

Chapter 3

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 payroll IT systems (MIDAS HR/Payroll) for 34 government ministries and agencies with approximately \$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 the service provider responsible for hosting the online portal access for government employees (i.e., PSC Client). The Commission received the January to December 31, 2019 report timely (i.e., on March 6, 2020), but it did not receive reports timely for the prior three years.

Clear written deadlines could help the Commission consistently receive timely information to monitor security controls for PSC Client and its data.

Without timely information to monitor security controls at 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 INTRODUCTION

This chapter contains the results of specified procedures about the Public Service Commission's central controls used to manage and secure the human resource and payroll systems and data (MIDAS HR/Payroll) for the 12-month period ending December 31, 2019. **Section 4.0** sets out our approach and lines of inquiry.

We do this work annually to support our integrated audits of agencies that use MIDAS HR/Payroll to process and record payroll transactions. **Section 5.0** lists agencies using MIDAS HR/Payroll. These agencies rely on the Commission's controls to keep payroll and human resource systems and data appropriately managed and secure (i.e., controls to protect the integrity and availability of MIDAS HR/Payroll systems and data).

Without effective controls, someone could gain unauthorized access, obtain confidential information, inappropriately modify systems or data, or perform malicious acts that could affect system availability.

This engagement does not assess controls or processes at agencies that use MIDAS HR/Payroll.



2.1 Responsibility for MIDAS HR/Payroll

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

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

Agencies have certain responsibilities when using MIDAS HR/Payroll. For example, they are responsible for inputting and approving employee timecards in an IT system (PSC Client).² PSC Client is an online portal that gives government employees access to view their payroll and human resource data. They can access information such as their health benefits, entitlement reports, pay stubs, and T4s.

Each year, MIDAS HR/Payroll processes about \$1 billion in payroll expenses. At December 2019, MIDAS HR/Payroll includes about 13,400 permanent full-time, permanent part-time, term, and labour service staff (with about 14,300 job assignments) employed primarily by government ministries.³

3.0 KEY FINDING AND RECOMMENDATION

3.1 Agreement for Receiving Report on Service Provider Controls Needed

We recommended 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. (2019 Report – Volume 2, p.77, Recommendation 1; Public Accounts Committee has not yet considered this recommendation as of May 15, 2020)

Status—Partially Implemented

The Public Service Commission has not agreed with its service provider on a deadline for receipt of the annual audit report on security controls at the data centre hosting PSC Client (i.e., the online portal for employees).

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

² Since 2017, employees input, and managers approve, time cards online using PSC Client.

³ Public Service Commission payroll records.

In March 2019, the Commission requested its service provider include a deadline for the annual audit report in the maintenance agreement for PSC Client. The annual audit is of controls at the data centre for each calendar year (i.e., covers the period from January 1 to December 31 each year). The Commission advised us that as of April 7, 2020, it continues to negotiate an acceptable deadline with its service provider.

The Commission received the 2019 annual audit report from its service provider on March 6, 2020. This is a significant improvement from past years, when the Commission received reports in May 2019, May 2018, and August 2017.

Clear written deadlines can reduce the risk that the Commission does not receive timely 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 data.

4.0 SCOPE OF WORK AND APPROACH

This chapter is based on specified procedures. 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.

Rather the specified procedures, at minimum, covered work related to the control objectives in **Figure 1**. We based the objectives on the control framework included in COSO's Internal Control-Integrated Framework and the Trust Services Principles, Criteria, and Illustrations, as well as international standards, literature, and reports of legislative auditors.^{4,5} The Commission's management agreed they were reasonable.

Figure 1—Control Objectives

1. Payroll expenditures exist, are complete, 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. Security controls operate as planned
5. Infrastructure and application change management processes are in place and followed
6. Access controls protect the system from unauthorized access
7. Agreements with outsourced service providers are in place and monitored

Adapted from COSO's Internal Control—Integrated Framework and Trust Services, Principles, Criteria and Illustrations.

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 selected accounting records and related data. We did not assess the effectiveness of controls or processes at the agencies that use MIDAS HR/Payroll.

⁴ 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 (25 March 2020).

⁵ Chartered Professional Accountants of Canada and the American Institute of Certified Public Accountants (AICPA), *Trust Services Principles, Criteria, and Illustrations*, (2014).



5.0 LIST OF AGENCIES USING MIDAS HR/PAYROLL

The following agencies use MIDAS HR/Payroll as at December 31, 2019:

Ministries	Certain Agencies
Advanced Education	Apprenticeship and Trade Certification Commission
Agriculture	Financial and Consumer Affairs Authority
Central Services	Global Transportation Hub Authority
Corrections and Policing ^A	Innovation Saskatchewan
Education	Provincial Archives of Saskatchewan
Energy and Resources	Provincial Capital Commission
Environment	Public Service Commission
Executive Council	Saskatchewan Pension Plan
Finance	Saskatchewan Public Safety Agency
Government Relations	SaskBuilds Corporation
Health ^B	
Highways and Infrastructure	Certain Legislative Offices
Immigration and Career Training	Advocate for Children and Youth
Justice and Attorney General ^A	Chief Electoral Officer
Labour Relations and Workplace Safety	Conflict of Interest Commissioner
Parks, Culture and Sport	Information and Privacy Commissioner
Social Services	Legislative Assembly
Trade and Export Development	Ombudsman and Public Interest Disclosure Commissioner

^A Includes Integrated Justice Services.

^B Includes Roy Romanow Provincial Laboratory (RRPL), formerly the Saskatchewan Disease Control Laboratory, until its amalgamation with the Saskatchewan Health Authority in 2018-19.