Chapter 13
Information Technology Office

1.0 MAIN POINTS

This chapter reports the results of the annual audit of the Information Technology Office (ITO) for the year ended March 31, 2012.

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

ITO had effective rules and procedures to safeguard public resources except that it needs to:

❱ Follow its established procedures to ensure ITO user access is removed in a timely manner

❱ Sign adequate agreements with its clients on security and disaster recovery processes, expectations, and reporting requirements

❱ Prepare accurate and complete year-end financial reports as required by the *Financial Administration Manual*

Effective May 25, 2012, ITO became part of the Ministry of Central Services. The Ministry of Central Services brings together a number of central service functions of government, including government services, the Information Technology Office, and the Public Service Commission.

This chapter also contains an update on the status of previous recommendations agreed to by the Standing Committee on Public Accounts.

2.0 INTRODUCTION

The Information Technology Office (ITO) is the information technology (IT) services supplier for government ministries and agencies. It supplies a full range of IT services to its government customers, including help desk, hardware and software, application development and IT security services. ITO's mandate is to provide responsive and value-added services to partner ministries and agencies.[1] ITO is also responsible for setting government-wide policies and standards in IT infrastructure, IT support services, security and telecommunications.

Over 12,000 Government of Saskatchewan employees in 31 ministries and agencies receive services from ITO.[2] As of March 31, 2012, ITO had 263.4 full-time equivalent positions under the direction of six main branches including Application Management Services, Chief Technology Office, Corporate Services, Customer Services, Operations, and Supply Chain Management.[3]

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[1] *Information Technology Office 11-12 Annual Report*, p. 6. www.ito.gov.sk.ca/.
[2] Ibid., p. 6.
[3] Ibid., p. 7.

2.1   Financial Overview

ITO operates on a cost-recovery basis and charges its clients (other ministries and public agencies) for the costs of the goods and services that ITO provides.

Figure 1 – Major Programs and Spending

	Estimates 2011-12	Actual 2011-12
	(in millions of dollars)	
Central Management Services	$ 2.1	$ 2.1
IT Coordination and Transformation Initiatives	5.0	10.0[4]
Interministerial Services	44.9	89.2[5]
Major Capital Asset Acquisitions	3.7	3.3
Application Administration and Support	8.9	8.9
Total Expenditures	64.6	113.5
Cost-recovery from Ministries	43.0	87.1
Cost-recovery from External Clients	1.9	2.1
Total Recoveries	44.9	89.2
Total Appropriation	$ 19.7	$ 24.3

Sources: *Government of Saskatchewan–2011-12 Estimates, Vote 74 Information Technology Office; Information Technology Office 11-12 Annual Report; Government of Saskatchewan – 2011-12 Public Accounts*

3.0   AUDIT CONCLUSIONS, SCOPE AND FINDINGS

In our opinion, for the year ended March 31, 2012:

❭ **The Information Technology Office had effective rules and procedures to safeguard public resources except for the matters described in this chapter**

❭ **The Information Technology Office complied with the following authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, borrowing, and investing:**

   The Economic and Co-operative Development Act (sections 8(c), 9(1)(h), and 9(3))
   The Government Organization Act
   The Information Technology Office Regulations
   The Information Technology Office Service Regulations
   The Public Service Act, 1998
   The Public Service Regulations, 1999
   The Public Works and Services Act (sections 4(2)(j) and (n))
   The Financial Administration Act, 1993
   Orders in Council issued pursuant to the above legislation

We used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of ITO's controls.

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[4] During 2011-12, ITO received a budget increase, through special warrants, totalling $5.065 million.
[5] Interministerial Services are based on cost-recovery, therefore, the amount of cost-recovery will equal Interministerial Services expenditures.

The CICA defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

Assessing ITO's rules and procedures to safeguard public resources includes evaluating ITO's process for purchasing goods or services, tracking significant contracts, and charging its customers for the goods and services that it provides.

Recommendations previously directed at ITO are now directed at the Ministry of Central Services.

3.1   Timely Removal of User Access Needed

We recommended that the Information Technology Office follow its established procedures for removing user access to its computer systems and data.
(2011 Report – Volume 2; Public Accounts Committee agreement June 25, 2012)

Status – We continue to make this recommendation.

ITO has established adequate procedures for removing user access to its computer systems and data. However, ITO did not follow its established procedures. During the audit, we found 2 out of 10 individuals tested did not have their access removed on a timely basis. If former employees do not have access removed on a timely basis, it increases the risk of inappropriate access to ITO's systems and data.

3.2   Improve Service Agreements with Clients

3.2.1. Signed Service Agreements in Place

We recommended that the Information Technology Office sign service level agreements with its clients prior to delivering information technology services.
(2005 Report – Volume 3; Public Accounts Committee agreement May 16, 2006)

Status – Implemented.

By March 31, 2012, ITO had signed service agreements with all its clients. However, as discussed in the next section, these service agreements are not always adequate.

3.2.2. Adequate Service Agreements Needed

We recommended that the Information Technology Office sign agreements with its clients on security and disaster recovery processes, expectations, and reporting requirements. (2005 Report – Volume 3; Public Accounts Committee agreement May 16, 2006)

Status – We continue to make this recommendation.

ITO should sign agreements with its clients on security and disaster recovery processes, expectations, and reporting requirements. Without an adequate signed agreement, there is a risk that there may not be clear understanding on all matters and that client needs may not be met. ITO now has signed agreements with all of its clients. However, some agreements still do not adequately address disaster recovery and reporting requirements.

3.3 Prepare Accurate and Complete Financial Reports

We recommended that the Information Technology Office prepare accurate and complete year-end financial reports as required by the *Financial Administration Manual*. (2010 Report – Volume 2; Public Accounts Committee agreement June 6, 2011)

Status – We continue to make this recommendation.

The *Financial Administration Manual* requires ITO to give the Ministry of Finance a year-end financial report that shows the revenues, expenses, assets, and liabilities of ITO. The Ministry of Finance uses this report to prepare the financial statements of the General Revenue Fund. The Ministry of Finance cannot prepare accurate financial statements unless ITO and other agencies provide accurate financial information.

ITO's financial reports for the year ended March 31, 2012 contained several significant errors. For example, its contractual obligations schedule had several incorrect amounts that resulted in an overall understatement of contractual obligations at March 31, 2012 of $1.6 million. We also found that ITO misstated the March 31, 2011 contractual obligations by $44.3 million.

3.4 Human Resource Plan in Place

We recommended that the Information Technology Office's human resource plan:
- Quantify its future human resource needs
- Provide details on the human resource gap between actual and required resources
- Provide measurable indicators and targets for its key strategies
- Provide details on plans to implement the major strategies

(2008 Report – Volume 3; Public Accounts Committee agreement December 10, 2008)

Status – Implemented.

During the year, ITO worked with the Public Service Commission and developed a human resource plan. This plan quantifies human resource needs, provides details on the gap between actual and required resources, provides measurable indicators and targets for its key strategies, and provides details on plans to implement the major strategies in its plan.

4.0 EXHIBITS

4.1 Status of Previous Recommendations of the Standing Committee on Public Accounts

The following exhibit provides an update on recommendations agreed to by the Standing Committee on Public Accounts (PAC) that are not yet implemented and are not discussed earlier in this chapter. Our intent is to follow up outstanding recommendations in upcoming reports.

PAC Report Year	Outstanding Recommendation	Status
Information Technology Office – Benefit Realization (2009 Report – Volume 1)		
2011	7-2 that the Information Technology Office work with ministries to prepare joint action plans to address issues identified in satisfaction surveys, as required by its service level agreements.	**Partially Implemented** (as of March 31, 2011)
2011	7-5 that the Information Technology Office seek mutual agreement with ministries on relevant service delivery measures and targets.	**Partially Implemented** (as of March 31, 2011)