

# Property Management

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## **Main points**

The Department needs to segregate the duties of employees who make purchases using procurement cards (i.e., credit cards) by removing their ability to approve payment for those purchases.

The Department needs to prepare and independently review and approve all significant reconciliations promptly.

The Department needs to follow its established information technology policies and procedures so that its data is protected from disclosure, modification, or loss.

## **Introduction**

Effective April 1, 2005, Saskatchewan Property Management (SPM) ceased to be a Crown corporation and became a department. As a Crown corporation, SPM prepared financial statements, which it gave to the Legislative Assembly. Audited financial statements provide valuable information to the Legislative Assembly and the public. As a department, SPM does not prepare financial statements.

The mandate of the Department of Property Management (Department) is to provide property management and other support services to government departments, Crown corporations, boards, agencies, and commissions including such services as providing accommodation, property management, furnishings and supplies, transportation, purchasing, risk management, records management, telecommunications, and mail services.<sup>1</sup>

The Department's three goals are:

- ◆ effective and value-added service
- ◆ sustainable property infrastructure
- ◆ partnerships that benefit government and communities

In 2005-06, the Department had revenues of \$226 million. This is comprised of \$167 million in recoveries of costs from departments and \$59 million from commercial operations. Commercial operations are services such as accommodation provided to agencies external to the General Revenue Fund.

Information about the Department's revenues and expenses appears in its annual report ([www.spm.gov.sk.ca](http://www.spm.gov.sk.ca)).

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<sup>1</sup> pp. 2, *Department of Property Management Performance Plan 2005-2006*.

## Audit conclusions and findings

In our opinion, for the year ended March 31, 2006:

- ◆ the Department had adequate rules and procedures to safeguard public resources except for the matters reported in this chapter
- ◆ the Department complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing

### Better monitoring of procurement cards needed

The Department has a policy for the use of procurement cards (i.e., credit cards). The policy outlines how the cards are used and the support required for each transaction. The policy also states the approval process required to obtain a procurement card.

The Department issued over 300 procurement cards to its 785 full time equivalent employees<sup>2</sup> that work in 30 locations across the province. During the year, the Department's employees used procurement cards to acquire \$4.2 million in goods.

During the audit, we noted the electronic procurement card system did not adequately segregate the duties of certain employees. As a result, certain employees could approve their own procurement card transactions online without timely detection.

By not segregating approval for payments from the purchases, the Department is at risk of spending public resources for unauthorized purchases.

1. **We recommend that the Department of Property Management segregate the duties of employees who make purchases using procurement cards by removing their ability to approve payment for those purchases.**

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<sup>2</sup> pp. 11, 2005 – 2006 Annual Report Saskatchewan Property Management.

## Improving the reconciliation process

The Department has established practices to agree (i.e., reconcile) various supporting ledgers to the general ledger. Reconciling supporting ledgers to the general ledger is required to ensure that all transactions are recorded properly. For the process to work effectively, reconciliations must be timely and independently reviewed and approved.

The Department needs to monitor its reconciliation processes to ensure that all reconciliations are timely and independently reviewed and approved.

During the audit, we noted the following deficiencies in the various reconciliation processes.

- ◆ The Department's vehicle services has processes that require both daily and monthly reconciliations for its car rentals. During the year, these reconciliations were not timely.
- ◆ A number of reconciliations lacked evidence of independent review and approval (for example, the reconciliations of the rental billing and fixed asset supporting systems to the general ledger).
- ◆ There was no formal documentation of the reconciliation between the telecommunications billing support system and the general ledger, or between the mail services billing support system and postage meter usage reports.

If reconciliations are not timely and independently reviewed and approved, the Department is at risk that its accounting records and financial reports may not be accurate and complete. This could result in the Department not collecting enough money to cover its related costs, or over charging other government departments, agencies, or commissions.

2. **We recommend that the Department of Property Management prepare and independently review and approve all significant reconciliations promptly.**

## **Information technology security policies and procedures need to be followed**

The Department needs to follow its information technology (IT) security policies and procedures.

IT policies and procedures help ensure vital information is protected, accurate, complete, authorized, and available. Management should also monitor compliance with its IT policies and procedures.

The Department has IT security policies and procedures that define staff roles and responsibilities. The policies and procedures identify processes needed for strong security including user access, physical security, change management, and systems maintenance and recovery. The policies and procedures also set out monitoring requirements.

The Department does not always follow its established IT security policies and procedures. The Department needs to protect its systems from security risks and follow established password standards. For example, the Department shared administrator accounts among staff. The passwords on these accounts have remained the same for several years. The Department also needs to ensure that only authorized users have access to its systems and data, that its recovery processes are adequate, and that it monitors its systems in accordance with its IT security policies and procedures.

The Department's systems contain sensitive data including credit card information provided by government and municipal agencies. If the Department does not follow its established policies and procedures, its data is at risk of disclosure, modification, or loss.

- 3. We recommend that the Department follow its established information technology policies and procedures.**