

Chapter 1

Public Service Commission – Administering the Government’s Key Human Resources/Payroll IT System

1.0 MAIN POINTS

Under *The Public Service Act, 1998*, the Public Service Commission is the central human resource agency for about 12,000 staff¹ primarily employed by government ministries and agencies.² The Commission also administers the human resources and payroll system, which processed over \$919 million in payroll expenses.³

The Commission had effective central controls to protect the confidentiality, integrity, and availability of transactions on the human resources and payroll system with one exception. The Commission needs to follow its procedures to review and approve payroll reports prior to paying employees.

Reviewing and approving payroll reports before paying employees reduces the risk of inappropriate payments to employees and/or inaccurate employee records.

2.0 INTRODUCTION

The Multi-Information Database Application System – human resources/payroll (MIDAS HR/Payroll) helps the Commission, ministries, and certain other government agencies manage employee information (e.g., benefits, salary, job assignment, training) and process payroll transactions.

The Commission provides leadership and policy direction for the development of a professional public service. It delivers human resource services including staffing, classification of positions, compensation, and labour relations.⁴

The Commission is responsible for MIDAS HR/Payroll. The Human Resource Service Centre,⁵ a unit of the Commission, is responsible for providing employee, payroll, and benefit administration. The Commission contracts with the Ministry of Central Services to monitor security and provide technical support to MIDAS HR/Payroll.

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess the effectiveness of the Commission’s central controls to manage and secure MIDAS HR/Payroll and its data for the 12-month period ended December 31, 2016. The audit did not assess the effectiveness of controls or processes at ministries and certain other government agencies who use MIDAS HR/Payroll.

¹ Includes permanent full-time, permanent part-time, term, and labour service staff.

² www.cs.gov.sk.ca/demographics (29 March 2017).

³ Payroll expenses from the Commission’s 2015-16 financial records.

⁴ Public Service Commission, *Plan for 2017-18*.

⁵ Previously called the Employee Service Centre.



We conduct this audit annually to support our audits of agencies that use MIDAS HR/Payroll to process and record payroll transactions. These agencies rely on the Commission, as a service provider, to have effective central controls and carry them out properly.

We examined the Commission's agreements, plans, reports, policies, and processes. We also interviewed Commission staff and assessed the Commission's controls to manage and secure MIDAS HR/Payroll.

To conduct our audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Commission's processes, we used criteria based on the *Trust Services Principles and Criteria* authored by the Chartered Professional Accountants of Canada (CPA) and the American Institute of Certified Public Accountants (AICPA), as well as international standards, literature, and reports of other legislative auditors. Our criteria, set out in **Figure 1**, describe the key processes that we expect the Commission to have. The Commission's management agreed with these criteria.

Figure 1 – Audit Criteria

- 1. Monitor systems and data centrally**
 - 1.1 Responsibilities are clearly defined
 - 1.2 Management has approved policies and procedures
 - 1.3 Management monitors security and system operating as planned
- 2. Protect systems and data from unauthorized access**
 - 2.1 User access controls protect the system from unauthorized access
 - 2.2 Physical security controls protect the system from unauthorized access
- 3. Make systems and data available for operation**
 - 3.1 System and data backups occur and are tested
 - 3.2 Disaster recovery plans are in place and tested
- 4. Maintain the integrity of systems and data**
 - 4.1 Processes to manage the system and data exist and are followed
 - 4.2 Change management processes exist and are followed

We concluded that, for the 12-month period ended December 31, 2016, the Public Service Commission had effective central controls to manage and secure MIDAS HR/Payroll except it needs to review payroll reports before paying employees.

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we describe our key finding and recommendation related to the audit criteria in **Figure 1**.

4.1 More Timely Review of Payroll Reports Needed

Commission staff did not regularly review payroll reports prior to paying employees, as its procedures require.

We examined reports the Commission used to formally review and approve payroll prior to paying employees.⁶ During 2016, about 320 of these payroll reports required review. Twenty-one of the 40 reports we examined were not reviewed as expected prior to processing payroll. The expectation is that the Commission staff review reports by noon the day prior to payday.

The Commission's quality assurance and audit area identified an additional 29 reports that were not reviewed when expected.

We also examined reports the Commission used to confirm the accuracy of new and revised employee records in MIDAS HR/Payroll. Three out of 13 reports we tested were not reviewed as expected prior to processing payroll.

Management did not identify any payroll errors in the reports we reviewed.

Reviewing payroll reports prior to issuing payments helps identify potential errors in payroll (e.g., incorrect number of hours worked, salaries) and reduces the risk of incorrect payments to employees or incorrect payroll records. The Commission needs to review payroll reports timely so it can take corrective action prior to finalizing payroll.

- 1. We recommend that the Public Service Commission follow its established procedures for reviewing payroll reports prior to making payroll payments.**

⁶ In accordance with *The Financial Administration Act, 1993*.

