

Executive summary22

Introduction23

Background23

Our audit conclusions and findings.....24

 Performance report on ISC’s financing requirements25

 Performance report on the projected cost of the System26

 Performance report on ISC’s progress in meeting its stated objectives including
 the System’s benefits26

 Obtaining these reports26

Exhibit 1: Recommendations from our previous Report27

Executive summary

Information Services Corporation of Saskatchewan (ISC) is currently implementing a new automated land title system (the System). In our 2001 Fall Report – Volume 2, we reported ISC had good project management practices to implement the System except for processes to measure, verify, and report on the System's benefits. The debate of whether a program or project is worthwhile belongs with the legislators and the public. To have an informed debate, legislators and the public need reliable information about a program or a project's planned costs and benefits, the actual costs incurred, and the benefits achieved.

The Standing Committee on Crown Corporations (Committee), an all-party committee of the Assembly, asked our Office to amend the annual audit plan for ISC to provide reports to the Committee on the costs, financing, and benefits of the System. We agreed.

We are currently working with management and Deloitte & Touche, ISC's appointed auditor, to audit three reports that cover the costs, financing, and the benefits of the System. The Committee expects these reports in the spring of 2002. These reports will be available from Clerk of the Legislative Assembly after the reports are given to the Committee.

Introduction

The Information Service Corporation of Saskatchewan (ISC) was established as a subsidiary of the Crown Investments Corporation of Saskatchewan effective January 1, 2000. ISC is responsible for administering Saskatchewan's land titles system, geographical information system, and personal property registry.

Since its inception, ISC has been developing the Government's new automated land titles system (System). Cabinet approved a \$58 million budget for the System. The System is large and complex. It will transform Saskatchewan's paper-based land records at land titles offices into an electronic system. The System includes major changes in policies, business processes, land title fees, culture, legislation and regulations, and ongoing organizational development. ISC also has to convert millions of pages of paper documents to electronic records and integrate land records with the survey plans and the Saskatchewan Geographical Information System.

At December 31, 2001, ISC held assets of \$55.6 million, had revenues of \$36.7 million, and expenses of \$43.0 million. ISC's 2001 annual report includes its financial statements.

Background

Large complex information technology projects are risky. Sound project management processes can reduce these risks and increase the likelihood of a project's success.

In 2001, we did an audit to determine whether ISC had adequate project management processes to implement the System. We reported the results of this audit in Chapter 1 of our 2001 Fall Report – Volume 2. We found that ISC had adequate project management processes to implement the System except for processes to measure, verify, and report on the System's benefits. We made five recommendations to improve the likelihood of ISC successfully completing the System (see Exhibit 1). The recommendations continue and we plan to report on ISC's implementation of these recommendations in a future report.

On December 6, 2001, members of the Standing Committee on Public Accounts (PAC) asked questions about the System's financing, its costs, and whether ISC was meeting its stated objectives. PAC referred the questions to the Standing Committee on Crown Corporations (Committee). The questions were:

1. Why has ISC's Debt increased to \$55 million?
2. What is the total projected cost for the land titles automation project and how does this compare with its original budget?
3. Is ISC meeting its stated objectives in terms of costs, implementation timelines, marketing of the land titles system, etc.?

On December 11, 2001, the Committee considered these questions and asked that the year-end audit of ISC be amended to provide additional audit reports related to the following matters:

1. On the matter of the \$55 million debt, to identify the key expenditure segments for ISC and the corresponding revenue and budgets at 2001 year-end;
2. On the matter of the project's costs in relation to the original approved budget, to identify the projected costs to complete the LAND project against the assumptions of actual cost of work completed and the assumptions used by ISC to make the projections; and
3. On the matter of ISC meeting its stated objectives, to review progress of the Corporation with regard to its stated objectives including the stated benefits of the LAND project.

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 web site 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, 2001:

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

As described earlier, the Committee asked that the ISC audit for the December 31, 2001 fiscal year be expanded to address the three additional matters. We expanded our audit plan to report on these matters. We are working with Deloitte & Touche to carry out this work.

At the date of this report, we have not completed the audits of the three matters the Committee requested. When these audits are finished, we will report the results to the Committee.

Performance report on ISC's financing requirements

We are working on a report that provides the information requested by the Committee on why ISC's debt is projected to increase to \$55 million by March 31, 2002. This report will show ISC's major sources and uses of public money from its inception on January 1, 2000 to December 31, 2001. The report will also show a projection of ISC's financing requirements from January 1, 2002 to March 31, 2002. The report also will show the public money ISC planned to receive from each source and what it actually did receive. In addition, the report will provide explanations of the significant differences between the planned and actual sources and uses of public money.

The audited performance information will help the Legislators and the public to understand why ISC's debt was expected to increase to \$55 million by March 31, 2002.

Performance report on the projected cost of the System

We are working on a report that provides the information requested by the Committee on the projected cost of the System. This report will show the project's key components, the planned costs, the actual costs incurred as at December 31, 2001, and the projected cost to complete each component. The report will also provide explanations for the differences between the System's planned and projected costs. In addition, it will describe the key risks and assumptions that impact the projected cost to complete the System.

The audited performance information will help the Legislators and the public to understand the total projected cost for the System and how this cost compares to the System's original budget.

Performance report on ISC's progress in meeting its stated objectives including the System's benefits

We are working on a report that provides the information requested by the Committee on whether ISC is meeting its stated objectives including objectives related to the System's benefits. This report will show for each ISC objective and benefit, how ISC measures its progress towards achieving the objective and benefit, what it expected to achieve by a given date, and what it actually did achieve.

The audited performance information will help the Legislators and the public to understand whether ISC is meeting its stated objectives including the System's benefits.

Obtaining these reports

When these three reports are given to the Committee, Legislators and the public will be able to obtain them from the Clerk of the Legislative Assembly. These reports will help readers understand ISC's financing, the System's costs, and whether ISC is meeting its stated objectives including the System's benefits.

Exhibit 1: Recommendations from our previous Report

In Chapter 1, 2001 Fall Report – Volume 2, we recommend ISC should:

- ◆ strongly encourage key outside users to take training before conducting business using the System and that ISC continue to monitor outside user feedback;
- ◆ set measurable and verifiable System benefits and report publicly on the achievement of all planned benefits;
- ◆ perform a post-implementation review of the System project and make the results available to all government organizations;
- ◆ receive monthly reports on the comparison between actual costs to date on the System to the budget to date; and
- ◆ complete, test, and approve its business continuity plan.

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