

Chapter 40

Economy – Project Management Processes

1.0 MAIN POINTS

The Ministry of the Economy (formerly the Ministry of Energy and Resources) is in the process of replacing its old oil and gas information technology (IT) system to improve processes to better meet its needs and the needs of industry stakeholders. The Ministry of the Economy (Ministry) calls this initiative the Process Renewal and Infrastructure Management Enhancements program or PRIME project.

In this chapter, we report that the Ministry has met two of the three recommendations made in our *2011 Report – Volume 2*, Chapter 6, about the Ministry's project management processes to develop and implement its PRIME project. Also, the Ministry has made progress on the third recommendation. The Ministry uses project status reports to compare the actual costs-to-date to the percentage of completion of the project. The Ministry obtained an independent risk assessment and has developed action plans to address the identified risks. The Ministry has begun to develop measures and targets for the expected benefits of the PRIME project.

2.0 INTRODUCTION

The Ministry is responsible for coordinating, developing, and promoting policies and programs related to the development and management of non-renewable resources.¹ The Ministry is in the process of replacing its old oil and gas IT system and business process with one integrated IT system. The PRIME project is expected to renew its oil and gas processes and information systems to better meet the needs of industry stakeholders and the Ministry. Also, as part of the PRIME project, the Ministry will develop an integrated information system to support the Ministry's new business processes that will provide web-based self-service functionality to the industry.²

In 2011, we assessed whether the Ministry had adequate project management processes to develop and implement its PRIME project. Our *2011 Report – Volume 2*, Chapter 6, concluded that the Ministry had adequate project management processes for its PRIME project except that the Ministry:

- Had not documented its plans for measuring and reporting on the expected benefits of the project
- Did not report sufficient information to senior management on the project's costs incurred to date and its percentage of completion
- Should prepare an analysis on the merits of conducting an independent risk assessment

We made three recommendations.

¹ *The Ministry of the Economy Regulations*, section 3.

² www.economy.gov.sk.ca/PRIME (20 September 2013).



This chapter describes our follow up of management's actions on the recommendations we made in 2011. To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry agreed with the criteria in the original audit.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation, the Ministry's actions up to August 31, 2013, and the status of the recommendations. We found that the Ministry has addressed two of the three recommendations.

3.1 Plans for Measuring and Reporting on the Expected Benefits of the New System Needs to be Documented

We recommended that the Ministry of the Economy (formerly the Ministry of Energy and Resources) document its plans for measuring and reporting on the expected benefits of its new oil and gas system. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

Status – Partially Implemented

The Ministry has begun to develop measures and targets for the expected benefits for its PRIME project. For example, the Ministry expects that as a result of implementing the new system, there will be a reduction in the amount of time it will take to invoice oil and gas companies for royalties and taxes. The Ministry plans to track and report on the achievement of this reduction. The Ministry has not yet finalized the list of measures it plans to track and has not yet determined the targets for those measures.

3.2 Project Status Reports Compares Actual Costs to the Project's Percentage of Completion

We recommended that the Ministry of the Economy (formerly the Ministry of Energy and Resources) include in its project status reports to senior management the actual development and maintenance costs incurred to date compared to the project's percentage of completion. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

Status – Implemented

The status reports that senior management now receives show the actual project costs incurred to date for comparison to the project's percentage of completion. The Executive Sponsors, who oversee the project, include some members of the Ministry's senior management. The Executive Sponsors meet on a monthly basis to discuss the status of the project. This discussion also includes reviewing the project costs incurred to date and the expected costs to complete the project.

3.3 Independent Risk Assessment Conducted

We recommended that the Ministry of the Economy (formerly the Ministry of Energy and Resources) prepare an analysis on the merits of conducting an independent risk assessment on the Process Renewal and Infrastructure Management Enhancements Project. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

Status – Implemented

Although the Ministry did not document its analysis of the merits of conducting an independent risk assessment, in early 2013 the Ministry did contract with an independent firm to perform a review of the PRIME project. The review resulted in several recommendations to improve the project management processes. The Ministry developed action plans to address the recommendations. The Ministry indicated that the Executive Sponsors plan to periodically review the progress of the action plans.

