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Executive summary

In this chapter, we discuss our planned audit of the project management processes used by Information Services Corporation to manage the implementation of the Land Titles Automated Network Development (LAND project).

The LAND project represents a significant investment in information technology (IT) by the Government of Saskatchewan.

This chapter describes the three criteria we plan to use in our audit. The criteria are:

- ◆ adequate processes to maintain management and stakeholder commitment to the project;
- ◆ adequate processes to track and report on the realization of project's benefits; and
- ◆ adequate project management practices and reports.

Introduction

Effective January 1, 2000, Cabinet established the Information Services Corporation (ISC) as a CIC Crown Corporation. ISC is responsible for developing and implementing the Land Titles Automated Network Development (LAND project). Cabinet also transferred the applicable land title assets, including the initial project development costs, from the Department of Justice and directed ISC to purchase the geographical information system assets from Saskatchewan Property Management Corporation (SPMC).

ISC earned revenue of \$20.9 million during 2000 and held assets of \$30.2 million as at December 31, 2000.

Our audit conclusions and findings

Our Office worked with Deloitte & Touche, ISC's appointed auditor, using the framework recommended by the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* (to view a copy of this report, see our website at <http://www.auditor.sk.ca/rrd.html>). Deloitte & Touche and our Office formed the following opinions.

In our opinion for the year ended December 31, 2000:

- ♦ **ISC's financial statements are reliable;**
- ♦ **ISC had adequate rules and procedures to safeguard and control its assets; and**
- ♦ **ISC complied with authorities governing its activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing and investing.**

In addition, in this chapter, we report on the progress of our audit of the Land system.

Audit of the LAND system

Our office is auditing the project management processes used by ISC to manage the implementation of the LAND Project.

Surveys and literature show that large information technology (IT) projects are inherently risky. Sound project management processes can reduce these risks and increase the likelihood of a project's success.

We are performing this audit to provide the Legislative Assembly and the public with independent assurance on how well ISC is managing a major IT initiative. The audit will allow us to determine the strengths of ISC's processes and to identify opportunities for improvement, if any. The results of the audit should help ISC and other government organizations to strengthen their project management practices.

We are reporting this audit in two stages. In the first stage (this chapter), we describe the audit and outline the criteria we will use to assess ISC's processes. We think these criteria will be useful to other government organizations in managing their IT and other projects. In the second stage (planned for our 2001 Fall Report), we will describe the results of our audit.

Background

The LAND project represents a significant investment in IT by the Government of Saskatchewan. The estimated cost of the LAND project is \$58 million. The Government expects the new system to benefit Saskatchewan's economy by making land title and geographic information processes more efficient.

The original LAND project began in 1995 and consisted of the automation of the Department of Justice's land titles system. The estimated cost of that project was \$20 million. The LAND project was later expanded to include the integration of information about Saskatchewan land into a single system. This fundamentally changed the project. Its estimated cost is now \$58 million and the project includes:

- ◆ integrating of the land titles system with the geographic information systems developed by SPMC, including the integration of all survey functions and the conversion of maps;
- ◆ developing e-commerce and imaging systems;
- ◆ moving employees and ISC from using a paper-based system to an electronic system; and
- ◆ provisioning of a building to store land documents and converting the documents into electronic format.

ISC hired a primary contractor to develop the LAND systems. After the completion of the project's design, the contractor has entered into a fixed-price contract with ISC for a significant portion of the project.

ISC plans to start using the LAND system in Moose Jaw beginning in May 2001. ISC expects to complete the project's full development and implementation by October 2002.

Our audit objective and criteria

Our audit objective is to assess whether ISC has adequate project management processes to implement the LAND project. We will focus on the project management processes that ISC uses to manage the implementation of this project in Moose Jaw. This will involve assessing ISC's readiness to implement the LAND system and its project management processes used in the implementation.

Auditors use criteria to evaluate matters that they audit. The criteria outlined in Exhibit 1 and described in the following paragraphs set out the main elements we will look for when we examine the processes ISC uses to implement the LAND project. The criteria are based upon international standards, literature, and reports of other auditors. In particular, we used the Project Management Institute's standard, entitled *A Guide to the Project Management Body of Knowledge*, as the management framework to support the criteria.

We discussed the criteria in Exhibit 1 with key individuals in ISC. They agree that the audit criteria are clear, reasonable and attainable.

Exhibit 1 – Audit Criteria

To implement the LAND project, ISC should have:

1. Adequate processes to maintain management and stakeholder commitment to the project;
2. Adequate processes to track and report on the realization of project's benefits; and
3. Adequate project management practices and reports.

Adequate project management practices include: risk management; scope management; cost and schedule management; human resource management including retraining and staffing, and quality assurance.

Criterion 1 – Adequate processes to maintain management and stakeholder commitment

We expect ISC to have project management processes to obtain and maintain strong senior management commitment to the LAND project. Our review of other jurisdictions and current literature suggests that senior management commitment is the most common, and perhaps most important feature of successful projects. Senior management commitment is demonstrated by actively overseeing the project. Management commitment is enhanced when management is held accountable for the success of the project. Working with other departments, governments, and non-governmental organizations to pursue a common interest in a project helps maintain commitment.

Criterion 2 – Adequate processes to track and report on realization of the project's benefits

We expect ISC to have a process to quantify and track project benefits throughout the project and after implementation. Benefits should be based on a strong business case that is consistent with ISC's vision, strategic goals, and objectives.

Criterion 3 – Adequate project management practices and reports

We expect ISC to have good project management systems and practices to control the implementation of the LAND project. Good project management systems and practices involve the use of project teams with

the necessary experience, skills, and leadership to manage the project. Good project management practices include planning and reporting progress against the plan. The project team also needs to manage risk, ensure quality work, and communicate progress and successes. Good project management systems and practices help ensure deadlines are met, costs are contained, and requirements are met.

See Exhibit 2 for more information.

What's next?

This report outlines the criteria we will use for our audit. We plan to do the audit in the summer of 2001 and report the results of the audit in our 2001 Fall Report - Volume 2.

Exhibit 2 – Project Management Framework

The three general criteria of a strong project management climate are:

- ◆ management commitment to the project;
- ◆ the project's ability to achieve its objectives and benefits; and
- ◆ good project management systems and practices.

We will audit to these criteria based on the risk and scope of our project. We will use the Project Management Institute's standard titled *A Guide to the Project Management Body of Knowledge* as the management framework to support the above three criteria.

Scope management - the processes involved in determining what the users need, how the needs will be met and verifying if they are met.

Time management - the processes to plan, schedule, and control the project's activities to help get the project done on time.

Cost management - the processes to plan, estimate, and control the project costs.

Quality management - the processes needed to evaluate if the project is managed well and meets the stakeholders' needs.

Human resource management – the processes required to make the most effective use of people involved in the project, including stakeholders. This includes change management, training, and staffing.

Communication management – the processes, including the organizational structure, used to ensure the timely and complete creation, movement, and storage of information.

Risk management – the processes to identify, evaluate, plan, and respond to risks.

Procurement management - the processes to decide what to contract for: tendering and selecting the best contractor; and negotiating, managing and closing the contract.

Selected resources

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