

**Main points ..... 318**

**Introduction ..... 319**

    Financial overview ..... 319

**Audit conclusion and findings ..... 319**

    Implementation of criminal record checks needed ..... 320

    MIDAS human resources/payroll security ..... 321

        Background ..... 321

        Audit objective and criteria ..... 322

        Audit conclusion and findings ..... 323

## Main points

The Public Service Commission (PSC) is responsible for implementing the Government's 2005 policy requiring criminal record checks of certain ministry employees. It has designated 10,908 positions as requiring a criminal record check. By September 2009, 7,687 of these employees have submitted criminal record checks. PSC expects to fully implement this policy by September 2010. PSC needs to complete criminal record checks to properly protect citizens from loss of public money.

PSC is responsible for the computerized human resources and payroll system. PSC had adequate central controls to protect the confidentiality, integrity, and availability of transactions on this system with two exceptions. First, it did not have adequate policies and procedures for monitoring user access to the system. Second, PSC did not provide user agencies with updated written guidance over the approval of payroll payments.

## Introduction

Under *The Public Service Act, 1998*, the Public Service Commission (PSC) is the central human resources agency for staff employed primarily by government ministries. Government ministries comprise about 12,000 staff positions.

PSC provides the human resource policy framework in which government ministries must operate. It is the employer representative for all government ministries in labour negotiations. The quality and strength of PSC's policies and corresponding human resource strategies are important to the success of PSC and government ministries. PSC also provides human resource services including staffing, payroll processing, classification of positions, and labour relations. PSC works with government ministries in the delivery of human resource services.<sup>1</sup>

## Financial overview

The following is a list of PSC's major programs and spending. For further details and variance explanations, see PSC's 2008-09 Annual Report available on its website [www.psc.gov.sk.ca](http://www.psc.gov.sk.ca).

|   | <u>Original Estimates</u> | <u>Actual</u>    |
|---|---------------------------|------------------|
|   | (in thousands of dollars) |                  |
| Human Resource Information Services     | \$ 9,786                  | \$ 7,625         |
| Central Management and Services         | 4,499                     | 4,490            |
| Employee Relations, Policy and Planning | 3,088                     | 3,138            |
| Human Resource Client Services          | 17,998                    | 18,661           |
| Capital Asset Amortization              | <u>1,250</u>              | <u>1,268</u>     |
|   | <u>\$ 36.621</u>          | <u>\$ 35.182</u> |

## Audit conclusion and findings

In our opinion, for the year ended March 31, 2009:

- ◆ PSC had adequate rules and procedures to safeguard public resources except for the matter reported in this chapter

<sup>1</sup> Public Service Commission. (2009). 2008-09 Annual Report. Regina: Author.

- ◆ **PSC complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**

This chapter also includes the results of our audit of the adequacy of PSC's central controls over its human resources and payroll systems security.

## **Implementation of criminal record checks needed**

In our 2005 Report – Volume 1, we recommended that the ministries (formerly departments) of Community Resources and Employment and of Environment assess the risk of loss of public money by employees in positions of trust (i.e., those responsible for the collection, receipt, disbursement, or expenditure of public money) and reduce this risk to an acceptable level (e.g., by providing insurance coverage or requiring criminal record checks).<sup>2</sup> The Standing Committee on Public Accounts (PAC) agreed with these recommendations in 2005.

Criminal record checks are part of a prudent employment process that helps the Government:

- ◆ maintain public confidence in the public service
- ◆ ensure the safety of its employees, clients, and stakeholders
- ◆ ensure that public funds are securely administered

In response to our recommendation, the Government announced, in September 2005, its policy on obtaining criminal record checks for certain ministry staff. It made PSC responsible for implementing this policy. Exhibit 1 provides a brief summary of the policy and PSC's related activities.

Under the policy, PSC requires 10,908 employees (i.e., the number of designated positions) to submit a satisfactory criminal record check by September 2010 and every five years thereafter. At September 24, 2009, 7,687 of these employees have submitted criminal record checks. PSC needs to complete criminal record checks to properly protect citizens from loss of public money.

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<sup>2</sup> Our 2005 Report – Volume 1 (Chapter 6 – Community Resources and Employment, Chapter 7 – Environment) includes detailed audit findings.

**Exhibit 1 – Criminal record check policy and PSC’s related activities**

Effective September 2005, PSC adopted a policy that requires employees in designated positions hired under *The Public Service Act, 1998* to provide a satisfactory criminal record check on initial employment and periodically thereafter. Designated positions requiring criminal record checks include:

- ◆ positions entrusted with the care of, or intervention with, vulnerable clients
- ◆ positions involved in law enforcement/security
- ◆ positions involved in the administration of the criminal justice system
- ◆ positions responsible for the collection, receipt, disbursement, or expenditure of public money
- ◆ information technology positions with responsibility to modify operating systems (e.g., ability to establish or re-route client payments)
- ◆ positions that are required to deal with third party service delivery systems where the third party requires criminal record checks
- ◆ such other positions that are identified by government ministries and approved by the PSC

Prior to posting new positions, PSC completes an evaluation of the position before posting the job. For positions requiring a criminal record check, PSC includes this requirement in the job posting. Successful applicants must provide a satisfactory criminal record check before ministries make an offer of employment.

Incumbents in designated positions are required to submit a satisfactory criminal record check within five years from the date the policy was implemented (i.e., by September 2010) and every five years thereafter. A satisfactory check is either a police report that there are no charges or convictions, or a determination by PSC that any reported charges or convictions are not relevant to the employee’s position. Also, employees in designated positions must report any criminal charges or convictions as they occur. When these reports are relevant to an employee’s position, PSC works with the ministry where the employee works to amend the job duties so that conflicts are eliminated. PSC updates the status of criminal record checks in its computer system which allows them to track and monitor compliance with the criminal record check policy.

**MIDAS human resources/payroll security**

***Background***

Since March 2006, PSC is responsible for the Multi-informational Database Applications System – human resources and payroll (MIDAS HR/payroll). MIDAS HR/payroll helps PSC and the ministries manage employee information (e.g., benefits, salary, job assignment, and training) and process payroll transactions.

Given PSC’s overall responsibility for MIDAS HR/payroll system, it must have adequate central controls to secure MIDAS HR/payroll and its information. Central controls are those controls that PSC must establish and carry out to protect the confidentiality, integrity, and availability of MIDAS HR/payroll transactions.

### ***Audit objective and criteria***

The objective of our audit was to assess whether PSC had adequate central controls to protect the confidentiality, integrity, and availability of transactions on MIDAS HR/payroll for the twelve-month period ending December 31, 2008. This audit did not assess the adequacy of controls at the user agencies.<sup>3</sup> Rather, it focused on central controls at PSC.

To make this assessment, we used criteria based upon the *Trust Services Criteria and Principles* authored by The Canadian Institute of Chartered Accountants and the American Institute of Certified Public Accountants, as well as international standards, literature, and reports of other legislative auditors. PSC has agreed with the criteria.

Our criteria, as set out in Exhibit 2 below, describe the key processes that we expect PSC to have.

#### **Exhibit 2 – Audit criteria**

Adequate central controls used to protect the confidentiality, integrity, and availability of transactions on MIDAS HR/payroll should include control processes that:

**1. Show management commitment to security (governance)**

- 1.1. Responsibilities for security are clearly defined
- 1.2. Management identifies threats and risks
- 1.3. Management has approved security policies and procedures
- 1.4. Management monitors security

**2. Protect systems and data from unauthorized access**

- 2.1. User access controls protect the system and data from unauthorized access
- 2.2. Physical security controls protect the system and data from unauthorized access

**3. Make systems and data available for operation**

- 3.1. System and data backups occur and are tested
- 3.2. Disaster recovery plans are in place and tested

**4. Maintain the integrity of systems and data**

- 4.1. Management has policies and procedures for managing the system and data
- 4.2. Change management processes exist and are followed
- 4.3. Management monitors the system to ensure it is operating as planned

User agencies (primarily ministries) rely on PSC, as a service provider, to have adequate central controls, carry them out properly, and process data accurately.

<sup>3</sup> In this section; we call the ministries that use MIDAS HR/payroll “user agencies.”

Throughout our audit, we followed *The Standards for Assurance Engagements* established by The Canadian Institute of Chartered Accountants.

***Audit conclusion and findings***

**PSC had adequate central controls to protect the confidentiality, integrity, and availability of transactions on MIDAS HR/payroll for the twelve-month period ended December 31, 2008 except PSC needs:**

- ◆ **policies and procedures for monitoring user access to MIDAS HR/payroll**
- ◆ **to provide user agencies with updated written guidance over the approval of payroll payments in accordance with *The Financial Administration Act, 1993***

During 2008, PSC partially implemented two of the three recommendations reported in our 2008 Report – Volume 1 (Chapter 9) and fully implemented one recommendation. During 2008, it provided user agencies with adequate reports from MIDAS HR/Payroll that help them monitor the accuracy of payroll and approve payments in accordance with *The Financial Administration Act, 1993*.

Exhibit 3 explains the status of the partially implemented recommendations in more detail. It sets out the following information: our recommendation, report year of initial recommendation, results of the Standing Committee on Public Accounts' review of the recommendation, actions PSC did in 2008 to address the recommendations, and status of recommendation at December 2008.

**Exhibit 3 – Previous recommendations**

| Recommendation (related report)   | PAC conclusion  | Actions PSC took in 2008   | Status of recommendation at December 2008 |
|---|---|--|---|
| <p>We recommend the Public Service Commission have policies and procedures for monitoring user access to MIDAS HR/payroll</p> <p>(2007 Report – Volume 3 (Chapter 20).)</p>   | <p>PAC concurred with the recommendation on December 10, 2008</p> | <p>Starting October 2008, PSC improved its process by providing Ministries with user access information monthly. This information includes a listing of inactive user accounts and the last date a user accessed the system.</p> <p>However, there is no process to automatically cancel or require action from Ministries to continue access to these accounts. We found a number of instances where a Ministry did not remove a user's access in a timely manner.</p>  | <p>Partially implemented</p>              |
| <p>We recommend the Public Service Commission provide user agencies with written guidance on the processing and approval of payroll payments in accordance with <i>The Financial Administration Act, 1993</i>.</p> <p>(2008 Report – Volume 1 (Chapter 9).)</p> | <p>PAC concurred with the recommendation on December 10, 2008</p> | <p>Although PSC has developed policy and procedure manuals to help staff perform most of their MIDAS HR/payroll related responsibilities, it needs to keep these manuals up-to-date as processes change. This includes providing explicit guidance on processing and approving payroll payments to ensure compliance with <i>The Financial Administration Act, 1993</i>.</p> <p>In 2008, PSC hired a contractor to develop and document a process for communicating policies and procedures. It expects communication of the documented policies to occur in the fall of 2009.</p> | <p>Partially implemented</p>              |