

Advanced Education—Olds College —Information Technology System Implementation Follow-up

SUMMARY

In 2014 Olds College management recognized that the college's aging administrative systems were becoming difficult to maintain. The board approved a project to replace the college's financial, payroll and student services systems with an integrated enterprise resource planning (ERP) system.

In 2015¹ we assessed the college's readiness to implement the first module (finance) of its ERP system. We evaluated the design of the college's project controls for mitigating the risks of its ERP implementation plan. The recommendations from our audit provided an early warning to the college of weaknesses in the project implementation plan. In particular, we recommended that the college improve its:

- detailed project planning
- business change planning
- oversight of project risk management

The college's finance module went live on November 1, 2015.

What we examined

We examined the actions management took to implement our three October 2015 recommendations.

Overall conclusion

The college implemented the finance module and achieved the objectives management defined at the start of the project. The college can learn valuable lessons from this implementation that it can apply when implementing future ERP modules.

What we found

The college performed a number of changes to the project implementation plan that sufficiently reduced the risk that the implementation would fail. However, because of the lack of detailed project planning and business change planning in the implementation plan, the college had to take extra time and spend additional money to get the finance module fully functional after the go-live date.

Why this is important to Albertans

A failure to properly implement a new system would impair the college's ability to effectively run its operations. Albertans expect post-secondary institutions to have strong financial systems to monitor and report promptly on their operations. These systems should also provide college management with the necessary information to make decisions on how to provide education cost effectively to students.

¹ Report of the Auditor General of Alberta—October 2015, pages 29–40.

OBJECTIVE AND SCOPE

The objective of our follow-up was to examine the actions management took to implement our October 2015 recommendations. The ERP module had gone live by the time of our follow-up, and following up recommendations on an implementation plan that was completed had limited value. Therefore, our focus was to provide lessons that the college can apply to similar projects in the future.

Olds College developed its ERP system through the Department of Advanced Education's Campus Alberta Unified Services initiative. CAUS uses the expertise and ERP system of the University of Alberta to develop and configure ERP systems for smaller post-secondary institutions. The university hosts and maintains the ERP system for the post-secondary institution. We did not assess the department's CAUS initiative or the development of the ERP system at the University of Alberta.

We conducted our follow-up field work from May 9 to May 27, 2016 and substantially completed our examination on June 17, 2016. Our work was conducted in accordance with the *Auditor General Act* and the standards for assurance engagements set out in the CPA Canada Handbook—Assurance.

FINDINGS

The college went live with the ERP module on November 1, 2015 after adjusting their system implementation plan, in part from applying our recommendations. We will not assess if our recommendations were fully implemented given the system implementation plan has already been executed. Rather, what follows is our findings of what the college did to adjust their plan in the areas recommended prior to November 1 and lessons the college can learn from the results of executing its plan for future ERP module implementations.

Improve detailed project planning

BACKGROUND

In our 2015² audit we found that important project details, such as project activities, timelines, dependencies and milestones, were missing in the initial project plan. We also found that the college had not conducted a readiness assessment and had not defined acceptance criteria for implementing the module.

OUR FOLLOW-UP FINDINGS

We found the college had completed the following before the go-live date:

- a detailed project plan, outlining detailed tasks, timelines, dependencies and milestones for the finance module implementation
- an assessment examining the readiness of major project categories, such as project management, application readiness, user readiness, and technical and production support. The project steering committee approved the readiness assessment and the go-live date of November 1, 2015.

² Report of the Auditor General of Alberta—October 2015, no. 3, page 32.

Improve business change planning

BACKGROUND

In our 2015³ audit we found that the college had not documented its business controls⁴ and the expected changes to them from implementing the new system. We also found that the college did not have a good understanding of the new ERP system's financial reporting capabilities and had not defined reporting requirements for the implementation of the first module. Although the University of Alberta hosts the ERP system and provides application management services to the college, we found that the college had not defined support and service agreements with the university.

OUR FOLLOW-UP FINDINGS

We found that the college had still not defined business controls for the new system. The project team decided not to document all existing business processes at the college because management was planning to adopt the university's processes.

Because of the lack of business process documentation, business areas spent approximately 170 hours identifying differences between the college's and the university's business processes, policies and procedures, and identifying the required changes to the college's processes before the go-live date.

Further, we found that the college did not finalize financial reporting requirements until later stages of the implementation of the finance module. As a result, some important reporting functions were not available until months after the implementation date. The college incurred costs of \$36,000 toward implementing additional reporting functions after the initial go-live date.

The college project team has now defined the process for the University of Alberta to provide technical and business support related to the new system. In addition, the college entered into an agreement with the university to provide application management, infrastructure management, customer management and business services to the college.

Improve oversight of project risk management

BACKGROUND

In our 2015⁵ audit we found that the college had not completed the identification of project risks. For the risks that the college identified, the college had not defined clear mitigation plans, and the project team did not consistently report project risks to college management and the board.

OUR FOLLOW-UP FINDINGS

We found that the college had implemented a formal project risk management plan and had identified key project risks for the implementation of the first module. The project team discussed the project risks at the project steering committee monthly meeting before the go-live date.

³ *Report of the Auditor General of Alberta—October 2015*, no. 4, page 34.

⁴ Business controls help organizations ensure their transactions are complete, accurate and valid and kept confidential.

⁵ *Report of the Auditor General of Alberta—October 2015*, no. 5, page 36.

LESSONS LEARNED FOR FUTURE MODULES

The college took appropriate actions to implement the first module of the ERP system. However, because of the lack of detailed project and business change planning, the college had to take extra time and spend additional money to get the finance module fully functional after the go-live date.

The college project team conducted a post-implementation review of the finance module to identify lessons the college can apply to improve the implementation of future ERP modules. The project team documented these lessons in a project closure report submitted to the project steering committee for approval on May 10, 2016.

As a result of our follow-up findings, we identified several lessons the college could learn, consistent with those the college identified in its post-implementation review. We conclude that, to increase the chances that future modules will be implemented successfully, management should:

- develop a detailed project plan in the early stages of project planning to ensure there is sufficient time and budget to complete all required tasks before the project goes live
- define business reporting requirements early in the project, so that all required reporting functions will be available immediately after the project goes live
- document existing and future business processes at the college to:
 - identify potential process differences
 - increase business users' awareness of any changes to business processes that may be required