

Chapter 39

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

1.0 MAIN POINTS

At July 2020, Saskatchewan Liquor and Gaming Authority improved its processes for managing projects with significant IT components. Since our follow-up in 2018, the Authority has implemented the four remaining recommendations first made in 2015.

The Authority revised templates to help staff determine skills required for projects, and gave staff additional guidance to help them set and control the quality of a project. Staff are using the templates and additional guidance as expected.

The Authority also revised its reporting templates to enable more consistent and robust reporting on projects. It set clear reporting expectations such as monthly presentation and approval of the project status reports. It also reports monthly to senior management, quarterly (or as needed) to executive members, and semi-annually to the Board.

Effective processes over planning, monitoring, and reporting on significant projects increases the likelihood of the Authority achieving the expected benefits from projects with significant IT components. It also enables identifying and addressing issues earlier, thereby, increasing the likelihood of completing these projects on time and on budget.

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 (e.g., permitting) and of gaming (e.g., 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 July 31, 2020, the Authority had two IT projects in progress with a total budget of over \$4.0 million.

This chapter describes our second follow-up audit of management's actions on four recommendations we first made in 2015. Our *2015 Report – Volume 2*, Chapter 37, concluded the Authority had effective project management processes for its projects with significant IT components, with the exception of the five recommendations made. By August 2018 as reported in our *2018 Report – Volume 2*, Chapter 42, the Authority had implemented one recommendation.

¹ Saskatchewan Liquor and Gaming Authority, *Saskatchewan Liquor and Gaming Authority – Plan for 2019-20*, (2019).



To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Authority's progress toward 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 July 31, 2020, and the Authority's actions up to that date.

3.1 Guidance for Detailed Planning of Projects

We recommended Saskatchewan Liquor and Gaming Authority give staff guidance on determining required skills for projects with significant IT components. (2015 Report – Volume 2, p. 243, Recommendation 1; Public Accounts Committee agreement September 15, 2016)

Status—Implemented

We recommended Saskatchewan Liquor and Gaming Authority give staff guidance on setting quality control requirements for projects with significant IT components. (2015 Report – Volume 2, p. 244, Recommendation 2; Public Accounts Committee agreement September 15, 2016)

Status—Implemented

The Authority provided adequate guidance for the determination of required skills for projects, and the quality control requirements for projects with significant IT components.

Since August 2018, the Authority gave project teams sufficient guidance to help them determine and document required skills needed, and set quality control requirements for projects with significant IT components.

The Authority revised its templates January 2019 to provide project managers additional guidance in determining and documenting key resource decisions (e.g., skills level required).

The Authority also provided guidance about quality control to project managers prior to a project commencing to help them consider and set the quality control testing required throughout the project. It expects project managers to use quality control requirements (e.g., tests at each stage of the project). It makes project managers responsible for project delivery. Project managers are to make decisions about project approach, timing and resources.

We found the communication with its five different business units about required skills sufficient to help them determine competency levels and skills required for a project, and whether adequate internal resources exist or if external resources are necessary. This is reasonable as all templates include guidance for determining the skills required for a project.

We found Authority staff are using the guidance. For the two project plans with significant IT components we tested:

- Both set out how the project team determined the required skills (e.g., specialized application knowledge) with the rationale to support its decisions (e.g., complex project required specific external expertise, availability of relevant skills sets within the Authority).
- Both adequately identified required resources, setting out clear objectives, resource time and cost assumptions.
- Both set out the quality criteria (i.e., test criteria) for projects.

Communicating quality control requirements to project managers reduces the risk of a project not achieving its intended results. In addition, the revised templates about determining resources required reduces the risk of not sufficiently considering or documenting the key resource decisions and skills required, and securing adequate resources to complete the project.

3.2 Approval of Project Status Reports

We recommended Saskatchewan Liquor and Gaming Authority require formal review and approval of project status reports for projects with significant IT components. (2015 Report – Volume 2, p. 247, Recommendation 4; Public Accounts Committee agreement September 15, 2016)

Status—Implemented

The Authority requires and documents the review and approval of project status reports within the Steering Committee meeting minutes.

The Authority requires assigned project managers to present project status reports at the monthly Steering Committee meetings. Steering Committee executive members and the business sponsor are responsible for overseeing the project, and presenting the results (e.g., financials, timing) at quarterly meetings with executive members of the Authority.^{2,3,4} The Steering Committee is also responsible for approving project status reports.

During monthly Steering Committee meetings, staff can ask questions about the project status reports to ensure the accuracy and completeness of the information.

² The Steering Committee is comprised of management (e.g. Vice-Presidents, Directors) of the Authority.

³ The business sponsor are members of senior management responsible for overseeing projects and delivering results (e.g. budget, timing and objectives achieved).

⁴ The Executive members include Chief Executive Officer and President of the Authority, VP of Corporate Services, VP of Liquor Wholesale and Distribution, Vice President of Regulatory Services Division, Acting VP of SLGA Retail Inc., Director, Audit Services Branch, Senior Executive Administrative Assistant, President's Office.



For two projects with significant IT components, we reviewed the related Steering Committee meeting minutes to confirm if the committee receives and discusses project status reports as expected. We found these meetings are occurring and project managers are presenting project status reports.

Reviewing, discussing and approving status reports regularly reduces the risk of the Authority making inappropriate decisions about projects. It helps the Authority achieve the intended results and monitor both project timeline and budget.

3.3 Report on Achievement of Objectives

We recommended 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, p. 248, Recommendation 5; Public Accounts Committee agreement September 15, 2016)

Status—Implemented

The Authority monitors the achievement of objectives of projects with significant IT components at committee meetings monthly and quarterly, and at board meetings on a semi-annual basis.

In December 2018, the Authority updated its report template for reporting on projects with significant IT components. The revised report template includes the project objective, anticipated outcome, baseline measurement, how often the objective is measured, whether it is on track, and when it is to be achieved.

The Authority expects the project manager to report on the achievement of planned objectives throughout various stages of a project (e.g., approval of project charter, monthly project status report, and close-out report).⁵

Four of the five status reports of projects with significant IT components we tested included:

- An update on the objectives
- Whether the objective was on track, and the achievement date of the objective (e.g., when the actual benefit is realized, when it will be measured)

The status report of the fifth project we tested did not include an update on the project objectives as the report template was in the process of revisions. Instead, for this project, the project managers provided weekly status updates to the Project Business Sponsor and Steering Committee members.

The Authority reports on the status of projects to senior management monthly, executive members quarterly or as needed, and the Board semi-annually.

⁵ The purpose of the project charter is to give the direction and scope of the project and forms the contract between the Project Manager and the Business Unit. The project status reports presented monthly at the Steering Committee meetings outline the current status of the project and determine the status of the objectives. The close-out report outlines the review of the project, and project outcome.

Our review of the Business Projects/IT Update Report provided to the Board found the report included project outcomes and benefits achieved for each of the five projects we tested.

Effective processes for monitoring and reporting on the achievement of objectives increases the likelihood of identifying and addressing issues earlier. It also increases the likelihood of achieving the intended results which includes completing projects on time and on budget.

