

Corrections, Public Safety and Policing

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Main points

The Ministry of Corrections, Public Safety and Policing (Ministry) needs to establish adequate written policies and procedures for making payments to First Nations for policing services. The Ministry also needs to prepare accurate financial reports for its Correctional Facilities Industries Revolving Fund.

The Ministry should ensure its internal audit function focuses on activities where the Ministry is at greatest risk. For example, the Ministry continues to pay employees more than they are owed.

The Ministry should also follow the terms of its shared service agreement with the Ministry of Justice and Attorney General, adequately protect its information technology systems and data, and complete its business continuity plan.

Introduction

The mandate of the Ministry of Corrections, Public Safety and Policing (Ministry) is to promote safe and secure communities through: supporting effective policing and law enforcement; rehabilitation and treatment services and programs for adult and young offenders; emergency planning and communication; monitoring building standards, fire prevention and disaster assistance programs; and licensing and inspection services.¹

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

In 2009-10, the Ministry raised revenues of \$40 million and spent about \$360 million. Almost 43% (2008-09 about 59%) of Ministry revenues are from the Federal Government for cost-sharing programs. Information about the Ministry's revenues and expenses appears in its 2009-10 annual report.²

The following is a list of the Ministry's major programs and spending:

	<u>Original Estimates³</u>	<u>Actual</u>
	(in millions of dollars)	
Central Management & Services ⁴	\$ 20.9	\$ 22.8
Adult Corrections ⁴	99.9	104.4
Young Offenders Programs	51.1	49.6
Public Safety	9.5	20.1
Policing Services	142.1	142.8
Capital asset amortization	<u>0.5⁵</u>	<u>0.6</u>
Total expense	<u>324.0</u>	<u>340.3</u>
Capital acquisitions ⁶	<u>43.1</u>	<u>20.8</u>
	<u>\$ 367.1</u>	<u>\$ 361.1</u>

¹ Ministry of Corrections, Public Safety, and Policing, 09-10 Annual Report, p.6.

² See <http://www.cpsp.gov.sk.ca/2009-2010CPSPAnnualReport> (30 Sep 2010).

³ *Saskatchewan Provincial Budget 09-10 Estimates* – Corrections, Public Safety and Policing Vote 73: Government of Saskatchewan.

⁴ Original estimates amount shown is net of estimate for capital acquisitions.

⁵ Amortization is not included in appropriation.

⁶ Amounts reflect estimated and actual spending.

Related special purpose funds

At March 31, 2010, the Ministry was responsible for the following special purpose funds:

	<u>Year-end</u>
Correctional Facilities Industries Revolving Fund	March 31
Sask911 Account	March 31

Audit conclusions and findings

To form our opinion on the Sask911 Account, our office worked with KPMG LLP, the appointed auditor. We used the framework recommended by the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.⁷

In our opinion, for the year ended March 31, 2010:

- ◆ **the Ministry and the above-listed special purpose funds had adequate rules and procedures to safeguard public resources except as described in this chapter**
- ◆ **the Ministry and the above-listed special purpose funds complied with the authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matter described in this chapter**
- ◆ **the financial statements of the above-listed special purpose funds are reliable**

Also, the chapter provides an update on the status of outstanding recommendations made by the Standing Committee on Public Accounts (PAC) that the Ministry has not yet implemented and are not discussed in this chapter.

⁷ To view this report, see our website at www.auditor.sk.ca/rrd.html.

Accurate and timely financial records and reports needed

The Correctional Facilities Industries Revolving Fund (CFIRF) operates under the authority of Section 53 of *The Correctional Services Act*. The purpose of CFIRF is to rehabilitate inmates by operating work programs intended to provide practical and marketable work skills for inmates and a revenue source to reduce the costs of inmate programming. The Ministry is responsible for managing and operating CFIRF. At March 31, 2010, CFIRF had an accumulated surplus of about \$140,000 and revenue of \$529,000 for the year then ended.

The Ministry needs adequate processes to prepare prompt and accurate financial reports for CFIRF. It needs to provide staff with adequate written guidance and direction for preparing financial records and financial reports promptly and accurately. It also needs to supervise staff to ensure they complete their duties.

The 2009-10 CFIRF financial statements presented for audit contained several errors. For example, the Ministry did not record \$81,500 in accounts payable. The Ministry corrected the CFIRF financial statements for these amounts.

- 1. We recommend that the Ministry of Corrections, Public Safety and Policing implement adequate processes to prepare accurate and timely financial records and statements for the Correctional Facilities Industries Revolving Fund.**

Comply with terms of policing agreements

The Ministry needs adequate written policies and procedures for making payments to First Nations for policing services.

Over the past 10 years, the Ministry and the Government of Canada made multi-year agreements with First Nations to assist First Nations in carrying out policing services. At March 2010, the Ministry has made about 35 policing agreements with First Nations; it is to provide about \$1.7 million to First Nations annually. Under the terms of the agreements, the Ministry is to make advance payments to First Nations quarterly. At the end of the fiscal year, First Nations are to provide the Ministry with

audited financial statements that show the actual expenses and return the funds not spent.

The Ministry has assigned staff to work with First Nations. The Ministry meets with First Nations on the agreements' requirements including the need for audited financial statements and the related impact on funding. However, at March 31, 2010, the Ministry continues to receive unaudited financial statements from some First Nations and no financial statements from a few First Nations.

Instead of consistently making advance payments to First Nations on a quarterly basis as the agreements require, the Ministry often waits until it receives unaudited financial statements. At March 31, 2010, the Ministry has not advanced \$1.2 million to First Nations.

The Ministry needs to establish adequate written policies and procedures for making payments to First Nations for policing services. Not making quarterly advances does not comply with the terms of the agreements and increases the risk that First Nations will not have sufficient funds to carry out their policing services. Also, lack of receipt of audited financial statements increases the risk the Ministry may pay the First Nations incorrect amounts.

- 2. We recommend that the Ministry of Corrections, Public Safety and Policing establish adequate written policies and procedures for making payments to First Nations for policing services.**

Follow shared services agreement

In our 2010 Report – Volume 1, we recommended the Ministry comply with the terms of the shared services agreement with the Ministry of Justice and Attorney General.

In April 2002, the Ministry approved a memorandum of understanding with Justice identifying the protocols for the operation of the Shared Services Branch. The shared services agreement establishes a Shared Services Management Committee, which according to the terms of the agreement should meet at least twice a year. The committee did not meet

during 2009-10; however, it met in April and May 2010 (subsequent to our audit period).

The shared services agreement also establishes a Shared Services Operations Sub-Committee. Under the agreement, the committee is to perform an annual review and evaluation of the terms, conditions, services, and information provisions within the agreement. A formal review has not taken place since 2006. The Ministry told us it is in the process of updating the terms of the agreement.

We continue to recommend that the Ministry of Corrections, Public Safety and Policing comply with the terms of the shared services agreement with the Ministry of Justice and Attorney General.

Need to follow payroll guidance

In our 2010 Report – Volume 1, we recommended the Ministry supervise its employees to ensure they follow the Ministry's policies and procedures for paying amounts owed to employees. If the Ministry does not follow its policies and procedures for paying employees, it may pay them more than owed.

The Ministry's salaries and wages were approximately \$133 million for the year ended March 31, 2010.

The Ministry did not correctly pay all of its employees during 2009-10. The Ministry overpaid employees approximately \$230,000 for salary and vacation as of March 31, 2010. The Ministry overpaid one employee about \$35,000 during 2009-10. Also, the Ministry pays employees when it has not properly approved their timecards. For the period 2008 to 2010, another employee working at a provincial correctional centre submitted incorrect timesheets and was paid \$34,000 of overtime for shifts not worked.⁸

We continue to recommend that the Ministry of Corrections, Public Safety and Policing supervise its employees to ensure they follow the Ministry's policies and procedures for paying amounts owed to employees.

⁸ *Losses of Public Money* report tabled with the Standing Committee on Public Accounts, August 3, 2010.

Also, in our 2010 Report – Volume 1, we assessed whether the Ministry had adequate processes, as of December 31, 2009, to manage provincial correctional centres' labour costs related to absenteeism. We concluded that the Ministry's processes were not adequate. We recommended the Ministry:

- ◆ communicate to employees guiding principles such as personal accountability and fiscal responsibility
- ◆ set formal thresholds to monitor sick leave and excessive hours worked and communicate these thresholds to corrections workers
- ◆ monitor and control changes to work schedules to minimize labour costs in correctional centres (e.g., approval of shift trades, pay out of overtime)
- ◆ pay corrections workers for actual hours worked
- ◆ establish processes to verify accurate data-entry of hours worked into the payroll system before paying employees
- ◆ periodically analyze absenteeism patterns and regularly report to senior management the risk factors that influence labour costs in correctional centres. This analysis should include all types of absenteeism (e.g., use of sick leave, shift trades) and related overtime costs
- ◆ establish adequate supervisory roles and responsibilities so that supervisors take prompt action on excessive absenteeism and overtime in correctional centres
- ◆ implement an attendance management policy

We plan to follow-up in a future report the Ministry's actions to address these recommendations.

Internal audit needs strengthening

In our 2009 Report – Volume 1, we recommended the Ministry follow its policy for its internal audit function to focus on activities where the

Ministry is at greatest risk. On February 2, 2010, PAC agreed with our recommendation.

In January 2008, the Ministry approved an internal audit policy. The policy requires a risk assessment to ensure internal audits focus on the areas with the highest risk. The internal audit policy also establishes an audit committee to oversee internal audit. This committee is to provide direction to internal audit, approve the annual audit plan based on a risk assessment, and review semi-annual summary audit reports.

The audit committee first met in June 2010 to review the internal audit work plan. According to the committee, it plans to review a risk assessment to support the overall audit work plan at its next meeting.

Without a formal risk assessment approved by the audit committee to provide direction, audit resources may not focus on the areas of greatest significance to the Ministry.

We continue to recommend that the Ministry of Corrections, Public Safety and Policing follow its policy for its internal audit function to focus on the activities where the Ministry is at greatest risk.

Better information technology processes needed

In our 2009 Report – Volume 1, we recommended the Ministry sign an adequate agreement on disaster recovery and security with the Information Technology Office (ITO). On February 2, 2010, PAC agreed with our recommendation.

During 2009-10, the Ministry did not sign a new disaster recovery and security agreement with ITO. The Ministry's current agreement with ITO does not identify all of the security requirements. For example, the agreement does not set out what security policies and procedures the Ministry's employees need to follow. Nor does it identify disaster recovery times for significant applications.

We continue to recommend that the Ministry of Corrections, Public Safety and Policing sign an adequate agreement on disaster recovery and security with the Information Technology Office.

Also, in our 2009 Report – Volume 1, we recommended the Ministry adequately monitor the security of its information technology systems and data. On February 2, 2010, PAC agreed with our recommendation.

The Ministry receives monthly reports from ITO. The reports include information on ITO's activities such as service levels and costs but little information on the security or availability of its systems. Also, the Ministry does not receive any information about the adequacy of ITO's controls or how weaknesses at ITO could impact the Ministry's systems and data. Nor does the Ministry know if ITO could meet the Ministry's disaster recovery needs.

The Ministry has processes for removing user access from employees who no longer work for the Ministry. However, the Ministry did not follow its processes on a timely basis. If former employees do not have access removed promptly, it increases the risk of inappropriate access to the Ministry's systems and data.

We continue to recommend that the Ministry of Corrections, Public Safety and Policing adequately monitor the security of its information technology systems and data.

Business continuity plan needed

In our 2007 Report – Volume 1, we recommended that the Ministry needed to complete and implement its business continuity plan (BCP).⁹ On June 25, 2007, PAC agreed with our recommendation.

The Ministry has identified and developed plans for recovery of its critical services. The Ministry has approved its BCP, but the approved BCP has not been updated to ensure continuity of services that ITO provides. As stated earlier, Ministry does not know if ITO's disaster recovery processes meet the Ministry's needs.

The Ministry completed some BCP testing during 2009-10. The Ministry focused on continuing critical business processes in the event of a pandemic. The Ministry needs to continue to test all its critical business

⁹ **Business Continuity Plan (BCP)** – 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.

processes and work with ITO to ensure it can meet its system recovery needs.

We continue to recommend that the Ministry of Corrections, Public Safety and Policing complete and implement its business continuity plan.

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

The following table provides an update on recommendations previously made by PAC that are not yet implemented and are not discussed earlier in this chapter.¹⁰

PAC REPORT YEAR¹¹	OUTSTANDING RECOMMENDATION	STATUS
Ministry of Corrections, Public Safety and Policing (Rehabilitate adult inmates)		
2009	PAC concurs: 2-3 that the Ministry of Corrections, Public Safety and Policing consistently comply with its policies to assess inmates' needs (primary and secondary) and plan relevant programs.	Partially implemented (as at March 31, 2010).
2009	PAC concurs: 2-5 that the Ministry of Corrections, Public Safety and Policing monitor the proportion of inmates accessing planned rehabilitation programs before the inmates are released into the community and enhance access to rehabilitation if required.	Partially implemented (as at March 31, 2010).
2009	PAC concurs: 2-6 that the Ministry of Corrections, Public Safety and Policing monitor re-offending rates in relation to rehabilitation programs to better evaluate its rehabilitation of inmates.	Partially implemented (as at March 31, 2010).

¹⁰ For the definitions of the key terms used in the table, see Chapter 24 – Standing Committee on Public Accounts.

¹¹ PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.

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