

Property Management

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Main points

In this chapter, we report the results of our audit of the Department of Property Management for the year ended March 31, 2007. We concluded that the Department had adequate processes to safeguard its public resources except it should:

- ◆ review and approve payroll prior to paying employees
- ◆ develop an information technology strategic plan to help management know if it has addressed all the threats and risks to the Department's security
- ◆ follow its established information technology policies and procedures to help ensure the confidentiality, integrity, and availability of information systems and data
- ◆ have a complete business continuity plan so it can continue to deliver its programs and services in the event of a disaster
- ◆ improve its human resource plan by providing measurable indicators and targets for its key strategies to help the Department monitor its progress
- ◆ prepare and independently review and approve all significant reconciliations promptly to reduce the risk that its accounting records and financial reports are not accurate and complete

Introduction

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

The Department's three goals are:

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

In 2006-07, the Department had expenses of \$297 million. It recovered \$190 million of its costs from departments and \$65 million from commercial operations.

The Department also manages a vast and varied amount of infrastructure and assets for the provincial government. At March 31, 2007, the Department held capital assets totalling \$391 million.

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

Audit conclusions and findings

In our opinion, for the year ended March 31, 2007:

- ◆ **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 except for the matter reported in this chapter**

¹ *Department of Property Management Performance Plan 2006-2007*, pp. 4.

The chapter also provides an update on recommendations previously made by the Standing Committee on Public Accounts (PAC) that are not yet implemented.

Improve the reconciliation process

In our 2006 Report – Volume 3, we recommended the Department prepare and independently review and approve all significant reconciliations promptly.

In June 2007, the Standing Committee on Public Accounts (PAC) considered this matter and agreed with our recommendation.

During the year, the Department started preparing and reviewing various reconciliations to the general ledger in a timely manner. However, we continued to find that the Department did not prepare timely daily reconciliations for its car rentals. Also, car rental billing reconciliations still lack evidence of independent review.

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 government agencies.

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

Better control over employees' pay needed

The Department needs to better control employees' pay.

During the year, the Department reviewed its payroll costs during its review of monthly financial reports. However, Department did not adequately review the accuracy of key payroll data for each pay period prior to paying employees. As a result, employees' pay has not been approved in accordance with *The Financial Administration Act, 1993*.

This weakness increases the risk that employees may be paid incorrect amounts.

- 1. We recommend that the Department of Property Management adequately review the payroll for accuracy prior to paying its employees to ensure that all employees' pay is approved in accordance with *The Financial Administration Act, 1993*.**

Follow information technology security policies and procedures

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

IT security policies and procedures help ensure the confidentiality, integrity, and availability of information systems and data. For example, good security requires that only authorized people can access an IT system, which may contain sensitive data such as credit card information. Without adequate monitoring of compliance with IT policies and procedures, the Department's data is at risk of disclosure, modification, or loss.

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 has processes for protecting its network. The Department is not always using and monitoring these processes. As a result, the Department may not identify attempted or successful security breaches. Also, the Department did not follow its change management processes during the year.

In our 2006 Report – Volume 3, we recommended the Department follow its established information technology (IT) security policies and procedures.

In June 2007, PAC considered this matter and agreed with our recommendation.

We continue to recommend that the Department of Property Management follow its established information technology policies and procedures.

The Department also needs an information technology strategic plan. An information technology strategic plan can help management determine if it has addressed all the threats and risks to the Department's security. The Department did not prepare and approve an information technology strategic plan for the year.

2. We recommend the Department of Property Management have an information technology strategic plan.

Business continuity plan needed

The Department needs a written, tested, and approved business continuity plan² to help ensure that it can continue to deliver its programs and services in the event of a disaster.

The Department must carry out its mandate, even if a disaster disrupts its ability to deliver its programs and services in the usual manner. Without an adequate business continuity plan, the Department is at risk of not being able to deliver its programs and services in a timely manner.

A good business continuity plan must:

- ◆ have management support including making the required resources available to create and maintain the business continuity plan
- ◆ be based on a threat and risk assessment including identifying and ranking the Department's critical functions
- ◆ set out the plan activation and notification procedures, emergency procedures that would be used in the event of a disaster, and steps for the recovery and restoration of key programs and services
- ◆ be documented, approved by management, and easily accessible when the plan needs activation
- ◆ be tested initially and on an ongoing basis

² **Business Continuity Plan (BCP)**—Plans by an organization to respond to unforeseen incidents, accidents, and disasters that could affect the normal operations of the organization's critical operations or functions.

- ◆ set out policies for ongoing maintenance and updating of the plan

The Department does not have a complete and tested business continuity plan. However, it has staff dedicated to the development of the plan and has started to perform a threat and risk analysis that will allow ranking of its critical business functions.

- 3. We recommend the Department of Property Management have a complete business continuity plan.**

Better human resource plan needed

The Department had a human resource plan for 2006-07. 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 the current and future available resources. The plan should set out strategies and implementation plans to address human resource risks and gaps.

We found the Department's human resource plan identified key human resource risks and gaps, set out priorities to meet its overall strategic direction, and set out strategies and broad action plans to address the human resource risks identified. Measurable indicators and targets were not set out in the plan for its key strategies to help the Department monitor its progress.

- 4. We recommend the Department of Property Management improve its human resource plan by providing measurable indicators and targets for its key strategies.**

Status of other outstanding recommendations of the Standing Committee on Public Accounts

The following table provides an update on recommendations previously made by the Standing Committee on Public Accounts (PAC) that are not yet implemented and are not discussed earlier in this chapter.³

PAC REPORT YEAR ⁴	OUTSTANDING RECOMMENDATION	STATUS
Department of Property Management		
2005	PAC concurs: 12-3 that the Saskatchewan Property Management Corporation should provide the public with additional information about the extent to which the use of its key infrastructure (i.e. facilities, vehicles, and aircraft) achieved its operational and financial plans, and explain significant differences between actual and planned results.	Partially implemented (as at March 31, 2007). The Department does not publish its targets. The Department of Property Management (formerly Saskatchewan Property Management Corporation) continues to follow the Accountability Framework which does not require targets at this time.
2007	PAC concurs: 4-1 that the Saskatchewan Property Management should get prompt feedback from user agencies to monitor the quality of supplies and the performance of suppliers.	Not implemented (as at October 31, 2005). A follow-up is planned for 2008-09.
2007	PAC concurs: 4-2 that the Saskatchewan Property Management should monitor compliance with <i>The Purchasing Act, 2004</i> whether it purchases the supplies directly or delegates the purchase to public agencies.	Not implemented (as at October 31, 2005). A follow-up is planned for 2008-09.

³ For the definitions of the key terms used in the table, see Chapter 25 – Standing Committee on Public Accounts pages 398 to 399.

⁴ PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.