

Chapter 44

Economy – Project Management Processes over PRIME

1.0 MAIN POINTS

The Ministry of the Economy (Ministry) is replacing its old oil and gas information technology (IT) system. With the new system, it has a goal of improving processes to better meet its needs and the needs of industry stakeholders.

In this chapter, we report that the Ministry has partially implemented a recommendation that we had initially made in our 2011 audit of the Ministry's project management processes to develop and implement the PRIME project. By July 2015, the Ministry had not completely developed its plan to determine and report whether the PRIME project achieved its expected benefits.

2.0 INTRODUCTION

Since 2011, the Ministry has been undertaking an initiative called the Process Renewal and Infrastructure Management Enhancements program (PRIME project). As noted in **Figure 1**, this initiative entailed both changes to its business processes and computer systems. It had initially estimated, in 2009, this initiative to cost \$48.7 million plus or minus 50%¹ over five years with a completion date of 2013.² As of June 2015, the Ministry has spent \$65.8 million and expects to complete the project by Spring 2016 at an estimated total cost of \$69.9 million. Also since 2011, it has dedicated various Ministry staff to this project.³

Figure 1 – Description of PRIME

PRIME is the Ministry of the Economy's (Ministry) Process Renewal and Infrastructure Management Enhancement (PRIME) program. This initiative is to renew and modernize the Ministry's oil and gas business processes and computer systems. At a high level, PRIME is to:

- Renew the Ministry's oil and gas business processes and information systems to better meet the needs of industry stakeholders and the Ministry
- Develop the Integrated Resource Information System (IRIS) to support the Ministry's new business processes that will provide web-based self-service functionality to industry.
- Modernize the Ministry's business processes and systems related to:
 - Well and facility infrastructure
 - Petroleum tenure and subsurface management
 - Oil and gas volumetric and valuation reporting (completed in 2012 with the implementation of Saskatchewan data on Petrinex)
 - Oil and gas royalty and tax information and billing (completed in 2013)

Source: <http://economy.gov.sk.ca/PRIME> (29 July 2015).

This is our second follow-up of one recommendation resulting from our 2011 audit of the Ministry's project management processes to develop and implement the PRIME project. In our first follow-up, reported in our *2013 Report – Volume 2*, Chapter 40, we noted that the Ministry had met two of the three recommendations we made in our *2011 Report – Volume 1*, Chapter 6.

¹ A budget with a plus or minus 50% results in a budget with a range of \$24.4 million to \$73.1 million.

² *2011 Report – Volume 2*, Chapter 6, p. 121.

³ Certain Ministry staff act as subject matter specialists or business analysts so that redesigned systems and processes meet the Ministry's needs.



To conduct this review engagement, 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.

Our Office reviewed the Ministry's PRIME Business and Program Outcomes document which stated the PRIME expected outcomes at both the program and project levels. We assessed whether information in this document was reasonable, and was communicated to the relevant parties.

3.0 STATUS OF RECOMMENDATION

This section sets out the recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at July 31, 2015, and the Ministry's actions up to that date. We found that the Ministry has more work to do to address this recommendation.

3.1 Documented Plans for Reporting on the Expected Benefits of the New System Needed

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

As noted in our *2011 Report – Volume 2*, the expected benefits for the PRIME project as a whole, included better services for the industry, reduced well license turnaround time, better access to data, better analytical tools, and reduced data errors.⁴ Given the Government's significant investment in this new oil and gas system, we had expected the Ministry would set measurable targets to enable it to measure and report on the expected benefits of its PRIME to legislators, and the public.

Since our audit, the Ministry set measurable targets related to PRIME. For example, the Ministry expects to reduce the amount of time it takes to invoice oil and gas companies for royalties and taxes from 90 days to 15 days.

The Ministry tracked its progress on each of its measures. Periodically using these measures, it reported on its progress to the Information Management Advisory Council,⁵ and internally to the Ministry's PRIME Executive Sponsor Committee meeting (e.g., in July of 2015).

⁴ *2011 Report – Volume 2*, Chapter 6, p. 125.

⁵ Information Management Advisory Council consists of senior officials from a number of government ministries. It reviews major IT proposals of ministries and makes recommendations to the Ministry of Finance. In addition, the Council reviews and assesses the progress of major IT projects as well as key program or business areas.

However, by July 2015, the Ministry did not have a documented plan on reporting its progress towards achievement of expected benefits of PRIME publicly. Ministry officials noted that the Ministry expects to publish some of the measures of PRIME annually in a public report to the oil and gas industry. As well, it intends on making public all of the benefits achieved, in the spring of 2016, after the conclusion of the PRIME project.

As previously noted, the Ministry's investment in PRIME is significant. Legislators and the public need information on the benefits realized from the implementation of PRIME to enable them to determine whether, in their view, the investment in the new oil and gas system was worthwhile.

