

# Learning

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## Main points

This chapter reports the results of the audit of the Teachers' Superannuation Plan operated by the Teachers' Superannuation Commission (Commission) for the year ended June 30, 2006.

We report that the Commission needs to do more work to fully address our past recommendations. It needs to develop and implement both a strategic plan and a communication plan. It also needs to approve an adequate information technology plan and information technology policies and procedures based on a threat and risk assessment.

Also, the Commission needs to prepare a written disaster recovery plan for its critical information technology systems and regularly test that plan to ensure it works.

## Introduction

In February 2006, the Government restructured the Department of Learning (Department). Effective April 1, 2006, the mandate of the Department is “to provide leadership in the development and operation of early learning and child care, kindergarten through grade twelve education, enhancement of literacy for all Saskatchewan people, and support for provincial library services”. It also continues to have responsibility for the Teachers’ Superannuation Commission (Commission).

In Chapter 3 of our 2006 Report – Volume 3, we reported the results of our 2006 audits of the Department and related special purpose funds and agencies except for the results of our audit of the Teachers’ Superannuation Commission. This chapter sets out the results for the June 30, 2006 audit of the Teachers’ Superannuation Plan (Plan) that the Commission manages.

## Teachers’ Superannuation Commission

The Commission operates under the authority of *The Teachers’ Superannuation and Disability Benefits Act*. The Commission consists of seven members appointed by Cabinet. The Commission’s primary roles are to:

- ◆ provide retirement and related benefits to teachers
- ◆ assist the Government of Saskatchewan in its responsibility for ensuring that there is sufficient money in the Teachers’ Superannuation Fund to pay all allowances and other amounts out of the Teachers’ Superannuation Fund as they become due and payable

The Plan consists of the Teachers’ Superannuation Fund, a defined benefit final average pension plan, and the Voluntary Contributions Fund. In 2005-06, the Plan recorded contributions of \$13.6 million from teachers and \$84.6 million from the Department of Learning. At June 30, 2006, the Plan held assets of \$1.7 billion and had accrued pension benefits of \$4.8 billion.

The Plan is significant to the Government, members of the Plan, and the public. The Plan has an unfunded liability of over \$3 billion, which is the responsibility of the Government.

## **Audit conclusions and findings**

**In our opinion, for the year ended June 30, 2006:**

- ◆ **the Commission had adequate rules and procedures to safeguard public resources except for the matters described below**
- ◆ **the Commission complied with authorities governing the Plan’s activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**
- ◆ **the Plan’s financial statements are reliable**

### ***Governance processes need improvement***

In our 2003 Report – Volume 1, we reported that the Government’s pension plans needed to improve their governance processes. We recommended that the pension plan boards:

- ◆ develop and implement strategic plans
- ◆ define their responsibilities
- ◆ define and communicate their financial and operational information needs
- ◆ develop and implement communication plans
- ◆ establish policies for code of conduct and self-assessment

In September 2004, the Standing Committee on Public Accounts (PAC) considered this matter and agreed with our recommendations.

In our 2006 Report – Volume 1, we repeated the recommendations we made in our previous report.

As part of our 2006 audit, we assessed the Commission’s progress towards addressing our past recommendations. The Commission has

made some progress. However, it has not yet developed a strategic plan including the goals and objectives of the Plan, the Plan's risks and the key strategies to manage those risks. Nor has it established a formal communication plan.

*The Teachers' Superannuation and Disability Benefits Act* sets out the general responsibilities of the Commission. In 2006, the Commission approved a governance manual that describes specific responsibilities of the Commission. The manual also describes the specific tasks that the Commission must do, and by when, to meet its fiduciary duties. The manual includes a general description of the Commission's financial and operational reporting needs, and guidance on conflict of interest. It also requires the Commission to perform a self-assessment annually.

We continue to recommend that the Teachers' Superannuation Commission:

- ◆ develop and implement a strategic plan for the Teachers' Superannuation Commission that includes the Plan's goals and objectives, a summary of the key risks faced by the Plan and its members, and the key strategies to manage those risks
- ◆ develop and implement written communication plans

### ***Security policies and procedures for information technology (IT) need improvement***

In our 2006 Report – Volume 1, we recommended that the Commission approve an information technology plan and information technology policies and procedures. In October 2006, PAC considered this matter and agreed with our recommendation.

In 2006, the Commission established and approved some general IT policies and procedures, but those policies were not based on a threat and risk assessment. Nor did the established policies and procedures include:

- ◆ responsibility for security
- ◆ password security
- ◆ granting and revoking access

- ◆ physical security
- ◆ environmental controls over the network

The Commission's policies and procedures must specifically address the needs of the Commission. They must also be communicated to the Commission's staff through an on-going awareness program.

The Commission has an IT strategic plan. However, the plan is not adequate as it does not contain information about IT risks, action plans to reduce those risks, and resources needed to carry out the plan.

We continue to recommend that the Teachers' Superannuation Commission approve an adequate information technology plan and information technology policies and procedures based on a threat and risk assessment.

### ***Disaster recovery plan needed***

In our 2006 Report – Volume 1, we recommended that the Commission prepare a written disaster recovery plan for its critical information technology systems and regularly test that plan to ensure it works. In October 2006, PAC considered this matter and agreed with our recommendation.

In 2006, the Commission started to prepare a disaster recovery plan. The Commission outlined significant risks, prioritized its applications, and developed a high-level disaster recovery strategy. However, the Commission has not completed the detailed plan or tested the effectiveness of the plan.

We continue to recommend that the Teachers' Superannuation Commission prepare a written disaster recovery plan for its critical information technology systems and regularly test that plan to ensure it works.