

## Chapter 17

### Economy – Monitoring IT Service Providers

#### 1.0 MAIN POINTS

The Ministry of the Economy relies on various IT systems to deliver its programs and services. Economy uses IT service providers to host, develop, and support these systems.

By early March 2017, Economy had implemented the three recommendations made in our 2014 audit of its processes to monitor its IT service providers. Economy updated its agreements with each of its IT service providers. These agreements include appropriate provisions for security requirements and security reporting. In addition, Economy established written policies and procedures to guide staff on reporting problems with IT service providers and taking corrective actions.

#### 2.0 INTRODUCTION

Economy's IT systems contain sensitive personal and corporate (e.g., oil and gas companies) information. It uses these systems to levy, collect, and record Saskatchewan's non-renewable resource revenues and related transactions for the Government and other participants in the resource sector.

Economy has the following three main IT service providers:

- › The Ministry of Central Services (Central Services) for its Integrated Resource Information System (IRIS) and other systems;<sup>1</sup> Central Services provides the majority of Economy's IT services<sup>2</sup>
- › Alberta's Ministry of Energy for the joint use of an oil and gas system called Petrinex<sup>3</sup>
- › The Information Services Corporation (ISC) for hosting and managing the Mineral Administration Registry Saskatchewan (MARS) system<sup>4</sup>

Our *2014 Report – Volume 2*, Chapter 32 reported the results of our audit of the Ministry's processes to monitor whether its IT service providers appropriately manage and secure its IT systems and data, we made three recommendations. This chapter reports the results of our follow up of the status of implementation of those recommendations.

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

<sup>1</sup> IRIS is an IT business system that supports the regulation of Saskatchewan's energy and resource industry. [www.saskatchewan.ca/iris](http://www.saskatchewan.ca/iris) (14 March 2017).

<sup>2</sup> The Ministry of Central Services provides all ministries within the Government of Saskatchewan with the majority of their hardware and software, application development, and IT security services.

<sup>3</sup> Petrinex is the IT system Alberta and Saskatchewan use for collecting, managing, and distributing key oil and gas information for the petroleum and natural gas industry. Economy uses this information to assess and levy Crown royalties and support its regulatory mandate. [www.petrinex.ca/54.asp](http://www.petrinex.ca/54.asp) (13 March 2017).

<sup>4</sup> MARS is an electronic registry for issuing mineral rights in Saskatchewan. MARS enables the mining industry to acquire and manage their mineral rights online. [www.saskatchewan.ca/business/agriculture-natural-resources-and-industry/mineral-exploration-and-mining/mineral-tenure/mineral-administration-registry-saskatchewan-mars](http://www.saskatchewan.ca/business/agriculture-natural-resources-and-industry/mineral-exploration-and-mining/mineral-tenure/mineral-administration-registry-saskatchewan-mars) (14 March 2017).



To carry out this engagement, we reviewed related documentation (e.g., updated agreements with service providers, new and/or revised policies and procedures) and discussed key actions with relevant officials.

## 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 the recommendation at March 1, 2017, and Economy's actions up to that date. We found Economy had implemented all three recommendations.

### 3.1 IT Agreements Updated and Sufficiently Robust

We recommended that the Ministry of the Economy maintain agreements with its IT service providers that reflect the current structure, responsibilities, and programs of the Ministry. (2014 Report – Volume 2; Public Accounts Committee agreement June 18, 2015)

**Status** – Implemented

We recommended that the Ministry of the Economy include adequate provisions for security requirements and security reporting in agreements with IT service providers. (2014 Report – Volume 2; Public Accounts Committee agreement June 18, 2015)

**Status** – Implemented

Economy has signed updated agreements with each of its key IT service providers.

In October 2015, Economy signed an updated agreement with Central Services. In December 2015, Central Services, on Economy's behalf, signed a new agreement with ISC to host and manage the MARS system. In March 2016, Economy also signed an updated agreement with Alberta's Minister of Energy.

Each agreement sets out the responsibilities of each party for expected IT services. In addition, each agreement reflects Economy's current structure, and includes appropriate security requirements and security reporting requirements. For example, Economy's agreement with Alberta requires Alberta to implement security processes consistent with a generally accepted set of security processes.<sup>5</sup>

Economy required its service providers for the MARS system and the Alberta oil and gas system to provide ongoing assurance reporting that security processes are effectively protecting the systems and data. For example, each year, Alberta is to give Economy an audit report on the effectiveness of its security processes securing the oil and gas system.

<sup>5</sup> CPA Canada, *Trust Services Principles, Criteria, and Illustrations*, (2009).

For its agreement with Central Services, Economy did not require Central Services to provide ongoing assurance reporting. Instead, Central Services reports, in writing, each month on services provided and, each year on security.<sup>6</sup> Economy reviews these reports and meets regularly with Central Services to monitor Central Services' security processes.

### 3.2 Written Policies and Procedures for Taking Timely Corrective Action Exist

We recommended that the Ministry of the Economy establish written policies and procedures regarding taking corrective actions on and reporting problems with IT service providers and IT contractors. (2014 Report – Volume 2; Public Accounts Committee agreement June 18, 2015)

**Status** – Implemented

Economy developed a policy titled *Reporting and Correcting Problems with IT Service Providers*. This policy became effective April 1, 2015. The policy outlines procedures for reporting problems with IT service providers and contractors to management, and steps for taking corrective action.

We found staff used this policy when an issue occurred at an IT service provider. They followed the steps in the policy.

<sup>6</sup> Central Services' annual security report provided an overview of its processes for network, data centre, and user security as well as IT risks specific to Economy.

