

# Environment

# 7

<b>Main points .....</b>	<b>72</b>
<b>Introduction .....</b>	<b>73</b>
<b>Our audit conclusions and findings.....</b>	<b>74</b>
Better human resource plan needed .....	74
Control over bank accounts .....	75
Need to follow payroll guidance .....	75
Adequate service level agreement needed .....	76
Establish processes to secure data .....	77
Complete business continuity plan.....	78
<b>Status of other outstanding recommendations of the Standing Committee on Public Accounts.....</b>	<b>79</b>

## Main points

The Ministry of Environment (Ministry) has made some progress in addressing our past recommendations. The Ministry continues to need to determine its current and future human resource needs and develop strategies to address any gaps between its current and future workforce.

The Ministry must improve its supervision of staff to ensure they follow the Ministry's policies and procedures for bank reconciliations and payments to terminated employees. As well, the Ministry should establish adequate processes to secure its systems and data including an adequate agreement with the Information Technology Office and a complete business continuity plan.

## Introduction

The Ministry of Environment (Ministry) is responsible for managing, enhancing, and protecting the Province's natural and environmental resources and sustaining them for future generations.<sup>1</sup> Information about the Ministry is available on its website ([www.environment.gov.sk.ca/](http://www.environment.gov.sk.ca/)).

For the year ended March 31, 2010, the Ministry's program costs were \$168 million (2009-\$173 million) and its net capital acquisitions were \$18 million (2009-\$22 million). Also, the Ministry had revenue of \$49 million (2009-\$50 million) from licences and permit fees for fishing, hunting, and forestry. It also collects non-refundable deposits on beverage containers. In addition, the Ministry raises revenue and incurs expenses through the Fish and Wildlife Development Fund.

Information about the Ministry's revenues and expenses appear in the Ministry's 2009/10 annual report available on its website. The Ministry's major programs and spending include:

	<u>Original Estimates</u>	<u>Actual</u>
	(Millions of dollars)	
Central Management and Services	\$ 17	\$ 18
Environmental Protection	41	41
Forest Services	16	15
Fire Management and Forest Protection	102	69
Fish, Wildlife and Biodiversity	10	10
Compliance and Field Services	17	17
Corporate Policy and Planning	21	13
Land	<u>4</u>	<u>3</u>
	<u>\$ 228</u>	<u>\$ 186</u>

The Ministry is responsible for managing the Fish and Wildlife Development Fund (FWDF).

The Commercial Revolving Fund (CRF) is the responsibility of the Ministry of Tourism, Parks, Culture and Sport. However, the Ministry of Environment is responsible for the day-to-day administration of CRF.

<sup>1</sup> Section 3 of *The Environmental Management and Protection Act, 2002*.

## Our audit conclusions and findings

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

- ◆ the Ministry had adequate rules and procedures to safeguard public resources except for the matters described in this chapter
- ◆ the Ministry complied with the authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing
- ◆ the financial statements of the FWDF are reliable

### Better human resource plan needed

In our 2009 Report – Volume 3, we recommended that the Ministry complete the identification of its human resource needs and develop strategies to address any competency gaps. In June 2010, the Standing Committee on Public Accounts (PAC) agreed with our recommendation.

The Ministry has a human resource plan, which links to its strategic plan. The plan outlines its priorities and human resource needs. The plan also identifies key human resource risks and some competency gaps in current resources as well as some strategies and implementation plans to bridge the competency gaps.

The human resource plan identifies the importance of being accountable for the resources the Ministry manages. The Ministry has determined some of its human resource needs and developed some strategies to address its needs. However, it still needs to complete the development of a training and development plan.

We continue to recommend that the Ministry of Environment complete the identification of its human resource needs and develop strategies to address any competency gaps.

Management told us it is in the process of implementing a Change Management and Training Project, as well as a Learning and Development Strategy to address employee learning and development.

## **Control over bank accounts**

Since 2004, we have recommended that the Ministry follow its rules and procedures to reconcile (agree) its recorded bank balances to the bank's records promptly. In January 2005, PAC agreed with our recommendation.

Regular reconciliation and review of recorded bank balances to bank records provides a check that all charges to the bank accounts are proper, the Ministry has received all the money, and deposited it in the right bank account.

The Ministry has a written policy to reconcile its recorded bank balances to the bank's records promptly. Its procedures require management to review and approve the reconciliations. The Ministry has a total of 25 bank accounts, one of which is a main bank account. During the year, the Ministry's bank accounts were not always reconciled promptly. For example, staff did not complete the July 2009 main bank reconciliation until October 2009 and the October 2009 main bank reconciliation until February 2010. Annually, the main bank account has about \$21 million in deposits and transfers.

We continue to recommend that the Ministry of Environment supervise its employees to ensure they follow the Ministry's policies and procedures for reconciliation of recorded bank balances to the bank's records promptly.

Management told us that the Ministry has processes in place for reconciling the bank accounts and notes that the majority of bank accounts were reconciled promptly.

## **Need to follow payroll guidance**

Since 2008, we have recommended that the Ministry of Environment supervise its employees to ensure they follow the Ministry's policies and procedures for preparing amounts owing to terminated employees. In December 2008, PAC agreed with our recommendation.

The Ministry's salaries and wages were approximately \$65 million for the year ended March 31, 2010.

Supervisors continued not to submit all staff termination notices to the Public Service Commission prior to calculating final pay. As a result, the Ministry overpaid terminated employees, employees on seasonal layoff, and employees on definite leave of absence by \$35,606.

We continue to recommend that the Ministry of Environment supervise its employees to ensure they follow the Ministry's policies and procedures for preparing amounts owing to terminated employees.

Management told us that it plans to follow the Public Service Commission's manager checklists, including a checklist for terminations, to assist managers in ensuring a timely and accurate termination process.

### **Adequate service level agreement needed**

Since 2008, we have recommended that the Ministry sign an adequate agreement with the Information Technology Office (ITO) for information services. In December 2008, PAC agreed with our recommendation.

The Ministry signed a service level agreement with ITO on April 1, 2008. The agreement, however, does not adequately address disaster recovery and the Ministry's ability to obtain assurance as to the security of its information systems. As a result, the Ministry does not know whether ITO can restore systems and data when needed in the event of a disaster or whether the Ministry's data is secure and appropriately stored.

We continue to recommend that the Ministry of Environment sign an adequate agreement with the Information Technology Office for information technology services.

The Ministry told us that it continues to work with ITO to communicate the Ministry's requirements and that ITO is actively working to improve its capabilities through action that includes outsourcing of network and data centre services and improvements in its security technologies, policies, and services.

## **Establish processes to secure data**

Since 2008, we have recommended that the Ministry establish adequate processes to secure its systems and data. In December 2008, PAC agreed with our recommendation.

The Ministry needs to ensure it has strong security to protect its information technology (IT) systems and data. Without strong security processes, the Ministry cannot ensure the confidentiality, integrity, and availability of its systems and data. Also, management may not know if it has addressed all the threats and risks to the Ministry's systems and data. An IT plan can help management do so.

The Ministry still does not have adequate security measures over some data. The Ministry uses laptop computers that contain sensitive data. The Ministry has not adequately secured all laptops through measures such as encryption.

The Ministry's internal auditor examined employees' access to computer systems. The auditor found the access required by some employees was improper and lacked a written explanation of the need for their access. The Ministry reviews its employees' access to the Government's central financial system quarterly as directed by the Ministry of Finance. However, the auditor found six instances where access was not cancelled in a reasonable timeframe of one week. The Ministry needs to improve the review of user access to ensure it remains appropriate. For example, two staff no longer employed with the Ministry had access to some computer systems.

The Ministry accepts credit card payment for some fees, such as the Big Game Draw. The Ministry is required to comply with industry standards for credit cards as part of its agreement with its credit card service provider. The Ministry has a process to determine whether it complies with these standards. The Ministry has identified several weaknesses that it is correcting. A lack of compliance with the industry security standards increases the risk of unauthorized access to credit card information by others without ready detection. This could lead to a loss of public money, loss of reputation, and loss of the ability to process payments by credit card.

To know that its computer systems and data are secure, the Ministry also needs to monitor whether the security ITO provides is adequate. The Ministry did not ask for or receive adequate information on the security or availability of its systems from ITO for the year ended March 31, 2010.

The Ministry now receives monthly service and user access reports from ITO. The service reports include information on ITO activities such as service levels and costs. The user access reports identify who has access to specific applications. The Ministry has begun to use this information to manage user access. However, as stated above, two individuals who no longer work for the Ministry continued to have access to systems and data. We also found that ITO did not have processes to adequately configure, monitor, and update firewalls at the Ministry. Firewalls help to maintain security of the Ministry's systems and data. Although the Ministry has taken some steps to address our recommendation, its systems and data remain at risk of inappropriate access.

We continue to recommend that the Ministry of Environment establish adequate processes to secure its systems and data.

Management told us the Ministry continues to address these security concerns, seeking to identify solutions that can be implemented in an effective manner. The Ministry has signed a memorandum of understanding with ITO related to the provision of security-related services and the establishment of appropriate security policies and standards.

## **Complete business continuity plan**

Since 2006, we have recommended that the Ministry prepare a complete business continuity plan. In March 2007, PAC agreed with our recommendation.

The Ministry provides a number of environmental programs and services to the residents of Saskatchewan as part of its mandate. It 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 Ministry made progress on this matter in 2009-10 through the initial completion of a Business Continuity Plan that is awaiting final approval. However, the Ministry has not tested the action plan for responding to critical service disruptions and has not completed its disaster recovery plan for its computer systems. In prior years, it ranked its critical services and began developing procedures for the recovery and restoration of these critical services. The Ministry has now contracted ITO to carry out its information technology services. It still needs to ensure that its agreement with ITO supports its business continuity plan once completed.

We continue to recommend that the Ministry of Environment prepare a complete 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.<sup>2</sup>

<b>PAC REPORT YEAR<sup>3</sup></b>	<b>OUTSTANDING RECOMMENDATION</b>	<b>STATUS</b>
<b>Ministry of Environment (Processes to Regulate Contaminated Sites)</b>		
2009	PAC concurs: 4-1 that the Ministry of Environment establish an adequate system for tracking contaminated sites.	<b>Partially implemented</b> (as at March 31, 2009). We plan to do a follow-up in 2011.
2009	PAC concurs: 4-2 that the Ministry of Environment complete its risk assessments for identified contaminated sites and rank them in terms of priority.	<b>Partially implemented</b> (as at March 31, 2009). We plan to do a follow-up in 2011.

<sup>2</sup> For the definitions of the key terms used in the table, see Chapter 24 – Standing Committee on Public Accounts.

<sup>3</sup> PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.

**Chapter 7 – Environment**

<b>PAC REPORT YEAR<sup>3</sup></b>	<b>OUTSTANDING RECOMMENDATION</b>	<b>STATUS</b>
2009	PAC concurs: 4-3 that the Ministry of Environment complete its written guidance for monitoring contaminated sites.	<b>Partially implemented</b> (as at March 31, 2009). We plan to do a follow-up in 2011.
2009	PAC concurs: 4-4 that the Ministry of Environment prepare a communication plan for internal and external reporting on the status of contaminated sites.	<b>Partially implemented</b> (as at March 31, 2009). We plan to do a follow-up in 2011.
<b>Ministry of Environment (Air Quality)</b>		
2005	PAC concurs: 10-2 that the Department of Environment should set sound and consistent terms and conditions for permits to regulate air emissions.	<b>Partially implemented</b> (as at March 31, 2009). We plan to do a follow-up in 2011.
2005	PAC concurs: 10-3 that the Department of Environment should establish processes to ensure permits to regulate air emissions are properly approved and expired permits are followed up promptly.	<b>Partially implemented</b> (as at March 31, 2009). We plan to do a follow-up in 2011.
2005	PAC concurs: 10-4 that the Department of Environment should set sound and consistent processes for monitoring compliance with permits to regulate air emissions and for handling air emission complaints.	<b>Partially implemented</b> (as at March 31, 2009). We plan to do a follow-up in 2011.
2005	PAC concurs: 10-5 that the Department of Environment should complete its human resource plan including a plan for employee training to regulate air emissions.	<b>Partially implemented</b> (as at March 31, 2009). We plan to do a follow-up in 2011.
2005	PAC concurs: 10-6 that the Department of Environment should establish systems to collect and maintain information to prepare reliable reports.	<b>Not implemented</b> (as at March 31, 2009). We plan to do a follow-up in 2011.

<b>PAC REPORT YEAR<sup>3</sup></b>	<b>OUTSTANDING RECOMMENDATION</b>	<b>STATUS</b>
2005	PAC concurs: 10-7 that the Department of Environment should improve its internal and external reporting on air emissions.	<b>Partially implemented</b> (as at March 31, 2009). We plan to do a follow-up in 2011.

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