

## Chapter 21

### Finance – Governance of Information Technology

#### 1.0 MAIN POINTS

This chapter reports the results of our third follow-up of the two recommendations we made in our *2009 Report – Volume 3*, Chapter 7, on the Ministry of Finance’s processes for overseeing information technology (IT). At December 31, 2014, Finance had only partially implemented both recommendations. Finance still has work to do to fully address the recommendations we made in 2009.

During 2014, Finance completed additional risk assessments for replacing a significant IT system and it started work on an environmental scan to further identify areas of opportunity and risk related to IT. However, Finance had not completed its IT risk management plan based on an analysis of IT risks, and had not yet implemented an IT strategic plan.

#### 2.0 INTRODUCTION

In carrying out its mandate, Finance makes extensive use of IT. For example, it uses IT for revenue, investment, and debt management. In 2013-14, Finance spent \$7.4 million on IT and estimates spending \$7.4 million for 2014-15.

Finance is responsible for its own use of IT even where it uses service providers such as the Information Technology Division of the Ministry of Central Services (ITD), and thus must maintain effective oversight of its IT systems and data. Effective oversight of IT is crucial in achieving Finance’s goals of delivering high quality, timely and accurate reporting, and providing services that meet client needs in the most effective and efficient manner to support its overall goal of delivering responsive and responsible government.<sup>1</sup>

In our *2009 Report – Volume 3*, Chapter 7, we concluded that Finance had adequate processes for IT oversight for the 12-month period ended September 30, 2009 except it needed to develop an IT risk management plan based on analysis of IT risks, and implement an IT strategic plan. We made two recommendations. Our *2011 Report – Volume 2*, Chapter 9, and our *2013 Report – Volume 1*, Chapter 22, reported that Finance had made some progress in implementing our 2009 recommendations but had more work to do.

This chapter describes our third follow-up of management’s actions to address the recommendations we made in 2009.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Finance’s progress towards meeting our recommendations, we used the relevant criteria from the original audit. Finance’s management agreed with the criteria in the original audit.

<sup>1</sup> Ministry of Finance, (2014), *Plan for 2014-15*.



## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of each recommendation at December 31, 2014, and Finance's actions up to that date. We found that Finance still has more work to do.

### 3.1 IT Risk Analysis and Risk Management Plan

We recommended that the Ministry of Finance develop an information technology risk management plan based on an analysis of information technology risks. (2009 Report – Volume 3; Public Accounts Committee agreement June 25, 2010).

**Status** – Partially Implemented

As previously reported in our *2013 Report – Volume 1*, Chapter 22, Finance has a risk register of identified, analyzed, and evaluated risks related to the Ministry's IT strategy. During 2014, Finance completed further risk assessments for replacing a significant IT system. However, Finance has not developed responses to all identified IT risks.

During 2014, Finance also started work on an environmental scan to further identify areas of opportunity and risk related to IT throughout the Ministry. Finance plans to use the environmental scan to update its risk register and to develop the IT risk management plan. Management indicated that it plans to complete this work by the second quarter of 2015.

### 3.2 IT Strategic Plan

We recommended that the Ministry of Finance implement a strategic information technology plan that aligns with its strategic business objectives. (2009 Report – Volume 3; Public Accounts Committee agreement June 25, 2010)

**Status** – Partially Implemented

As previously reported in our *2013 Report – Volume 1*, Chapter 22, Finance has a draft IT strategic plan which includes planned IT initiatives for its divisions. Finance uses a five-year plan for proposed IT projects categorized by priority, determined by informal assessments of business risk.

Management indicated that it plans to develop an IT strategic plan that ties to Finance's overall strategic and operational objectives and addresses IT governance based on the environmental scan described in **Section 3.1**. Management expects to complete the IT strategic plan by the second quarter of 2015.