

Corrections and Public Safety

3

Main points	36
Introduction	37
Financial overview	37
Audit conclusions and findings	38
Control of cash and bank accounts needed	38
Information technology security needs strengthening	40
Business continuity plan required	40
Human resource plan needs improvement	41

Main points

The Department needs to follow its policies and procedures to properly safeguard and control money held in trust for inmates and young offenders. We report the Department lost about \$25,000 of trust money in 2005-06 and about \$18,000 of trust money in 2006-07.

The Department needs to secure and monitor access to its information technology systems and data to ensure the confidentiality, integrity, and availability of its systems and data.

The Department also needs to complete, approve, and test its business continuity plan to help ensure that it can continue to deliver its critical services in the event of a disaster. In addition, the Department needs to improve its human resource plan to ensure it has the right people, in the right jobs, and at the right time to meet the Department's goals and objectives.

Introduction

The Department of Corrections and Public Safety's (Department) mandate is to promote safe communities. It promotes safe communities:

- ◆ by delivering effective programs for individuals in conflict with the law, and fire prevention and disaster assistance programs
- ◆ through emergency planning and communication, monitoring of building standards, and licensing and inspection services

The Department focuses on activities in four main areas: adult corrections, young offenders programs, licensing and inspections, and protection and emergency services.

The Department's public performance plan set out its goals and objectives. It reports progress against these goals in its annual report each year. Exhibit 1 sets out its four key goals.

Exhibit 1

1. Communities have the capacity to enhance public safety
2. Re-offending is reduced due to effective program interventions with offenders
3. Government and communities are prepared for emergencies and maintain building and safety standards
4. Safe, healthy and respectful departmental workplaces

Source: 2005-2006 Provincial Budget Performance Plan – Saskatchewan Corrections and Public Safety (available at www.cps.gov.sk.ca)

Financial overview

In 2005-06, the Department raised revenues of \$16.7 million and spent about \$140.2 million. About 77% of its revenues are from the Federal Government for cost-sharing programs. Table 1 details the Department's spending. Its *Annual Report 2005-2006* sets out reasons for major differences between its actual financial results and estimates.

Table 1

	<u>Original Estimates</u> ¹	<u>Actual</u>
	(in millions of dollars)	
Central Management & Services	\$ 12.8	\$ 12.8
Adult Corrections	65.5	68.9
Young Offenders Programs	40.9	40.2
Public Safety	5.3	19.8
Regina Provincial Correctional Centre	3.9	4.9
Capital asset acquisitions	(5.3)	(6.5)
Capital asset amortization	0.1	0.2
	<u>\$ 123.2</u>	<u>\$ 140.2</u>

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 as described in this chapter
- ◆ the Department complied with the authorities governing the Department’s activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except as described in this chapter

Control of cash and bank accounts needed

The *Financial Administration Manual* requires departments to follow certain policies and procedures for handling cash and managing bank accounts. *The Correctional Services Trust Account Regulations* sets restrictions for the use of trust money and requires adequate accounting records for trust money. The Department needs to follow its policies and procedures to comply with these authorities and to control money held for inmates and young offenders.

¹ Saskatchewan Finance, *Saskatchewan Estimates 2005-06*. The Estimates’ total does not include the additional \$20 million authorized through the *2005-06 Saskatchewan Provincial Budget - Supplementary Estimates* for Corrections and Public Safety (Vote 73).

The Department's policies and procedures require its staff to agree (reconcile) its recorded bank balances to the bank's records each month. They also require management to review and approve the reconciliations. Regular reconciliation of recorded bank balances to the bank's records provides a check that all charges to the bank account are proper and all money has been received and deposited in the right account. It also provides a check on the accuracy and reliability of the Department's accounting records. Furthermore, timely bank reconciliations help detect errors or misuse of money quickly.

At March 31, 2006, the Department held cash of \$343,000 on behalf of inmates and young offenders in 30 different bank accounts.

In 2005-06, the Department did not reconcile its bank accounts for inmate trust monies promptly. It did not complete and review some bank reconciliations for several months. Some bank reconciliations were not completed accurately as staff did not know how to prepare the reconciliations and their supervisors did not adequately review the reconciliations. At March 31, 2006, the Department had properly reconciled all bank balances to the bank records.

In September 2005, the Department followed up on complaints from inmates of a correctional facility that their account balances appeared to be misstated. The Department found that a staff member was not making timely deposits or completing the bank reconciliations. The Department investigated the matter and found about \$25,000 of inmates' money was missing. The staff member was terminated in March 2006. The Department has referred this case to the RCMP for investigation.

Also, the Department did not adequately segregate key functions for managing trust accounts in all young offender branches. A separation of key functions reduces the ability of staff to commit and conceal fraud or error in the normal course of their duties. In July 2006, the Department discovered that a staff member was allegedly writing fraudulent cheques to herself from young offender accounts. This person had incompatible duties (i.e., access to the accounting records, blank cheques, the bank statement including cancelled cheques returned by the bank, and prepared the bank reconciliations). The Department investigated the matter and found about \$18,000 missing. The staff member was

terminated in July 2006. The Department has referred this case to the police for investigation.

- 1. We recommend the Department of Corrections and Public Safety follow its policies and procedures to promptly reconcile its recorded bank balances to the bank's records.**
- 2. We recommend the Department of Corrections and Public Safety segregate the duties of staff so that one staff member cannot record payments in its accounting records to suppliers, access blank cheques, and prepare bank reconciliations.**

Management told us that the Department is monitoring, assessing, and updating systems and controls to reduce the risk of loss of public resources.

Information technology security needs strengthening

The Department needs strong security to protect its information technology (IT) systems and data.

The Department has some security policies including controls for managing physical security and for making its IT systems available when needed. However, the Department needs to follow its policies and procedures for removing user accounts and monitoring network security. It also needs to promptly update and maintain its systems against known security risks (e.g., it needs to monitor firewalls).

Without strong security processes, the Department cannot ensure the confidentiality, integrity, and availability of its systems and data.

- 3. We recommend the Department of Corrections and Public Safety secure and monitor access to its information technology systems and data.**

Business continuity plan required

The Department needs a written, tested, and approved business continuity plan.

A business continuity plan helps an agency to respond to incidents, accidents, and disasters that could affect the normal operations of the department's critical operations or functions.

The Department provides several critical services including adult corrections, young offender programs, and protection and emergency services. The Department works with many key partners to provide its services.

The Department must provide these services even if a disaster disrupts its ability to operate and provide services in the normal manner. Without an adequate business continuity plan, the Department is at risk of not being able to provide critical services.

At September 2006, the Department did not have a complete, approved, and tested business continuity plan. The Department has an emergency plan that documents emergency procedures for use in the event of a disaster. However, it is still in the process of completing individual business continuity plans for its critical business functions. It has developed a strike contingency plan for use in the event of an employee strike. It completed a pandemic plan framework and is working to complete a detailed pandemic plan.

- 4. We recommend that the Department of Corrections and Public Safety complete, approve, and test its business continuity plan.**

Human resource plan needs improvement

The Department needs to improve its human resource plan to ensure it has the right people, in the right jobs, at the right time.

The Department has a human resource plan for 2006-2007. We assessed this plan against the key elements of a human resource plan.

A good human resource plan needs to set priorities and link to the agency's overall strategic direction. It should identify key human resource risks and gaps that exist in current and future available resources. The plan should set out strategies and implementation plans to address human resource risks and gaps.

The Department's 2006-07 human resource plan sets out priorities, identifies key human resource risks, and explains its current human resources. It also covered projected retirements. However, the plan does not quantify what resources the Department will need to achieve its strategic goals or what resources will be available internally and externally in the near future. Without this information, the plan does not adequately set out the expected human resource gap.

The plan sets out strategies and broad action plans to address the human resource risks identified. For example, the Department has implemented a program called "Building Succession Management" to develop leadership competencies.

The Department has also developed action plans to implement many of its strategies including assigning responsibility, setting timelines for completion, and regular reporting on progress. The plan does not include measurable indicators and targets. These would help the Department to monitor its progress.

5. We recommend that the Department of Corrections and Public Safety's human resource plan:

- ◆ **quantify its human resources needs**
- ◆ **provide details on the human resource gap**
- ◆ **provide measurable indicators and targets for all strategies**