

Chapter 4

Central Services

1.0 MAIN POINTS

This chapter reports the results of the annual audit of the Ministry of Central Services (Central Services) for the year ended March 31, 2013.

Central Services and the Archives Board (Board) complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. The Board's financial statements are reliable.

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

- › Follow its established procedures to promptly remove unneeded user access to information technology (IT) services
- › 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*

2.0 INTRODUCTION

Effective May 25, 2012, Central Services brought together a number of central service functions of government, including the Ministry of Government Services, the Information Technology Office (ITO), and the Public Service Commission (PSC).

The mandate of Central Services is to support government program delivery by providing accommodation and property management, transportation services, purchasing, risk management, records management, telecommunications, mail distribution, human resource services and IT services. Central Services provides centralized support services to government ministries and agencies and manages an extensive portfolio of property.¹

As of March 31, 2013, Central Services employed 1,258.5 full-time equivalent employees located in 154 communities in 704 leased or owned buildings. Owned buildings had a replacement value of \$3.45 billion. The Ministry also owned 4,653 vehicles and six aircraft.²

During 2012-13, Central Services issued 306,272 pay cheques, 13,589 benefit statements and 17,487 T4 statements, and filled 1,069 full-time positions in government ministries. The Ministry processed 17.5 million pieces of mail, delivered 32 million

¹ Ministry of Central Services, *2012-13 Annual Report*, p. 5.

² *Ibid.*



emails, completed 115,000 IT service requests, stored 210,000 boxes of government records and tendered \$143 million in goods.³

At March 31, 2013, Central Services was responsible for the Saskatchewan Archives Board (Board).

3.0 FINANCIAL OVERVIEW

The following section outlines Central Services' major programs and spending. **Figure 1** separates the spending by each of its key components.

Central Services operates on a cost-recovery basis and therefore charges its clients (other ministries and public agencies) for the costs of the goods and services that Government Services provides. It calls this commercial operations. In 2012-13, Central Services had commercial operations revenue of \$75.3 million and expenses of \$75.6 million. Also, Central Services recovered costs of services provided to client ministries and agencies totaling \$191 million for central and accommodation services and \$106 million for IT services. Central Services also held tangible capital assets totaling \$532 million. This is comprised of \$517 million by Government Services, \$6 million by PSC, and \$9 million by ITO.

Figure 1—Major Programs and Spending

	Government Services		Public Service Commission		Information Technology Office		Total Central Services	
	Estimates 2012-13	Actual 2012-13	Estimates 2012-13	Actual 2012-13	Estimates 2012-13	Actual 2012-13	Estimates 2012-13	Actual 2012-13
(in millions)								
Central Management and Services	\$ 0.05	\$ 0.05	\$ 4.46	\$ 5.27	\$ 2.12	\$ 1.48	\$ 6.63	\$ 6.80
Property Management	12.24	7.21	NA*		NA		12.24	7.21
Purchasing	1.88	1.63					1.88	1.63
Transportation Services	-	4.07					-	4.07
Government Services	0.38	0.35					0.38	0.35
Saskatchewan Archives Board**	4.34	4.34					4.34	4.34
Human Resource Client Services and Support	NA						14.72	14.54
Corporate Human Resources and Employee Relations	NA		3.35	5.96	3.35	5.96		
Employee Service Centre	NA		14.51	12.19	14.51	12.19		
IT Coordination and Transformation Initiatives	NA		NA		5.46	4.98	5.46	4.98
Interministerial Services	NA		NA		-	(0.27)	-	(0.27)

³ Ibid.

	Government Services		Public Service Commission		Information Technology Office		Total Central Services	
	Estimates 2012-13	Actual 2012-13	Estimates 2012-13	Actual 2012-13	Estimates 2012-13	Actual 2012-13	Estimates 2012-13	Actual 2012-13
(in millions)								
Application Administration and Support					8.69	9.16	8.69	9.16
Major Capital Asset Acquisitions	<u>58.13</u>	<u>56.48</u>	_____	_____	<u>4.25</u>	<u>4.21</u>	<u>62.38</u>	<u>60.69</u>
Total Appropriation***	<u>77.02</u>	<u>74.13</u>	<u>37.04</u>	<u>37.96</u>	<u>20.52</u>	<u>19.56</u>	<u>134.58</u>	<u>131.65</u>
Amortization of Capital Assets	NA		1.50	1.50	0.42	-	1.92	1.50
Capital Assets Acquisitions	(58.13)	(56.48)	NA		(4.25)	(4.21)	(62.38)	(60.69)
Commercial Activity Deficit	_____ -	<u>(0.29)</u>	_____	_____	_____	_____	_____ -	<u>(0.29)</u>
Total Expense	<u>\$ 18.89</u>	<u>\$ 17.36</u>	<u>\$ 38.54</u>	<u>\$ 39.46</u>	<u>\$ 16.69</u>	<u>\$ 15.35</u>	<u>\$ 74.12</u>	<u>\$ 72.17</u>

Source: Ministry of Central Services, 2012-13 Annual Report, p. 35-44

* Not applicable

** Previously part of Office of Provincial Capital Commission-Vote 85

*** Comprised of Votes 13, 74, 33, and a portion of Vote 85

4.0 AUDIT CONCLUSIONS AND SCOPE

In our opinion, for the year ended March 31, 2013:

- › **Central Services had effective rules and procedures to safeguard public resources except for the matters described in this chapter**
- › **Central Services and the Board complied with the following authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Archives Act, 2004

The Archives Regulations

The Economic and Co-operative Development Act (Sections 8(c), 9(1)(h), and 9(3))

The Information Technology Office Service Regulations

The Public Works and Services Act

The Purchasing Act, 2004

The Purchasing Regulations

The Public Service Act, 1998

The Public Service Regulations, 1999

The Crown Employment Contracts Act

The Revenue and Financial Services Act

The Government Organization Act

The Financial Administration Act, 1993

Orders in Council issued pursuant to the above legislation

- › **The Board's financial statements are reliable**

We used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of Central Services'



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

In our 2013-13 audit, we examined the effectiveness of Central Services' financial-related controls used to administer its spending, revenues, and various assets consistent with related authorities. In addition, we examined the effectiveness of the controls that Central Services uses to keep reliable financial records, prepare reliable financial reports, and safeguard its assets. This included evaluating its processes for tendering and awarding contracts, purchasing capital assets and other goods or services, tracking significant projects and contracts, and charging its customers for the goods and services that it provides.

This chapter also provides the status of previous recommendations agreed to by the Standing Committee on Public Accounts (PAC).

5.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we outline the key observations from our assessments and the resulting recommendations.

5.1 Timely Removal of User Access Needed

We recommended that the Ministry of Central Services (formerly the Ministry of Government Services) adequately monitor the security of its information technology systems and data. (2010 Report – Volume 2; Public Accounts Committee agreement January 20, 2011)

Status – Not Implemented

We recommended that the Ministry of Central Services (formerly the Public Service Commission) follow its established procedures for removing user access to its computer systems and data. (2010 Report – Volume 2; Public Accounts Committee agreement June 7, 2011)

Status – Not Implemented

We recommended that the Ministry of Central Services (formerly 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 – Not Implemented

Central Services has processes for promptly removing user access from individuals who no longer work for the Ministry. However, it did not always follow these processes in 2012-13. We found 18 out of 24 (including 10 from PSC and four from ITO) individuals that we tested did not have their access removed promptly. If former employees do not have access removed promptly, it increases the risk of inappropriate access to the Central Services' systems and data.

5.2 Adequate Service Agreements Needed— Information Technology Office

We recommended that the Ministry of Central Services (formerly 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 – Partially Implemented

ITO now has signed agreements with all clients to which it provides services. However, some agreements do not adequately address disaster recovery and reporting requirements. Without an adequate signed agreement, there is a risk that there may not be appropriate agreement on all matters and that client needs may not be met.

5.3 Accurate and Complete Financial Reports Needed— Information Technology Office

We recommended that the Ministry of Central Services (formerly 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 – Not Implemented

The *Financial Administration Manual* requires Central Services 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 Central Services provides accurate financial information.

Central Services' year-end financial reports contained several significant errors for the year-ended March 31, 2013. For example, its contractual obligations schedule had several incorrect amounts, which resulted in the schedule being revised three separate times.



6.0 EXHIBIT

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

The following exhibit provides an update on recommendations agreed to by PAC that are not yet implemented and are not discussed earlier in this chapter.

Exhibit 1—Outstanding PAC Recommendations

PAC Report Year	Outstanding Recommendation	Status
Central Services (formerly Government Services) – Processes to Maintain Buildings (2009 Report – Volume 1)		
2011	6-1 that the Ministry of Government Services establish and implement processes to ensure the information on its buildings is accurate, complete, and available.	Partially Implemented (as of March 31, 2011) Follow-up planned for 2014.
2011	6-2 that the Ministry of Government Services approve adequate maintenance plans for all the buildings the Ministry owns.	Partially Implemented (as of March 31, 2011) Follow-up planned for 2014.
2011	6-3 that the Ministry of Government Services sign adequate agreements with its clients that describe each of the parties' responsibilities.	Partially Implemented (as of March 31, 2011) Follow-up planned for 2014.
2011	6-4 that the Ministry of Government Services have processes so that maintenance is effectively carried out on all of its buildings.	Partially Implemented (as of March 31, 2011) Follow-up planned for 2014.
2011	6-5 that the Ministry of Government Services provide senior management adequate reports to monitor the process to maintain its buildings.	Partially Implemented (as of March 31, 2011) Follow-up planned for 2014.
Central Services (formerly Public Service Commission) – MIDAS HR/Payroll (2010 Report – Volume 1)		
2010	9-1 that the Public Service Commission amend its service level agreements (SLAs) with ministries to clearly assign responsibilities for key payroll activities (i.e., managing payroll, approving payroll payments, and investigating payroll differences).	Partially Implemented (as of December 31, 2012) Annual audit planned for 2014.
2010	9-3 that the Public Service Commission consistently document its review of payroll reports and resolution of matters resulting from its review.	Partially Implemented (as of December 31, 2012) Annual audit planned for 2014.
Central Services (formerly Information Technology Office) – Annual Security Audit		
2007	6-4 that the Information Technology Office of the Ministry of Central Services have a disaster recovery plan for the data centre and client systems. (2006 Report – Volume 3)	Not Implemented (as of March 31, 2013) Annual audit planned for 2014.

PAC Report Year	Outstanding Recommendation	Status
2011	12-1 that the Information Technology Office of the Ministry of Central Services provide relevant and timely security reports to its clients. (2009 Report – Volume 3)	Partially Implemented (as of March 31, 2013) Annual audit planned for 2014.
2009	12-2 that the Information Technology Office of the Ministry of Central Services establish information technology security policies for its clients. (2008 Report – Volume 3)	Partially Implemented (as of March 31, 2013) Annual audit planned for 2014.

