

Chapter 11

Public Service Commission—Centrally Managing and Securing MIDAS HR/Payroll

1.0 MAIN POINTS

The Public Service Commission manages the Government's human resources and IT payroll systems for 34 government ministries and agencies with about \$1 billion in annual payroll expenses. Annually, we complete specified auditing procedures to support our integrated audits of agencies that use MIDAS HR/Payroll.

The Commission uses third-party service providers to help manage and host its payroll systems. The Commission did not agree in writing on a deadline for receiving the annual audit report on security controls with its service provider responsible for hosting one of its IT systems used to process payroll (PSC Client). For the past three years, it did not receive these reports timely. For example, it did not receive the January to December 31, 2018 report until late May 2019.

Without timely information to monitor controls over its key service providers, the Commission may be unaware of control deficiencies that could allow unauthorized disclosure of, or changes to, payroll data.

2.0 RESPONSIBILITY FOR MIDAS HR/PAYROLL

As the central human resources agency for the public service (primarily ministries), the Public Service Commission delivers human resources services as required under *The Public Service Act, 1998*. This includes payroll, staffing and classification, and strategic support including labour relations and organizational development.¹

The Commission is responsible for MIDAS HR/Payroll. MIDAS HR/Payroll helps the Commission, and agencies using the application, to manage employee information (e.g., benefits, salary, job assignment, and training) and process payroll transactions.² The Commission's Human Resource Service Centre, a centralized unit, provides employee, payroll, and benefit administration for ministries (and a few other agencies) using MIDAS HR/Payroll.³ **Section 5.0** lists the agencies using MIDAS HR/Payroll.

Each year, MIDAS HR/Payroll processes about \$1 billion in payroll expenses. At December 2018, MIDAS HR/Payroll served nearly 13,400 permanent full-time, permanent part-time, term, and labour services staff (approximately 14,300 job assignments) employed primarily by government ministries.⁴

¹ Public Service Commission, *2018–19 Annual Report*, p 3.

² The Public Service Commission has been responsible for MIDAS HR/Payroll since March 2006.

³ The Commission established the Human Resource Service Centre unit in February 2010.

⁴ Public Service Commission payroll records.



Agencies using MIDAS HR/Payroll maintain certain responsibilities. For example, they are responsible for inputting and approving employee timecards in an IT system (PSC Client).⁵ As an online portal, PSC Client gives government employees access to view their payroll and human resources data, as well as information such as their health benefits, entitlement reports, pay stubs, and T4s.

Agencies using MIDAS HR/Payroll rely on the Commission’s controls to keep payroll and human resources systems and data appropriately managed and secure (i.e., protecting the integrity and availability of MIDAS HR/Payroll’s systems and data). Without effective controls, someone could gain unauthorized access, obtain confidential information, inappropriately modify systems and/or data, or perform malicious acts affecting system availability.

3.0 SCOPE OF WORK AND APPROACH

This engagement’s objective was to complete specified auditing procedures on the Public Service Commission’s central controls to manage and secure the Government’s human resources and payroll system and its data (MIDAS HR/Payroll) for the 12-month period ending December 31, 2018.

Annually, we complete specified auditing procedures to support our integrated audits of agencies that use MIDAS HR/Payroll to process and record payroll transactions. Such procedures do not constitute an audit engagement in that they are not designed to enable concluding on the overall effectiveness of the Commission’s central controls to manage and secure MIDAS HR/Payroll.

The specified auditing procedures include work related to the control objectives in **Figure 1** needed to support our integrated audits of agencies using MIDAS HR/Payroll. We based the control objectives on the control framework included in COSO’s *Internal Control—Integrated Framework* and on *Trust Services Principles, Criteria, and Illustrations*, as well as international standards, literature, and reports of other legislative auditors.^{6,7} The Commission’s management agreed they were reasonable.

Figure 1—Control Objectives

1. Payroll expenditures exist, are complete, accurate, properly recorded, and comply with the law
2. Disbursements are properly approved
3. Accrued payroll exists, is complete, and is correctly valued and recorded
4. Disaster recovery plans are in place and tested
5. Security controls operate as planned
6. Infrastructure and application change management processes are in place and followed
7. Access controls protect the system from unauthorized access
8. Agreements with outsourced service providers are in place and monitored

⁵ Since 2017, employees input, and managers approve, timecards online using PSC Client.

⁶ The Committee of Sponsoring Organizations of the Treadway Commission *Internal Control—Integrated Framework*. www.aicpastore.com/content/media/producer_content/generic_template_content/Illustrative_Tools.jsp (26 November 2018).

⁷ Chartered Professional Accountants of Canada and the American Institute of Certified Public Accountants (AICPA), *Trust Services Principles, Criteria, and Illustrations*, (2014).

We interviewed Commission staff involved in carrying out controls to manage and secure MIDAS HR/Payroll. We examined the Commission's agreements, plans, reports, and policies. We also tested select accounting records and related data. We did not assess the effectiveness of controls or processes at the agencies that use MIDAS HR/Payroll.

4.0 KEY FINDINGS AND RECOMMENDATION

4.1 Timely Reports about Adequacy of Service Provider Controls Needed

The Commission did not receive timely audit reports about the effectiveness of security controls at the data centre hosting its PSC Client IT system and its data (e.g., controls protecting timecard details, employee information like social insurance numbers). Without timely receipt of this information, it cannot effectively monitor the security of its system and data, or mitigate in a timely way, areas of concern, if any.

The Commission contracts the Ministry of Central Services to monitor security and to provide technical support, as well as with other service providers (through the Ministry of Central Services) to help manage and host MIDAS HR/Payroll, including PSC Client.⁸ Unlike the agreements for the data centre hosting MIDAS HR/Payroll, the agreement for the data centre hosting PSC Client did not give the Commission timely access to audit reports on the data centre's controls.

The Commission did not receive the 2018 audit report about the data centre hosting PSC Client until late May 2019, and the 2017 and 2016 audit reports until May 2018 and August 2017 respectively. The annual audit covers from January 1 to December 31.

We found the Commission had not formally agreed with its service providers as to when it would receive the annual audit report on security controls at the data centre hosting PSC Client. In May 2019, management indicated it is working with its service providers to formalize the date for receipt of the annual data centre audit report.

Without clearly written deadlines, the Commission may not receive information to enable sufficient monitoring of controls for PSC Client and its data. Without sufficient monitoring, the Commission may be unaware of control deficiencies (if any) that could allow unauthorized disclosure of, or changes to, PSC Client systems or data.

- We recommend the Public Service Commission agree in writing on a deadline with its service provider for receiving the annual audit report on security controls at the data centre hosting PSC Client.**

⁸ MIDAS HR/Payroll and PSC Client use different service providers.



5.0 LIST OF AGENCIES USING MIDAS HR/PAYROLL

The following agencies use MIDAS HR/Payroll as at December 2018:

Ministries:

Ministry of Advanced Education
Ministry of Agriculture
Ministry of Central Services
Ministry of Corrections and Policing
Ministry of Education
Ministry of Energy and Resources
Ministry of Environment
Ministry of Finance
Ministry of Government Relations
Ministry of Health⁹
Ministry of Highways and Infrastructure
Ministry of Immigration and Career Training
Ministry of Justice and Attorney General
Ministry of Labour Relations and
Workplace Safety
Ministry of Parks, Culture and Sport
Ministry of Social Services
Ministry of Trade and Export Development
Executive Council
Integrated Justice Services

Certain Agencies:

Apprenticeship and Trade Certification
Commission
Financial and Consumer Affairs Authority
Global Transportation Hub Authority
Innovation Saskatchewan
Provincial Capital Commission
Provincial Archives of Saskatchewan
Public Service Commission
SaskBuilds Corporation
Saskatchewan Pension Plan

Certain Legislative Offices:

Advocate for Children and Youth
Chief Electoral Officer
Conflict of Interest Commissioner
Information and Privacy Commissioner
Legislative Assembly
Ombudsman and Public Interest Disclosure
Commissioner

⁹ Included Roy Romanow Provincial Laboratory (RRPL), formerly the Saskatchewan Disease Control Laboratory, until it completed its amalgamation with the Saskatchewan Health Authority in 2018–19.