

**Information Services Corporation
of Saskatchewan**

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Executive summary

Information Services Corporation of Saskatchewan (ISC) has implemented a new automated land title system (System). In our 2001 Fall Report – Volume 2, we reported that ISC had good project management practices to implement the System except for processes to measure, verify, and report on the System's benefits.

In December 2001, The Standing Committee on Crown Corporations (CCC), an all-party committee of the Legislative Assembly, asked our Office to amend ISC's audit plan for the year ended December 31, 2001 to provide reports to CCC on the costs, financing, and benefits of the System. We agreed.

We worked with management and Deloitte & Touche LLP, ISC's appointed auditor, to audit three reports that cover the financing, costs, and benefits of the System. We concluded that ISC's three reports are reliable but noted that ISC lacks the operating history to set some of the targets and establish some of the systems to reliably measure the benefits of the System. We encourage readers to use these reports, but to keep in mind the limitations set out by ISC in its report called *Schedule of Performance Information*. Legislators and the public should consider this report as a work in progress and expect future reporting by ISC on the achievement of its stated objectives including the System's benefits.

The audited performance information should help legislators and the public understand and debate the System's financing, projected cost, and benefits as at December 31, 2001. The three reports and our Report to the Members of the Standing Committee on Crown Corporations on Information Services Corporation, dated June 5, 2002, are available from Clerk of the Legislative Assembly and on ISC's web site at http://www.isc-online.ca/isc_public/scripts/ISCnewsroom.asp?AREA=Home#REPORTS.

We are encouraged by ISC's preparation of the three public reports. The debate of whether a program or project is worthwhile belongs with legislators and the public. To have an informed debate, legislators and the public need reliable information about a program's or a project's planned costs and benefits, the actual costs incurred, and the benefits achieved.

Introduction

The Information Services 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 or LAND project). In 1999, Cabinet approved a \$58 million budget for the System. The System is large and complex. It transforms 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, corporate culture, legislation, and ongoing organizational development. In 2001, the development of the System was substantially complete. ISC is currently converting millions of pages of paper documents to electronic records. It is also integrating the 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 and costs, and whether ISC was meeting its stated objectives. PAC referred the questions to the Standing Committee on Crown Corporations (CCC).

On December 11, 2001, CCC 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.
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.

In response to these questions, ISC prepared three reports entitled:

- ◆ *Schedule of Accumulated Financing;*
- ◆ *Land Project Schedule;* and
- ◆ *Schedule of Performance Information.*

We audited each report.

Our audit conclusions and findings

Our Office worked with Deloitte & Touche LLP, 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 LLP and our Office formed the following opinions.

In our opinion, as at December 31, 2001, ISC’s reports on the System’s financing, its costs, and whether ISC is meeting its stated objectives are reliable.

Performance report on ISC’s financing requirements

The *Schedule of Accumulated Financing* (report) provides information requested by CCC on why ISC’s debt was projected to increase to \$55 million by March 31, 2002.

This report shows ISC’s major sources and uses of public money from its inception on January 1, 2000 to December 31, 2001. The report also shows the public money ISC planned to receive from each source compared to what it actually did receive and it shows a projection of ISC’s financing requirements from January 1, 2002 to March 31, 2002. In addition, ISC’s discussion and analysis that accompanies the report provides explanations of the significant differences between the planned and actual sources and uses of public money.

This audited performance information should help legislators and the public understand why ISC expected its debt to increase to \$55 million by March 31, 2002.

Performance report on the projected cost of the System

The *Land Project Schedule* (report) shows the System’s key components, the planned costs, the actual costs as at December 31, 2001, and the projected cost to complete each component. This report also sets out the System’s key risks and assumptions that affect the projected cost to complete the System. In addition, ISC’s discussion and analysis that accompanies the report provides explanations for the differences between the System’s planned costs and its projected costs to completion.

This audited performance information should help legislators and the public understand the System’s projected cost and how this cost compares to the original budgeted cost as of December 31, 2001.

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

The *Schedule of Performance Information* (report) shows for each of ISC’s stated objectives, including objectives related to the System’s benefits, how ISC is measuring its progress, what it expects to achieve by a given date, and what it actually achieved. Also, ISC’s discussion and analysis that accompanies the report provides additional information on its activities.

ISC is currently implementing the System. As a result, it lacks operating history to set some of the targets and establish some of the systems to reliably measure the results. We encourage readers to use this report, but to keep in mind the limitations set out by ISC in the report. Legislators and the public should consider this report as a work in progress and expect future reporting by ISC on the achievement of its stated objectives including the System’s benefits.

This audited performance information should help legislators and the public to understand whether ISC is meeting its stated objectives including the System’s benefits as of December 31, 2001.

Obtaining these reports

These reports and our Report to the Members of the Standing Committee on Crown Corporations on Information Services Corporation, dated June 5, 2002, are available from Clerk of the Legislative Assembly and on ISC’s web site at http://www.isc-online.ca/isc_public/scripts/ISCnewsroom.asp?AREA=HOME#REPORTS

Exhibit 1 – Recommendations from our previous Report

In Chapter 1 of our 2001 Fall Report – Volume 2, we recommend that ISC:

- ◆ 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.

In January 2002, the Standing Committee on Crown Corporations considered Chapter 1 of our 2001 Fall Report – Volume 2 and agreed with our recommendations.

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