Government Services

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Main points

For the year ended March 31, 2008, we concluded the Ministry of Government Services had adequate processes to safeguard its public resources except it should:

♦ sign a service level agreement with Information Technology Office to ensure that the Ministry's needs are met

♦ properly segregate the duties of its employees so that employees cannot authorize payments to themselves

♦ establish and use policies to monitor fuel expenses made with fleet credit cards to ensure fuel purchases are for government purposes

♦ prepare, review, and approve all significant reconciliations promptly to reduce the risk that its accounting records and financial reports are not accurate and complete

♦ develop an information technology strategic plan to help management know if it has addressed all the threats and risks to the Ministry's information systems

♦ have a complete business continuity plan so it can continue to deliver its programs and services in the event of a disaster

Introduction

The mandate of the Ministry of Government Services (Ministry) is to support government program delivery by providing central support services of accommodation and property management, furnishings and supplies, transportation, purchasing, risk management, records management, telecommunications, and mail distribution.[1]

In 2007-08, the Ministry had expenses of $321 million. It recovered $210 million of its costs from ministries and $72 million from commercial activities.

The Ministry also manages a significant amount of infrastructure and assets (e.g., building, vehicles) for the Government. At March 31, 2008, the Ministry held capital assets totalling $390 million.

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

Audit conclusions and findings

In our opinion, for the year ended March 31, 2008:

♦ **the Ministry had adequate rules and procedures to safeguard public resources except for the matters reported in this chapter**

♦ **the Ministry complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**

Service level agreements required

The Ministry does not have a service level agreement with the Information Technology Office (ITO).

Commencing March 16, 2008, ITO delivers information technology services that the Ministry previously delivered itself. Therefore, the

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[1] *Ministry of Government Services 2007-2008 Annual Report*, pp. 3

Ministry needs to sign a service level agreement with ITO setting out the roles and responsibilities of both ITO and the Ministry. For example, the agreement would describe the services to be provided by 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 time frames for setting up new email accounts), and the term of the agreement. The agreement should also identify security and disaster recovery requirements. Without a signed service level agreement, there is a risk that the Ministry's needs may not be met.

1.   **We recommend the Ministry of Government Services sign a service level agreement with the Information Technology Office for information technology services.**

Segregation of duties needed

The Ministry needs to properly segregate the duties of employees to ensure that the same employee cannot initiate payments and approve the same payments.

Segregation of employees' duties is important to prevent the misuse of public money. Segregation of duties is not adequate when an employee or group of employees can commit and conceal errors or fraud. Inadequate segregation of duties increases the risk that public money may be misused without ready detection.

The Ministry uses the Government's centralized payment system called Multi-informational Database Applications System (MIDAS). MIDAS does not adequately segregate functions for processing payments. MIDAS allows certain employees to enter vendors' invoices in the system and then approve them for payment. Ministry employees are approved vendors in the MIDAS system if they have received travel or medical expense reimbursements. This deficiency allows employees to authorize payments to themselves.

2.   **We recommend the Ministry of Government Services properly segregate duties of its employees to ensure the same employee cannot initiate payments and approve the same payments.**

Better monitoring of fuel expense needed

The Ministry needs to monitor fuel purchases made with its credit cards.

The Ministry maintains a fleet of approximately 5,500 vehicles. Its vehicles consume 11.3 million litres of fuel per year. The cost of fuel is the largest operating expense for its fleet. Without adequate systems and practices for controlling fuel expenses, the Ministry is at risk of spending public money for unauthorized purchases.

The Ministry uses credit cards to purchase fuel for its fleet vehicles. It has policies for the use of these credit cards. The policies limit the use of these cards and the dollar amount. However, the Ministry does not have policies to monitor fuel purchases. During the year, the Ministry did not monitor whether fuel purchases were for government purposes.

The Ministry should do regular comparisons of kilometres driven to fuel purchased, perform random audits of fuel expenses, establish fuel consumption standards, and compare actual expenses to these standards.

3.   **We recommend the Ministry of Government Services establish and use policies to monitor its fuel expenses made with its credit cards to ensure fuel purchases are for government purposes.**

Improving the reconciliation process

In our 2006 Report – Volume 3, we recommended the Ministry 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 2007-08, we continued to find that the Ministry did not prepare timely daily reconciliations for its car rentals. Also, all car rental billing reconciliations still lack evidence of reviews independent of preparation.

If reconciliations are not promptly prepared and reviewed and approved by someone independent of preparation, the Ministry is at risk that its accounting records and financial reports may not be accurate and complete. This could result in the Ministry not collecting enough money to cover its related costs, or over charging government agencies.

We continue to recommend the Ministry of Government Services prepare and independently review and approve all significant reconciliations promptly.

Information technology strategic plan needed

In our 2007 Report – Volume 3, we recommended the Ministry have an information technology strategic plan.

PAC considered this matter in June 2008 and agreed with our recommendation.

An information technology (IT) strategic plan sets out how the Ministry will use IT to deliver its programs and services. An IT strategic plan can help management ensure IT initiatives are appropriate to meet the Ministry's direction. Also, it will help to ensure that the Ministry has addressed all the threats and risks to the Ministry's IT systems.

We continue to recommend the Ministry of Government Services have an information technology strategic plan.

Business continuity plan needed

In our 2007 Report – Volume 3, we recommended the Ministry have a complete business continuity plan[2] (BCP).

PAC considered this matter in June 2008 and agreed with our recommendation.

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[2] A business continuity plan is a plan 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 including normal operation of computerized system (also known as a contingency plan or disaster recovery plan). A contingency plan is only one component of the business continuity plan.

The Ministry 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 Ministry is at risk of not being able to deliver its programs and services in a timely manner. The BCP needs to be written, tested, and approved to help ensure that the Ministry can continue to deliver its programs and services in the event of a disaster.

The Ministry is in the process of developing its BCP. It has completed threat and risk assessments for its service lines and developed BCPs for three critical functions. However, it has not yet tested those plans.

We continue to recommend the Ministry of Government Services have a complete business continuity plan.

Processes to purchase supplies valued at over $25,000 – a follow-up

Each year, the Ministry purchases or helps purchase over $125 million of supplies and services. *The Purchasing Act, 2004* requires the Ministry to obtain supplies centrally for government ministries, boards, commissions, and Crown corporations.[3] In 2005, we examined whether the Ministry had adequate processes to purchase supplies valued at over $25,000. We reported the results of the audit in our 2006 Report – Volume 1, Chapter 4 and made recommendations for the Ministry to help improve its processes.

We recommended the Ministry:

♦ get prompt feedback from user agencies to monitor the quality of supplies and the performance of suppliers

♦ monitor compliance with *The Purchasing Act, 2004* whether it purchases the supplies directly or delegates the purchase to public agencies

PAC considered these matters in October 2006 and agreed with our recommendations.

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[3] *The Purchasing Act, 2004* section 2*.*

In September 2008, we assessed the Ministry's progress towards addressing our recommendations. We are satisfied that the Ministry has complied with the recommendations. We set out the results of our work below by recommendation.

Prompt feedback from user agencies

The Ministry surveys both its suppliers and user agencies (i.e., public agencies) on a recurring two year basis. The Ministry is also in regular contact with the various ministries and supplier performance issues are discussed. This ongoing communication is part of the feedback that goes into determining the appropriate purchasing method to ensure supplies continue to meet the needs of user agencies. Also, a formal feedback process to follow up on each purchase over $25,000 has been implemented.

Monitor compliance with The Purchasing Act, 2004

The Ministry is the Government's central agency for purchasing. For purchases in excess of $5,000, the Ministry uses its buyers. The buyers ensure compliance with *The Purchasing Act, 2004.* The Ministry has delegated some purchasing authority to user agencies for purchases under $5,000. The Ministry has implemented a post audit process for items that are purchased by user agencies.

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.[4]

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[4] For the definitions of the key terms used in the table, see Chapter 21 – Standing Committee on Public Accounts.

PAC REPORT YEAR[5]	OUTSTANDING RECOMMENDATION	STATUS
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, 2008). The Ministry does not publish its targets. The Ministry of Government Services (formerly Saskatchewan Property Management Corporation) continues to follow the Accountability Framework which does not require targets at this time.
2008	PAC concurs: the Ministry of Government Services establish processes to ensure its vehicle fleet meets the safety standards of *The Traffic Safety Act.*	**Not implemented** (as at March 31, 2008). A follow-up is planned for 2010.
2008	PAC concurs: the Ministry of Government Services keep reliable maintenance and repairs records for its vehicles.	**Not implemented** (as at March 31, 2008). A follow-up is planned for 2010.
2008	PAC concurs: that senior management of the Ministry of Government Services receive reports to verify that vehicles are maintained in a safe condition and in an economical manner.	**Not implemented** (as at March 31, 2008). A follow-up is planned for 2010.

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

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