



The Honourable Kevin Sorenson, M.P.  
Chair  
Standing Committee on Public Accounts  
House of Commons  
Ottawa ON K1A 0A6  
Canada

Dear Mr. Sorenson:

As per the Government Response to the House of Commons Standing Committee on Public Accounts' report on the Office of the Auditor General's Spring Report on Building and Implementing the Phoenix Pay System, I am pleased to provide the requested reports from Public Services and Procurement Canada.

Yours sincerely,



Bill Matthews  
Deputy Minister

Enclosures

## **Follow-up on Activities related to Report 1, Building and Implementing the Phoenix Pay System, of the 2018 Spring Reports of the Auditor General of Canada**

**Recommendation 1:** *Public Services and Procurement Canada (PSPC), in consultation with the Treasury Board of Canada Secretariat (TBS), must present to the Committee a report on the project management system for Government of Canada IT projects, including all of its requirements and steps.*

As the Government Response tabled with the Public Accounts Committee on March 19, 2019, outlined, to respond to the Office of the Auditor General's (OAG) findings, PSPC is working to ensure alignment between the department's overarching project management framework, the National Project Management System, and new Treasury Board policy instruments, as well as enhancing its information technology (IT) project management practices. At the same time, PSPC is also working to bolster the skills of its functional community of project managers. This work is advancing well.

### **National Project Management System (NPMS)**

PSPC is currently refreshing its project management framework, the NPMS, to ensure consistency with the new Treasury Board (TB) *Policy on the Planning and Management of Investments* and *Directive on the Management of Projects and Programmes*, which were approved on April 11, 2019. The NPMS, which applies to all projects within PSPC, defines key high-level principles for project management, including providing the directives, roadmaps, deliverables and tools needed to successfully deliver projects on scope, on time and on budget. For IT projects in particular, the NPMS is supported by the recently developed *Digital (IT-enabled) Project Management Framework* (the Framework).

### **Digital (IT-Enabled) Project Management Framework**

In February 2019, PSPC put in place its new *Digital (IT-Enabled) Project Management Framework* (the Framework), which outlines comprehensive steps to take for managing large-scale IT projects.

The Framework consists of project escalation processes, which leverage review and decision-based gating processes that are aligned to international best practices in project management.

Under the Framework, government-wide IT projects under PSPC's responsibility would undergo a rigorous five-stage process, each with distinct objectives and deliverables that must be achieved before advancing to the next stage:

- *Stage 1: Concept and Strategic Assessment*

Stage 1 defines the business or IT problem that needs to be solved, and the rationale for the concept. Project managers are also expected to map out benefits, and risks, and ensure alignment of the project with the strategic direction of both PSPC and the Government of Canada.

- *Stage 2: Definition and Feasibility*

Stage 2 aims to bring clarity to project design by ensuring that the project successfully addresses the business problem and the project objective. Moreover, this stage also requires a set of options to address the business or IT problem, and a proposed recommended option. Discrete deliverables at this stage include a Business Case, Project Charter, and a preliminary Project Complexity and Risk Assessment (PCRA). Depending on the risk rating from the PCRA, the project's gating approvals are overseen by different governing committees, ranging from Director General to Deputy Minister-led committees.

- *Stage 3: Project Planning*

Stage 3 serves as the final stage for project identification before proceeding to the project delivery phase, with a detailed plan required to address business case unknowns, encompassing various contexts (outcomes, risks, constraints, IT solutions, spending, systems migrations, security, etc). At this stage, projects are expected to have both a Project Management Plan, and an updated Project Complexity and Risk Assessment.

- *Stage 4: Deployment Readiness, Launch, and Control*

Once a project reaches Stage 4, readiness for implementation and full deployment, along with assurances that system migration plans and ongoing supports are in place, serve as primary objectives. Deliverables associated with this stage include a Project Dashboard, Security Documents, and a Transition Plan to ensure that change management is prioritized.

- *Stage 5: Close Out*

At Stage 5, the objective will be to verify with key stakeholders that the project was completed as planned and to determine lessons learned. Deliverables include a Project Closeout Report, and Lessons Learned Report.

For a project to move from one stage to the next, both a gate review and a gate decision are required. A gate review assesses progress made, changes made since the last approval, and the planned future work of the project. Following the gate review, the responsible governing committee (depending on project risk and impact as determined in the PCRA's) decides whether the project can proceed onto the next stage, or requires additional mitigating actions (i.e., delaying, changing or cancelling projects altogether).

By making projects subject to gated reviews, senior managers are positioned to ensure that work-to-date is satisfactory and properly scoped; that risks are being controlled; and that plans remain sound and achievable.

### **Project Management Training**

As committed to in PSPC's MAP, to ensure project managers have the skills required to manage complex files, PSPC is in the process of developing standardized training programs. The department will leverage progress made on the updated training plans for real property project managers to advance the

development of a new curriculum for IT project managers. This will be done in coordination with the Canada School of Public Service, which is developing courses that will form part of the department's updated project management curriculum for IT project managers. This work is currently targeted for implementation by fiscal year 2019-20 or early fiscal year 2020-21.

**Recommendation 2:** *PSPC, in consultation with TBS, must present to the Committee a report on the four milestones that will be integrated into the approval documentation for governmental wide projects*

PSPC has begun integrating the four milestones associated with this recommendation and their requirements into its project management responsibilities.

- Milestone A: Prior to launching a government-wide IT project, ensure the project team has a clear understanding of the scope of the project and the implicated stakeholders.
- Milestone B: In consultation with stakeholders, define roles and responsibilities of PSPC as lead organization, as well as stakeholders, and central agencies.
- Milestone C: In consultation with stakeholders, establish a performance measurement framework that measures the effective discharge of the assigned roles and responsibilities of each organization.
- Milestone D: In consultation with stakeholders, establish a process to independently validate performance, including readiness to onboard, facilitate sharing of performance results, and take action on non-performance.

Specific enhancements already integrated into the newly developed *Digital (IT-Enabled) Project Management Framework* (the Framework) to address the four milestones are detailed below:

### **Milestone A**

As per Milestone A, PSPC has undertaken early engagement with project stakeholders in recently implemented projects to ensure that the scope of the project and its stakeholders are well defined and understood. PSPC's newly approved Framework (at the Assistant Deputy Minister-level) enhances stakeholder engagement activities through the *Project Oversight Committee*, which is comprised of implicated director general and stakeholders brought together to monitor project health, respond to emerging issues, mitigate risks, and escalate projects, depending on project risks or challenges as they arise.

### **Milestone B**

PSPC is taking action to ensure that for all government-wide IT projects under its responsibility, the roles and responsibilities of PSPC as the lead organization and those of concerned departments and agencies, including the Treasury Board of Canada Secretariat (TBS), are clearly defined.

In addition to project gating and internal oversight enhancements being implemented through the new Framework, recently approved IT projects under PSPC's authority have oversight by committees at the Deputy Minister (DM), Assistant Deputy Minister (ADM) and Project Management levels, which have clearly-defined roles and responsibilities that are identified in a Project Charter. Each of these committees include horizontal representation, including central

agencies and other concerned government departments. A matrix-style reference document will allow project stakeholders to clearly delineate roles, responsibilities and expectations, and stakeholders will have shared responsibility for ensuring that expected outcomes and benefits of the project are being realized.

This approach will ensure that project stakeholder relationships are clearly communicated early on and respected throughout all phases of the project.

### **Milestone C**

Recently launched IT projects under PSPC's responsibility are able to provide an auditable trail and historical record of project progress and establishing a performance measurement framework. More specifically, PSPC has committed to developing a framework in consultation with stakeholders to measure the effectiveness of PSPC's governance and project performance. In line with the new requirements included in the Framework, recently implemented projects are able to measure short, medium, and long-term outcomes, specifically.

Project teams are already providing regular status reports in the form of dashboards to all governance and oversight bodies, including updates on project costs, issues, risks, scope, and schedule. These dashboards aim to ensure visibility on key project challenges and also serve as an escalation tool within the project's governance structure.

Status reports have been developed for use with senior managers to demonstrate project status trends and project metrics for IT-enabled (and government-wide IT) projects. Work is underway to formally integrate project performance based on a common set of baseline metrics. This involves leveraging existing practices and lessons learned from more complex and higher-impact IT-enabled projects, such as government-wide IT-enabled projects requiring Treasury Board approval. These efforts will also help inform a Project Management Community of Practice to ensure lessons learned are documented and corporate knowledge is maintained.

### **Milestone D**

Under the new Framework, IT projects have begun to undergo periodic reviews as part of PSPC's original commitment to independently validate the performance of the lead organization. These actions will help project managers coordinate and take appropriate action at every stage of a project to ensure proper governance and stakeholder involvement.

In parallel, PSPC is also leveraging third-party expertise to provide recommendations on international best practices in project management, governance, performance measurement and independent review, to further support the department's alignment of the NPMS with the new TB policy and directive.

**Recommendation 4:** *PSPC must present to the Committee a report on the new instruments in the information technology project management framework; this framework must be approved by TBS and include in the process the accounting officers of the departments and agencies concerned by a project.*

PSPC is continuing to make progress on its commitment to ensure oversight mechanisms are in place in its project management frameworks and are consistent with Treasury Board (TB) Policy. While TBS does not approve departmental project management frameworks, by ensuring that the National Project Management System (NPMS) and the newly PSPC-approved Digital (IT-enabled) Project Management Framework (the Framework) align with TB policy instruments, PSPC will institutionalize stakeholder and executive-level committees as key instruments for providing oversight of government-wide IT projects.

As part of the updated NPMS, PSPC is committed to establishing a robust governance path, taking into consideration the complexity of each project in establishing the appropriate level of oversight. This will be done in consultation with representatives of stakeholder departments / central agencies for each government-wide IT project, with clear terms of reference outlining roles and responsibilities, and determining approval mechanisms.

As previously noted, in addition to the enhanced internal oversight required by the Framework, recently launched IT projects under PSPC's responsibility include DM, ADM and Project Management committees, which have clearly-defined roles and responsibilities identified in the Project Charter. Each of these committees also includes representatives from all major stakeholders, including TBS.

Additionally, the Strategic Operations Committee, an internal PSPC DM-led committee, regularly monitors the project health of high complexity and high risk projects (including IT projects). This Committee provides strategic oversight, advice and recommendations related to programs and service delivery. Moreover, the committee provides leadership in determining department-wide service strategy and priorities including the transformation agenda, as well as ensuring operational risk management and change management are systematically integrated into PSPC's operations, including for project management.

Efforts are also being dedicated to promote independent oversight within the governance framework of recent government-wide IT projects. For example, recent government-wide IT projects under PSPC's responsibility ensured that key project roles were shared amongst the primary stakeholders to ensure independent oversight, and that projects were being supported by advisory committees that provide independent advice and a challenge function to DM, ADM and Project Management Committees. These committees can include the Public Service Management Advisory Committee, the Supplier Advisory Committee and the GC Enterprise Architecture Review Board.

**Recommendation 5:** *PSPC must present to the Committee a report on the new initiatives concerning its internal audits of government-wide information technology projects; the report must also include guarantees that these audits will be completed and their findings applied before projects are implemented.*

PSPC is pleased to inform the Committee that it has implemented all actions proposed to address the recommendations in the OAG Report, and PSPC's MAP.

Specifically, PSPC has refreshed the department's audit universe, including those that represent information technology projects, to inform the 2019-2022 planning process. This annual risk-based analysis was recently updated to reflect environmental changes, dynamic risk factors and the need for reprioritization.

In the Government Response, PSPC indicated that it was "in the process of updating the [Risk-Based Audit] Plan for 2019-2022." Since March 2019, PSPC has delivered the engagements on its 2018-19 plan and prepared its risk based audit Plan for 2019-2022 based on the results of its risk analysis of the department's audit universe. The 2019-2022 risk based audit plan includes engagements to provide assurance on government-wide information technology projects under PSPC's responsibility, as well as engagements related to other high risk programs and projects being delivered by PSPC. Progress on these engagements is being monitored by the Departmental Audit Committee on a quarterly basis.

Results of audit engagements completed in 2018-19, including observations, recommendations and management action plans, have been tabled with the Departmental Audit Committee, and project governance committees established to provide oversight over projects under PSPC's responsibility. Project and program sponsors are in attendance at these committee meetings, and provide assurance that appropriate action will be taken to address recommendations raised. These results provide credible and independent information to oversight committees to inform decision-making.

Further, the internal audit function monitors the status of implementation of management actions taken in response to internal audit recommendations, validates that completed actions have addressed the recommendations and reports results of its monitoring to the Departmental Audit Committee, and as well as specific project and program oversight committees, including IT projects. Again, project and program sponsors were in attendance at these committee meetings and confirmed that recommendations have been addressed. These activities support the Deputy Minister and those providing oversight in ensuring that recommendations are addressed.

PSPC will ensure that opportunities to strengthen internal audit capacity are taken advantage of to provide assurance over government-wide information technology projects led by PSPC and other major government-wide transformation initiatives. Furthermore, PSPC is engaged with, and continues to work collaboratively with, other internal audit functions to provide the Deputy Minister with assurance on governance, risk management, and controls.



PSPC will continue to explore innovative approaches to strengthen the added value of the internal audit function to inform oversight of public resources throughout the lifecycle of programs and projects. This will be achieved through sustained collaboration with departmental governance and oversight, project management and, in the case of multi-departmental initiatives, the internal audit functions of stakeholder departments.