

**IT Solutions Delivery Value Stream (SDVS)  
Audit Report  
Report # 8/16  
November 22, 2016**

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## Table of Contents

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<b>Introduction .....</b>	<b>3</b>
<b>Audit Objectives &amp; Scope.....</b>	<b>3</b>
<b>Internal Audit Opinion.....</b>	<b>3</b>
<b>Audit Findings &amp; Action Plans .....</b>	<b>4</b>
<b>Conclusion.....</b>	<b>7</b>

## Introduction

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As per our 2016 Audit Plan, we performed an audit of the IT Solutions Delivery Value Stream (SDVS). The SDVS framework is a standardized process for governing projects, with clear steps and accountabilities from the point of receiving a request for assistance with an idea or problem from business or support areas at EDC, through to project implementation and benefit realization. The Portfolio, Program and Project Management team (PPM) within the Strategy and Innovation Department owns the SDVS framework and ensures its appropriate application by user teams. The framework was launched in 2014 and applies to any set of activities that is sufficiently complex to require project-style structure and discipline in order to deliver the desired business solutions. These projects are at various stages of completion and include sub-projects within the Credit Insurance Transformation (CIT) program.

## Audit Objectives & Scope

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The objectives of this audit were to evaluate the controls pertaining to governance, policies and procedures, project funding approvals in line with delegation of authority (DOA), SDVS lifecycle management, project and risk management / reporting and benefit realization and measurement.

The scope of this audit was to evaluate the design and operating effectiveness of controls related to the SDVS lifecycle. Control based testing was carried out on a sample of IT projects where funds were allocated and projects were in progress covering the period from January 2015 through the end of July 2016. IT projects using the SDVS framework including sub-projects within CIT program were brought in scope. This audit excluded the review of the detailed project controls that are part of SDLC Lifecycle managed by Business Technology Solutions (BTS).

## Internal Audit Opinion

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In our opinion, “**Opportunities Exist to Improve Controls**”<sup>1</sup> surrounding the SDVS processes. A lack of a formal policy with assigned ownership and detailed guidelines and procedures has resulted in inconsistent project implementation and monitoring practices amongst users. For instance, we found that key project documents such as project charter, project management plans and business requirements were not always complete and KPI reporting is not aligned amongst all business groups. Such inconsistencies impede adoption of the SDVS framework

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<sup>1</sup> Our standard audit opinions are as follows:

- **Strong Controls:** Key controls are effectively designed and operating as intended. Best in class internal controls exist. Objectives of the audited process are most likely to be achieved.
- **Well Controlled:** Key controls are effectively designed and operating as intended. Objectives of the audited process are likely to be achieved.
- **Opportunities Exist to Improve Controls:** One or more key controls do not exist, are not designed properly or are not operating as intended. Objectives of the process may not be achieved. The financial and/or reputation impact to the audited process is more than inconsequential. Timely action is required.
- **Not Controlled:** Multiple key controls do not exist, are not designed properly or are not operating as intended. Objectives of the process are unlikely to be achieved. The financial and/or reputation impact to the audited process is material. Action must follow immediately.

across business and support functions. A comprehensive review of access to the project management web-based tool is not performed on a periodic basis. Such reviews are required to facilitate appropriate segregation of duties and ensure data integrity. There is also no formal process in place to assess project benefits and measure performance against defined business criteria. Management has developed action plans to address the audit findings which will be implemented no later than Q4 2017.

## Audit Findings & Action Plans

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### 1. Governance, Policies and Standards

A well-defined project management framework should comprise clear policies, procedures and guidelines that articulate overarching principles, how the framework operates and how it should be applied. While guideline documents supporting the SDVS framework are in place, there is a lack of a formal policy, assigned ownership and detailed guidelines and procedures. We understand that guidelines supporting the SDVS framework sit within PPM authored operational documents and various power point decks. With such informal documents forming the basis for guidance, there is a risk that the principles of the SDVS framework may be inconsistently applied by projects teams and may negatively impact project outcomes.

Project issues and key project risks are tracked in an online Project Management web-based tool by the PPM teams. However, formal guidance supporting issue management, escalation, change management and project risk management activities are not in place. Project risks are assessed and rated for likelihood and impact however guidance regarding factors to consider in formulating risk responses is not in place. There is a risk that project managers may apply inconsistent risk management practices from one project to another.

Formal procedures to periodically review and validate access to the project management tool in line with user roles and responsibilities are also not in place. While a review of active users is performed monthly using the Enterprise Resources Pool report, it does not include a comprehensive review of all users' access by project in line with user roles and responsibilities including segregation of duties. There is a risk of inappropriate / unauthorized access which may compromise the integrity of project data.

Management has agreed to create a policy document formalizing the SDVS framework including assignment of clear executive ownership supported by detailed procedures and guidelines. Existing guidance will also be enhanced to better support project and program managers in their issue and risk management activities. A user responsibility matrix will be created to map existing roles and responsibilities and incompatibles roles.

#### Rating of Audit Finding - Major<sup>2</sup>

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<sup>2</sup> The ratings of our audit findings are as follows:

- **Major:** a key control does not exist, is poorly designed or is not operating as intended and the financial and/or reputation risk is more than inconsequential. The process objective to which the control relates is unlikely to be achieved. Corrective action is needed to ensure controls are cost effective and/or process objectives are achieved.

Action Owner - Vice President, Business Technology Direction  
Due Date – All actions to be completed by Q3 2017

## 2. Project Requirements, Deliverables and Funding Approvals

To get the desired results from business projects, large projects are often broken down into smaller manageable stages to ensure effective project management. The SDVS framework includes standardized templates for defining project requirements, funding approval limits and baseline deliverables. We noted several instances where these process requirements are not being met sufficiently by the project teams, indicating a lack of accountability. For example in two projects, the evidence of Class A estimate approval by the appropriate authority in line with the DOA could not be found. While the evidence of approval from one level down was available, there was no evidence of appropriate DOA sign-off. In four other projects, we noted incomplete and/or missing deliverables including Project Charter (PC), Project Management Plan (PMP) and Business Requirement Document (BRD) and lack of evidence supporting approvals of these documents. Project deliverables are crucial in defining the project scope, roles and responsibilities of key stakeholders, project cost estimates, project timelines and key project risks, among other things. When key requirements/ deliverables are not met or are inadequate, there is risk that projects may progress through the SDVS milestones/gates resulting in premature advancement to the execution stage that may negatively impact the project outcomes.

Management has agreed to document and formalize the qualitative review process and strengthen its monitoring role to ensure compliance with the SDVS framework by the project teams. Accountability within the project teams for meeting mandatory requirements will also be clarified.

Rating of Audit Finding - Major

Action Owner - Vice President, Business Technology Direction  
Due Date – All actions to be completed by Q2 2017

## 3. Project Monitoring and Reporting

Project monitoring and reporting supports effective project management and risk management at the project and program level ensuring the necessary accountability in relation to performance and results. In our review of sample projects, several instances were noted where the monthly project status reports were either not developed or not always published on the project management web tool by the project teams, as required. While in some cases these reports were discussed in the monthly / weekly project meetings, we were not able to establish

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- **Moderate:** a key control does not exist, is poorly designed or is not operating as intended and the financial and/or reputation risk to the process is more than inconsequential. However, a compensating control exists. Corrective action is needed to avoid sole reliance on compensating controls and/or ensure controls are cost-effective.
  - **Minor:** a weakness in the design and/or operation of a non-key process control. Ability to achieve process objectives is unlikely to be impacted. Corrective action is suggested to ensure controls are cost-effective.

that it was consistently occurring for all projects. Lack of such reporting can impact the timeliness and effectiveness of project related decision making.

The PPM team publishes the monthly Compliance Indicator (CI) report which tracks not only portfolio and project level indicators but also project delivery KPI's based on cost, schedule and efforts. There is a lack of procedure outlining how the CI report is developed and reviewed. Data from project management tool is extracted in excel which lacks end user computing controls including cell protection, version control and access controls. Lack of a defined process and controls increases the risk of errors which may lead to poor decision making. This CI report is also not being used by the EPMO-CIT team as they publish and distribute their own KPI dashboards for their projects/programs. Since the EPMO-CIT reports are not completely aligned with the SDVS Compliance Indicators, management may not be able to assess the success / failure of SDVS adoption across all projects and programs undertaken by the various business units.

Management has agreed to strengthen its monitoring role and will perform ad hoc qualitative reviews to ensure compliance with current standards. End-user controls will also be implemented including security and change controls to protect the files, data and formula cells within the spreadsheets used in developing the reports. The EPMO-CIT team will be engaged to address additional reporting requirements.

Rating of Audit Finding - Moderate

Action Owner - Vice President, Business Technology Direction

Due Date – All actions to be completed by Q4 2017

#### **4. Benefits Realization**

Benefits realization practices aim to ensure the alignment between project outcomes and business strategies. A formal process around how benefits realization needs to be defined and measured throughout the project lifecycle is not in place. Key project benefits are documented at a high level during the problem solving stage in the A3 document, however detailed targets and metrics defining success criteria (benefits to be achieved) and how these will be measured throughout the project lifecycle and post implementation are not fully established for each project before the project execution phase. There is a risk that management may not be able to accurately assess the success or failure of the projects without base lining itself against defined measurable success factors.

Management has agreed to develop formal procedures supporting the benefits realization process including guidelines on how project success / failure will be measured throughout the project lifecycle and post implementation.

Rating of Audit Finding - Moderate

Action Owner - Vice President, Business Technology Direction

Due Date – Action to be completed by Q4 2017

## Conclusion

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The audit findings have been communicated to and agreed by management, who has developed appropriate action plans that are scheduled for implementation no later than Q4 2017.

We would like to thank management for their support throughout the audit.