

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE AUDIT COMMITTEE
AS OF DECEMBER 31, 2014**

Northern Affairs Organization			
<i>Value for Money Audit: Giant Mine Remediation Plan</i>			
APPROVAL DATE: 09/28/2012			
PROJECT RECOMMENDATIONS	ACTION PLAN	EXPECTED COMPLETION DATE	PROGRAM RESPONSE
<p>1. The Assistant Deputy Minister, Northern Affairs Organization, should ensure that the proposed governance framework for the Giant Mine Remediation Project is finalized and implemented, with minutes and records of decision documented for the key governing bodies, such as the Oversight Committee and the Senior Project Advisory Committee.</p>	<p>The GMRP team accepts this recommendation. The proposed GMRP governance framework will be finalized, approved by the Project Leader, and fully implemented to operational status. This applies to all current governing bodies included in the proposed governance framework, specifically Senior Project Advisory Committee, Management Board, and Project Leadership Committee. Operational status for each body will include formalized and approved Terms of Reference, agenda, minutes and records of decisions (where not already on-going).</p>	<p>September 27, 2012</p>	<p>Status:</p> <p>Update/Rationale: As of 31/12/2012:</p> <p><i>Completed – September 27, 2012</i></p> <p>The proposed Giant Mine Remediation Project (GMRP) governance framework has been finalized, approved by the Project Leader, and fully implemented to operational status. This applies to all current governing bodies included in the proposed governance framework, specifically Senior Project Advisory Committee, Management Board, and Project Leadership Committee. Operational status for each of these bodies includes approved Terms of Reference, meeting agendas, minutes and records of decisions.</p> <p>AES: Implemented. The recommendation will be closed. Closed.</p>
<p>2. The Assistant Deputy Minister, Northern Affairs Organization, should ensure that a comprehensive risk management framework</p>	<p>The Giant Mine Remediation Project Team will expand the scope of the risk assessment process to include technical and strategic risks and incorporate a risk management</p>	<p>PPA Phase Project Execution Plan: March 31, 2013</p>	<p>Status: Request to close (completed)</p> <p>Update/Rationale: As of 31/12/2014:</p>

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(including strategic and project level risks) and a risk management plan are established for the Giant Mine Remediation Project to monitor risks on a regular basis.	plan. This more robust risk management approach will initially focus on the current life cycle phase (PPA Phase or Phase 2b/2c – Preliminary/Detail Design) and evolve to include the total project scope before the Effective Project Approval is sought from the Treasury Board. The Risk Management Plan will be included in the Project Execution Plan (PEP) for the project.	Overall GMRP Project Execution Plan: December 31, 2014	The GMRP finalized the Project Execution Plan in October 2013, including a Risk Management Plan and supporting Risk Register, which is reviewed and updated annually. AES: Implemented. The recommendation will be closed. Closed.
<p>3. The Assistant Deputy Minister, Northern Affairs Organization, should ensure, as part of the Major Project Office implementation, that:</p> <ul style="list-style-type: none"> • Clear roles and responsibilities between PWGSC and AANDC for the Giant Mine Remediation Project are defined, documented, communicated, agreed upon, and finalized such that the project environment can focus on optimizing, resourcing, and 	<p>The GMRP team accepts this recommendation. As part of the Major Project Office implementation, the following specific actions will be taken:</p> <ul style="list-style-type: none"> • The Giant Mine Remediation Project Team will finalize the draft Project Charter which lays out the roles and responsibilities. • The individual organizational charts for both AANDC and PWGSC will be finalized and integrated into a single 	<p>November 15, 2012</p> <p>March 31, 2013</p>	<p>Status: <i>Request to close (completed)</i></p> <p>Update/Rationale: As of 31/03/2014:</p> <p>Completed - November 19, 2012</p> <p>Completed - Workshop conducted with key AANDC HQ, Region, PWGSC and GNWT members to compile single GMRP org chart (January 2013); Roles and Responsibilities developed from single GMRP org chart (March 2013); Org chart and RASCI have been incorporated into PEP (November 2013)</p> <p>Completed - Feedback on MPO incorporated</p>

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<p>program be finalized to support the consideration and reporting of changes to the scope and total estimated cost of the Giant Mine Remediation Project.</p>	<p>and finally overall GMRP PEP.</p> <ul style="list-style-type: none"> The current draft Change Control Process will be finalized in accordance with the MPO Standards and Guidance Manual to track changes to scope, schedule, cost, technical or other approved baselines. This plan will be part of the Project Control Plan, which will be included in the PEP. 	<p>October 31, 2013</p>	<p><i>developed and approved (March 2013); Change Control process incorporated into PEP Chapter 4 (November 2013)</i></p> <p>AES: Implemented. The recommendation will be closed. Closed.</p>
<p>4. The Assistant Deputy Minister, Northern Affairs Organization, should ensure, through consultation with the Chief Financial Officer, that budget management and cost estimation practices for the Giant Mine Remediation Project are strengthened by:</p> <ul style="list-style-type: none"> Developing a <i>Master Project Total Estimated Cost to Complete</i> document that includes a cost variance 	<p>The GMRP team accepts this recommendation. The following actions will be implemented in consultation with the Chief Financial Officer:</p> <ul style="list-style-type: none"> A Cost-Management Plan will be developed for the overall GMRP, which includes a Master Project Budget (Total Estimated Cost to Complete), estimate basis, assumptions and cost-management 	<p>December 31, 2014 (Overall GMRP)</p>	<p>Status: Underway</p> <p>Update/Rationale: As of 31/12/2014:</p> <p>A Cost Management Plan has been developed for the GMRP as part of the Project Execution Plan in October 2013, however the Master Project Budget (Total Estimated Cost to Complete) will require updating following the Final Decision on Environmental Assessment of August 2014.</p> <p>This work is currently underway and is</p>

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<p>simulator, such as a 'Monte Carlo Simulation', to highlight the potential and probable deviation ranges in total cost estimates. The establishment of such a document would help to communicate key assumptions in the cost estimate and variance vulnerabilities to all project stakeholders.</p> <ul style="list-style-type: none"> Incorporating multi-year requirements of future work and costs in a <i>Master Project Total Estimated Cost to Complete</i> document based on industry best practices and the Association for the Advancement of Cost Engineering International <i>Cost Estimate Classification</i> system. Roles and responsibilities for maintaining, reviewing, and monitoring this document should be defined and communicated. 	<p>processes. This Master Project Budget will utilize probabilistic simulation techniques such as a 'Monte Carlo Simulation' to establish potential and probable estimate deviation ranges. This Cost-Management Plan will form part of the overall GMRP PEP.</p> <ul style="list-style-type: none"> The Cost-Management Plan for the overall GMRP will incorporate multi-year requirements for future work, which will focus initially on the five-year period of the PPA Phase and finally for the total project cost. The Cost-Management Plan shall include clear roles and responsibilities for ownership of the document. 	<p>March 31, 2013 (PPA Phase)</p>	<p>expected to be complete by 31/03/2016.</p> <p>Monte Carlo and other simulations would allow the Giant Mine remediation project team to run many "what-if" scenarios to arrive at a probability-weighted distribution to support the estimation of the life cycle cost of the project. As a result, the project team agrees that a Monte Carlo (or similar) simulation should be performed in the future to support the development of future life cycle cost estimates of the Giant Mine remediation project. This simulation has not been done, and is not proposed to be done within the current phase, due to its anticipated limited value currently, given the preliminary stage of the project and the large number of cost variables with large levels of uncertainty. Performing a Monte Carlo simulation with the large number of variables, each with large levels of uncertainty, would result in a life cycle cost point estimate with such large potential variances from the point estimate that the resulting cost estimate would have limited usefulness. As a result, the project team will implement this recommendation at a later phase in the project, when the variables and their sensitivity ranges become more limited to increase the value of the simulation result.</p>

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	The Procurement Officer will also request adequate justification for all amendments and make sure that the checklist is completed and reviewed.	September 4, 2012	