

# 5.6



## Transfo-RH Program Management



## Summary of the Preliminary Audit Study

### Purpose

Corroborate our questioning of crucial aspects of the Transfo-RH program so that steps could be taken to correct the situation, if necessary, which would help make it a success. These crucial aspects concern the reorientation of the RH-Paie project and the change in technological direction, the governance and the public call for tenders for the Système intégré en ressources humaines (SIRH) project.

### Results

*In addition to these results, we have formulated various recommendations for the Transfo-RH program proponent.*

*The details of these recommendations and our conclusion are outlined in our preliminary audit study report, presented in the following pages.*

*Note that the Transfo-RH proponent and co-proponent have had the opportunity to formulate their comments, which appear after the conclusion of our preliminary audit study report.*

The technological and scope changes of the RH-Paie project, which was transformed into the Transfo-RH program in 2015, certainly constitute major changes that should have been approved by the executive committee.

The Transfo-RH program's governance has deficiencies that require the following steps to be taken in order to facilitate its success:

- Clearly establish and approve the objectives and guiding principles underpinning the program's implementation;
- Implement a quality assurance process to ensure compliance with the requirements of the program, its projects and related deliverables;
- Implement a process that provides the proponent with periodic objective program status reports;
- Consider developing RACI (Responsible, Accountable, Consulted, Informed) matrices to clarify the authority relationships between the various stakeholders and how roles and responsibilities are shared.
- Establish engagement mechanisms for strategic milestones to lock in milestone deadlines and content;
- Implement integrated risk management to assess various risks including information security risks.

The content of the SIRH project's call for tenders needs to be reviewed to ensure it reflects market practices, and a new call for tenders must be launched as soon as possible.

In our opinion, the Transfo-RH program deserves special status beyond being one of the city's 75 or so priority projects. Based on the history of attempts to modernize human resource management and payroll processes, coupled with the risks involved in implementing this program, the municipal administration needs to follow up rigorously to ensure that its implementation will ultimately achieve the modernization objective.



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## List of Acronyms

CSTI	Comité sectoriel des technologies de l'information	SIMON	Système intégré Montréal
HR	Human Resources	SIRH	Système intégré en RH
IT	information technology	SPVM	Service de police de la Ville de Montréal
PMBOK	<i>Project Management Body of Knowledge</i>	SRH	Service des ressources humaines
RACI	Responsible, Accountable, Consulted, Informed	STI	Service des technologies de l'information
SIG RH-Paie	Système intégré de gestion des ressources humaines et de la paie		

## 5.6. Transfo-RH Program Management

### 1. Background

The introduction of the Transfo-RH (Human Resources) program coincided with the municipal mergers. In 2001 the Ville de Montréal (the city) selected the SAP software package as a technical solution for its “Modernisation des processus administratifs et implantation d’un système intégré de gestion” project.

In 2002, the city abandoned the SAP solution. Then in 2003, it selected the Oracle solution for its program to implement a common and integrated platform for its financial, procurement, human resources and payroll systems. The program was called SIMON (Système intégré Montréal). An overall \$53.5-million budget was approved for the program, including \$25 million for implementing the human resources and payroll component. All the processes relating to this component, known as the SIG RH-Paie (Système intégré de gestion des ressources humaines et de la paie) project, were to be implemented in May 2007.

From 2004 to 2006, some functionalities related to the project’s processes were implemented. However, in July 2006, the city imposed a moratorium on the SIMON program, and work on the SIG RH-Paie project was interrupted.

In 2007, work resumed on the time management process of the project, but using a technological solution other than the Oracle platform. The city also started to develop human resource management processes using another platform.

In 2010, a status report on the SIMON program was submitted to the executive committee, which noted that several processes of the initial SIG RH-Paie project had yet to be completed. The report indicated that it would be advisable to return to the original strategy, which involved using the Oracle platform. The report stated that detailed planning was required for the entire project.

When our audit of the SIG RH-Paie project was submitted in October 2012, this planning had still not been completed. Our audit report indicated that *“in our opinion, it is unacceptable that an organization the size of Montréal does not yet dispose of appropriate administrative systems to manage processes that are a priori relatively simple.”* At that time, we estimated the costs incurred for this project at \$23 million. Our report included the following recommendation to the Direction générale:

*Take all necessary measures to revive the entire [SIG RH-Paie] project in line with the strategy adopted in 2004 and the lessons learned from the past, and then decide on the objectives, development model and orientations that should be emphasized accordingly.*

Then the SIG RH-Paie project, which had become the RH-Paie<sup>1</sup> project, was relaunched, but its scope was limited to human resources management processes considered necessary to produce the payroll. In this regard, in June 2013, the executive committee agreed in principle that the implementation phase of the project be continued based on a \$35.8 million budget and endorsed the guideline that the Oracle platform (SIMON) be used.

In April 2014, the RH-Paie project was suspended in order to review its scope, implementation approach, choice of technological platform and budget. Then in 2015, the RH-Paie project was converted to the Transfo-RH program to respond to the reengineering of the Service des ressources humaines's (SRH) delivery model.

The Transfo-RH program has a minimum 2020 implementation horizon with an overall \$83.2-million budget,<sup>2</sup> \$51.4 million<sup>3</sup> for capital expenditures and \$31.8 million<sup>4</sup> for operating expenditures. It is composed of the following projects:<sup>5</sup>

- SIRH (Système intégré en RH) solution;
- HR and Payroll model and service delivery;
- IT (information technology) delivery model;
- Time;
- Health and wellness;
- Staff management;
- Talent;
- Payroll;
- Staff relations.

When we began our preliminary survey in September 2016, the city was calling for public tenders regarding the *Acquisition de services pour l'utilisation d'une solution logiciel-service ou infonuagique hébergée des ressources humaines et paie* for the SIRH project, the main project of the Transfo-RH program. In October 2016, the city was unable to follow up on this public call for tenders because none of the bidders were compliant.

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<sup>1</sup> The RH-Paie project, also known as the HRMS (Human Resources Management System).

<sup>2</sup> Unverified data based on documents provided by the Service des technologies de l'information (STI).

<sup>3</sup> Equal to the sum of the following amounts: actual expenditures before 2015, the amount for 2015 entered in the 2015-2017 three-year capital expenditures program (TCEP), the amount for 2016 entered in the 2016-2018 TCEP and the amount in the 2017-2019 and future TCEP.

<sup>4</sup> Equal to the amount for 2017 to 2020 and after.

<sup>5</sup> Appendix 5.1 provides the description and objectives of the Transfo-RH program projects.



## 2. Purpose and Scope of the Preliminary Audit Study

The original purpose of this preliminary survey was to assess the appropriateness of performing an audit engagement on Transfo-RH program activities and, if appropriate, identify important issues to be considered during our detailed audit and define the criteria upon which to base our conclusion.

During the month after we started our work, October 2016, the city was unable to follow up on the public call for tenders on a solution for the project because none of the bidders were compliant. As a result, the Transfo-RH program will have to be completely re-planned and this will have significant repercussions on the initial timetable and probably on program costs.

Under the circumstances, we found that this was not the right time to undertake a detailed audit of Transfo-RH program activities in the short term. Since we were already questioning crucial aspects of the program at that time, we found it necessary to corroborate the essential components of the program so that steps could be taken to correct the situation, if necessary, which would help make the program a success. We have questions regarding three issues:

- Reorientation of the RH-Paie project and change in technological direction;
- Governance;
- Public call for tenders for the SIRH project.

Our preliminary survey was completed between September and December 2016 and included procedures that we considered necessary under the circumstances. Our work was performed with the participation of a recognized specialist in the field of IT project management in the public sector, and our diagnosis was based, in particular, on the book entitled *Project Management Body of Knowledge* (PMBOK).<sup>6</sup>

Note that this report does not reflect events that occurred after December 2016. We are aware that improvements have been made to Transfo-RH program management since then, especially in view of the fact it was at the start-up stage when we were completing our survey.

We will review the appropriate time for undertaking one or more detailed audits of Transfo-RH program activities and important issues that may attract our attention. For the time being, we will monitor the program on an ad hoc basis with the managers concerned.

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<sup>6</sup> *Project Management Body of Knowledge* is a reference guide published by the *Project Management Institute*, which defines the range of knowledge needed for effective project management and identifies best practices in this area.

### 3. Preliminary Audit Study Results

Because some of our findings and conclusions in this preliminary survey were made at the start-up phase of the Transfo-RH program, we cannot assess the impact on its implementation. However, it is important that we raise some concerns and make recommendations based on our preliminary findings, which deserve to be brought to the attention of program stakeholders in order to facilitate the program's success.

#### 3.1. Reorientation of the RH-Paie Project and Change in Technological Direction

At its June 26, 2013 session, the city's executive committee noted three major projects in the planning phase, including the RH-Paie project mentioned above. The committee agreed in principle that the implementation (execution) phase of the project be continued for \$35.8 million. The decision-making summary in support of this decision states, among other things, the following:

*[TRANSLATION] The strategic orientation regarding the information systems for the RH-Paie project is to use the Oracle software package. The city has already purchased licences for these products. Because the salaries of judges, elected officials, commissioners and pensioners are already produced using Oracle, the city has internal knowledge relating to the application.*

It should be noted that, prior to this decision by the executive committee, the RH-Paie project was submitted to the Major project monitoring committee on May 31, 2013, in accordance with the *Cadre de gouvernance des projets et des programmes de gestion d'actifs municipaux*. The committee is now called the Major project coordinating committee.

As mentioned above, the RH-Paie project was suspended in April 2014 in order to review its scope, implementation approach, choice of technological platform and budget. Then in 2015, the RH-Paie project underwent major reframing and was converted to the Transfo-RH program to respond to the reengineering of the SRH's delivery model.

During the October 16, 2015 meeting of the Comité sectoriel des technologies de l'information (CSTI), one of the subjects discussed was the reorientation of the RH-Paie project. In this regard, the minutes stated that [TRANSLATION] "*the SRH management and STI concluded that there was an urgent need to review the scope of the current project to reflect significant changes in the SRH, as well as the HR and Payroll technology acquisition and exploitation strategy.*"

This reorientation considerably modified the scope of the RH-Paie project, which was limited to human resource management processes considered necessary to process

the payroll under the above June 26, 2013 decision of the executive committee. Pursuant to this reorientation, the scope of the RH-Paie project, now called the Transfo-RH program, was reframed to encompass most of the processes involved in the above-mentioned SIG RH-Paie project, which was initiated in 2003. This program aims to establish an HR and Payroll service centre and has distinguished itself from the past in terms of technology, as shown by the cloud computing solution advocated by the Service des technologies de l'information (STI).

Subsequently, in late 2015 and in 2016, presentations on the Transfo-RH program were delivered to various decision-makers, including the president and the vice-president of the executive committee (responsible for IT) on December 2, 2015, the mayor on December 21, 2015 and the executive committee on May 11, 2016.

In conjunction with these presentations, a position on cloud computing was presented to the mayor on December 21, 2015. In addition, this positioning was also presented to the elected representatives on May 5, 2016 during a presentation encompassing the transformation of the STI and various projects or programs, including Transfo-RH.

### 3.1.A. Results

We agree that cloud computing is an irreversible trend. However, a migration to cloud computing involves several issues, including the protection of personal and confidential information.

According to the *Guide de l'infonuagique*<sup>7</sup> published by the Secrétariat du Conseil du trésor of the Government of Québec, [TRANSLATION] “*services models [...], deployment methods [...]* and the magnitude of the projects can be so variable that risk mitigation measures are specific to each project, depending on the situation in each organization.”

According to the guide, the considerations to be taken into account before acquiring cloud services, include adopting a phased approach, starting with public services or data that are non-strategic or present little risk for the organization. The pace of adoption of cloud computing may vary between organizations, depending on their organizational capacity and in-house expertise.

The issue of cloud computing is beyond the scope of this report and is currently covered by a separate audit engagement. However, it should be noted that the STI has not been able to provide us with a documented analysis that demonstrates the advantages of choosing this solution versus continuing to use the city Oracle suite (SIMON), notwithstanding the abovementioned positioning. In fact, this positioning is a very general high-level policy document. In addition, we found the following:

<sup>7</sup> Source: Secrétariat du Conseil du trésor of the Government of Québec, *Guide de l'infonuagique, Volume 1 – Notions fondamentales*, October 2014.

- Although the CSTI had approved the reorientation of the RH-Paie project at its October 16, 2015 session, the minutes do not mention the issues involved in the cloud computing option and the consequences of abandoning the Oracle suite;
- The December 2 and 21, 2015 presentations on the Transfo-RH program delivered to the president and the vice-president of the executive committee (responsible for TI) and then the mayor, did not address the issue of cloud computing, except that the *Horizon de réalisation* or *Approche d'appel d'offres au marché* sections did contain the following comment: "Subject to positioning on cloud computing";
- Because the presentation on the Transfo-RH program and the procurement approach to the cloud solution delivered to the executive committee on May 11, 2016 occurred in private and there was no report, there is no documentation regarding any questions, concerns and constraints that may have been discussed in the course of this presentation. As a result, we were not able to determine whether the public call for tenders a week later reflected the discussions and comments of this in-camera meeting.

Therefore, we cannot be sure whether this change in technological direction was endorsed by elected officials in full knowledge of the facts. Without documentation to justify the decision to abandon the city Oracle suite (SIMON) and to opt for a cloud solution, we believe that issues or constraints may not have been taken into account, which could have a significant impact on meeting the needs, costs and schedule of the Transfo-RH program. However, this risk is mitigated, at least temporarily, because the city has not been able to follow up on this public tender, which has to be reviewed and re-launched.

However, it should be noted that in working on our audit report on IT governance published in 2015, we found that the city's level of IT maturity was 1.5 on a 5-point scale. Although a major transformation of the STI has since been undertaken to modernize IT and raise this level of maturity, it will take several years to achieve a significant increase in this level. However, under the circumstances, some caution should be exercised before a major commitment is made to the cloud computing solution.

Moreover, under the rules and general principles governing municipal affairs management, the executive committee's decisions, like those of the city council, did not allow the municipal administration to make a technological shift, abandoning the human resources component of the city Oracle suite (SIMON) in favour of a cloud solution. This reorientation should have been authorized by a resolution of the executive committee to amend the resolution adopted on June 26, 2013. Otherwise, this reorientation allowed funds to be used for purposes for which the members of the executive committee had not voted.<sup>8</sup>

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<sup>8</sup> *Cities and Towns Act*, CQLR, C-19, Section 114.1.

We should bear in mind that this resolution was adopted in the context of the application of the *Cadre de gouvernance des projets et des programmes de gestion d'actifs municipaux* and frameworks stipulating that the transition to the implementation phase must be approved by the executive committee, as well as the major changes to the project or program. In our view, technological and scope changes to the RH-Paie project certainly constitute major changes that should have been approved by the executive committee.

## RECOMMENDATION

### 3.1.B.

We recommend that the Transfo-RH program proponent take the necessary steps to:

- Provide the rationale for the recommended cloud computing approach and to reassure the authorities, prior to resumption of the call for tenders for the SIRH project, that this orientation is an optimal choice for the city;
- To have the executive committee endorse, if applicable, the change in technological orientation to move from the human resources modules of the city Oracle suite (SIMON) to a cloud solution.

## BUSINESS UNIT'S REPOSE

### 3.1.B.

#### ***Transfo-RH program proponent***

We were not able to obtain an action plan from the proponent of the Transfo-RH program in response to the recommendations from our preliminary audit study report before its publication due to delays in the drafting and validation process. The action plan should be submitted to us by June 30, 2017.

Nevertheless, we did receive from the program's proponent and co-proponent a general comment on their position with regards to our preliminary audit study report. It can be found following section 4 "Conclusion" of this report and is followed by comments from the Auditor General.

## 3.2. Governance

Program governance involves establishing the prerequisites that are essential to the program's success and then implementing management and control mechanisms that will help generate the expected benefits, meet program needs and comply with the financial framework and the schedule.

These prerequisites include the program's ranking in the organization's priorities, the availability of resources for the program and the identification of a single proponent. These mechanisms, among other things, are related to:

- Program objectives;
- Guiding principles;
- Roles and responsibilities;
- Schedule and costs;
- Risk management.

Note that the city adopted the *Cadre de gouvernance des projets et des programmes de gestion d'actifs municipaux* in April 2010. The purpose of the framework is to harmonize project and program implementation practices in accordance with municipal policies and directions. It applies to the city as a whole and covers so-called large projects, i.e., all projects with a value of \$10 million or more, complex projects or high risk projects.

The governance framework is characterized by a phasing process consisting of transition points that require approval from decision-makers at various levels in order for the program to move on to the next phase. Thus, a business case that meets best practices in project management must provide a rationale for moving forward when each transition point is reached. It must then be submitted to decision-makers at various levels and, where appropriate, to the executive committee, which then officially authorizes the project to move on to the next phase.

### 3.2.1. Establishing the Prerequisites to Ensure the Transfo-RH Program's Success

Various studies, including the study conducted by Shared Services Canada<sup>9</sup> about the findings from 19 audits and reviews of major IT projects in Canada and internationally, revealed that senior management engagement and commitment are considered crucial for success. A project that is considered a priority and brings about significant change within the organization requires strong leadership, including support from senior management throughout its implementation.

This support is reflected in the priority given to the project, the allocation of resources required for its implementation, the appointment of a single proponent, etc.

#### 3.2.1.A. Results

As described earlier in the "Background" section of this report, several attempts have been made to modernize human resource and payroll processes since 2003, but they

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<sup>9</sup> Shared Services Canada, *What prevents large IT projects from being successful? A synthesis of common risk factors and lessons learned*, 2013.

have not been successful. We should bear in mind that this modernization initiative was originally scheduled to be completed in May 2007 and that almost 10 years later the city is back at square one.

Is this modernization project a priority for the city? First, it is important to note that when the RH-Paie project was suspended in April 2014, it was foundering and its scope, reduced to the human resource management processes considered essential to produce the payroll, did not meet the SRH's needs pursuant to the reengineering of its service delivery model.

In this context, the SRH made various submissions to decision makers at various levels of the municipal administration, which led to a major reframing of the scope of the RH-Paie project, which was transformed into the Transfo-RH program in 2015. Pursuant to the reframing, a program manager was hired and a delivery team composed of project leads was established to organize, plan and structure project milestones and deliverables. At the same time, in conjunction with the STI, the SRH made the above-mentioned presentations to elected officials in late 2015 and in 2016 to promote the program and encourage elected officials to support the Transfo-RH program.

Finally, the Transfo-RH program was listed in the *Tableau de suivi des projets d'immobilisations prioritaires* as *Système de gestion des ressources humaines*. The table includes about 75 projects governed by the *Cadre de gouvernance des projets et des programmes de gestion d'actifs municipaux*.

Under the circumstances, we can only hope that the city will pay due attention to the Transfo-RH program and closely monitor its implementation in order to finally modernize human resource and payroll processes, a goal that the city has sought to achieve since 2003.

These same studies reveal that organizational capacity represents a recurring risk in large IT projects. Organizational capacity refers to the technical and management skills required to implement an IT project. Large projects require highly skilled people, which are scarce. Organizations that move forward without the appropriate expertise to implement these projects have difficulty completing them.

It should be noted that one of the main causes of the failure to modernize the above-mentioned processes is a lack of resources and expertise coupled with the city's lack of experience in large-scale business process transformation projects.

Although we did not perform a comprehensive review of this aspect during our preliminary survey, the failure of the public call for tenders for the SIRH project, which is discussed in more detail in section 3.3 of this report, raises the question of whether

the city had the resources to develop tender documents for the acquisition of a cloud solution that reflected market practices.

The Transfo-RH program has developed a resource allocation matrix structure that is increasingly used because it has several advantages. For example, it provides more resource flexibility and allows resources to spend more time working. Nevertheless, the two main disadvantages inherent in this type of structure must not be overlooked in order to take steps to deal with them:

- The risk of conflict that arises when resources that are supposed to work on the Transfo-RH program also have to perform tasks for their home business unit or other priority projects;
- The risk of not having the expert or scarce resources (in fact, the resources that everyone is fighting for) that were expected during periods of overwork, for example when completing several concurrent projects prioritized by the city.

In our opinion, if these risks were to materialize, this could have a significant impact on meeting program requirements, costs and deadlines.

We found that the latest version of the program governance structure includes a proponent, delegated proponent and co-proponent.

One of the key governance components that will contribute to the success of a project is the identification of a single proponent within the organization whose main role is to ensure the success of the project or program, in addition to engaging stakeholders and liaising with senior management and governing bodies.

In our view, having two proponents could dilute accountability for program success or failure.

### 3.2.2. Definition of Program Objectives

Defining a clear mandate and objectives establishes what needs to be done over time, especially in terms of the scope of a program and its related projects.

According to PMBOK, a program is a group of projects managed in a coordinated way. At the outset of the program, a summary describing the basic business case must be made to provide an overview of the program's scope, schedule, costs and organization.

This summary allows the various stakeholders to build a common understanding of the program and provides the information that authorities need to make informed decisions when the program is to be approved. This initial documentation will be used to create the project charter, which will be more fully developed by the start of the program.



In principle, this document should be approved when the rationale for the program is provided. The document is then used to formalize the requirements and oversight over the subsequent phases (start-up, planning and execution). This key document represents the main commitment of all stakeholders.

### 3.2.2.A. Results

In the course of our work, we found that, contrary to the operating rules set out in the *Cadre de gouvernance des projets et des programmes de gestion d'actifs municipaux*, a basic business case was not developed for the Transfo-RH program, which would have clearly and succinctly described the objectives and outlined the program's scope, costs, schedule and milestones as soon as the RH-Paie project was converted to the Transfo-RH program.

Program information is provided through several documents, such as presentations delivered by the Transfo-RH program and governance. The mandate and objectives are not all clearly defined in the documents provided to us and are not necessarily agreed upon between the two management teams at the SRH and the STI.

In our view, without a basic business case duly approved as soon as the rationale for the program was provided, each stakeholder could have different interpretations of the mandate, leading to misunderstandings and even conflicts over the objectives to be achieved. This could jeopardize program delivery in terms of costs, scheduling and expected content.

### RECOMMENDATION

#### 3.2.2.B.

We recommend that the Transfo-RH program proponent take the necessary steps to:

- Prepare a summary document describing the basic business case for the Transfo-RH program, as prescribed by the *Cadre de gouvernance des projets et des programmes de gestion d'actifs municipaux*, defining its objectives and outlining its scope, costs, schedule and milestones;
- Submit this basic business case to the Comité sectoriel des technologies de l'information and have it approved by the Major project coordinating committee.

### BUSINESS UNIT'S RESPONSE

#### 3.2.2.B.

#### ***Transfo-RH program proponent***

We were not able to obtain an action plan from the proponent of the Transfo-RH program in response to the recommendations from our preliminary audit study report before its publication due to delays in

the drafting and validation process. The action plan should be submitted to us by June 30, 2017.

Nevertheless, we did receive from the program's proponent and co-proponent a general comment on their position with regards to our preliminary audit study report. It can be found following section 4 "Conclusion" of this report and is followed by comments from the Auditor General.

### 3.2.3. Guiding Principles

In order to stay focused on the objectives and scope of the program, guiding principles should be developed at the start of the program.

A guiding principle facilitates program decision-making. This same principle may cause discontent if it is applied routinely, but will help to ensure that the program does not exceed its initial scope and that outcomes meet project deadlines and costs.

Here are examples of guiding principles:

- The software selected for the program is adopted, not adapted;
- An approved milestone cannot be changed. It is characterized by the name of the responsible person and a delivery date;
- The scope of the program is cast in stone. There is no such thing as "while we're at it."

#### 3.2.3.A. Results

During our preliminary survey, we found that the guiding principles defined for the Transfo-RH program are clear enough. Nine guiding principles are described in Transfo-RH program presentations:

*[TRANSLATION]*

1. *We are not bound by past practices;*
2. *Prioritize efficiency and value-added activities for the client;*
3. *Create and strengthen common, consistent practices throughout the city;*
4. *Set aside redundant or non-value added activities;*
5. *Limit breakdowns in HR and Payroll administrative processes;*
6. *Promote simple procedures and processes;*
7. *Aim to resolve service line issues as quickly as possible;*
8. *Implement user-friendly, easy-to-use technologies for everyone and maximize the use of technologies (self-service portal, mobility, workflow);*
9. *Stay focused on our business needs.*

We believe that these guiding principles have more to do with human resources processes than the running the program and its projects. We should bear in mind that

establishing guiding principles is critical to ensuring compliance with the objectives and scope of the program.

In our view, without clear guiding principles, the ability to stay focused on the initial objectives and scope of the Transfo-RH program could be compromised, leading to major policy changes throughout its implementation. As a result, the Transfo-RH program would only partially meet the SRH's needs.

RECOMMENDATION	
<b>3.2.3.B.</b>	<p>We recommend that the Transfo-RH program proponent take the necessary steps to:</p> <ul style="list-style-type: none"> <li>· Define guiding principles in order to stay focused on the initial objectives and scope of the program in order to foster stakeholder engagement throughout the program;</li> <li>· Have these principles approved by the program steering committee.</li> </ul>
BUSINESS UNIT'S REPOSE	
<b>3.2.3.B.</b>	<p><b><i>Transfo-RH program proponent</i></b></p> <p>We were not able to obtain an action plan from the proponent of the Transfo-RH program in response to the recommendations from our preliminary audit study report before its publication due to delays in the drafting and validation process. The action plan should be submitted to us by June 30, 2017.</p> <p>Nevertheless, we did receive from the program's proponent and co-proponent a general comment on their position with regards to our preliminary audit study report. It can be found following section 4 "Conclusion" of this report and is followed by comments from the Auditor General.</p>

### 3.2.4. Program Governance Structure

An organization's culture, management style and structure have a definite influence on how its programs or projects are implemented. An organization's level of maturity in terms of program or project management is also likely to influence the implementation of such programs.

The governance or organizational structure of a program and its related projects should, in accordance with best practices, include an "orchestra conductor" leading a group of people who work together through various processes to achieve the program's objectives. This group typically includes the management and governance

team as well as the various types of technical and business expertise required to produce the deliverables. One of the key processes is quality assurance, which is a tool used to validate compliance with the program's requirements, projects and deliverables during its implementation so that expected objectives and benefits are achieved.

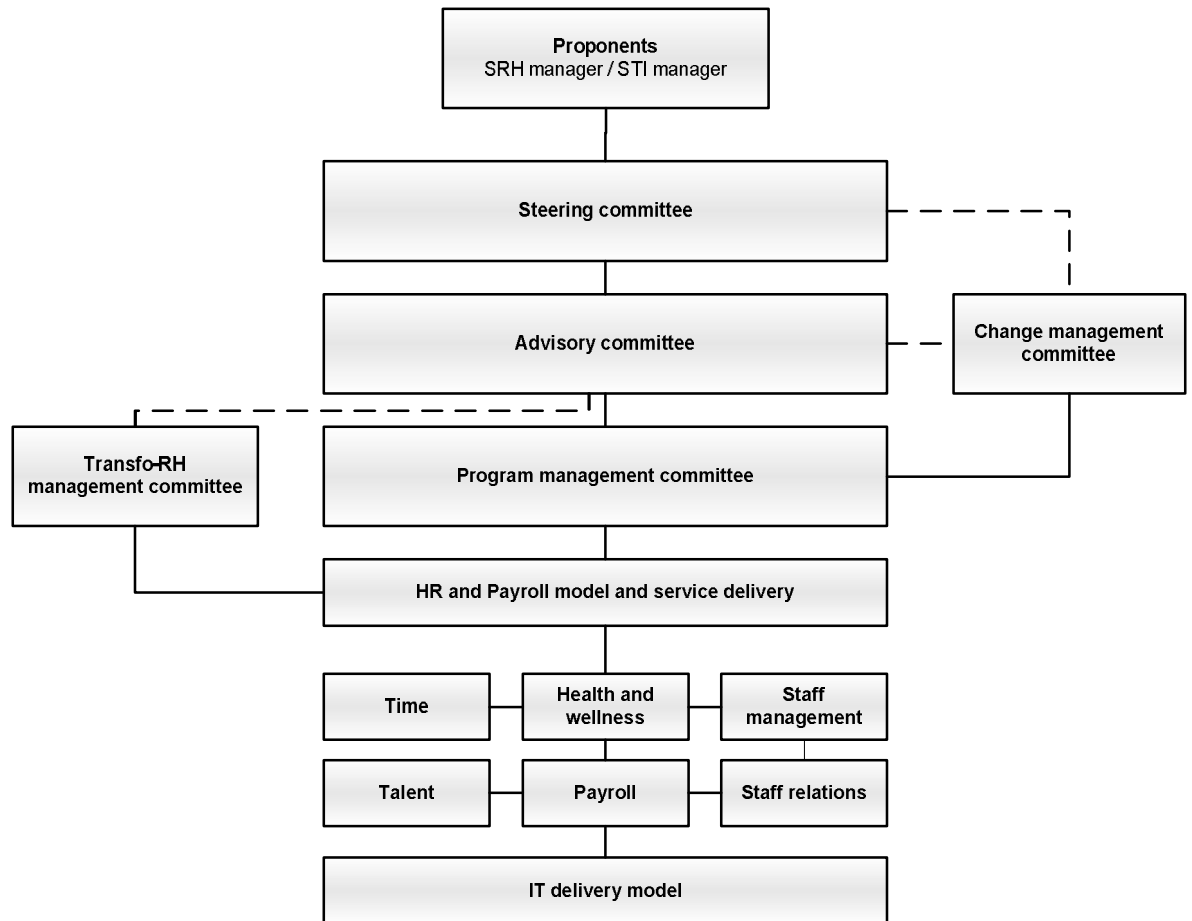
Although the characteristics of this structure may vary significantly, the “orchestra conductor’s” role as a team leader remains a constant. This structure should also meet the following requirements to support the program’s success:

- Clearly assigned roles and responsibilities;
- Clearly defined relationships and levels of authority;
- Accountability of the various stakeholders for achieving project deliverables, program projects and, ultimately, the success or failure of the project;
- Agility in the decision-making process.

It should be noted that developing a RACI matrix, which means “Responsible, Accountable, Consulted, Informed” is one of the widespread and recognized practices involved in assigning roles and responsibilities. According to PMBOK, the RACI matrix “*ensures that there is only one person accountable for any one task to avoid confusion as to who is ultimately in charge or has authority for the task.*”

Figure 1 presents the governance structure of the Transfo-RH program. Appendices 5.2 and 5.3 describe respectively the roles and responsibilities of the committees within this structure as well as those of the key stakeholders involved in implementing the Transfo-RH program.

Figure 1 – Transfo-RH Program Structure



Source: *Gouvernance Programme Transfo-RH – Organigramme et détail des comités*, October 31, 2016.

It should be noted that this governance structure replaces the one used prior to November 4, 2016 (see Appendix 5.4).

The abovementioned document (*Gouvernance Programme Transfo-RH – Organigramme et détail des comités*) states that governance is required to:

[TRANSLATION]

- *Ensure efficient decision-making in project implementation;*
- *Ensure consistency of information and the use of common accountability processes;*
- *Ensure that program activity planning is properly recalibrated to reflect current priorities.*
- *Manage activities, the schedule and risk management with HR and IT stakeholders twice a month;*
- *Ensure that each project's stakeholders are responsible and accountable.*

### 3.2.4.A. Results

While working on the survey, we found that the Transfo-RH program governance structure does not include roles and responsibilities for quality assurance. In our view, without quality assurance, the objectives and expected benefits of the program may not be achieved.

Also, this program did not adopt an independent status reporting process. In our opinion, this process would provide the proponent and other decision makers at various levels of the municipal administration with objective information from a respondent reporting directly to the proponent. Without this process, the authorities would not necessarily receive accurate program status reports.

We note that this structure is obviously somewhat cumbersome compared to the structure used prior to November 4, 2016 (see Appendix 5.4). For example, it now has five committees and a management committee for each project in the program. This type of structure raises questions regarding one of the objectives it is supposed to meet, [TRANSLATION] “*Ensure efficient decision-making in project implementation.*”

We also note that the organizational chart presented in the above document (*Gouvernance Programme Transfo-RH – Organigramme et détail des comités*) is not consistent with the roles and responsibilities described in that document. Two proponents, the SRH manager and the STI manager, are shown on the organizational chart, while the description of roles and responsibilities refers to a proponent, delegated proponent and co-proponent.

This structure also has overlapping responsibilities and shared responsibilities that dilute accountability for deliverables required to implement the program’s projects and ultimately for the success or failure of the program.

For example, the proponent and delegated proponent have identical responsibilities, whereas they and the co-proponent have a common responsibility to [TRANSLATION] “*guide and advise the teams and play a supportive role in resolving issues.*” The responsibility for deliverables is shared between a business representative and an IT representative. Relationships and levels of authority are not clearly defined either, particularly with respect to the various committees.

It should be noted that the SRH and STI management do not share our position on this governance structure. In fact, they believe this structure will facilitate the success of the Transfo-RH program and argue that it is simplified, documented and includes an accountability mechanism that allows the various committees to perform the necessary work.

We agree that a program's structure does not necessarily guarantee that the program will be a success, and we acknowledge that its characteristics may vary significantly. However, it should meet the requirements mentioned above.

From this standpoint, we believe that the development of RACI matrices should at least be considered in order to clarify the authority relationships between the various Transfo-RH program stakeholders and how roles and responsibilities are shared.

RECOMMENDATION	
<b>3.2.4.B.</b>	<p>We recommend that the Transfo-RH program proponent:</p> <ul style="list-style-type: none"> <li>· Take the steps needed to:               <ul style="list-style-type: none"> <li>- Implement a quality assurance process to ensure compliance with the requirements of the program, its projects and related deliverables;</li> <li>- Implement a process that provides periodic objective program status reports;</li> </ul> </li> <li>· Consider developing RACI matrices to clarify the authority relationships between the various stakeholders and how roles and responsibilities are shared.</li> </ul>
BUSINESS UNIT'S RESPONSE	
<b>3.2.4.B.</b>	<p><b><i>Transfo-RH program proponent</i></b></p> <p>We were not able to obtain an action plan from the proponent of the Transfo-RH program in response to the recommendations from our preliminary audit study report before its publication due to delays in the drafting and validation process. The action plan should be submitted to us by June 30, 2017.</p> <p>Nevertheless, we did receive from the program's proponent and co-proponent a general comment on their position with regards to our preliminary audit study report. It can be found following section 4 "Conclusion" of this report and is followed by comments from the Auditor General.</p>

### 3.2.5. Schedule and Costs

To successfully implement a program, the scheduling for the main activities and interrelationships of each of its projects has to be planned. Some program constraints will be included and will be subject to delivery deadlines, as well as milestones to split the program into logical chronological phases. Milestone content and deadlines should be set in stone. They will not only ensure that the delivery date is met, but will also keep a sharp focus on the scope of the program.

Also, milestones help to determine the amount of resources to be allocated to the program as well as other costs such as licences and equipment.

The program manager and project managers monitor costs and scheduling. The steering committee and other relevant bodies must receive timely budget and planning reports.

In the case of the Transfo-RH program, using a cloud solution for the project raises questions about the possibility of considering capital costs. The Public Sector Accounting Board has not yet issued specific standards on accounting treatment for cloud computing in the public sector. In the United States, the *Financial Accounting Standards Board (FASB)*<sup>10</sup> has published guidance on cloud computing. However, it appears that the accounting treatment to be applied must be carefully assessed based on the facts and circumstances given that each cloud structure can be unique and specific to the organization.

### 3.2.5.A. Results

During our preliminary survey, we found that the major milestones in the Transfo-RH program's master schedule do not include commitment mechanisms to lock in program content. Some high-level milestones are defined for projects under the Transfo-RH program. However, the documentation does not clearly indicate whether these milestones will include commitment mechanisms to lock content. Because the city was unable to complete the public tender for the SIRH project, the STI will adjust these milestones in time.

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<sup>10</sup> *FASB Accounting Standards Update No. 2015-05 – Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*, April 2015.



Table 1 presents the major milestones of the Transfo-RH program.

**Table 1 – Major Milestones**

Project name	Project phase	Project status	2016				2017				2018				2019				2020 and after
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Labour relations management	Not started	To be evaluated									Delay								
IT delivery model	Not started	In progress																	
Time management: addition of police officer payroll functionalities and integration in Kronos	Not started	Not started																	
Staff management	1 - Project brief	To be evaluated									Delay								
HR model and services centre	2 - Identification of the solution	In progress																	
Integrated solution (SIRH)	2 - Identification of the solution	To be evaluated									Delay								
Migration plan - police officer payroll	2 - Identification of the solution	In progress																	
Succession management	3 - Planning	In progress																	
Kronos upgrade (including dev. TS911)	3 - Planning	In progress																	
Update and dev. functionalities in Employeur D	3 - Planning	To be evaluated									Delay								
Training	4 - Realization	In progress																	

Legend

	Delay caused by the delayed call for tenders
	Delay caused by the sale of the Employeur D solution

Source: Transfo-RH program status presentation delivered to the steering committee, November 4, 2016.

For example, one of the Transfo-RH program's strategic milestones involves processing the payroll for the police officers of the Service de police de la Ville de Montréal (SPVM) by Médi-Solution, a service provider whose contract ends on December 31, 2018. As the city was unable to complete the public tender for the SIRH project, a specific project will review the police officers' payroll because it is urgent that this issue be resolved. The STI is working to find a transitional solution.

In our view, without commitment mechanisms on strategic milestones, the scope of the Transfo-RH program and compliance with implementation deadlines could be compromised and costs could increase. As a result, the program would only partially meet the needs of the SRH.

A program budget was established based on the resource plan per project, \$51.4 million for capital expenditures and \$31.8 million for operating expenditures. Until the Public Sector Accounting Board issues specific standards on accounting treatment for cloud computing in the public sector, the Service des finances recommends that the city's *Capitalisation et amortissement des dépenses en immobilisations* policy be applied. Based on information obtained from the Service des finances, a cloud computing expense should be considered part of an asset insofar as the city owns the source code and therefore control that application. Otherwise, it will be considered an operating expense.

The accounting treatment aspects of cloud computing will be discussed in more detail in our upcoming audit engagement on the city’s cloud computing strategy.

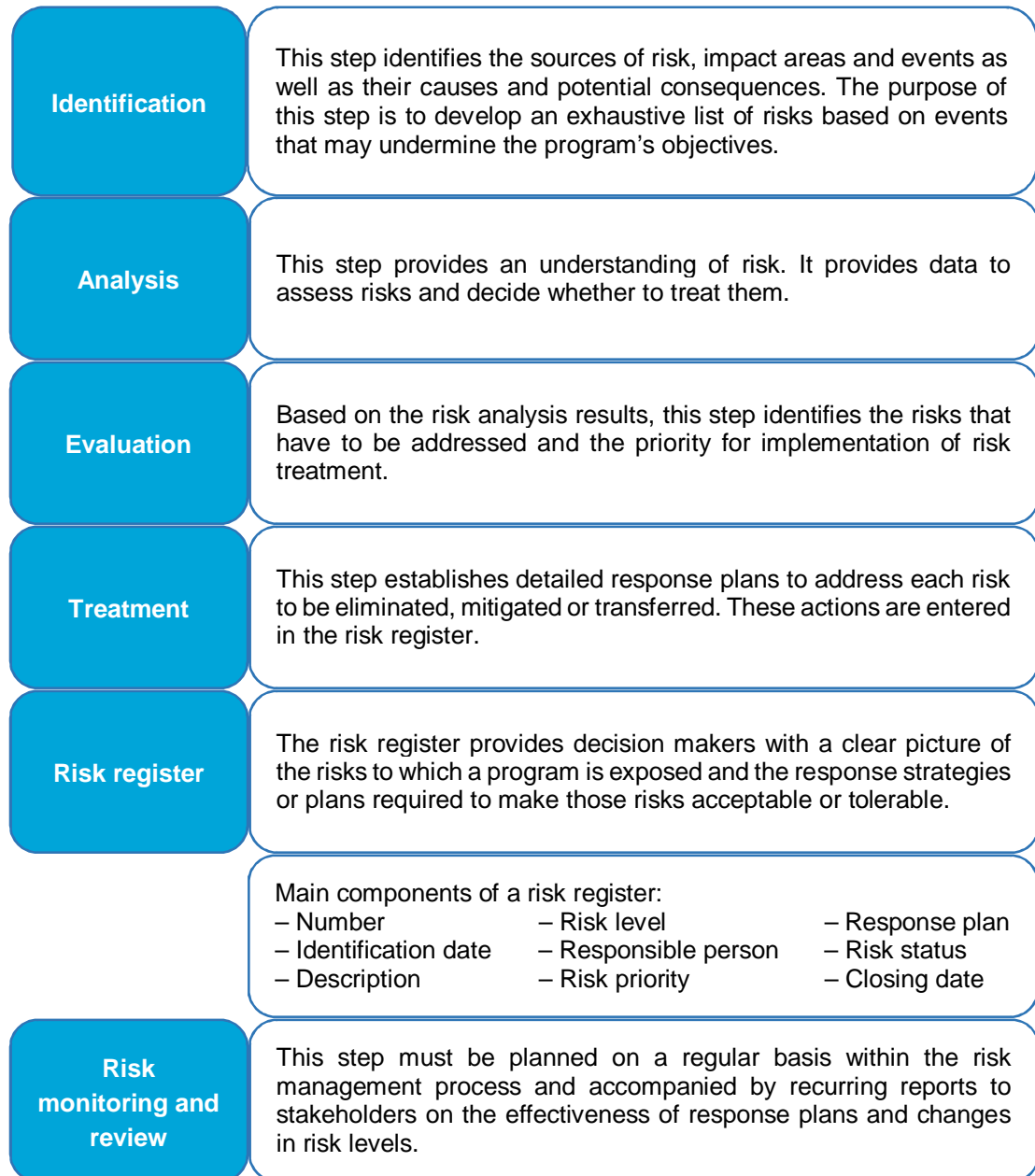
RECOMMENDATION	
<b>3.2.5.B.</b>	We recommend that the Transfo-RH program proponent take the necessary steps to establish commitment mechanisms on strategic milestones to lock in deadlines and content.
BUSINESS UNIT’S REPOSENSE	
<b>3.2.5.B.</b>	<p><b><i>Transfo-RH program proponent</i></b></p> <p>We were not able to obtain an action plan from the proponent of the Transfo-RH program in response to the recommendations from our preliminary audit study report before its publication due to delays in the drafting and validation process. The action plan should be submitted to us by June 30, 2017.</p> <p>Nevertheless, we did receive from the program’s proponent and co-proponent a general comment on their position with regards to our preliminary audit study report. It can be found following section 4 “Conclusion” of this report and is followed by comments from the Auditor General.</p>

### 3.2.6. Risk Management

Risk management allows a program to respond to some of the changing conditions in its environment in order to stay focused on objectives while developing an appropriate response to identified risks.

Risk management is critical to ensuring that programs run efficiently and avoiding situations where solutions have to be improvised. It identifies risks and introduces response measures to reduce risks to an acceptable level. These aspects must be taken into consideration from the start of a program and reviewed periodically.

According to ISO 3001 “Risk Management,” the risk management process includes the steps described in Figure 2.

**Figure 2 – Steps in the Risk Management Process**

One of the major risks of a cloud computing solution for managing human resources and payroll is the risk related to protecting personal information. This information includes personal data which can be stored in several geographic areas and is therefore covered by different legislations. This is a particularly critical issue for the city, because the SIRH project covers the city's human resources as a whole, including those of the SPVM.

### 3.2.6.A. Results

During our preliminary survey, we found that there was no integrated risk management framework for the Transfo-RH program. In fact:

- Regarding risk management for the Transfo-RH program, we only obtained risk registers for the program, the SIRH project, the Temps (Kronos) project and the Payroll project:
  - The program risk register contains two risks not assigned to a responsible person;
  - The SIRH project risk register contains 10 risks in all, none of which are assigned to a responsible person. Also, a response strategy has not been identified for three of these risks;
  - The risk register for the Temps (Kronos) project contains eight risks, one of which is briefly documented: only the category, title and description are listed;
  - The risk register for the Payroll project contains four risks and a response strategy. However, only one of these risks has been assigned to a responsible person.
  
- With respect to information security risks, in October 2015, the STI produced a document entitled *Analyse d'impact (sécurité) Projet TransfoRH* which does not even describe the impacts. We therefore consider that this impact assessment is not complete enough to adequately deal with the information security risks involved in using a cloud solution. Also, no risk register was produced as a result of this assessment. More specifically:
  - This assessment deals with the Transfo-RH program as a whole, but does not contain assessments specific to the various program projects;
  - This assessment is not a risk assessment per se since the likelihood the risk and its probable causes are not discussed;
  - This assessment deals with information in a broad high-level sense, such as personal information. What about information on SPVM police officer, for example?
  - The document contains a "Information classification" section, but the information is not classified. The document only classifies scenarios to which impact levels in terms of availability, integrity and confidentiality have been assigned;
  - The business impact assessment grids are concise and, most importantly, business impacts are not described. For example:

### 6.1. Impacts related to availability of IT services

Scenarios	Types of impacts	Business impacts	Severity of the impact	After how long
IT service unavailable for less than 4 hours	Financial impacts		1	
	Legal impacts		1	
	Impacts on citizens		1	
	Impacts on the city's image		2	
	Impacts on other city's services		2	
	Impacts on users		2	

Source: STI, *Analyse d'impact (sécurité) Projet TransfoRH*, October 2015.

### 6.2. Impacts related to the integrity of IT services

Scenarios	Types of impacts	Business impacts	Severity of the impact
Corruption of data used by IT services	Financial impacts		3
	Legal impacts		2 or 3
	Impacts on citizens		1
	Impacts on the city's image		2
	Impacts on other city's services		3
	Impacts on users		3

Source : STI, *Analyse d'impact (sécurité) Projet TransfoRH*, octobre 2015.

### 6.5. Impacts related to confidentiality of information

Scenarios	Types of impacts	Business impacts	Severity of the impact
Following malicious acts, confidential information is made public.	Financial impacts	Complaint,...	3
	Legal impacts	<i>Privacy Act</i>	3
	Impacts on citizens		--
	Impacts on the city's image		3
	Impacts on other city's services		3
	Impacts on users		3

Source: STI, *Analyse d'impact (sécurité) Projet TransfoRH*, October 2015.

In our view, without an integrated risk management process for the Transfo-RH program, major risks may not be identified and, if these risks materialize, the program could be affected in terms of meeting its objectives and cost, deadline and content commitments. Also, without a comprehensive information security risk assessment, and especially in the context of the SIRH project, confidential human resources information could be disclosed to unauthorized persons and jeopardize the safety of employees and especially police officers.

RECOMMENDATION	
<b>3.2.6.B.</b>	We recommend that the Transfo-RH program proponent take the necessary steps to implement integrated risk management to assess various risks including information security risks.
BUSINESS UNIT'S REPONSE	
<b>3.2.6.B.</b>	<p><b><i>Transfo-RH program proponent</i></b></p> <p>We were not able to obtain an action plan from the proponent of the Transfo-RH program in response to the recommendations from our preliminary audit study report before its publication due to delays in the drafting and validation process. The action plan should be submitted to us by June 30, 2017.</p> <p>Nevertheless, we did receive from the program's proponent and co-proponent a general comment on their position with regards to our preliminary audit study report. It can be found following section 4 "Conclusion" of this report and is followed by comments from the Auditor General.</p>

### 3.3. Public Call for Tenders for the SIRH Project

According to the *Politique d'approvisionnement de la Ville de Montréal*: [TRANSLATION] "Planning and defining needs are critical steps in the procurement process. The city must ensure that it develops strategies and processes required for consistent, common and economic management of its acquisitions and execution of its work." The policy provides this clarification: [TRANSLATION] "The identification of needs must also consider the risks, constraints and details of each procurement project, and possible options."

When a new product is introduced, such as cloud computing, it is necessary to update market knowledge through monitoring and, potentially, a Request For Information (RFI).

SRH and STI multidisciplinary teams have identified their needs in order to produce the specifications for the public call for tenders on the *Acquisition de services pour l'utilisation d'une solution logiciel-service ou infonuagique hébergée des ressources humaines et paie*. The public call for tenders was launched in May 2016. The specifications described the general bid assessment method:

- Assessment of administrative compliance.
- Mandatory requirements: 226 mandatory and disqualifying requirements,<sup>11</sup> i.e., submissions that failed to meet the mandatory requirements are rejected. Some specific modules had to meet mandatory functional and technological requirements as soon as the tender was submitted. For some modules referred to in the bid documents, a 12-month period could be obtained to comply with mandatory requirements.
- Assessment grid: Once a tender met the administrative compliance assessment requirements and was found to comply with the mandatory requirements, the tender was scored using a weighted assessment criteria grid. The criteria included 983 non-mandatory<sup>12</sup> requirements, demonstration of functional and technological scenarios and the price. Some specific modules had to meet non-mandatory functional and technological requirements as soon as the tender was submitted. For some modules referred to in the bid documents, a 12-month period could be obtained to comply with non-mandatory functional and technological requirements.

In October 2016, the city was unable to complete the public call for tenders because none of the three tenders received met the administrative compliance requirements. The STI, the Service de l'approvisionnement and the Service des affaires juridiques reviewed the clauses and processes of the call for tenders in order to attract more market interest and promote consistent bidding.

### 3.3.A. Results

During our preliminary survey, we found that public tendering involved significant risks in terms of the long periods of time that bidders were given to comply with some mandatory requirements. The public call for tenders allowed bidders to obtain a 12-month period to comply with mandatory requirements for a maximum of two of the following modules:

- Staff management;
- Performance management;
- Career management;
- Succession management;
- Training management;
- Employee self-service and manager self-service.

<sup>11</sup> Namely: 3 business, 133 functional, 22 technological and 68 security requirements.

<sup>12</sup> Namely: 897 functional, 71 technological and 15 security requirements.

In addition, the public call for tenders received 102 questions from bidders and 14 addenda were issued. As a result some requirements were amended or withdrawn. Based on the questions raised and the changes made through the addenda, it can be argued that the content of the public tender was challenged by the market, particularly the administrative clauses. The addenda issued were intended, among other things, to clarify the city's requests so they could be understood by the suppliers. Here are some examples of changes made through addenda:

- Removal of the penalty for late delivery;
- Replacement of performance penalties defined by the city by those proposed by the bidders;
- Removal of the 1-hour maximum data recovery time from the level of service offered by the bidders;
- Withdrawal of the \$500 per day penalty for each failure to meet a requirement;
- The city's deadline for submitting the notice of termination of contract was increased from 10 days to 180 days;
- The city's deadline for retrieving its data decreased from 60 days to 30 days.

As the city was unable to complete the public call for tenders, the STI was in the process of preparing an action plan focused on revising legal clauses. During a statutory meeting held with the mayor in November 2016, the STI presented the elements which made it impossible for the city to complete the public call for tenders and the action plan to be produced to issue a new call for tenders likely to reflect market practices. This action plan includes writing new generic specifications and establishing a specific procurement process for cloud computing solutions, but mainly requires that administrative clauses be revised.

In our view, unclear or inconsistent bidding requirements may compromise the appropriate choice of a cloud solution that meets the needs and objectives of the SRH. Granting bidders a 12-month period in the event of an absent or incomplete module in their tender for mandatory requirements could result in the supplier never being in compliance with these requirements. Thus, the agreement would not adequately protect the interests of the city in the event of disagreement or litigation. Unless all the clauses of the previous public tender are revised, the next call for tenders may have the same problems, which would lead to a delay in starting the SIRH project, or the proposed solutions may not meet the city's requirements and objectives.

### RECOMMENDATION

#### 3.3.B.

We recommend that the Transfo-RH program proponent ensure that all clauses of the previous SIRH project's public call for tenders be reviewed in order to ensure the success of the next call for tenders and that the proponent take into account the results of the risk assessments referred to in recommendation 3.2.6.B.



**BUSINESS UNIT'S REPOSE****3.3.B.*****Transfo-RH program proponent***

We were not able to obtain an action plan from the proponent of the Transfo-RH program in response to the recommendations from our preliminary audit study report before its publication due to delays in the drafting and validation process. The action plan should be submitted to us by June 30, 2017.

Nevertheless, we did receive from the program's proponent and co-proponent a general comment on their position with regards to our preliminary audit study report. It can be found following section 4 "Conclusion" of this report and is followed by comments from the Auditor General.

## 4. Conclusion

Various attempts were made to modernize human resources and payroll processes prior to the launch of the Transfo-RH program in October 2015. These attempts, made under the SIG RH-Paie and RH-Paie projects, were unsuccessful. We should bear in mind that this modernization project was to be completed in May 2007.

However, 10 years have gone by and the city is back to square one. The May 2016 public call for tenders for the Système intégré en ressources humaines (SIRH) project could not be completed. Because this project is the main component of the Transfo-RH program, the program is being completely replanned.

This replanning is likely to lead to significant delays in the initial Transfo-RH program implementation schedule and may also have an impact on program costs. According to the latest forecasts produced by the city, the estimated cost is \$51.4 million for capital expenditures and \$31.8 million for operating expenditures.

The causes of the above-mentioned SIG RH-Paie and RH-Paie project failures are symptomatic of poor governance. We found similar deficiencies in the Transfo-RH program's governance. In this regard and in order to facilitate the success of the program, the following steps should be taken:

- Clearly establish and approve the objectives and guiding principles underpinning the program's implementation;
- Implement a quality assurance process to ensure compliance with the requirements of the program, its projects and related deliverables;
- Implement a process that provides the proponent with periodic objective program status reports;
- Consider developing RACI matrices to clarify the authority relationships between the various stakeholders and how roles and responsibilities are shared.

## 5.6. Transfo-RH Program Management

- Establish engagement mechanisms for strategic milestones to lock in milestone deadlines and content;
- Implement integrated risk management to assess various risks including information security risks.

In addition to the above-mentioned governance issues, it is important to substantiate the reasons for adopting a cloud computing solution and to reassure the authorities that this solution is an optimal choice for the city. Also, the content of the SIRH project's call for tenders needs to be reviewed to ensure it reflects market practices, and a new call for tenders must be launched as soon as possible.

In conclusion, we believe that the Transfo-RH program deserves special status beyond being one of the city's 75 or so priority projects. Based on the history of attempts to modernize human resource management and payroll processes, coupled with the risks involved in implementing the Transfo-RH program, the municipal administration needs to follow up rigorously to ensure that the implementation of this program will ultimately achieve the modernization objective.

### BUSINESS UNIT'S REPONSE

#### ***Transfo-RH program proponent***

#### *[TRANSLATION] **Background***

*In 2014, the Direction générale had mandated the management of STI to review its service model. In 2015, STI began the transformation of its service offering, its operations and its work organization in order to support the realization of the business plans of the city's units by implementing best practices in management, solutions delivery and customer service.*

*At the same time, the SRH decided to take an organizational break by suspending its Paie-RH project. This key moment allowed the service to review its vision of human resources at the city, in this way, reframing its reason for being, scope, objectives as well as the anticipated benefits of all future initiatives. During this time, the SRH repositioned its service delivery model and continued its discussions with STI on the solutions needed in order to support its transformation.*

*The SRH and STI management jointly decided to initiate a whole new program called Transfo-RH aimed at first, meeting the needs and orientations of the SRH and second, making up for the obsolescence*

of the application portfolio made up of dozens of applications of various technologies that do not support all of the HR practices.

When the program started, the team began a watch of technological solutions with regards to the integrated management of human resources. Parallel to this exercise, the STI established its technological positioning regarding cloud-computing solutions that the program took into account in defining its target architecture.

During the summer of 2016, the STI proceeded in hiring one of its first major project managers specifically for this program. His first responsibilities consisted in structuring the program, defining and implementing a governance as well as a project management and delivery team. The team began planning the major milestones and the road map deliverables.

### **Answers to the preliminary audit study**

During the preliminary audit study that took place from September to December 2016, the team proceeded in defining each of the program's projects (scope, budget, required expertise, deliverables, effort and schedule). A program governance was deployed, including committees, rendering of accounts and roles and responsibilities. Because most program's projects were only starting up, they were mostly at the "identifying the solution" phase. According to the process established by the project office, the required deliverables at this stage were:

1. an evolving scope (not fixed);
2. activity planning for each project resulting in a high-level schedule;
3. preliminary budget estimate;
4. preliminary risk register.

Since January, the project teams that have entered into the "planning" and "realization" phase will be working on:

1. getting the initial scope set and approved;
2. defining the detailed planning made up of two milestones and deadlines;
3. putting together the detailed budget;
4. putting together the teams and beginning the activities;
5. documenting and keeping track of the risk register. All the activities are carried out while respecting the established governance.

### Reorientation of the RH-Paie project and change in technological orientation

*To support the preparation of our orientation in terms of public cloud computing, the STI developed a target architecture within the framework made up of a rigorous and structured project:*

- 1. Complete review of the approaches (supply, security and privacy) – (2015);*
- 2. Legal opinion favourable to the use of public cloud computing (2015);*
- 3. Legal opinion on the clauses to be included in the specifications (end of 2015);*
- 4. Developing a risk analysis matrix (data privacy, integrity and availability) to determine the contract clauses to be used in keeping with the context (end of 2015);*
- 5. Adoption by the Direction générale of a positioning on the sourcing of IT solutions (end of 2015);*
- 6. Preparation of the clauses to be included in the cloud-computing specifications (early 2016);*
- 7. Validation of the clauses to be included in the specifications by the city's Service des affaires juridiques (early 2016).*

*As it is customary in the city's governance, the change in technological orientation for an on-site cloud-computing solution was presented to the elected officials on May 5, 2016 and to the executive committee on May 11, 2016. During these meetings, the STI presented the characteristics, advantages, costs and benefits of its new positioning.*

### Definition of program objectives

*While it would have been desirable to have a detailed chart for each project, the program's management nevertheless documented all of the objectives, scopes, costs and high-level schedules through a series of documents including among others, various presentations made to the management committee. A project chart has been carried out from the start of each project.*

### Governance

*From the start of the program, the team proposed a series of guiding principles endorsed by the management committee. The SRH and STI management deemed it appropriate to improve on these principles in such a way as to ensure that the teams stay the course on the initial objectives and scope of the program, in this way promoting stakeholder buy-in.*

*Although the governance in place ensures a complete rendering of accounts, the program management will make certain adjustments aiming to eliminate satellite committees of an operational nature.*

*The STI project office is working to implement a review and support process of IT projects to make sure that best practices are respected, to validate that requirements and objectives are met and to assure quality. Furthermore, these objective and independent project reviews will enable to tracking the state of health of the projects and the program. To this effect, the program will comply with the standards of the project office.*

*Finally, in keeping with the project office's project management framework, the roles and responsibilities have been duly defined, documented and endorsed by the program's management committee. Moreover, a RACI responsibility matrix will be completed to ensure that all stakeholders are on the same page.*

*Call for tenders for the SIRH project*

*Following the non-compliance of the tenderers at the last call for tenders, a mandate was given by the Service des affaires juridiques to an outside firm in order to revise the city's general and administrative clauses. Until the expected conclusions and deliverables are available, the team is analyzing the clauses of the previous SIRH call for tenders as well as the proposals received in order to improve upon and ensure the success of the next call for tenders.*

**Auditor General's comments**

**We acknowledge firstly that since January 2017, that is, prior to the end of our work, different activities have been carried out related to some of our recommendations and in keeping with the progress of the Transfo-RH program.**

**Secondly, as to the content of the comments pertaining to the reorientation and the technological change in orientation, we maintain the opinion expressed in section 3.1 of our report with regards that the technological change in orientation in which the city Oracle suite (SIMON) human resource modules were set aside in favour of a cloud-computing solution, should have been the object of a resolution on the part of the executive committee.**

**We will monitor the Transfo-RH program given the risk involved with its realization and its history regarding past**

	<p><b>attempts to modernize human resources and payroll processes. Therefore, other than the evaluation and follow-up of the action plan that will be submitted to us in response to our recommendations, we will reassess the appropriate time to undertake one or more detailed audits of the activities of the Transfo-RH program and important questions that could attract our attention.</b></p>
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## 5. Appendices

### 5.1. Description of the Transfo-RH Program Projects

**Table A – Summary Description and Objectives of the Transfo-RH Program Projects**

Project	Description / Objectives
<b>SIRH solution</b>	Major Transfo-RH program project. Its objectives are to: <ul style="list-style-type: none"> <li>· Complete calls for tenders in order to acquire a cloud solution and an integrator</li> <li>· Implement an IT solution that includes: employee management, time and payroll management, talent management and the service centre</li> </ul>
<b>HR and Payroll model and service delivery</b>	Diagnose, review and define the HR business model and HR business architecture, and implement target business processes and the HR and Payroll services centre
<b>IT delivery model</b>	Define roles and responsibilities for the IT service model required to maintain an integrated solution
<b>Time</b>	Update the Kronos application and review governance to optimize its use
<b>Health and wellness</b>	Update the Employeur D application that is used to manage obligations to the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST)
<b>Staff management</b>	Implement a call for tenders process and set up a staff management system based on collective agreements (e.g., a recall list for staffing positions)
<b>Talent</b>	Implement transitional solutions for succession and training
<b>Payroll</b>	Police officer payroll mitigation plan: complete a functional process analysis to produce an architecture and then a IT solution for the police officers' payroll by January 1, 2019
<b>Staff relations</b>	The staff relations project aims to: <ul style="list-style-type: none"> <li>· Respond to needs that will not be addressed by the integrated HR solution: <ul style="list-style-type: none"> <li>– Improve overall management of grievances against the city</li> <li>– Streamline computerized grievance management processes</li> <li>– Reduce double entry costs and errors</li> <li>– Improve management of hearing schedules</li> </ul> </li> <li>· Develop the archiving, interpretation, monitoring and control of versions of various letters of agreement, employment contracts or collective agreements</li> </ul>

## 5.2. Roles and Responsibilities of Transfo-RH Program Committees

**Table B – Description of the Roles and Responsibilities of the Six Transfo-RH Program Committees**

Committee	Roles and responsibilities
<b>Steering committee</b>	<ul style="list-style-type: none"> <li>• Approve guiding principles</li> <li>• Approve objectives</li> <li>• Approve key milestones</li> <li>• Lead and decide on main options and directions</li> <li>• Monitor progress of work</li> <li>• Approve and verify planned budgets versus reality</li> <li>• Approve deliverables and the implementation strategy</li> <li>• Approve requests for changes</li> <li>• Monitor risk management</li> </ul>
<b>Advisory committee</b>	<ul style="list-style-type: none"> <li>• Maintain an even-handed perspective to balance needs, solutions and resources</li> <li>• Find ways to solve problems and recommend them to the steering committee</li> <li>• Arbitrate and screen issues to be addressed to the steering committee</li> <li>• Follow up on change requests and bring them to the steering committee's attention</li> </ul>
<b>Program management committee</b>	<ul style="list-style-type: none"> <li>• Monitor each project and the program as a whole</li> <li>• Review and update planning</li> <li>• Communicate outstanding project issues and recommend solutions to the program advisory committee</li> <li>• Monitor requests for project changes, prioritize requests, review impacts on projects and develop solutions</li> <li>• Identify and establish overall project and program timelines</li> <li>• Produce program status updates</li> </ul>
<b>Project management committee</b>	<ul style="list-style-type: none"> <li>• Monitor the project as a whole</li> <li>• Update the project implementation plan</li> <li>• Communicate outstanding issues and recommend solutions to the program management committee</li> <li>• Monitor requests for project changes, prioritize requests, review impacts on the project and develop solutions</li> <li>• Produce project status updates</li> </ul>
<b>Transfo-RH management committee</b>	<ul style="list-style-type: none"> <li>• Design the architecture of the future business services model</li> <li>• Write key milestones and deliverables for the business model</li> <li>• Monitor progress on the business model</li> <li>• Produce the deliverables for development of the new business model and strategy</li> <li>• Support and confirm the priorities of each SRH business process</li> <li>• Provide guidance to the program advisory committee</li> </ul>



Committee	Roles and responsibilities
<p style="text-align: center;"><b>Change management committee</b></p>	<ul style="list-style-type: none"> <li>· Oversee governance of project change management</li> <li>· Organize and plan workshops to engage stakeholders</li> <li>· Identify human risks and develop mitigation plans</li> <li>· Develop and adapt the training strategy</li> <li>· Develop and implement the change measurement strategy (dashboard)</li> <li>· Develop the support and coaching structure</li> <li>· Ensure that the approach is based on quality communication</li> <li>· Anticipate the effects of communications and propose an appropriate communication strategy and tools</li> </ul>

Source: *Gouvernance Programme Transfo-RH – Organigramme et détail des comités*, October 31, 2016.

### 5.3. Roles and Responsibilities of the Key Transfo-RH Program Stakeholders

**Table C – Description of the Roles and Responsibilities of the Key Transfo-RH Program Stakeholders**

Role	Responsibilities
<b>Proponent and delegated proponent</b>	<ul style="list-style-type: none"> <li>• Ensure that the program is in line with the city's master plan</li> <li>• Provide the components of the vision for HR and Payroll that underpin the program</li> <li>• Ensure that human resources are available</li> <li>• Enhance the program's visibility among senior city officials, central services and the boroughs, and encourage them to make the program a priority</li> <li>• Guide and advise teams and play a supportive role in resolving issues</li> <li>• Co-chair steering committee meetings</li> </ul>
<b>Co-proponent</b>	<ul style="list-style-type: none"> <li>• Provide the components of the vision for IT that underpin the program</li> <li>• Ensure that IT human resources are available</li> <li>• Guide and advise teams and play a supportive role in resolving issues</li> <li>• Ensure that funding is available</li> </ul>
<b>IT staff manager</b>	<ul style="list-style-type: none"> <li>• Manage business relationships and reporting requirements in business units</li> <li>• Responsible for managing the IT portfolio, IT strategy and the business Roadmap</li> <li>• Manage priorities defined in conjunction with business units</li> <li>• Support, maintain and oversee changes in technological solutions related to business unit objectives</li> <li>• Be accountable for delivery of various IT projects/requests</li> <li>• See to hiring/assigning resources for IT projects and requests</li> </ul>
<b>Program manager</b>	<ul style="list-style-type: none"> <li>• Organize, plan and generally coordinate the program in accordance with guiding principles</li> <li>• Continuously follow up with and produce reports for the steering committee members, STI management and the program proponents</li> <li>• Prepare and co-chair steering committee meetings</li> <li>• Provide leadership for technical teams based on milestones and expected outcomes</li> <li>• Closely monitor the program and control the program budget</li> <li>• Validate and approve the detailed plan and methodologies of the program</li> <li>• Co-validate and co-approve deliverables for submission to the steering committee</li> <li>• Support and advise program members in carrying out their activities</li> </ul>

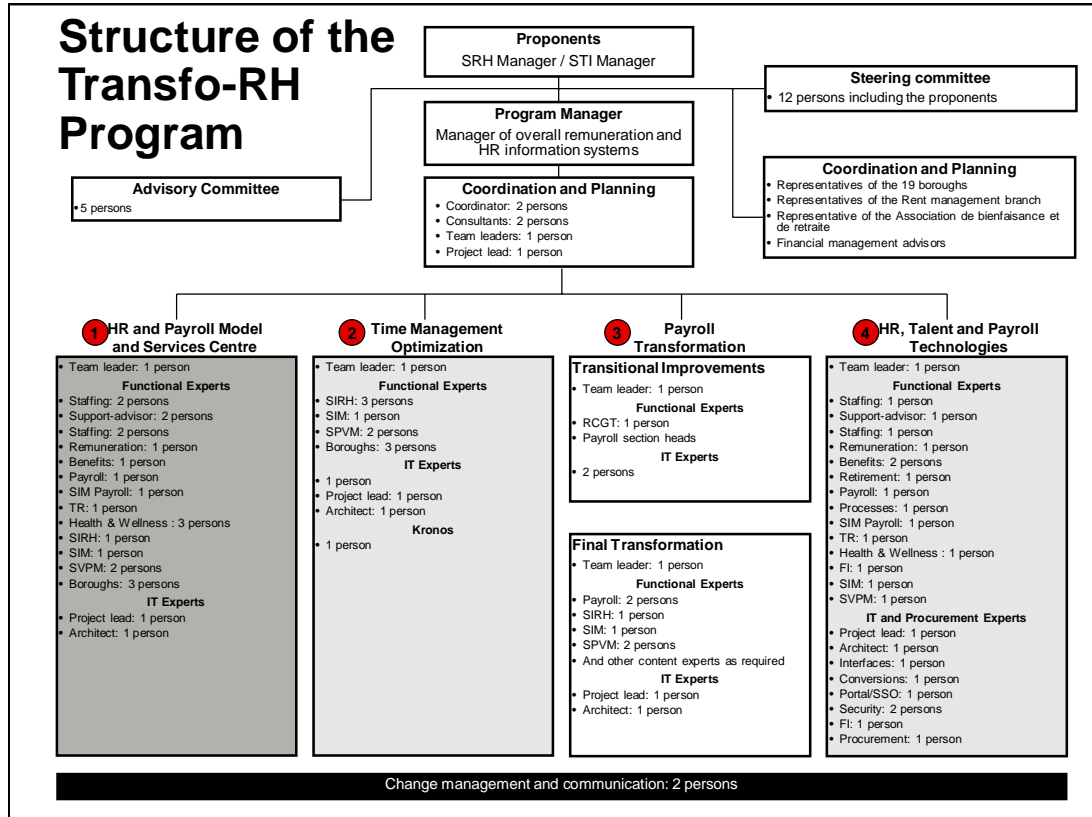
Role	Responsibilities
<b>HR expert</b>	<ul style="list-style-type: none"> <li>• Participate in feasibility and requirement reviews related to the following activities:               <ul style="list-style-type: none"> <li>◦ Decommissioning</li> <li>◦ Conversions</li> <li>◦ Security management</li> </ul> </li> <li>• Help specify functional requirements (all HR areas)</li> <li>• Work with the program team to develop implementation requirements</li> <li>• Help implement the various projects where he is assigned</li> </ul>
<b>Section head / Business manager</b>	<ul style="list-style-type: none"> <li>• Help organize, plan and generally coordinate the program in accordance with guiding principles</li> <li>• Follow up with and produce business reports for program proponents and members of the Transfo-RH management committee</li> <li>• Help prepare meetings of the steering committee</li> <li>• Provide leadership for business teams based on milestones and expected outcomes</li> <li>• Co-validate and co-approve deliverables for submission to the steering committee</li> <li>• Support and advise program members in carrying out their activities</li> <li>• Help develop guiding principles for the target business architecture</li> <li>• In conjunction with program teams, help produce future business architecture options that meet the objectives and guiding principles of the program</li> </ul>
<b>Change management</b>	<ul style="list-style-type: none"> <li>• Develop a stakeholder management strategy to achieve and maintain the level of commitment required</li> <li>• In conjunction with other resources, develop and maintain an action plan based on the impacts and risks associated with transformation (communication plan, workshops, engagement workshops, skills assessment, training plans, etc.)</li> <li>• Build and maintain a change management dashboard</li> </ul>
<b>Transformation consultant (external)</b>	<ul style="list-style-type: none"> <li>• Help teams plan and coordinate the program (budget estimates, business plan, project promotion, follow-up, etc.)</li> <li>• Provide advice on how to align the business model with technology</li> <li>• Provide a high level of specific content expertise (HR service model, shared services centre, process optimization, evaluation and selection of a technology solution, tools and methodological approach, etc.)</li> <li>• In conjunction with project teams, advise on future (technical and business) architecture options that are consistent with program objectives and guiding principles</li> <li>• Provide advice on specifying requirements for future business architecture</li> </ul>
<b>Senior architect (IT)</b>	<ul style="list-style-type: none"> <li>• Provide documentation on current TIRH Paie architecture</li> <li>• Keep up with new developments in technology and best practices</li> <li>• Develop guiding principles for target architecture</li> <li>• In conjunction with project teams, produce options for future architectures that are consistent with program objectives and guiding principles</li> <li>• Specify technical requirements for the preferred future architecture</li> </ul>

Role	Responsibilities
<b>Business owner</b>	<ul style="list-style-type: none"> <li>• Help develop specifications (and/or attend workshops on developing specifications) for current activities</li> <li>• Provide functional knowledge on current practices/processes</li> <li>• Work with the team to identify opportunities for efficiency and effectiveness</li> <li>• Help specify functional requirements for future HR and Payroll technologies</li> <li>• Identify key personnel, experts in their field, in order to achieve milestones</li> </ul>
<b>Business team leader</b>	<ul style="list-style-type: none"> <li>• Oversee production of deliverables based on objectives, guiding principles and milestones</li> <li>• Ensure the consistency and quality of the work</li> <li>• Play an important role producing diagnostics and defining future solutions</li> <li>• Validate and approve deliverables produced by his business team</li> <li>• Document and describe the merits, benefits, costs and requirements of proposed solutions</li> <li>• Help identify transition impacts and requirements</li> <li>• Help prepare budget estimates for future phases</li> <li>• Actively participate in developing the implementation strategy</li> <li>• Identify and resolve business delivery and coordination issues</li> </ul>
<b>Project lead</b>	<ul style="list-style-type: none"> <li>• Develop and closely monitor his project plan in conjunction with his project control officer (PCO)</li> <li>• Coordinate his project activities and deliverables</li> <li>• Take into account and manage deliverables that are interdependent with other projects inside or outside the program</li> <li>• Ensure that his project progresses and provide reports to his business area representative (including the business program manager) and the program manager</li> <li>• Identify and resolve delivery and coordination issues</li> <li>• Closely monitor expenditures versus the budget</li> <li>• Actively participate in developing the implementation strategy</li> </ul>
<b>Project control officer (PCO)</b>	<ul style="list-style-type: none"> <li>• Help develop the way the project is structured and divided</li> <li>• Help develop project cost estimates</li> <li>• Help develop the project control and coding structure</li> <li>• Coordinate information on current project status received from stakeholders</li> <li>• Perform data analysis to determine project cost performance</li> <li>• Produce project cost-tracking reports</li> </ul>
<b>IT expert</b>	<ul style="list-style-type: none"> <li>• Conduct and provide feasibility analyses and requirements related to the following activities:               <ul style="list-style-type: none"> <li>ü Decommissioning</li> <li>ü Interfacing</li> <li>ü Conversions</li> <li>ü Security management</li> </ul> </li> <li>• Help specify technical requirements</li> <li>• Work with the program team to develop budget assessments and implementation requirements</li> <li>• Help develop the implementation strategy</li> </ul>

Source: *Gouvernance Programme Transfo-RH – Organigramme et détail des comités*, October 31, 2016.

## 5.4. Structure of the Transfo-RH Program prior to November 4, 2016

Figure A – Structure of the Transfo-RH Program prior to November 4, 2016



Source: *Gouvernance Programme Transfo-RH – Organigramme et détail des comités*, October 31, 2016.