

Chapter 34

Finance—Implementing the Revenue Administration Modernization Project

1.0 MAIN POINTS

The Ministry of Finance expects its Revenue Administration Modernization Project (RAMP) to change how it administers many types of taxation revenue.

By September 2019, while the Ministry started developing its processes for how and when it will measure and report on RAMP's benefits, it has not started reporting on benefits achieved. Through reporting, the Ministry can determine and show if it achieved the benefits it expects from implementing RAMP. It expects RAMP to generate productivity gains, financial benefits of \$103 million over 15 years, improve customer service, and increase IT system availability.

2.0 INTRODUCTION

2.1 Background

The Government of Saskatchewan relies on its taxation revenues to finance its core services (e.g., provision of health and education). The Ministry of Finance is responsible for administering and collecting certain provincial taxes.¹ Each year, the Ministry directly levies about \$4 billion of taxation revenue.

Through the Revenue Administration Modernization Project, the Ministry updated its administration processes for taxation revenue including related IT systems over five years (2014 to 2019). The Ministry used RAMP to change how it administers many types of taxation revenue, including provincial sales, education property, fuel, and tobacco taxes.

2.2 Focus of Follow-Up Audit

This chapter reports our first follow-up of two recommendations we made in 2017.

Our *2017 Report – Volume 1*, Chapter 5, concluded that, for the 12-month period ended January 31, 2017, the Ministry had effective processes for managing the implementation of RAMP, except it needed to:

- Document how and when it will measure and report benefits achieved
- Report all costs incurred in project reports

¹ *The Revenue and Financial Services Act*, s. 10. gives the Minister of Finance the authority to collect or control the collection of public money, assess taxes, and collect those taxes.



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

To carry out this follow-up audit, we examined plans for reporting project benefits, and reports about project costs. We also interviewed Ministry staff responsible for implementing RAMP.

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 September 25, 2019, and the Ministry's actions up to that date.

3.1 Processes to Measure and Report Benefits Needed

We recommended the Ministry of Finance establish how and when it will measure and report to stakeholders about the benefits achieved from its Revenue Administration Modernization Project (2017 Report – Volume 1, p. 61, Recommendation 1; Public Accounts Committee agreement February 26, 2019)

Status—Partially Implemented

By September 2019, the Ministry had not yet determined how and when to measure and report to its executive and the public about the benefits achieved from RAMP.

Figure 1 sets out identified benefits expected. The Ministry spent about \$33 million on capital expenditures to implement RAMP between 2015 to 2019.²

Figure 1—Identified Benefits Expected from Implementing RAMP

The Ministry identified benefits included:

- Productivity gains (e.g., reducing time to process revenue transactions) resulting in reallocating resource capacity equivalent to eight full-time employees to other value added activities
- Revenue gains (e.g., identifying underreported taxes) and reduced costs (e.g., lower costs to fix broken IT systems) resulting in a financial benefit of \$103 million over 15 years
- Improved customer service (e.g., faster and improved access to records)
- Increased IT system availability (e.g., reduced downtime)

Source: Adapted from Ministry of Finance, *Updated Business Case, Revenue Administration Modernization Program*, (2014).

Since the 2017 audit, the Ministry considered reporting to its executive about benefits achieved, but as of September 2019 had not finalized its reporting approach or timing of reporting. The Ministry set targets for over half of the benefits it expects from implementing RAMP.

² Ministry of Finance's financial records.

Also, the Ministry had not determined its strategy for reporting to other stakeholders, such as the public. That is, it has not determined the types of information, frequency, or level of detail to report.

Having established processes to determine benefits obtained helps the Ministry show whether it is achieving the productivity, revenue and efficiency gains expected, and takes corrective action when needed.

3.2 Final Project Cost Report Accurate

We recommended the Ministry of Finance report all costs incurred when reporting on its Revenue Administration Modernization Project.

(2017 Report – Volume 1, p. 63, Recommendation 2; Public Accounts Committee agreement February 26, 2019)

Status—Implemented

The Ministry's final status report for the project accurately includes all costs incurred for RAMP.³

Reporting complete information about project costs provides management with good information to make timely decisions about the project.

³ The final report included costs to March 31, 2019.

