

Chapter 3 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, 2014.

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

Central Services had effective rules and procedures to safeguard public resources except that it needs to follow its established procedures to promptly remove user access to information technology (IT) systems and data. If former employees do not have access removed promptly, it increases the risk of inappropriate access to Central Services' systems and data.

Also, each year our Office audits the effectiveness of Central Service's processes to secure the data centre. Our *2014 Report – Volume 1*, Chapter 7 contains the results of our last audit.

2.0 INTRODUCTION

The mandate of Central Services is to provide “central coordination and delivery of property management, information technology, project management, group purchasing, transportation, and other support services [such as email and mail services] to government ministries and agencies.”^{1,2}

As of March 31, 2014, Central Services employed 968 full-time equivalent employees. It owned 4,477 vehicles and six aircraft, and leased or owned 704 buildings in 153 communities for use across the Government. Its owned buildings had a replacement value of \$3.7 billion.³

During 2013-14, Central Services tendered \$191 million in goods and services on behalf of government ministries and agencies.⁴

2.1 Financial Overview

In 2013-14, Central Services spent \$52.9 million, including \$22.5 million for capital asset acquisitions and net of costs recovered from government ministries and agencies.⁵ Central Services bills, on a cost-recovery basis, government ministries and agencies for

¹ Ministry of Central Services, *2013-14 Annual Report*, p. 5.

² In July 2013, the Government decided to move the functions of the Public Service Commission from the Ministry of Central Services into a separate agency.

³ Ministry of Central Services, *2013-14 Annual Report*, p. 5.

⁴ Ibid.

⁵ Ibid., p.18.



the services it provides. In 2013-14, Central Services recovered \$371.8 million of its costs from these billings.

Figure 1 – Major Programs and Spending

| | Estimates 2013-14 | Actual 2013-14 |
|------------------------------------|----------------------|-------------------|
| | (in millions) | |
| Central Management and Services | \$ 0.05 | \$ 0.05 |
| Property Management* | 10.66 | 6.44 |
| Project Management* | - | - |
| Transportation and Other Services* | 12.35 | 15.65 |
| Major Capital Asset Acquisitions | 21.45 | 22.53 |
| Information Technology Division* | <u>14.98</u> | <u>8.23</u> |
| Total Appropriation | <u>59.49</u> | <u>52.90</u> |
| Capital Asset Acquisition | (21.45) | (22.53) |
| Commercial Activity Deficit | - | (0.66) |
| Capital Asset Amortization | <u>0.42</u> | - |
| Total Expense | <u>\$ 38.46</u> | <u>\$ 29.71</u> |

Source: Ministry of Central Services, *2013-14 Annual Report*, pp. 18-21.

* Estimates are presented net of recovery of costs. In the 2013-14 Estimates, Central Services expected to recover \$322.2 million.

3.0 AUDIT CONCLUSIONS AND SCOPE

In our opinion, for the year ended March 31, 2014:

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

The Economic and Co-operative Development Act (section 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 Crown Employments 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

We used the control framework developed by the Canadian Institute of Chartered Accountants to make our judgments about the effectiveness of Central Services' controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

Our audit included examining the effectiveness of Central Services' financial-related controls used to administer its spending, revenues, and key assets consistent with its related authorities. In addition, we examined Central Services' controls over determining service potential of its tangible capital assets. This included review of the asset confirmations received from each branch, testing asset disposals, and having discussions with management. We also examined Central Services' processes for project management including its tendering process and payment of construction contracts for building maintenance or improvements. This included testing a sample of project payments for processes over tendering, making payments in accordance with the contract, approving project agreements and change orders, and tracking outstanding commitments.

4.0 KEY FINDINGS AND RECOMMENDATIONS

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

4.1 Prompt 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 – Implemented – see concern below with respect to prompt removal of user access

We recommended that the Ministry of Central Services 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 – Partially Implemented

While Central Services has processes for promptly removing user access from individuals who are no longer employed by the Ministry, staff do not always follow them.

Central Services' procedures include sending reminders to managers about its processes, regularly reviewing user access, and using a checklist with its employees.

We found 5 out of 10 individuals tested did not have network access removed promptly. Instead, access was removed between 3 to 65 days after the individuals' last day of employment. With respect to access to MIDAS,⁶ 3 out of 7 individuals tested did not have user access removed promptly. Central Services removed access from 19 to 60

⁶ MIDAS (the Multi-Information Database Application System) is a ministry-wide central computer system used to record financial, payroll, and personnel activities of ministries.



days after their last day of employment. Central Services had identified the need to remove this access through its review process.

If former employees do not have access removed promptly, it increases the risk of inappropriate access to Central Services' systems and data.

4.2 IT Service Agreements with Clients

We recommended that the Ministry of Central Services 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 – This recommendation is replaced by the following two recommendations in our *2014 Report – Volume 1*, Chapter 7, where we recommended that the Information Technology Division of the Ministry of Central Services (ITD):

- › Have a disaster recovery plan for the data centre and client systems. (2006 Report – Volume 3; Public Accounts Committee agreement April 3, 2007)
- › Provide relevant and timely security reports to its clients. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

ITD has signed agreements with all clients to which it provides services; however, some agreements do not adequately address disaster recovery and reporting requirements.

Without specifying disaster recovery requirements, there is a risk that there may not be appropriate agreement on when and how to restore network operations in the event of a disaster and that client needs may not be met. Also, without timely and relevant security reports, ITD's clients may not be able to effectively monitor the services ITD provides.

4.3 Accurate and Complete Financial Reports Prepared

We recommended that the Ministry of Central Services 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 – Implemented

During 2013-14, Central Services prepared accurate and complete year-end financial reports in accordance with the *Financial Administration Manual*.