

Chapter 42

Saskatchewan Liquor and Gaming Authority – Managing Projects with Significant IT Components

1.0 MAIN POINTS

By August 2018, Saskatchewan Liquor and Gaming Authority had made some progress on improving its project management processes for projects with significant IT components. The Authority implemented one of five recommendations initially made in our 2015 audit.

Effective September 2017, the Authority required staff to complete and submit monthly project status reports using a project status report template. Use of this template improved the completeness and consistency of project information reported.

The Authority needs to:

- Give staff guidance on determining required skills, and setting quality control requirements for projects, and
- Formally approve project status reports, monitor whether its projects achieved objectives as set out in approved business cases, and periodically report to senior management and the Board

Guidance on determining required skill sets and setting quality control requirements for projects would help prevent inappropriate staffing of projects, and inconsistent estimation of costs. Formal approval of project status reports along with better monitoring of outcomes achieved would improve accuracy and completeness of reporting to senior management and the Board.

2.0 INTRODUCTION

The Saskatchewan Liquor and Gaming Authority is responsible for distributing liquor and gaming products, and regulating liquor, gaming, and cannabis in Saskatchewan.¹ The Authority uses IT extensively in carrying out its business. For example, it uses IT systems to manage purchases, inventories, sales, and prices of liquor. In addition, it uses IT systems to manage its regulation of liquor (i.e., permitting) and of gaming (i.e., registering gaming employees, suppliers, and activities) and to manage its financial affairs.

The Authority has various projects to implement and update IT systems in these areas. The projects vary significantly in scope, complexity, and cost. At August 31, 2018, the Authority had four projects in progress with a total budget of over \$5.5 million.

The Authority's Enterprise Portfolio Management Office is responsible for its project management approach.

¹ Saskatchewan Liquor and Gaming Authority, *Saskatchewan Liquor and Gaming Authority – Plan for 2018-19*, (2018).



This chapter describes our first follow-up of management's actions on the recommendations we made in 2015. Our *2015 Report – Volume 2*, Chapter 37 concluded that other than the areas of our five recommendations, the Authority had effective project management processes for its projects with significant IT components.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Authority's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Authority's management agreed with the criteria in the original audit.

To carry out our follow-up audit, we discussed actions taken with management and reviewed key documents provided by management (e.g., meeting minutes, project status reports, project business cases).

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at August 31, 2018, and the Authority's actions up to that date. We found the Authority implemented one recommendation and had further work to do on the remaining four.

As of August 2018, the Authority had contracted a third party to complete a review of its Enterprise Portfolio Management Office processes to identify gaps and opportunities. The Authority plans to use the results of this analysis to improve its current processes.

3.1 Better Guidance for Detailed Planning of Projects Required

We recommended that Saskatchewan Liquor and Gaming Authority give staff guidance on determining required skills for projects with significant IT components. (2015 Report – Volume 2; Public Accounts Committee agreement September 15, 2016)

Status – Partially Implemented

We recommended, for projects with significant IT components, Saskatchewan Liquor and Gaming Authority give staff guidance on setting quality control requirements. (2015 Report – Volume 2; Public Accounts Committee agreement September 15, 2016)

Status – Partially Implemented

The Authority did not give project teams sufficient guidance to help them determine and document required skills needed, or to set quality control requirements for projects with significant IT components. Rather the Authority continued to depend on the expertise of the business unit involved with a project to determine the required skills for the project.

The Authority has five business units. Individual business units of the Authority do not carry out IT projects frequently.

The Authority requires project managers to use quality control requirements (e.g., tests at each stage of the project) from prior projects as the starting point in determining the requirements for new projects. Project managers are responsible for project delivery. They make day-to-day decisions regarding project approach, plan, structure, timing, and resources.

For the three project plans we tested:

- None of the plans set out how the related business unit determined the required skills (e.g., specialized application knowledge), or rationale to support its decisions (e.g., complex project requiring specific external expertise, availability of relevant skill sets within the Authority)
- The required resources outlined in project plans and level of detail included in project plans varied; the variance in the level of detail for each did not correspond to the size and complexity of the project
 - For example, one project plan tested included some internal resource time and cost assumptions (e.g., project manager required for an estimated timeframe at an approximate cost per hour); and for another, the project plan documented estimated hours per month for the duration of the project for each internal and external resource
 - For example, one project plan set out clear objectives, IT systems used for testing, critical success factors, and documented risks and mitigation strategies for each testing phase; and for another, the project plan included only a high-level breakdown of testing at different stages during the project, and only a general description of testing types and approaches to be used for the project

Lack of guidance on determining and documenting key resource decisions (e.g., internal staff, external consultant) may result in incomplete and unsupported analysis. Incomplete analysis to support budget and hiring decisions increases the risk that project plans may not be accurate and that projects may not have appropriate staff.

Lack of formalized guidance on setting quality control requirements, and using prior test plans increases the risk that staff do not consider all relevant quality control requirements when projects differ in scope and complexity. For example, staff may not sufficiently consider quality control requirements for a new IT system implementation if its test plan is based on a prior project for an IT system upgrade that was smaller in scale and not as complex.

3.2 Project Status Reports Completed

We recommended that Saskatchewan Liquor and Gaming Authority follow its processes for preparing complete and accurate project status reports for projects with significant IT components. (2015 Report – Volume 2;

Public Accounts Committee agreement September 15, 2016)

Status – Implemented



Staff prepared complete and accurate monthly project status reports as required by the Authority's established procedures.

The Authority required staff to use a project status report template beginning in September 2017. For each of the seven project status reports we tested, it included required information such as key project dates, updated percentage of completion as the project progressed, and changes to project plans along with a description of the impact of the change, if any.

3.3 Approval of Project Status Reports Needed

We recommended that Saskatchewan Liquor and Gaming Authority require formal review and approval of project status reports for projects with significant IT components. (2015 Report – Volume 2; Public Accounts Committee agreement September 15, 2016)

Status – Partially Implemented

The Authority does not require project sponsors or executive sponsors to formally approve monthly project status reports. Project sponsors are responsible for project decision-making and providing leadership over changes to business processes. Executive sponsors are members of senior management responsible for overseeing projects and delivering results (e.g., project within budget, timing, and benefits realized).

All seven project reports we examined did not have evidence of approval by the project sponsor or executive sponsor.

Since 2015, the Enterprise Portfolio Management Office began meeting with project sponsors, executive sponsors, and the Authority's IT Branch monthly to discuss project status reports. It expected staff to ask questions during these meetings to verify the accuracy and completeness of the project status reports. We confirmed that these meetings are occurring, and project status reports are reviewed. Minutes of these meetings are not kept. The Authority did not have documented evidence showing the approval of project reports.

Lack of formal approval of project status reports increases the risk of management making inappropriate decisions about projects.

3.4 Report on Achievement of Objectives Needed

We recommended that Saskatchewan Liquor and Gaming Authority monitor whether its projects with significant IT components achieved objectives set out in approved business cases and periodically report to its Board and senior management. (2015 Report – Volume 2; Public Accounts Committee agreement September 15, 2016)

Status – Not Implemented

The Authority does not report on achievement of planned project objectives at project completion.

The Authority's new project status report template included a section for staff to track the status of planned objectives as included in the project business case.

Less than one-third of the seven project status reports we tested included an update on the status of the planned objectives. For the reports that contained an update, we found that the reports indicated whether the objective was on track to be met, but did not conclude on whether the objective was or was not achieved. Of the seven project status reports tested, six related to completed projects. At August 2018, achievement of objectives for those projects had not yet been reported.

The Authority reported on the status of projects to senior management monthly and to the Board annually. However it did not report on whether or not the projects actually achieved the planned objectives at or after project completion.

Without effective processes for measuring and reporting on achievement of objectives, there is increased risk that the Authority may not obtain the benefits that it expects from projects.

