



TTC CAPITAL DELIVERY REVIEW

MANAGEMENT RESPONSE

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CEO Message

The TTC capital delivery review was embraced as an opportunity to prove competence in project management, highlight recent improvement efforts, acknowledge systemic gaps, and to secure resources to address them.

KPMG's third-party review found:

There is a: "... general **absence of corporate project management support** in the form of documented processes, processes, procedures, training, coordination and performance management."

"...throughout the TTC there are **dedicated, experienced and qualified individuals...**" and there has been a "... significant **change in tone within the organization** driven by the current management group that has made...**staff feel more empowered..**"

"Where the TTC is owner/operator, they should continue to be responsible for capital project management –***Project responsibility & delivery can be independent***"

TTC management response: Recognizing the gaps reported through KPMG's review as opportunities to improve, TTC staff **accept all 41 recommendations.**

BACKGROUND

TOP 5 RECENT ADVANCEMENTS



In 2013, TTC set out a 5-Year Corporate Plan for the complete modernization of people, processes and infrastructure. Recent advancements in project management processes include the following:

1

Established PfMO

Established in 2014, the Portfolio Management Office (PfMO) works to introduce corporate processes and, as required, provide support to critical projects.

2

Improved Internal Governance

In 2014, introduced governance committee structure, including the Project Review Board (PRB), for improved oversight.

PRB meets an average of 20 times per year.

3

Developed Business Case Process

In 2015, developed business case process to ensure a consistent evaluation of cost, benefits, etc.

The business case process is now in its 3rd generation.



4

Developed Prioritization Process

In 2016, developed a process for ranking capital projects by benefit and by benefit:cost using business case data.

First used to inform the 2017 preliminary capital budget, the process was approved by the Budget Committee in Sept/16

5

Improved Reporting & Accountability

From 2014 through 2016, improvement were made to:

Internal Reporting

Introduced dashboards and project status reporting to enable greater oversight and escalation of issues and risks.

External Reporting

Updated the CEO report to include quarterly dashboard and detailed project status reporting.

CURRENT STATUS

KPMG'S RECOMMENDATIONS



Governance & Policy

- 1 PfMO Mandate
- 2 Capital Program Strategic Objectives
- 3 Governance Mandates
- 4 Empower Oversight Bodies
- 5 Develop Governance Toolkits
- 6 Corporate Project Management Framework
- 7 Authority of Project Team
- 8 Performance Metrics of Strategic Objectives
- 9 Portfolio Management Resources
- 10 Stage Gate Process

Relationships & Competency

- 11 Roles & Responsibilities
- 12 Stakeholder Management
- 13 Change Management Resources
- 14 Organizational Structure
- 15 Minimum Competencies

Process & Procedure

- 16 Setting a Maturity Target of 'Monitored'
- 17 Corporate Minimum Standards
- 18 Group Specific Standards
- 19 Portfolio-level Risk Management
- 20 Corporate Estimating Process & Procedure
- 21 Risk Adjusted Estimates
- 22 Holistic Scope Definition
- 23 Planning/Estimating Sub-Gate Process
- 24 Planning/Estimating Communication Guidelines
- 25 Risk-based Contingency
- 26 Management Reserve
- 27 Delivery Options Process
- 28 Project Manager ownership of Procurement
- 29 Integrative Procurement Management
- 30 Commercial Management

Data & Analysis

- 31 Data Source Identification
- 32 Capital Program Data Strategy
- 33 Performance Metrics Reporting
- 34 Consolidated Reporting

Tools & Technology

- 35 Needs Driven PMIS Planning
- 36 Integrated Project Management Tool
- 37 Procurement System Risk Assessment
- 38 Leveraging System Add-ons
- 39 Tool & Technology Change Management

Implementation & Monitoring

- 40 Corporatized Standards Change Process
- 41 Centralized Project Monitoring

Legend

- # Complete
- # In progress
- # No corporate level standard exists



KEY RECOMMENDATIONS



Recommendation #3 **Governance Mandates**

- Develop and document applicable mandates and policies supporting the various entities with capital project oversight responsibilities

Recommendation #10 **Stage Gate Process**

- Introduce a corporate stage gate process to govern approval steps through the entire project lifecycle.

Recommendation #22 **Holistic Scoping**

- Develop estimating guidelines that ensure all estimates are holistic, including lifecycle costs and both internally and externally owned scope.

Recommendation #27 **Delivery Options**

- Implement procedures that help ensure the best delivery model is adopted and appropriately managed, and that best accommodate the stakeholder, risk and operating environment of the given project

KEY RECOMMENDATIONS

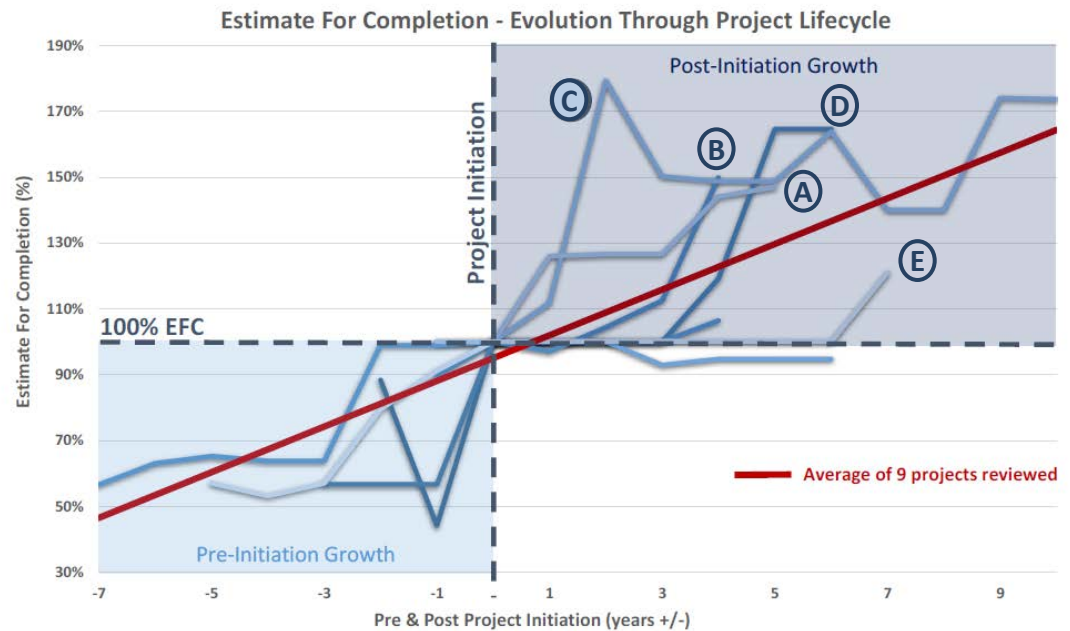


Recommendation #3
Governance Mandates

Recommendation #10
Stage Gate Process

Recommendation #22
Holistic Scoping

Recommendation #27
Delivery Options



For the 9 projects reviewed, budget estimates doubled before project initiation.

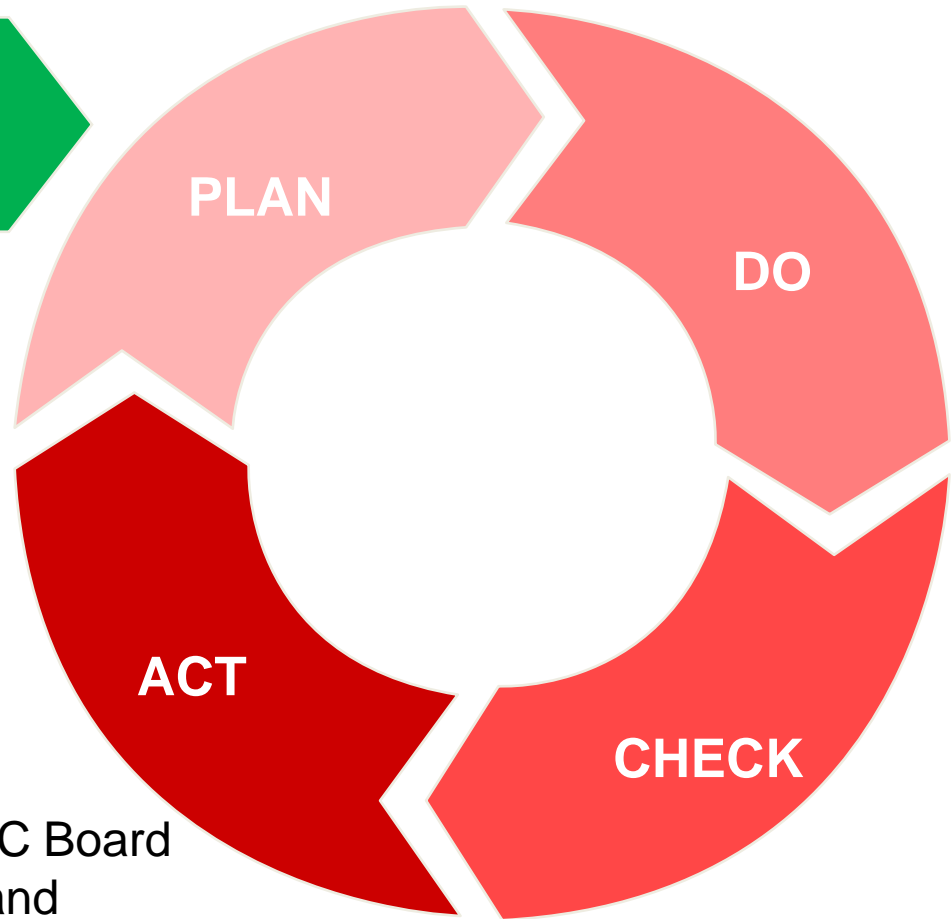
5 of 9 projects increased significantly post-initiation

- Unclear governance/no stage gates - all projects;
- Scope creep - Leslie Barns(A);
- Increased scope - TR Trains(C); ATC(D); and
- Complex contract structure - TYSSE(E), ATC(D), & TR Yard(B);

NEXT STEPS



1. Staff to report to TTC Board in December with an implementation plan and required resources;
2. CEO to use PRB to provide internal oversight over implementation;
3. Staff to report regularly to TTC Board on status of implementation and periodic third-party reassessment of project management maturity





END

