needs to be revised to fully explain how random samples should be generated.

The audit's recommendations to further strengthen the management of the program, along with management's action plan are summarized in the following section.

4. Management response and action plan

The following summarizes the audit recommendations and management's action plan to address them.

Recommendation	Management Action Plan	Completion date
1. The ADM Programs should ensure that the Centre of Expertise on Funding Instruments require programs to regularly review their risk profiles to keep them current throughout the life of the program and thus allow management to tailor their monitoring to the changing risk level.	The Centre of Expertise on Funding Instruments is reviewing the departmental Integrated Risk Management Framework for grants and contributions. The COE will engage all programs including NTCF in the update and development of risk management tools. The updated/new risk tools will be shared with all Programs staff.	March 2024
2. The ADM Programs should ensure that the NTCF Program implements a Quality Assurance process to improve their information and file management practices in a manner that will improve the traceability and completeness of data (e.g., trackers) for supporting management decision making and reporting.	The NTCF Program will implement a Quality Assurance process designed to increase the accuracy, traceability and reliability of data. All intake and results trackers will be subject to a two-stage intake process whereby the data input on intake will be reviewed by another party and validated against additional controls where applicable. As processes and sub-process conclude, data will be reviewed for omissions and addressed where present.	Completed

Recommendation	Management Action Plan	Completion date
<p>3. The ADM Programs should ensure that a standardized contribution agreement template is developed for the NTCF Program's use and that the Centre of Expertise on Funding Instruments focuses their final review on deviations from the standardized template prior to finalizing contribution agreements, as per the newly implemented departmental process.</p>	<p>The NTCF Program will work with the Centre of Expertise on Funding Instruments to establish an NTCF specific standardized contribution agreement (CA) template. The standardized NTCF CA template will be housed in a central repository where updates can be performed on an ongoing basis as needed. The program specific evergreen template will in turn be leveraged for each new NTCF CA to ensure that the latest standards are captured in each new CA.</p>	<p>Completed</p>
<p>4. The Centre of Expertise (COE) on Funding Instruments fixed the issue with the random sampling tool as soon as Internal Audit raised it with them. To ensure the guidance available to project managers is current, the ADM Programs should ensure that the COE:</p> <ul style="list-style-type: none"> a. Update their guidance document to include a definition and instructions on what random sampling is and how to carry it out b. Inform all program and project managers of the clarified random sampling approach 	<p>The Centre of Expertise on Funding Instruments is reviewing the departmental Integrated Risk Management Framework for grants and contributions. The COE will engage all programs including NTCF in the update and development of risk management tools, including clarification on how to approach random sampling. The updated/new risk tools will be shared with all Programs staff.</p>	<p>March 2024</p>

Annex A – Summary of calls for proposals*

Call for Proposal (CFP)	Purpose	Expression of Interest (EOI) mandatory	EOIs submitted	Projects invited to submit a Comprehensive Project Proposal (CPP)	CPPs submitted	Projects evaluated as eligible** and presented to Minister***	Projects approved by Minister	Status
1. National 2017-2018	To address urgent capacity constraints and improve supply chain performance	Yes	358	233	177	132	39****	Complete
2. North 2018-2019	To target transportation-related infrastructure investments in Yukon, Northwest Territories & Nunavut	No	47	24	31	31	11	Complete
3. Continuous 2019-2022	To target projects that will improve fluidity/performance of the transportation system to contribute to an increase in the value/volume of goods exported from Canada	Yes	264	84	79	78	62****	In Progress
4. Arctic & Northern 2020-2021	To target projects that address transportation challenges in the Arctic and Northern regions	No	41	33	33	31	16	Complete
5. Supply Chains 2021-2022	To target projects that will strengthen the national supply chain	Yes	182	154	129	Decisions Upcoming	Decisions Upcoming	In Progress

*Summary compiled by Internal Audit (IA) and verified by NTCF Program management

**The eligible projects are classified as either 1) Recommended for funding or 2) Reviewed but not recommended for funding. Ineligible projects are not presented to the Minister for consideration.

***Source: Memos provided to the Minister with the projects to consider for funding.

****Internal Audit's 100% review of Minister-approved Memos found that out of the total of 137 funded projects, 2 projects from Call 1 and 1 project from Call 3 were approved outside of the Call for Proposal process.

Call for Proposal (CFP)	Purpose	Expression of Interest (EOI) mandatory	EOIs submitted	Projects invited to submit a Comprehensive Project Proposal (CPP)	CPPs submitted	Projects evaluated as eligible** and presented to Minister***	Projects approved by Minister	Status
6. Ports Congestion Jan. 31-Feb. 25, 2022	To target small projects (under \$5M) that help address port congestion/ immediate needs in the supply chain. As small projects carry less risk, the design of this Call was adapted and completed in a very short time frame.	N/A	N/A	21 Streamlined Project Proposals (SPP)	21	27	9	Complete

*Summary compiled by Internal Audit (IA) and verified by NTCF Program management

**The eligible projects are classified as either 1) Recommended for funding or 2) Reviewed but not recommended for funding. Ineligible projects are not presented to the Minister for consideration.

***Source: Memos provided to the Minister with the projects to consider for funding.

****Internal Audit's 100% review of Minister-approved Memos found that out of the total of 137 funded projects, 2 projects from Call 1 and 1 project from Call 3 were approved outside of the Call for Proposal process.

Annex B – Call for proposal random sampling*: Detailed results

Call for Proposal	Projects tested by IA	IA Findings: Expression of Interest (EOI) evaluation process	IA Findings: Comprehensive Project Proposal (CPP) evaluation process
1. National 2017-2018	0	IA did not conduct testing for this Call since the scoring/analysis was paper based and not stored in a tracker or saved in a central repository.	
2. North 2018-2019	6	EOI Not Mandatory An EOI was submitted for 5 of the 6 sampled projects. <ul style="list-style-type: none"> For 2 of the 5 projects, response emails to the applicant with information from the EOI evaluation were not found. 	A CPP was submitted for all 6 of the sampled projects. <ul style="list-style-type: none"> For the 1 project of the 6 that received funding approval, the "Approval in Principle" email to the applicant was not found. For all of the 5 projects not funded, the rejection emails to the applicants were not found.

*We randomly selected projects from four of the six Calls that were completed to the extent where we could pull samples.

Call for Proposal	Projects tested by IA	IA Findings: Expression of Interest (EOI) evaluation process	IA Findings: Comprehensive Project Proposal (CPP) evaluation process
3.Continuous 2019-2022	16	EOI Mandatory <ul style="list-style-type: none">For 2 of the 16 EOIs that passed the screening process, “Invitation to Submit a CPP” emails to the applicants were not found.	A CPP was submitted for 13 of the 16 sampled projects (10 were approved for funding by the Minister) <ul style="list-style-type: none">For 6 of the 13 projects, the evaluation grid was not found. All 6 of these projects were approved for funding.
4. Arctic & Northern 2020-2021	6	EOI Not Mandatory <p>No issues were found in the testing of this Call.</p> <p>However, for some of the projects, the Project ID# was different in the EOI and CPP tracker which caused some confusion in testing since different projects used the same Project ID#. The NTCF Program informed us that since EOI applications were not mandatory, they re-started the numbering during the CPP evaluation process, which caused some of the original Project ID#s to change. This is not a recommended practice to ensure clear and consistent tracking of projects.</p>	
*We randomly selected projects from four of the six Calls that were completed to the extent where we could pull samples.			

Footnotes

- 1 Each of the funding amounts are rounded; the sum of the full amounts round to a total of \$4.7B.
- 2 The audit criteria were based on several sources, such as the *Policy on Transfer Payments*.
- 3 Minister of Transport Mandate Letter
- 4 Key documents include EOI Tracker, CPP Tracker, completed scoring grids, notification emails to the applicant at various stages of the process, Minister-approved Memos, project summary sheets, and public project announcements.
- 5 We reviewed the public project announcements for Calls 1-4 and 6 only, as none were recorded for Call 5 in the public announcement tracker as of December 2022.
- 6 One project involved providing emergency funds for British Columbia floods while the other two projects were unsolicited proposals. Program officials confirmed that the projects were eligible for funding under the NTCF Program's Terms and Conditions and were assessed before being approved by the Minister.
- 7 A total of three NTCF recipient audits have been conducted.

Date modified:

2023-11-02

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