

# Innovation and Advanced Education— Athabasca University—Administrative Systems Renewal Project Follow-up

## SUMMARY

In July 2013 we reported that Athabasca University did not have well-designed project controls and strategies to manage the Administrative Systems Renewal Project it planned to implement.<sup>1</sup>

We recommended that the university formalize and improve its:

- business change management planning
- project management controls




The university has implemented our recommendations by:

- defining business change plans and preparing business areas to follow the new system and processes, ensuring they understood the project scope, process changes and internal control changes
- introducing a formal project management approach that relies on defined project controls and standards
- hiring a new chief information officer and program manager

We used a project scorecard in the original audit to highlight where the university needed to improve its approach to business change management, project management and IT governance risks. Following is an update to our original assessment.

PROJECT RISK MANAGEMENT SYSTEMS <i>(control design only)</i>	ORIGINAL ASSESSMENT	FOLLOW-UP ASSESSMENT	OVERSIGHT PROCESS
1. Business readiness and transformation	◆	●	Business change management
2. Scope and objectives	▲	●	Business change management
3. Staff engagement	▲	●	Business change management
4. Internal business controls	◆	●	Business change management
5. Go/no-go implementation criteria	▲	●	Business change management
6. Project management standards	◆	●	Project management
7. Systems development standards	▲	●	Project management
8. Roles and responsibilities	◆	●	Project management
9. Sustainment plan	◆	●	Project management and Project governance
10. Executive oversight	▲	●	Project governance

<sup>1</sup> Report of the Auditor General of Alberta—July 2013, pages 29–39.

	<b>Red:</b> Management must make significant improvements immediately.
	<b>Yellow:</b> Project controls require more rigour to ensure project managers and governance boards are alert to potential impacts to the project.
	<b>Green:</b> Control is formalized—the control is adequately designed and implemented, a re-assessment may be required later by the project or independent auditor—to ensure the control continues to effectively mitigate its inherent risk throughout the project’s life cycle.

To govern effectively, the board of governors needs accurate and timely information on major projects to ensure risks are managed effectively. The audit committee exercised appropriate oversight when weaknesses with the Administrative Systems Renewal Project plan were identified. The committee stopped the project until management could define an action plan to resolve the weaknesses and ensure appropriate resources were available to lead and complete the project.

### Why this is important to Albertans

Albertans want to know that publicly funded institutions are making the best use of public funds provided to educate post-secondary students. Athabasca University is an online post-secondary institution that offers courses to students around the world—over 750 programs to more than 30,000 students per year. It depends heavily on computer technology to deliver its learning programs and manage administrative systems. A failure with the new system could impair its operations.

## AUDIT OBJECTIVE AND SCOPE

Our audit objective was to determine if the university had implemented our recommendations. We used the original audit criteria to assess whether management now has appropriate risk management systems, with defined controls for the project. We reviewed key project documents and interviewed project team members and senior management involved in the project.

We conducted our field work from December 2, 2013 to February 14, 2014. We substantially completed our audit on February 21, 2014. Our audit was conducted in accordance with the *Auditor General Act* and the standards for assurance engagements set by the Chartered Professional Accountants of Canada.

## BACKGROUND

The university started the Administrative Systems Renewal Project in the fall of 2011, to replace its ageing financial, human resource/payroll and student systems. The university contracted with a specialist in higher education software to provide the new system and to support project management.

The university planned to implement the new system in three phases. Implementation dates were revised when weaknesses with the project plan were identified and as of February 21, 2014 are:

PHASE	ORIGINAL DATE	REVISED DATE
1 - Finance	April 1, 2013	April 1, 2014
2 - HR/Payroll	December 31, 2013	December 31, 2014
3 - Student	March 1, 2014	March 1, 2015

## FINDINGS

### Formalize and improve business change management planning—implemented

#### Background

In 2013 we recommended that the university formalize its business change management plans, to help its business operations, staff, faculty and students prepare to implement the new administrative system.<sup>2</sup> We found that business change management plans, internal control change documentation and testing, and conversion and training strategies were not formalized.

#### Our audit findings

The university has documented the changes needed for its finance module control environment and is in the process of doing so for the human resource/payroll system modules. Business process changes, a data conversion strategy and plans, and system and user testing strategies and training plans have all been defined.

A staff resourcing plan identifies when the project will draw on internal resources and how operational backups will cover for staff assigned to the project. This has helped improve staff morale and ensure the university's business operations are uninterrupted during the project.

Project status reports and meeting minutes verify that the business stakeholders are now actively involved in critical business decisions and attend regular project sessions such as user acceptance testing and business readiness planning and training.

Our follow-up audit has confirmed that the university has adequately improved its planning and implementation readiness activities for the finance module, and has established a process to do the same for the remaining project phases.

### Formalize and improve project management controls—implemented

#### Background

In 2013 we recommended the university ensure that a formal project management and systems development methodology and approach are clearly defined, implemented and available to all staff working on the project.<sup>3</sup>

We had found that a formal approach and methodology for project management and systems development were not clearly defined and consistently applied, certain internal costs were not budgeted, formal change management processes were not in place, implementation criteria and project gating<sup>4</sup> processes were not formalized, project files were neither organized nor current, and there was no formal post-implementation sustainment plan.

<sup>2</sup> *Report of the Auditor General of Alberta—July 2013*, page 35.

<sup>3</sup> *Report of the Auditor General of Alberta—July 2013*, page 37.

<sup>4</sup> Project gating is a process to determine if the project has achieved its objectives and outcomes at a certain point in its schedule and decide whether to proceed to the next milestone or deliverable.

### Our audit findings

The university implemented our recommendation by:

- adopting the vendor's formal project management and implementation methodology controls and development standards, based on IT industry standards
- hiring a new program manager (to oversee all projects) and assigning a finance project manager; allocating new team leads and new vendor staff to the project
- hiring a new chief information officer to provide oversight and leadership for the project
- improving reporting on risks, financials, changes and critical decisions through regular project status reports to the university's governance bodies
- defining plans to prepare the business and IT support services to implement the project and support it afterwards
- reporting project costs to its oversight bodies, which included computer costs, consultant and internal staff costs, license fees and project changes
- including project gating criteria in its schedules and implementation plans
- having its internal audit team perform two independent project health-check audits since May 2013, to verify that improvements with project controls were in place and working effectively, including improved project financial reporting
- ensuring that its project files are well organized and maintained, evidencing that a rigorous project management process is in place

### Project governance risks

#### Background

Project governance includes the use of external reviews on the health of a project to provide assurance that the project is progressing as planned. While we made no recommendation in our original audit, we observed that management had not had its internal audit review the project to determine if project risk management plans and control activities were working effectively.

### Our audit findings

The university's internal auditor has now completed project health audits for the first phase of the project. Management should ensure that this continues for the remaining phases of the project. As well, we found that project status reports involving key stakeholders are occurring regularly.