



2026 SPECIAL EXAMINATION

Report of the Auditor General of Canada to the Board of Directors of VIA Rail Canada Inc.



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

**INDEPENDENT
AUDITOR'S REPORT**

Special examination reports

Special examinations are a form of performance audit that is conducted within Crown corporations. The Office of the Auditor General of Canada audits most, but not all, Crown corporations.

The scope of special examinations is set out in the Financial Administration Act. A special examination considers whether a Crown corporation's systems and practices provide reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

More details about the audit objective, scope, approach, and sources of criteria are in About the Audit at the end of this report.

Cette publication est également offerte en français.

© His Majesty the King in Right of Canada, as represented by the Auditor General of Canada, 2026.

Cat. No. FA3-201/2025E-PDF

ISBN 978-0-660-97811-6

Cover photo: Eugene Mymrin/Gettyimages.ca

Table of Contents

Audit Summary	1
Introduction	1
Background	1
Focus of the audit	3
Findings, Recommendations, and Responses	4
Corporate management practices	4
The corporation had good corporate management practices overall, but improvements were needed in board governance, strategic planning, and risk management	4
Management of operations	16
The corporation had good management of operations overall, but improvement was needed in its service offering	16
Conclusion	23
About the Audit	24
Recommendations and the Corporation’s Responses	29
Appendix—Text Description of Exhibit	31

Audit Summary

We examined how VIA Rail Canada Inc. implemented its corporate management practices and managed its operations during the period covered by the audit.

In examining corporate management practices, we found good systems and practices in risk mitigation and in risk monitoring and reporting. However, we found that improvements were needed in risk identification and assessment and certain systems and practices regarding corporate governance and strategic planning.

In examining management of operations systems and practices, we found that improvements were needed in the corporation's service offering.

Despite the weaknesses, the corporation maintained reasonable systems and practices to carry out its mandate.

Introduction

Background

Role and mandate

1. VIA Rail Canada Inc. was incorporated in 1977 under the Canada Business Corporations Act as a subsidiary of the Canadian National Railway Company. In 1978, VIA became a Crown corporation separate from the Canadian National Railway Company. Significant legislation applicable to VIA includes Part X of the Financial Administration Act, the Canada Business Corporations Act, and the Railway Safety Act. The corporation is accountable to Parliament through the Minister of Transport.
2. VIA's mandate is to operate the national passenger rail service on behalf of the Government of Canada, offer inter-city rail services, and provide rail transportation services to regional and remote communities.

Nature of business
and operating
environment

3. According to its approved 2024–2028 **corporate plan**,¹ the corporation's objective is to offer a safe, accessible, efficient, reliable, sustainable, and environmentally friendly passenger rail service that meets the needs of Canadian passengers.

4. The corporation served more than 400 communities in Canada. In 2024, VIA carried more than 4.3 million passengers.

5. The corporation offers 3 types of services: corridor services (Québec–Windsor), long-distance services (Toronto–Vancouver and Montréal–Halifax), and regional services.

6. VIA was governed by an independent board of directors. The Chairperson of the board and the President and Chief Executive Officer (CEO) are appointed by the **Governor in Council**.² The other directors of the board are appointed by the Minister of Transport with the approval of the Governor in Council. The corporation's business was conducted by 5 leaders reporting directly to the President and CEO.

7. The corporation received government funding for its operations and its capital investments. The capital funding was needed to upgrade and maintain VIA's buildings and tracks and to replace trains used in the Québec–Windsor corridor. [Exhibit 1](#) provides a summary of VIA's financial and operational performance over the past 5 fiscal years.

1 **Corporate plan**—A plan that sets out a Crown corporation's objectives, strategies, and operational and financial performance measures and targets for the next 5 years. Crown corporations must submit the corporate plans to their responsible ministers annually. Corporations are required to operate according to the last-approved corporate plan until the government reviews and approves the new plan.

2 **Governor in Council**—The Governor General, who acts on the advice of Cabinet and, as the formal executive body, gives legal effect to those decisions of Cabinet that are to have the force of law.

Exhibit 1—Key financial and operating indicators

Key financial indicators (in millions of dollars)	2020^a	2021^a	2022	2023	2024
Revenues	93	133	334	432	478
Total operating costs	646	625	823	944	1,014
Government funding—Operating	416	371	354	382	385
Government funding—Capital	330	197	260	352	608
Key operating indicators	2020^a	2021^a	2022	2023	2024
Overall on-time performance ^b (in percentages)	71	72	57	59	51
Passengers (in thousands)	1,147	1,512	3,302	4,117	4,389
Average passenger load factor ^c (in percentages)	45	49	61	61	55
Number of employees	2,825	2,370	2,975	3,316	3,485

^a 2020 and 2021 were years marked by the pandemic.

^b Generally, “on time” means that a train has arrived at its destination within 15 minutes of its scheduled arrival time.

^c A load factor is the ratio of passengers versus the total number of seats available. A higher load factor indicates that a greater proportion of available seats were occupied by passengers, signifying efficient use of the train’s capacity, while a lower load factor means more empty seats.

Source: Extracts from VIA Rail Canada Inc. annual reports

8. In 2016, VIA developed the High Frequency Rail (HFR) strategy to create a more direct rail link between Québec City and Toronto with its own dedicated tracks, meaning that VIA would no longer share tracks with third parties on that route. In its 2017–2021 summary corporate plan, VIA indicated that network congestion had caused service deterioration (including a decrease in on-time performance) and diminished the corporation’s financial performance and growth, posing a risk to its viability and survival. In response, the Governor in Council directed VIA to create a wholly owned subsidiary (VIA HFR—VIA TGF Inc.) to develop and implement a high-frequency rail project with the private sector. VIA HFR operates at arm’s length and is not controlled by VIA Rail Canada Inc.

Focus of the audit

9. Our objective for this audit was to determine whether the systems and practices we selected for examination at VIA Rail Canada Inc. were providing it with reasonable assurance that

its assets were safeguarded and controlled, its resources were managed economically and efficiently, and its operations were carried out effectively, as required by subsection 138(1) of the Financial Administration Act.

10. Also, section 139 of the Financial Administration Act requires that we state an opinion, with respect to the criteria established pursuant to subsection 138(3), on whether there was a reasonable assurance that there were no significant deficiencies in the systems and practices we examined. We report significant deficiencies when, in our opinion, the corporation could be prevented from having reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

11. On the basis of our risk assessment, we selected systems and practices in the following areas:

- Corporate management practices
- Management of operations

The selected systems and practices, and the criteria used to assess them, are listed in the exhibits throughout the report.

12. More details about the audit objective, scope, approach, and sources of criteria are in [About the Audit](#) at the end of this report.

Findings, Recommendations, and Responses

Corporate management practices

The corporation had good corporate management practices overall, but improvements were needed in board governance, strategic planning, and risk management

Context

13. The corporate management practices that are common to all corporations include those in the areas of corporate governance, strategic planning, and corporate risk management.

14. **Corporate governance.** The corporation was governed by its Board of Directors consisting of 11 members, including the Chairperson and the President and Chief Executive Officer. Two board positions were vacant. Despite these vacancies, quorum

requirements continued to be met. As of March 2025, the board was supported by 5 committees: Human Resources Committee, Stakeholders Engagement and Communications Committee, Major Projects and Fleet Modernization Committee, Audit and Pension Investment Committee, and Governance Committee.

15. **Strategic planning.** In March 2024, VIA's board approved the 2030 Strategic Plan, *Championing Passenger Rail Together*, focused on modernization, integration with other transport modes, and operational excellence. The plan emphasized digitalization, a high-performance culture, and continuous improvement to position VIA as a best-in-class passenger rail operator. In addition, the plan outlined VIA's path to be an environmental champion in the delivery of its services and in the way it operates. In 2021, the corporation established its first sustainability plan covering areas such as the environment, employee mobilization, and community engagement. Since 2022, as requested by the government, the corporation published an annual climate risk report based on the Task Force on Climate-Related Financial Disclosures recommendations.

16. **Corporate risk management.** The corporation faces both financial and non-financial risks that if not managed effectively could significantly affect its ability to meet its corporate objectives. Management is responsible for:

- implementing the corporation's enterprise risk management framework
- ensuring that relevant risks are properly identified, prioritized, and assessed
- ensuring that appropriate mitigation activities are in place or are planned to manage risks to an acceptable level
- ensuring that risk monitoring and reporting are occurring

Corporate governance

17. **Findings.** The corporation needs improvements in certain systems and practices of its corporate governance ([Exhibit 2](#)).

Exhibit 2—Corporate governance—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Board appointments and competencies	The board collectively had the capacity and competencies to fulfill its responsibilities.	<p>The board operated with an almost full complement of directors as there were only 2 vacancies. The Board of Directors communicated with the Minister of Transport about board appointments, renewals, and vacancies.</p> <p>The board determined the skills and expertise it needed, assessed each director's current profile, and communicated its needs to Transport Canada for the search of new board members.</p> <p>The board sought external expertise when needed.</p> <p>The corporation provided orientation to newly appointed directors.</p> <p>Weakness</p> <p>The board did not conduct a self-assessment of its governance practices, as required by the corporation's policies.</p>	
Board independence	The board functioned independently.	<p>The Board of Directors made decisions independently of management and regularly held private meetings without management in attendance.</p> <p>The corporation had a code of conduct and ethics document for board members and for employees. Both included provisions defining conflicts of interest.</p> <p>Weaknesses</p> <p>The board's expenses policy was missing key elements, and processing controls needed to be strengthened.</p> <p>The corporation's conflict of interest disclosure form for board members did not include all circumstances in the Directors' Code of Conduct and Ethics. In addition, board members were not asked to declare any conflict of interest at the beginning of their meetings.</p>	

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Providing strategic direction	The board provided strategic direction.	<p>The board was involved with management in setting the strategic direction, which was aligned with the corporation's mandate. The strategic planning process considered transformation initiatives, sustainability matters, high-frequency rail creation, and risks such as financial constraints and the operating environment.</p> <p>The board had a stakeholder relations committee and approved the communications plan. The corporation sought and considered input received from interested parties, including passengers.</p> <p>Weaknesses</p> <p>The corporation did not approve the Chief Executive Officer's objectives and did not submit these objectives for the Minister of Transport's approval for 2025.</p> <p>The corporation's corporate plan was not approved in a timely manner by the Treasury Board. (The corporation had no control over the government's approval process for corporate plans.)</p>	
Board oversight	The board carried out its oversight role over the corporation.	<p>Roles and responsibilities of the board and its committees were clearly defined.</p> <p>The board and its committees received information on financial and operational performance, the corporation's compliance with applicable laws and regulations, operational activities, implementation of strategic objectives, and risks.</p>	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

18. **Weakness—Board appointments and competencies.** We found that the Board of Directors did not conduct a timely self-assessment of its governance practices. According to the board's charter, the assessment is required every 3 years. The last such assessment was completed in 2021. Regular self-assessments are a key governance practice that enables boards to reflect on their

performance, identifies areas for improvement, and ensures that they are fulfilling their oversight responsibilities effectively. When these assessments are delayed or not conducted as scheduled, the board may miss opportunities to address critical gaps in its effectiveness, decision-making processes, or strategic oversight. This can reduce the board's ability to respond proactively to emerging risks or evolving organizational needs.

19. **Recommendation.** The corporation should complete a formal self-assessment of its governance practices in accordance with its charter and its needs.

The corporation's response. Agreed. The corporation's board of directors reviewed its board self-assessment program in November 2025 and will proceed with an external board evaluation by the end of the first quarter of 2026.

20. **Weakness—Board independence (board expenses).** In reviewing the systems and practices in place governing board members' expenses and claims, we found that the Directors' Compensation and Expenses Policy was missing key elements necessary for consistent application and that some key controls were not consistently performed or well designed, including:

- a description of the board member expense pre-approval and claim review processes. We noticed that the pre-approval process for planned travel obtained at the beginning of the year did not require any cost details and that there was no pre-approval requirement for planned hospitality activities.
- defined limits for meals when related to hospitality activities.
- a requirement to document the justification for accommodation costs that are above the applicable limit. While the corporation provided us with verbal explanations during the audit, we noted these were not consistently documented at the time the expenses were incurred.
- a rigorous review of all sources of information on board member activities to ensure that payments made are accurate.

These key elements matter as they improve prudent stewardship of public resources, strengthen financial controls, and reduce reputational risk.

21. **Recommendation.** The corporation should undertake a comprehensive review of its Directors' Compensation and Expenses Policy to incorporate key missing elements and address existing gaps in the processes for pre-approval and review of expense claims. Strengthening these areas will enhance the rigour and effectiveness of controls over board member expenditures.

The corporation's response. Agreed. The corporation's board of directors approved modifications to its Directors' Compensation and Expenses Policy during August and November 2025 to address these elements, and management completed a review of its controls related to its expense claim process.

22. **Weakness—Board independence (conflict of interest).**

The roles and responsibilities of board members in relation to conflicts of interest were defined in a code of conduct. However, we found that:

- the required disclosure form did not address all types of conflicts of interest as described in the Directors' Code of Conduct and Ethics
- the board and its committees did not systematically ask their members to declare any conflicts of interest at the start of each meeting

23. The board of directors' independence is a cornerstone of sound governance in public sector organizations. Without complete and regular disclosure and declaration and clear procedures for handling real, apparent, or potential conflicts, there may be a perception of weakened governance or reduced transparency, which could affect confidence in board decision making.

24. **Recommendation.** The corporation should review its disclosure form for board members to ensure that it covers all types of conflicts of interest as required by the corporation's code of conduct and ethics. In addition, at the beginning of all its meetings, the Board of Directors and its committees should ensure that members are asked to declare any conflicts of interest.

The corporation's response. Agreed. In October 2025, a new disclosure procedure at the start of every meeting was put in place. Furthermore, the corporation's board of directors will refine its code of conduct's conflict of interest disclosure form during the first quarter of 2026.

25. **Weakness—Providing strategic direction (CEO objectives).** We found that the Board of Directors had not approved the CEO's 2025 objectives and did not submit these objectives for the Minister of Transport's approval as required by the board's charter.

26. Timely approval of the CEO's objectives is an essential component to help ensure that the CEO's efforts are aligned with the corporation's strategic direction and that accountability for results is maintained. Delays or omissions in these practices can weaken the board's ability to assess leadership performance, provide constructive feedback, and support continuous improvement.

27. **Recommendation.** The corporation should ensure that the Chief Executive Officer's annual objectives are approved and communicated to the Minister of Transport in a timely manner.

The corporation's response. Agreed. The corporation completed the Chief Executive Officer's 2025 objectives in November 2025, and they were shared with the Minister of Transport. The corporation will ensure that the 2026 objectives are recommended by the Human Resources Committee, approved by the Board of Directors, and forwarded to the minister early in 2026.

28. **Weakness—Providing strategic direction (corporate plan).** Eight weeks before the start of each fiscal year, the corporation is required to submit the final version of its 5-year corporate plan—including operating and capital budgets—to the Minister of Transport, who then recommends its approval to the Treasury Board. The 2025–2029 corporate plan was submitted to Transport Canada on time. As of December 2025, the corporation had waited for more than 12 months and had not received approval from the Treasury Board. While awaiting approval of its corporate plan, the corporation continued to operate under its last approved plan. Delays in obtaining approval can result in project delays or additional costs. It can also result in inefficiencies or require the corporation to reassess its work because of the shifts in priorities.

29. **Recommendation.** The corporation should continue to actively engage with the Minister of Transport and central agencies to identify and resolve the causes of delays in corporate plan approval ensuring timely endorsement to support effective governance and implementation of strategic priorities.

The corporation's response. Agreed. The corporation will continue to implement internal measures to ensure timely engagement of interested parties and submission of the needed documents.

Strategic planning

30. **Findings.** The corporation needs improvements in all systems and practices of its strategic planning ([Exhibit 3](#)).

Exhibit 3—Strategic planning—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
<p>Strategic planning and talent management</p>	<p>The corporation established a strategic plan and strategic objectives that were aligned with its mandate.</p> <p>The corporation recruited and developed staff in a way that ensured a competent, inclusive, and diverse staff to deliver its strategic objectives.</p>	<p>The corporation had a strategic planning process that included consultations and an analysis of the internal and external environment, including strengths, weaknesses, opportunities, and threats, including VIA High Frequency Rail’s creation.</p> <p>The corporation established strategic priorities that were aligned with its mandate and communicated them in its corporate plan and to its staff and interested parties. The corporation set associated objectives, identified activities in support of the strategic priorities, and set goals for senior management, including references to related risks.</p> <p>Strategic priorities included considerations related to the environment and sustainable development, community engagement, information technology, and human resources, including employee mobilization and culture change.</p> <p>Staffing and training policies were aligned with talent management goals. In addition, competency models and learning and development processes were revised to reflect the corporation’s desired culture and transformation initiatives.</p> <p>Weakness</p> <p>The corporation did not have a talent management planning process for its non-executive staff.</p>	

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Performance measurement, monitoring, and reporting	The corporation established performance indicators in support of achieving its strategic objectives and monitored and reported on its progress against those indicators.	<p>The corporation established performance indicators with associated targets in support of its strategic priorities.</p> <p>The corporation monitored progress against those performance indicators and targets, and results were reported quarterly to senior management and the Board of Directors. The corporation also reported results in its published quarterly financial statements and annual report.</p> <p>Weakness</p> <p>The corporation did not report in a complete and comprehensive manner its results on its sustainability strategic priorities as the performance indicators and targets related to these priorities were not well defined.</p>	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

31. Weakness—Strategic planning and talent management.

We found that while the corporation had a formal talent management planning process in place for executive staff, it did not have a similar process for non-executive staff. This weakness matters because it jeopardizes the business continuity, knowledge retention, and strategic alignment of the corporation.

32. Recommendation. The corporation should implement a talent management process for its non-executives to ensure continuity and corporate growth.

The corporation’s response. Agreed. The corporation implemented a talent management program for its non-executives in June 2025.

33. Weakness—Performance measurement, monitoring, and reporting.

We found that the corporation did not report its results on the sustainability dimensions of its strategic plan in a complete and comprehensive manner. VIA reported on environment, social, and governance activities and results in different documents, such as its Sustainability Plan, Report on Climate-Related Risks and Opportunities, and additional data tables. For example, historical greenhouse gas emissions could be found only in separate sustainability performance data tables available through the corporation’s website that were not included in VIA’s sustainability

plan or its climate risk report. The data tables included other sustainability performance measures such as diesel consumption and health and safety indicators but not quantitative targets.

34. We also noted that the corporation's reports included high-level information about various initiatives taken to reduce its environmental footprint and that the targeted impacts of these initiatives were not quantified except for greenhouse gas emission reductions. The current reporting does not provide a complete and transparent picture of the corporation's progress in achieving the sustainability commitments that are part of VIA's vision and strategic objectives.

35. This weakness matters because complete information on initiatives and their impacts provides insights into the corporation's progress.

36. **Recommendation.** The corporation should ensure its sustainability and climate risk reports provide a complete and transparent picture of the results by developing quantifiable targets and providing historical information.

The corporation's response. Agreed. The corporation will ensure that its 2026 sustainability reporting has clearer targets, historical data, and is fully transparent about climate risk and performance.

Corporate risk
management

37. **Findings.** The corporation had good systems and practices for corporate risk management. However, improvements were needed in risk identification and assessment ([Exhibit 4](#)).

Exhibit 4—Corporate risk management—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Risk identification and assessment	The corporation identified and assessed the risks to achieving its strategic objectives.	<p>The corporation had corporate risk management processes in place.</p> <p>The corporation assessed inherent and residual risk levels for each risk identified.</p> <p>The corporation identified risks related to environmental, social, and governance matters, transformational initiatives, and culture change through its established corporate risk management processes.</p> <p>The corporation published a report on climate-related risks and opportunities.</p> <p>The corporation's roles and responsibilities for risk management were established, and risks were assigned to accountable senior managers.</p> <p>Weakness</p> <p>The corporation did not define its risk tolerances.</p>	
Risk mitigation	The corporation defined and implemented risk mitigation measures.	<p>The corporation implemented action plans and risk mitigation activities for each significant risk identified.</p> <p>The corporation's board of directors provided oversight over management's risk mitigation strategies.</p> <p>The corporation managed its financial management risk in coordination with Transport Canada.</p> <p>The corporation identified, managed, and mitigated cybersecurity risks and established information technology disaster recovery plans, which were tested and updated periodically.</p>	

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Risk monitoring and reporting	The corporation monitored and reported on the implementation of risk mitigation measures.	<p>The board and management reviewed the quarterly corporate risk report and agreed on specific actions to be taken.</p> <p>Through its annual reports, the corporation provided insights into its risk environment by presenting performance information that highlighted progress, key achievements, and updates on the status of its established objectives.</p>	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

38. **Weakness—Risk identification and assessment.** We found that the corporation did not set its risk tolerance levels. Risk tolerance level, typically communicated in quantitative terms, is the willingness of an organization to accept a particular level of **residual risk**³ in relation to its **risk appetite**.⁴ The risk tolerance levels allow the board to clarify their tolerance for risk and can guide decision making and help an organization identify risks that require additional mitigation measures or monitoring.

39. **Recommendation.** The corporation should formally establish and document its risk tolerance levels to support effective risk management and decision making.

The corporation’s response. Agreed. The corporation documented and began applying risk tolerance levels in May 2025 and will continue implementation and refinement through 2026 to support effective risk management and decision making.

³ **Residual risk**—The risk that remains after controls and mitigation measures are implemented.

⁴ **Risk appetite**—The amount and type of risk that an organization is willing to pursue or retain.

Management of operations

The corporation had good management of operations overall, but improvement was needed in its service offering

Context

40. **Service offering.** On-time performance is one of the key indicators of the effectiveness of VIA's services and is the main factor in customer satisfaction. VIA's on-time performance has been impacted by several factors, including the sharing of tracks with other operators, speed restrictions imposed by track owners, and mechanical issues with its new and old trains. VIA owns 3% of the 12,500 kilometres of tracks it operates on. The remaining tracks are mostly owned by other railway companies. In addition, the 2 busiest train stations, Montréal and Toronto, are also owned by third parties. These 2 major stations have been subject to significant expansion and reconfiguration of the infrastructure over the last few years, which created disruption on the railway network, thus further impacting VIA's on-time performance.

41. **Relationship with third-party asset owners.** VIA's utilization of railway infrastructure, including tracks and stations owned by third parties, is governed by formal service agreements. These agreements specify the permitted use of the infrastructure, including predefined terms, conditions, and applicable rates. Any proposed changes to service levels—such as increased frequency of train departures—require VIA to renegotiate the terms of these agreements with the respective third-party owners. The corporation has been engaged in prolonged negotiations with a track owner over its service agreement to better align it with corporate goals. After years of unsuccessful discussions, VIA applied in 2023 to the Canadian Transportation Agency under section 152.1 of the Canada Transportation Act, which allows the Canadian Transportation Agency to intervene when public passenger service providers and railway companies cannot reach an agreement. The relationships with third-party asset owners are critical to the corporation's ability to deliver reliable, on-time service and achieve its strategic objectives.

42. In addition, under the same service agreements, the asset owners can issue regulations impacting the use of the assets. In October 2024, one third-party owner issued a speed restriction for VIA's new trains on the Québec–Toronto segment to ensure proper functioning of crossing warning systems. This speed restriction had a significant impact on VIA's on-time performance. It is also important to note that, under applicable Canadian law, passenger

trains do not have priority over freight traffic. Consequently, VIA trains are frequently required to yield to freight operations, which can result in substantial delays and impact service reliability.

43. **Safety and security management.** VIA operates its trains under the Railway Safety Act. The safety and security of train operations are integral to the corporation's mandate. A strong safety culture, whether in maintenance centres, stations, or on trains, is critical to the corporation's goal of achieving a zero-incident and no-harm work environment. The act, along with the Railway Safety Management System Regulations, 2015, requires that railway companies have a safety management system in place. Having such a system means that a formal framework integrates safety into day-to-day railway operations and includes safety goals and performance targets, risk assessments, responsibilities and authorities, rules and procedures, and monitoring and evaluation processes.

44. **Asset management.** Between 2017 and 2024, federal budgets have granted over \$4 billion for the corporation's capital projects, which includes the replacement of the corridor fleet and other infrastructure enhancements. In addition, in Budget 2024, the government announced additional funding for VIA to replace the fleet used outside the Québec-Windsor corridor. Besides these capital projects, the corporation continues to modernize its information technology capacity and improve accessibility to Canadians.

Management of train
operations

45. **Findings.** The corporation had good practices in its management of train operations. However, improvement was needed in its service offering ([Exhibit 5](#)).

Exhibit 5—Management of train operations—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Operational planning	The planning of train operations was aligned with the corporation's strategic objectives.	<p>VIA had a corporate-wide approach toward developing action plans for key business activities with sufficient details to guide management's actions.</p> <p>The corporation's business units' action plans were aligned with the strategic plan and integrated environmental, social, and governance matters and transformational initiatives including culture change. The operational plans articulated key performance indicators and accountability.</p> <p>VIA's risk owners monitored and took actions to mitigate operational risks.</p>	
Safety and security management	The corporation ensured that its train operations were safe and secure.	<p>The corporation had a safety management system and other processes to ensure the safety and security of its employees, customers, and the public.</p> <p>The corporation's safety management system was aligned with the applicable requirements set out in the Railway Safety Management System Regulations, 2015.</p> <p>VIA's safety and security arrangements were implemented as established.</p>	
Service offering	The corporation delivered its service offering efficiently in a manner that met user needs and maximized revenues.	<p>The corporation delivered its service offering within the track and station terms and conditions of its service agreements with third-party asset owners.</p> <p>VIA developed marketing campaigns and implemented a new reservation system with more flexible fare options to maximize revenue. This led to an updated price sensitivity study to ensure that fares are aligned with demand. The corporation also refined its services on the basis of customer feedback to enhance satisfaction and support revenue growth.</p> <p>Weakness</p> <p>The corporation did not improve its service offering to advance its strategic objective of increasing its ability to carry more passengers.</p>	

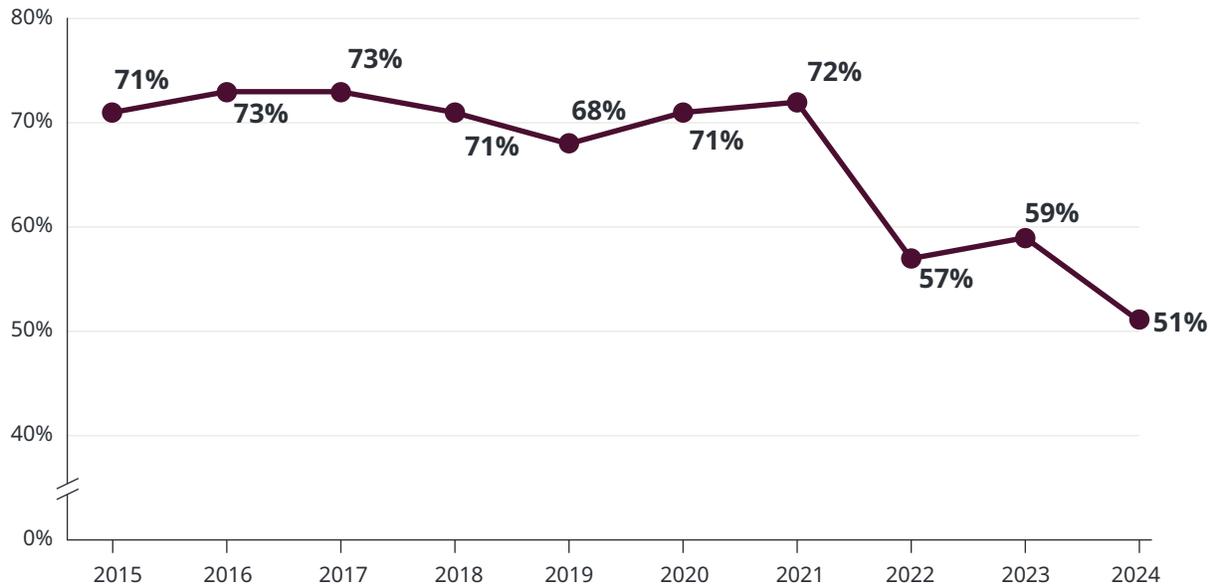
Systems and practices	Criteria used	Key findings	Assessment against the criteria
Effective relationship with third-party asset owners	The corporation effectively managed its relations with third-party asset owners.	<p>The corporation's service agreements with third-party asset owners included processes for recourse, such as identifying and settling disputes.</p> <p>The corporation monitored compliance and maintained ongoing communication with third-party asset owners within the context of these service agreements.</p>	
Operational performance measurement, monitoring, and reporting	The corporation established performance indicators to measure the performance of its train operations and monitored and reported on progress.	<p>The corporation's business units monitored and reported progress made.</p> <p>The corporation established targets including for revenues, costs, and customer satisfaction, monitored and reported results achieved, sought explanations of variances, and took action to course correct.</p> <p>VIA assessed the relevance of its results periodically to monitor whether it was meeting customers' needs.</p> <p>VIA created new tracking tools to conduct root-cause analyses and determine the appropriate corrective measures to take.</p>	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

46. **Weakness—Service offering.** We found that the corporation could not improve its service offering because of multiple factors, such as imposed speed restrictions. This has been a persistent challenge for VIA ([Exhibit 6](#)), with on-time performance dropping to as little as 30% in the first quarter of 2025. On-time performance is a key driver of customer satisfaction. Declining punctuality increases the risk of losing passengers to other modes of transportation, threatens revenue targets, and undermines VIA's ability to achieve its strategic objectives.

Exhibit 6—The overall on-time performance had deteriorated since the last special examination



Source: VIA Rail Canada Inc. annual reports



[Read the Exhibit 6 text description](#)

47. **Recommendation.** The corporation should collaborate with third-party asset owners to identify and address the causes of service delays to enhance its service offering and advance its strategic objectives.

The corporation's response. Agreed. The corporation will continue collaboration and pursue collaborative and legal avenues if needed to protect service reliability and strategic interests.

Asset management

48. **Findings.** The corporation had good asset management systems and practices ([Exhibit 7](#)).

Exhibit 7—Asset management—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Asset information	The corporation had policies and procedures in place to monitor, inspect, and document the condition and availability of its assets.	<p>The corporation had asset information systems and practices in place, including defined procedures to prioritize needed maintenance of its assets.</p> <p>Training needs were identified on the basis of certification requirements.</p> <p>The corporation quantified and periodically updated its maintenance deficit in accordance with defined methodology.</p> <p>Asset management systems and practices at VIA considered and implemented applicable rules, guidance, and industry best practices, including recommendations from the Transportation Safety Board of Canada.</p>	
Asset maintenance and inspection	The corporation developed and executed plans for asset maintenance and inspection.	<p>The corporation integrated its asset maintenance and inspection systems and practices into long-term capital planning and operational budgeting.</p> <p>Asset maintenance and inspection priorities were based on risk, safety, and regulatory compliance considerations.</p> <p>The corporation benchmarked its asset maintenance and inspection programs with industry best practice.</p> <p>The corporation regularly carried out asset supervision activities.</p> <p>VIA's asset maintenance and inspection results were reported to senior management.</p>	

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Project management practices	The corporation had project management practices that enabled it to plan, organize, and control resources allocated to its projects to achieve set objectives and expected results.	<p>The corporation formalized its project management systems by creating, in 2023, a project management office.</p> <p>The corporation prioritized key projects in accordance with its strategic plan.</p> <p>VIA adopted a collaborative approach while working with potential suppliers on selected projects. For example, VIA worked closely with its supplier for the replacement and ongoing maintenance of the new Québec-Windsor corridor trains.</p> <p>The corporation's projects were subject to a quality control framework.</p> <p>Project management practices included a continuous improvement component.</p>	
Delivering projects	The corporation implemented its project management practices to deliver projects that met user needs within established scope, budget, and timelines.	<p>VIA's project delivery approaches and tools were based on industry best practices.</p> <p>The corporation's project management systems and practices were implemented as designed.</p> <p>The corporation integrated contingency planning into its project risk management processes.</p>	
Operational performance measurement, monitoring, and reporting	The corporation established performance indicators to measure the performance of its asset management activities and projects and monitored and reported on progress.	<p>VIA monitored and assessed project progress using various tools and performance indicators such as project timelines and budgets, asset maintenance deficit, maintenance time, and digital roadmaps.</p> <p>The corporation reported on project progress, sought explanations of variances, and took action to course correct.</p> <p>The corporation benchmarked its activities against industry best practice using expert advice.</p>	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

Conclusion

49. In our opinion, on the basis of the criteria established, there was reasonable assurance that there were no significant deficiencies in the corporation's systems and practices we examined. We concluded that VIA Rail Canada Inc. maintained its systems and practices during the period covered by the audit in a manner that provided the reasonable assurance required under subsection 138(1) of the Financial Administration Act.

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on VIA Rail Canada Inc. Our responsibility was to express:

- an opinion on whether there was reasonable assurance that during the period covered by the audit, there were no significant deficiencies in the corporation's systems and practices we selected for examination
- a conclusion on whether the corporation complied in all significant respects with the applicable criteria

Under section 131 of the Financial Administration Act, the corporation is required to maintain financial and management control and information systems and management practices that provide reasonable assurance that:

- its assets are safeguarded and controlled
- its financial, human, and physical resources are managed economically and efficiently
- its operations are carried out effectively

Also, subsection 138(2) of the act requires the corporation to have a special examination of these systems and practices carried out at least once every 10 years.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance.

The Office of the Auditor General of Canada applies the Canadian Standard on Quality Management 1—Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we complied with the independence and other ethical requirements of the relevant rules of professional conduct applicable to the practice of public accounting in Canada, which are founded on fundamental principles of integrity and due care, objectivity, professional competence, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from the corporation:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the audit report is factually accurate

Audit objective

The objective of this audit was to determine whether the systems and practices we selected for examination at VIA Rail Canada Inc. were providing the corporation with reasonable assurance that its assets were safeguarded and controlled, its resources were managed economically and efficiently, and its operations were carried out effectively, as required by subsection 138(1) of the Financial Administration Act.

Scope and approach

Our audit work examined VIA Rail Canada, Inc. The scope of the special examination was based on our assessment of the risks the corporation faced that could affect its ability to meet the requirements set out by the Financial Administration Act and its key management and business activities.

The systems and practices selected for examination for each area of the audit are listed in the exhibits throughout the report.

As part of our examination, we interviewed members of the Board of Directors, senior management, and employees of the corporation to gain insight into its systems and practices. We reviewed documents related to the systems and practices selected for examination.

We tested the systems and practices to obtain the required level of audit assurance. For example, we selected samples in some systems and practices on the basis of our professional judgment to examine whether certain project management requirements had been met. We also selected samples on the basis of auditors' judgment in governance, strategic planning, risk management, train operations, and asset management.

Per order-in-council, most of Part X of the Financial Administration Act applies to VIA HFR—VIA TGF Inc. VIA HFR is not controlled by VIA Rail Canada Inc., and it will be subject to its own special examination before 2032 (10 years after its incorporation).

Also, VIA Rail Canada Inc. was directed by order-in-council to support VIA HFR and the Minister of Transport to facilitate the development and implementation of the HFR project. As a result, the current special examination covered VIA's support role for the development of VIA HFR and its responsibilities toward VIA HFR as laid out in the order-in-council. We also reviewed mechanisms in place for VIA to work with VIA HFR and ensure the corporation took into consideration VIA HFR in its decision making (mainly related to capital investments).

In carrying out the special examination, we did not rely on any internal audits, and our audit work did not address whether the corporation's general information technology controls were properly designed and implemented.

Sources of criteria

The criteria used to assess the systems and practices selected for examination are listed in the exhibits throughout the report.

Corporate governance

Conflict of Interest Act

Financial Administration Act

Bylaws, VIA Rail Canada Inc.

Board of Directors Mandate, VIA Rail Canada Inc., 2024

Directors' Code of Conduct and Ethics, VIA Rail Canada Inc., 2024

Environmental and Social Risks and Opportunities: Questions for Directors to Ask, CPA Canada, 2020

Best Practice Principles of Corporate Governance for Crown Corporations, Guy Holburn and Adam Fremeth, Ivey Business School, 2019

The Directors' Environmental and Social Guidebook, Canadian Coalition for Good Governance, 2018

Organization Change: Theory and Practice, W. Burke, Sage Publications, 2018

Practice Guide: Assessing Organizational Governance in the Public Sector, The Institute of Internal Auditors, 2014

Strategic planning

Financial Administration Act

Integrating ESG to Create Long-Term Value, Guideline and Case Study, CPA Canada, 2021

Company Culture Is Everyone's Responsibility, D. Yohn, Harvard Business Review, 2021

Guidance for Crown Corporations on Preparing Corporate Plans and Budgets, Treasury Board of Canada Secretariat, 2019

Environmental and Social Risks and Opportunities: Questions for Directors to Ask, CPA Canada, 2020

Recommended Practice Guideline 3, Reporting Service Performance Information, International Public Sector Accounting Standards Board, 2015

Ultimate HR Manual, Human Resources Professionals Association and CCH, 2010

Corporate risk management

Achieving Effective Internal Control Over Sustainability Reporting (ICSR), Committee of Sponsoring Organizations of the Treadway Commission, 2023

Enterprise Risk Management Policy, VIA Rail Canada Inc., 2022

ISO 27001—Information Security Management Systems, 2022

Enterprise Risk Management—Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, 2017

Enterprise Risk Management: Applying Enterprise Risk Management to Environmental, Social and Governance-Related Risks, Committee of Sponsoring Organizations of the Treadway Commission, 2018

ISO 31000—Risk Management—Guidelines, International Organization for Standardization, 2018

Internal Control—Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, 2013

Management of train operations

Transforming Our World: The 2030 Agenda for Sustainable Development, United Nations, 2015

Railway Safety Act

Railway Safety Management System Regulations, 2015

Service offering manuals, VIA Rail Canada Inc.

Train service agreements, VIA Rail Canada Inc.

Operational plans of business units, VIA Rail Canada Inc.

Asset management

Project Life Cycle Handbook, VIA Rail Canada Inc., 2021

Policy on the Planning and Management of Investments, Treasury Board, 2021

A Guide to the Project Management Body of Knowledge (PMBOK Guide), seventh edition, Project Management Institute Inc., 2017

Asset Management: An Anatomy, Institute of Asset Management, 2015

Transforming Our World: The 2030 Agenda for Sustainable Development, United Nations, 2015

ISO 55000—Asset Management—Overview, Principles and Terminology, 2014

Period covered by the audit

The special examination covered the period from January 1, 2024, to March 31, 2025. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the significant systems and practices, we also examined certain matters that preceded the start date of this period.

Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on January 19, 2026, in Ottawa, Canada.

Date of the presentation of the report to the Board of Directors

The report was presented to the Board of Directors on February 3, 2026.

Audit team

This special examination was completed by a multidisciplinary team from across the Office of the Auditor General of Canada led by Normand Lanthier, Senior Principal. The Senior Principal has overall responsibility for audit quality, including conducting the audit in accordance with professional standards, applicable legal and regulatory requirements, and the office's policies and system of quality management.

Recommendations and the Corporation's Responses

In the following table, the paragraph number preceding the recommendation indicates the location of the recommendation in the report.

Recommendation	Response
<p>19. The corporation should complete a formal self-assessment of its governance practices in accordance with its charter and its needs.</p>	<p>The corporation's response. Agreed. The corporation's board of directors reviewed its board self-assessment program in November 2025 and will proceed with an external board evaluation by the end of the first quarter of 2026.</p>
<p>21. The corporation should undertake a comprehensive review of its Directors' Compensation and Expenses Policy to incorporate key missing elements and address existing gaps in the processes for pre-approval and review of expense claims. Strengthening these areas will enhance the rigour and effectiveness of controls over board member expenditures.</p>	<p>The corporation's response. Agreed. The corporation's board of directors approved modifications to its Directors' Compensation and Expenses Policy during August and November 2025 to address these elements, and management completed a review of its controls related to its expense claim process.</p>
<p>24. The corporation should review its disclosure form for board members to ensure that it covers all types of conflicts of interest as required by the corporation's code of conduct and ethics. In addition, at the beginning of all its meetings, the Board of Directors and its committees should ensure that members are asked to declare any conflicts of interest.</p>	<p>The corporation's response. Agreed. In October 2025, a new disclosure procedure at the start of every meeting was put in place. Furthermore, the corporation's board of directors will refine its code of conduct's conflict of interest disclosure form during the first quarter of 2026.</p>
<p>27. The corporation should ensure that the Chief Executive Officer's annual objectives are approved and communicated to the Minister of Transport in a timely manner.</p>	<p>The corporation's response. Agreed. The corporation completed the Chief Executive Officer's 2025 objectives in November 2025, and they were shared with the Minister of Transport. The corporation will ensure that the 2026 objectives are recommended by the Human Resources Committee, approved by the Board of Directors, and forwarded to the minister early in 2026.</p>

Recommendation	Response
<p>29. The corporation should continue to actively engage with the Minister of Transport and central agencies to identify and resolve the causes of delays in corporate plan approval ensuring timely endorsement to support effective governance and implementation of strategic priorities.</p>	<p>The corporation’s response. Agreed. The corporation will continue to implement internal measures to ensure timely engagement of interested parties and submission of the needed documents.</p>
<p>32. The corporation should implement a talent management process for its non-executives to ensure continuity and corporate growth.</p>	<p>The corporation’s response. Agreed. The corporation implemented a talent management program for its non-executives in June 2025.</p>
<p>36. The corporation should ensure its sustainability and climate risk reports provide a complete and transparent picture of the results by developing quantifiable targets and providing historical information.</p>	<p>The corporation’s response. Agreed. The corporation will ensure that its 2026 sustainability reporting has clearer targets, historical data, and is fully transparent about climate risk and performance.</p>
<p>39. The corporation should formally establish and document its risk tolerance levels to support effective risk management and decision making.</p>	<p>The corporation’s response. Agreed. The corporation documented and began applying risk tolerance levels in May 2025 and will continue implementation and refinement through 2026 to support effective risk management and decision making.</p>
<p>47. The corporation should collaborate with third-party asset owners to identify and address the causes of service delays to enhance its service offering and advance its strategic objectives.</p>	<p>The corporation’s response. Agreed. The corporation will continue collaboration and pursue collaborative and legal avenues if needed to protect service reliability and strategic interests.</p>

Appendix—Text Description of Exhibit

Here is the text description of the exhibit.

Exhibit 6—The overall on-time performance had deteriorated since the last special examination—Text description

The image shows a line graph of VIA Rail Canada Inc.'s performance from 2015 to 2024. During that time, the performance decreased by 20 percentage points from 71% in 2015 to 51% in 2024.

In 2015, the corporation's performance was 71%.

In 2016, the corporation's performance increased slightly to 73%.

In 2017, the corporation's performance was 73%.

In 2018, the corporation's performance decreased slightly to 71%.

In 2019, the corporation's performance decreased to 68%.

In 2020, the corporation's performance increased to 71%.

In 2021, the corporation's performance increased slightly to 72%.

In 2022, the corporation's performance decreased to 57%.

In 2023, the corporation's performance increased slightly to 59%.

In 2024, the corporation's performance decreased to 51%.

Source: Based on data from VIA Rail Canada Inc. annual reports



[Back to Exhibit 6](#)



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada