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Main points

The mandate of the Information Technology Office (ITO) includes developing, promoting, and implementing policies and programs of the Government of Saskatchewan relating to information technology (IT) and information management. At March 31, 2005, it had adequate rules and procedures to safeguard public resources and complied with authorities governing its activities.

The ITO has begun to deliver IT services that were previously delivered by individual Government agencies. At September 30, 2005, the ITO delivered IT services for 10 agencies and is in discussions with others.

Our audit examined whether the ITO has adequate processes to manage the delivery of agreed-upon IT services to clients. To adequately manage the delivery of IT services, we expected the ITO would:

- ◆ establish service delivery processes
- ◆ implement service level agreements with clients
- ◆ manage ongoing service delivery

The ITO has established service delivery processes to enable it to consolidate IT functions while serving clients on an ongoing basis. The ITO has adequate processes to manage delivery of IT services, except in the following two areas.

The ITO needs to sign service level agreements with its clients before delivering IT services. Service level agreements describe the responsibilities of the ITO and its clients, including the services provided and delivery targets. Signed service level agreements help the ITO and its clients understand their responsibilities.

The service level agreements do not adequately identify security and disaster recovery requirements for the ITO and its clients. The ITO should sign agreements with its clients that include security and disaster recovery requirements. We note that the ITO has begun to sign agreements (charters) with its clients that address security requirements.

The Information Technology Office

During 2004-2005, *The Information Technology Office Regulations* established the Information Technology Office (ITO) as a department of the Government of Saskatchewan. The mandate of the ITO includes: “to develop, promote, and implement policies and programs of the Government of Saskatchewan relating to information technology and information management.”¹ The ITO carries out this role to support its vision of “enabling excellence in government service delivery through leadership and exceptional customer service in information technology.”²

For further details regarding the ITO’s mandate and operations, consult its publications at its web site at <http://www.ito.gov.sk.ca>.

Financial overview

The following is a list of the ITO’s major programs and spending. For further detail, see the ITO’s 2004-2005 Annual Report available on its web site.

	<u>Estimates³</u>	<u>Actual</u>
	(in thousands of dollars)	
Administration	\$ 476	\$ 513
Accommodation and Central Services	156	167
Information Management and Technology Initiatives	<u>3,692</u>	<u>3,464</u>
	<u>\$ 4,324</u>	<u>\$ 4,144</u>

Audit conclusions

The following are our audit conclusions for the fiscal year ending March 31, 2005.

¹ *The Information Technology Office Regulations*, s. 3(b).

² Information Technology Office, *Performance Plan 2005-06*, p.5.

³ *Public Accounts 2004-2005: Estimates*, p.95. The Information Management and Technology Initiatives includes a Supplementary Estimate of \$1.715 million (from 2004-05 *Supplementary Estimates – November*).

In our opinion:

- ♦ **the ITO had adequate rules and procedures to safeguard public resources**
- ♦ **the ITO complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing and investing**

The remainder of this chapter discusses the results of our audit of the ITO's service delivery processes.

Managing IT service delivery

Information technology (IT) plays a crucial role in helping the Government provide services. The ITO provides coordination and leadership of information technology for the Government.

The role of the ITO has evolved in recent years. Now a stand-alone government agency, the ITO has begun to deliver information technology services that were previously delivered by individual departments. Through this consolidation of information technology services, the Government intends to reduce IT costs, improve the efficiency and effectiveness of IT service delivery, enhance security, use IT to transform internal business processes and improve citizen/business service delivery.⁴

Exhibit 1 sets out the agencies (clients) that are members of what the ITO calls the IT service delivery partnership as at September 30, 2005. Exhibit 1 also sets out the agencies that are in the process of joining the IT partnership and those that are in discussions with the ITO. The ITO expects that all departments will eventually join. The ITO is not seeking partnerships with Crown Investment Corporation of Saskatchewan and related corporations.

⁴ Ibid., p. 3.

Exhibit 1—Agency participation in IT consolidation at Sept. 30, 2005

Agencies in IT partnership	Agriculture and Food Culture, Youth and Recreation First Nations and Métis Relations Government Relations Highways and Transportation Industry and Resources Northern Affairs Rural Development Saskatchewan Municipal Board Saskatchewan Grain Car Corporation
Agencies in the process of joining the IT partnership	Finance Executive Council
Agencies in discussions with the ITO to join the IT partnership	Learning Environment Public Service Commission Health Labour Community Resources and Employment Justice Corrections and Public Safety Saskatchewan Property Management

Source: Information Technology Office

As the IT service provider for multiple departments, the ITO must provide adequate services that meet the expectations of its clients. The process of planning, co-ordinating, drafting, agreeing, monitoring, and reporting on services is called service level management.

Adequate service level management promotes a clear understanding of roles and responsibilities. It also helps maintain effective relationships with clients. Without adequate processes to manage the delivery of IT services, the ITO risks not meeting client needs and not achieving cost reductions. To achieve its goal of attracting all departments into the IT partnership, the ITO must meet the needs of its clients.

Audit objective and criteria

The objective of this audit was to assess whether the Information Technology Office has adequate processes to manage the delivery of

agreed-upon information technology services to clients. We focused on the Information Technology Office's processes at September 30, 2005.

The criteria in Exhibit 2 set out the main elements that we looked for in our audit. The criteria reflect the IT Service Management component of the Information Technology Infrastructure Library (ITIL).⁵ The ITO agreed with these criteria. We describe these criteria in more detail when we set out our expectations under key findings.

Exhibit 2—Audit Criteria

To adequately manage the agreed-upon delivery of IT services to clients, the ITO must:

- ◆ establish service delivery processes
- ◆ implement service level agreements with clients
- ◆ manage ongoing service delivery

Conclusion

The tasks of consolidating IT services and serving clients during the transition period and on an ongoing basis are large. The ITO has needed to develop and refine service delivery processes as IT consolidation proceeds. The ITO has developed extensive processes that are serving it well. The structures and systems it has developed are allowing the ITO to manage ongoing delivery of IT services while serving additional clients.

In our opinion, at September 30, 2005 the ITO had adequate processes to manage the agreed-upon delivery of IT services to clients except that:

- ◆ **the ITO needs to sign service level agreements with its clients before delivering IT services**
- ◆ **the ITO needs to sign agreements with its clients that include security and disaster recovery requirements**

⁵ ITIL in turn reflects British Standards BS 15000 and International Organization of Standards ISO 20000, standards for IT service management.

Key findings (by criterion)

In this section, we set out our expectations (in italics) for each of the criteria together with our key findings. We describe the processes the ITO used to manage the delivery of IT services to clients. To do this audit, we followed *The Standards for Assurance Engagements* established by The Canadian Institute of Chartered Accountants.

Establish service delivery processes

In establishing service delivery processes, we expected the ITO to:

- ♦ *define roles and responsibilities for service delivery*
- ♦ *define objectives and the scope for service delivery*
- ♦ *develop a communications strategy*
- ♦ *review and modify its processes as necessary*
- ♦ *identify risks that could interfere with achievement of its objectives*

The ITO's processes include documenting roles and responsibilities for both the ITO and clients. The ITO clearly sets out roles and responsibilities in documents called project charters. These govern the relationship between the ITO and its clients.

The ITO also negotiates detailed agreements on what services the ITO will provide and what levels of performance are expected. These service level agreements between the ITO and its clients clearly set out roles and responsibilities. The ITO provides significant other guidance to clients related to service delivery. This guidance includes, for example, draft terms of reference and position summaries for committees and individuals within client agencies.

The ITO has clearly defined the objective and scope of its plan to consolidate IT services. It describes its objectives in its Performance Plan. The ITO has an operational plan for consolidation and documents key activities in its Performance Plan. The ITO also describes planned activities and general intended results in presentations. It sets out the objective and scope for its work in separate project charters with each client.

The ITO has developed and documented a communications strategy to address the communications issues involved in consolidating IT services.

The communications strategy considers challenges for the many stakeholders including government staff, the private sector, and the public. The strategy sets out activities intended to respond to challenges.

The ITO reviews its service delivery processes. It makes changes to its processes as needed. As a more formal method for obtaining client feedback, the ITO indicates that it is planning to adapt its automated systems to obtain client comments at the time it provides services. The ITO also indicates that it plans to survey its clients.

The ITO has made good progress to systematically identify and document the risks and challenges that it faces. It has identified the most serious risks and developed mitigation strategies. The ITO also identifies risks relating to each client. The process to gather information that the ITO undertakes with each client positions the ITO to deliver services and helps the ITO mitigate risks.

Implement service level agreements with clients

To successfully implement service level agreements with clients, we expected that the ITO would:

- ◆ *catalogue the services to be provided*
- ◆ *establish service level requirements*
- ◆ *enter into formal service level agreements*
- ◆ *communicate service level agreements*

The ITO has defined the information it needs to collect from potential clients. The ITO collects information on client IT human resources, IT costs, IT infrastructure, and applications. The ITO uses standard forms to collect the information. This increases the consistency and completeness of the information.

The ITO collects additional data through discussions with client staff. The discussions start with meetings between the ITO and client senior management. Also, the ITO meets with business unit and IT staff. The purpose of these meetings is to understand the client's operations and the levels of service the client will require. These processes allow the ITO to collect sufficient information from the client.

After the ITO has completed its client review processes, it provides client senior management with a written report. The client is then responsible for deciding whether it wants to join the partnership.

If the client decides to join, the client and the ITO will sign a project charter and a service level agreement. The project charter outlines the terms and conditions of the transition to ITO delivered services. The charter also includes processes for communicating the service delivery change to client staff.

The ITO and its clients finalize service level expectations during the transition period by signing service level agreements. The service level agreement sets out the roles and responsibilities of both the ITO and the client for delivery of IT services. For example, the agreement describes the services to be provided by the ITO (such as help desk services and application development), service availability requirements (such as the percentage of time networks will be available), service delivery targets (such as establishing new email accounts within five days), and the term of the agreement.

As more clients join the IT partnership, the ITO's processes are changing. The service level agreements that the ITO uses have similarly evolved. The ITO has revised existing service level agreements to reflect refinements contained in later versions.

We describe below two areas where the ITO needs to improve its processes.

Service level agreements required

The ITO provides IT service delivery for ten clients. At September 30, 2005, four of these clients did not have signed service level agreements.

The ITO needs to sign service level agreements with its clients. As described above, these must be in place prior to the end of the transition period to ensure that the ITO and its clients understand their respective roles and responsibilities. Without signed service level agreements, there is risk that client needs may not be met.

- 1. We recommend the Information Technology Office sign service level agreements with its clients prior to delivering information technology services.**

Service level agreements need to address security and disaster recovery requirements

The service level agreements need to identify security and disaster recovery requirements of both the ITO and the clients.

The service level agreements are clear, understandable, and contain most of the elements needed for a strong agreement. However, the ITO should strengthen the agreements to address security and disaster recovery processes.

The security requirements in the service level agreements include the ITO having procedures to monitor unauthorized use of its own and client systems and to act in an emergency to counteract unacceptable use of the network. There are also password requirements in the agreements. The agreements have limited content regarding backups and no detailed requirements for disaster recovery.

The service level agreements should require audits that assess the adequacy of security controls at the ITO. This would provide assurance to clients on the confidentiality, integrity, and availability of systems and data. The ITO should provide the results of these audits to its clients. Also, the agreements need to document the disaster recovery requirements of the ITO and its clients. The ITO should provide reports on recovery processes to its clients.

Stronger processes would enable both the ITO and its clients to monitor the security and availability of information systems and data. Without approved security and disaster recovery processes, the security and availability of systems and data may be at risk.

- 2. We recommend the Information Technology Office sign agreements with its clients on security and disaster recovery processes, expectations, and reporting requirements.**

We note that the ITO has developed a security charter. The charter sets out the roles and responsibilities of the ITO and clients related to security.

The charter is intended to cover the same period as the service level agreement. At September 30, 2005, the security charter had been signed by two clients. The ITO told us that, in the future, it will require clients to sign the charter as a condition of providing service.

Manage ongoing service delivery

To successfully implement service level agreements with clients, we expected that the ITO would:

- ◆ *monitor service delivery*
- ◆ *report on service delivery results*
- ◆ *hold periodic service review meetings with clients*
- ◆ *make necessary changes*

The ITO uses a central call centre to address all service request issues and help monitor service delivery. The call centre maintains information on the number and type of service requests and the number of requests resolved or needing resolution.

Staff at the ITO meet daily to review service level results from the prior day. These service level results include, for example, the time taken to reset a password or restore interrupted service. The ITO introduced the daily review of service level results in April 2005. Daily reviews helped the ITO address service delivery issues and better ensure that service delivery targets are met.

The service level agreements require the ITO to provide clients with monthly and quarterly reports. The reports are to include monthly invoices, financial reports with forecasting information, and service delivery results. The reports are to be reviewed by an information technology management committee (committee) at the client. The committee and the ITO are to meet regularly to discuss service delivery issues. The committee is also responsible for identifying potential changes required to service delivery levels.

Reports provided by the ITO before August 2005 lacked key information. For example, the ITO did not include financial forecasts or variance explanations. The performance reports only identified service delivery targets and results. The reports did not identify security issues, the status

of key projects, or outstanding issues. Also, not all clients were receiving the required reports.

Starting in August 2005, the ITO began improving its reporting to clients. Monthly reports included additional information on service requests, including problems that had not been resolved. The reports also provided clients with information on the status of key projects, regular forecast information, information on changes (e.g., new staff contacts at the client or the ITO, changes to processes, etc.) as well as a listing of any security breaches that had occurred.

The reports that began in August 2005 are not fully implemented. The ITO told us it plans to provide all clients with these reports within the next quarter. In the long term, it also plans to include information on service delivery, including performance results, on its web site. In addition to these reports, the ITO will need to provide better reports on security. We describe the need to strengthen and report on security above.

The ITO's clients told us that they met frequently with the ITO to discuss IT services. They said that the ITO was willing to adjust its practices or make other changes to improve service delivery.

When the ITO provides the new reports to clients and makes corresponding improvements to the report requirements in the service level agreements, it will provide clients with a reasonable basis to monitor the services delivered by the ITO.

Selected references

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