STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Regina Rosemont

Mr. Don McMorris, Deputy Chair
Indian Head-Milestone

Hon. Lori Carr
Estevan

Mr. Todd Goudy
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Ms. Lisa Lambert
Saskatoon Churchill-Wildwood

Mr. Warren Michelson
Moose Jaw North

Ms. Vicki Mowat
Saskatoon Fairview

Mr. Randy Weekes
Biggar-Sask Valley

[The committee met at 09:00.]

The Chair: — All right, we'll convene the Standing Committee on Public Accounts. I would like to welcome committee members: Deputy Chair McMorris, Mr. Michelson, Mr. Weekes, Mr. Nerlien, Ms. Mowat.

We have a couple items to table: PAC 71-28, Saskatchewan Cancer Agency: Response to questions raised at the February 26th, 2019 meeting; PAC 72-28, Ministry of Education: Report of public losses, December 1st, 2018 to February 28th, 2019.

I'd like to introduce officials from the Provincial Comptroller's office: Terry Paton, Provincial Comptroller; Chris Bayda, assistant provincial comptroller. Good-looking tie there today there, sir.

A Member: — Thank you very much.

The Chair: — I'd like to introduce our Provincial Auditor, Judy Ferguson, and ask her to introduce her officials that are with her here today. And I guess at that point we'll roll into the presentation on the first . . . with respect to the Ministry of Parks, Culture and Sport.

Parks, Culture and Sport

Ms. Ferguson: — Sounds good. Thank you, Mr. Chair, Deputy Chair, members, and officials. We're pleased to be here on this spring morning here. So with me this morning I've got Mr. Kelly Deis. Kelly is the deputy responsible for the environment and infrastructure division and has assumed responsibility for this portfolio as part of that division in a shuffle that we had this fall.

Behind him is Mr. Victor Schwab. Victor, again as part of the shuffle, has assumed responsibility for this portfolio, so I think it's going to be a bit of a learning morning for him. And Ms. Kim Lowe is our community liaison.

We've got no new recommendations on this committee, on this agenda item. But I just do want to take a moment and thank the officials, the deputy minister, Ms. MacDougall, for the co-operation extended to our office in the course of the work that we're just chatting about this morning here. I'm going to turn it over to Mr. Deis to make the presentation. Thank you.

Mr. Deis: — Good morning. Chapter 9 of our 2017 report volume 2, on pages 61 to 63, reports the results of our annual integrated audit of the Ministry of Parks, Culture and Sport for the year ended March 31st, 2017. The chapter contains no new recommendations.

March 31st, 2017 the ministry had effective financial-related controls and complied with financial-related authorities, other than the one following area. On page 63 we recommended that the ministry follow its established procedures and promptly remove unneeded user access to its computer systems and data. While we noted some improvement in timely removal of user access to the IT [information technology] network, the ministry had not removed network access promptly in 3 out of 10 items that we tested. They were removed between 14 days and five months after the last day of employ.

We do note that for the next year, the year ended March 31st, 2018, the ministry has now implemented this recommendation and you can see that in the summary of implemented recommendations chapter in our 2018 report volume 2, chapter 20, on page 105. And that concludes our presentation.

The Chair: — Thank you very much for the presentation and the focus of the work. Thank you as well to the officials for the Ministry of Parks, Culture and Sport for joining us. Deputy Minister MacDougall, thank you for being here.

At this point we will table the status updates. Thank you for preparing that. As such, I'll table PAC 73-28, Ministry of Parks, Culture and Sport: status update, dated April 10th, 2019.

I'll ask Deputy Minister MacDougall to briefly introduce her officials. If you have an opening remark, great; if not, that's fine too, and we'll open it up for questions.

Ms. MacDougall: — Yes, good morning. As everyone knows, Twyla MacDougall, deputy minister of Parks, Culture and Sport, and I do want to thank you for the opportunity to be here today. I'd like to introduce my officials: Jennifer Johnson, on my right, is the ADM [assistant deputy minister] of Parks; and on my left is the executive director of strategic and corporate services; and behind us is Byron Davis and he is the executive director of our capital and infrastructure program.

So I too would like to acknowledge the work the Provincial Auditor of Saskatchewan has done and extend our appreciation and thanks for your recommendations. We also appreciate the advice provided on management, governance, and effective use of public resources.

And I guess I would just like a quick response to chapter 9, that the ministry has continued to make progress and I am pleased to report, as noted by Kelly, that in December 2018 the Provincial Auditor acknowledged full implementation of the outstanding recommendation that the ministry follows its established procedures and promptly remove unneeded user access to its computer systems and data. And the ministry will continue to monitor termination reports to ensure that user accounts are terminated in a timely manner. Thank you.

The Chair: — Thank you very much. Committee members? Ms. Mowat.

Ms. Mowat: — Thank you to the Provincial Auditor and staff and also to the deputy minister and staff for providing this status update here today. They're very helpful in terms of committee members being able to follow what has been occurring since the Provincial Auditor's reports.

It's certainly great to see the recommendation implemented. Can you speak to some of the actions that have been taken on behalf of the ministry to get us to this point?

Ms. MacDougall: — I certainly can. Okay, so some of the actions that we've taken, well there's several actually because it is . . . we have quite a turnover of seasonal and summer-student staff. So we see a separation/termination report and it is ran weekly and shared with branch heads and administrative staff

responsible for that user to ensure proper notification is submitted and the account has been removed. In addition, the ministry reviews — and this is done out of Leanne's office — reviews a monthly disabled listing, a report to determine what actions are still required if something was missed. And the third element is, we do also provide, again Leanne's team provides training to our folks that administer sort of that bringing staff on and the termination process.

Ms. Mowat: — Thank you. I'm just on page 62 of chapter 9. There's a figure at the top of the page, major programs and spending. It compares the estimates for 2016 to the actual for 2016-2017. And I'm looking at the community engagement line, and it says that 35.2 million was estimated but 31.6 million was the actual. So I'm just wondering what the reasoning was for the underspend in this category.

Ms. MacDougall: — So that is the year that the community rink affordability grant . . . We had initially in '16-17 received funding for that and the program was suspended before we distributed that funding. So that would be the primary area. In addition, active family benefits, that was slowly reducing as well.

Ms. Mowat: — Okay, thanks. And can you speak to what else would fall into this category?

Ms. MacDougall: — Yes, so it's all of our third-party transfers. So it would be the Saskatchewan Arts Board, Creative Saskatchewan, Western Development museums, Science Centre, those types of things . . . [inaudible] . . . in and out for us.

Ms. Mowat: — Thanks. And do you know what the numbers were for community engagement in 2017-2018?

Ms. MacDougall: — I probably have that.

The Chair: — While they're getting that, I'll also welcome Mr. Goudy who's graced us with his presence.

Mr. Goudy: — Thank you.

Ms. MacDougall: — So '17-18 would've been just over the $29 million. Our budget is about the same as the actual.

Ms. Mowat: — Okay. Thanks so much. I have no further questions, Mr. Chair.

The Chair: — Any other questions on this chapter, chapter 9, from committee members? Not seeing any, I'd welcome a motion to conclude consideration of chapter 9.

Mr. Michelson: — I so move that we move consideration of chapter 9.

The Chair: — All agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved. We'll move along now to chapter 41 and flip it over to the Auditor's office for their presentation.

Mr. Deis: — The Ministry of Parks, Culture and Sport is responsible for the provincial parks system including capital assets in provincial parks. Chapter 41 of our 2017 report volume 2 on pages 283 to 285 reports the results of our third follow-up on three recommendations originally made in a 2009 audit of adequacy of the ministry's long-term capital asset plan for the provincial park system.

By January of 2015, the time of our second follow-up, the ministry had not fully implemented these three recommendations. At August of 2017 the ministry had strengthened its long-term capital planning for the provincial park system and implemented the three related recommendations that we first made in the 2009 audit.

The ministry has a long-term capital plan for the provincial park system. This plan includes estimated life-cycle costs for key capital assets such as service centres. In addition the ministry provides its staff with sufficient guidance for operating and maintaining its key capital assets. The ministry has obtained additional information to help it estimate the future long-term use of capital assets in the park system and related key risks. And that concludes our presentation.

The Chair: — Thank you for the focus and the presentation. Of course it's a beautiful day out. Folks are probably planning their, you know, booking campsites as we speak, so topical. I'll flip it over to Deputy Minister MacDougall for a brief remark and then open it up for committee members.

Ms. MacDougall: — My remark is very brief. But in regards to chapter 41, the suggested improvements to park long-term capital asset planning, all three recommendations by the Provincial Auditor were determined to be implemented and are running quite effectively, I might add, as we do our capital planning annually. Thank you.

The Chair: — I was very pleased to see the replacement of the marina out at Rowan's Ravine this last summer. It was operational and appreciated by users. I'll open it up to folks for questions. Ms. Mowat.

Ms. Mowat: — Thank you very much. And I will say it's commendable to come up with a long-term capital asset plan. You know there's a great deal of work that goes into that. I'm wondering if, you know, in light of the fact that other ministries have struggled to do this, have you worked with other ministries in creating a long-term capital asset plan and can you explain a little bit about what went into that?

Ms. MacDougall: — So what went into working with other ministries, or what went into our . . .

Ms. Mowat: — Both components, I'm interested in, yes.

Ms. MacDougall: — So first off, as far as working with other ministries across government, we do that on a regular basis. Byron, here behind me is actually on . . . Are you on three or four inter-ministry committees in regards to capital planning? So he certainly shares his expertise at those tables.

And I'm sorry, what your second part of the question again was?

Ms. Mowat: — What went into developing the long-term capital asset plan?

Ms. MacDougall: — You know, if it's all right with you, I'd prefer Byron answer that. He's the detailed man.

Mr. Davis: — Good morning. I guess in general, Parks' capital plan has a balance between upgrading of existing facilities that are either deteriorating or require upgrade, and expanding and providing new opportunities and facilities to meet the growing visitor need. So we basically divide our program into those areas. We also break our program down into several program areas including service centres, boat launches, sewer and water systems, on and on, so that we can monitor the condition of each of those sets of assets and try to make progress in each of those areas to some extent every year.

[09:15]

But again, our plan is comprehensive. We utilize a structured asset management software now we've implemented. We've done condition assessments on I think over 1,500 buildings in the park system and 300-and-some pieces of equipment. We document information on not only the condition of those facilities, but each element of the facilities so that we can apply life-cycle costing to those elements and use that in planning our upgrade needs. So a very involved process with our park operations and the other program branches, and working quite well recently.

Ms. Mowat: — Great. Thank you for providing that detail. That's exactly what I was looking for. I have no further questions, Mr. Chair.

The Chair: — Any other further questions? Mr. Goudy, any shower or facilities in your favourite park that you want to check in on? No? Mr. Michelson.

Mr. Michelson: — While we're here, I'm just wondering if you have any kind of an update on the pool at Buffalo Pound Provincial Park, if you have anything on it.

Mr. Davis: —Yes, as a matter of fact we do. That was recently announced in the budget for our ministry. We will be replacing the swimming pool facility at Buffalo Pound with a new, modern facility. The previous one failed last summer. It was over 45 years old and in need of replacement. Repair was not a feasible option, so we're happy to be planning. And we're actually nearing completion of design for that facility, and expect to tender it very soon and have construction begin this summer, and hopefully open for next summer season, the 2020 season.

Mr. Michelson: — Thank you.

The Chair: — Good question. It was a great pool for many years.

I'd welcome a motion to conclude consideration with respect to chapter 41. Mr. Goudy. All agreed?

Some Hon. Members: — Agreed.

The Chair: — All right. We'll take a brief recess. Thank you so very much to the officials that are here today and all those that work through the Ministry of Parks, Culture and Sport for all their good work. So thank you. And we'll take a brief recess.

[The committee recessed for a period of time.]

Central Services

The Chair: — All right. We'll reconvene the Standing Committee on Public Accounts. We'll turn our attention to the Ministry of Social Services. Thank you . . . or Central Services, sorry.

Thank you for being here, Deputy Minister Carr, along with your officials. I'll ask you to briefly introduce your officials that are with you here today. Then I'll turn it over to the auditor to present on her chapter, turn it back to you for a brief response, and I'll open it up for questions. So thanks for being here and I'll turn it over for an introduction of your officials.

Mr. Carr: — Thank you, Mr. Chair. With me this morning is Nancy Cherney, to my left, who is the assistant deputy minister for property management and the Provincial Capital Commission. Also with me is Bonnie Schmidt of the information technology division. She is in the role of chief information officer. To my right is Mr. Troy Smith, executive director, commercial services and corporate services. And also with us is Julianne Jack, our executive director of communications.

The Chair: — Thank you very much to all of you for being here. We'll focus our attention on the 2017 report, chapter 15 first. And I'll turn it over to the auditor's office.

Ms. Ferguson: — Thank you very much, Chair, Deputy Chair, officials, and the rest of the members here. With me this morning I've got Ms. Tara Clemett. Tara's our deputy that leads our health division of which the Ministry of Central Services is assigned in that portfolio. Behind is Ms. Kim Lowe and Kim is our liaison with this committee.

We're going to present each chapter as they're presented on the agenda. There are no new recommendations in this suite of presentations here. Before Tara makes her presentation, I just want to take a moment and thank the officials for the co-operation extended to our office during the course of this work.

Ms. Clemett: — Chapter 15 in our 2017 report volume 1, starting on pages 209 to 211, reports on the results of our second follow-up of the four remaining recommendations related to planning for accommodations that we initially made to the Ministry of Central Services in 2011.

The Ministry of Central Services is responsible for providing centralized support services to government ministries and agencies, including managing the government's leased and owned office space. In 2015-16, the ministry spent $182.6 million on property management. It recovered most or almost all of these costs from its clients.

As of February 2017 the ministry had implemented two of the four remaining recommendations. It identified the gap between its existing accommodation portfolio and future accommodation needs and approved an overall accommodation plan in August 2016. At the time, the ministry still needed to verify staffing information provided by its clients for the ministry's buildings.

In 2010-11 cabinet directed the ministry to implement a firm space standard of 18.6 square metres of office space per FTE [full-time equivalent]. Since 2015 the ministry no longer requested clients provide their number of FTEs. The ministry previously used this information to compare actual space used to the standard of office space. Without obtaining this information the ministry did not know if it was complying with the directive from cabinet and if office space was being effectively managed.

At the time of our follow-up, management indicated that it planned to revise the standard accommodations space and service agreement to require clients to confirm that they either meet the office space standard or have obtained treasury board approval to exceed the standard.

The other recommendation outstanding related to monitoring and reporting on implementation of the overall accommodation plan. By February 2017 the ministry had only recently approved its overall accommodation plan. As such, it did not have an opportunity to monitor or report on its implementation. The ministry indicated that it planned to regularly — so for example, semi-annually — monitor and report on the status of the overall accommodation plan to senior management. That concludes my overview of this chapter.

The Chair: — Thank you for that presentation. I'll turn it over to Deputy Minister Carr for a brief response.

Mr. Carr: — Thank you. Central Services manages accommodations for executive government and agencies through a mix of owned and leased properties in 151 communities across the province. Central Services maintains a close relationship with each client, ministry, and agency and regularly reviews how well each of the spaces are addressing program and other needs. And if there are opportunities to consolidate or reduce space, where appropriate to do so, that action is followed up.

In order to ensure office space is effectively managed and comply with the government's space standard of 18.6 square metres of office space for a full-time equivalent employee, the Provincial Auditor recommended the ministry verify staffing information by its clients for the ministry's buildings.

To comply with this recommendation, Central Services has implemented a number of actions. Planning managers within the ministry regularly review and discuss the government's space standard as part of regular one-on-one conversations with client tenant representatives from each organization that is a tenant. When reviewing new office space requests, this is reinforced and a conversation is held with respect to utilization requirements and needs.

Central Services holds workshops twice a year with all client tenant representatives to review policy and procedural updates, requirements, and new initiatives including implementation of the space standard. Effective April 1st of 2017, the ministry modified its standard accommodation space and services agreement to require each client to certify that they are aware of the space standard and are in compliance with it. This signed document is required before any major renovations can begin or new space can be secured.

Since implementation, this authorization has been very effective in ensuring client ministries are fully aware of the requirements and are directly accountable for their compliance. This certification removes Central Services from the role of police agent and more appropriately focuses us on accountability by requesting that the ministry comply with policy.

Connections are also occurring at the executive level to review program changes that may impact space requirements and help manage more complex properties. While these discussions are currently occurring on an as-needed basis, the associate deputy minister of property management will initiate more focused, biannual conversations with all ministry teams going forward.

As recommended by the Provincial Auditor, Central Services is now also monitoring and reporting on implementation of all overall accommodation plans. The *Accommodation Manual* is regularly updated and used in discussions between planning managers and client tenant representatives, and the ministry also regularly updates a two-year leasing strategy that identifies upcoming lease expiries to assist with confirming and planning ministry space needs going forward. Thank you.

[09:30]

The Chair: — Thanks for the presentation. Thanks for all the work as well on these recommendations. I'm going to table, at this point, the status updates, PAC 74-28, Ministry of Central Services: Status update, dated April 10th, 2019. And I'll open the floor up to questions. Ms. Mowat.

Ms. Mowat: — Thank you, and I want to thank the deputy minister for making sure that we had such a fulsome status update. I think it really helps the committee members to see what work has been done and to see that there's been a concerted effort in all of these areas that has led to implementation.

I do have a few questions that follow up through the status update. With regards to the recommendation on page 2 that the ministry verify staffing information provided by its clients, there is some discussion about client tenant representative workshops that were convened in June 2017, February and October 2018. And the plan is to continue with those workshops because you use those as an opportunity to review policy and procedure updates. Can you speak to the success of the workshops that were held, what the participation levels looked like, and describe them with a little bit of detail?

Mr. Carr: — I'm going to call upon Nancy Cherney to provide that detail.

Ms. Cherney: — Thank you. Thank you for the question. So we instituted those workshops about a year and a half ago now or almost two years ago, and they were very successful. So the tenant representatives, the attendance levels have been constant at between 30 and 40 people, depending on availability and the topics that are scheduled for that discussion.

And the response, you know, we do surveys at the end of it. Was this meeting your needs? Was it something that you found useful? And the response has been very positive. People find the topical information helpful to them and it gives them that opportunity to follow up on additional questions that they might have. And it really reinforces that ongoing relationship that each

ministry has with our space management planners. So when they're in that one-on-one conversation, they can follow up and drive a little deeper for more information.

So yes, those workshops are very successful. We have another one upcoming in the early part of May this year. And we intend to have them sort of spring and fall as a general timeline annually.

Ms. Mowat: — Thanks. And can you speak to where the workshops have taken place and about what the length of each workshop would be?

Ms. Cherney: — Certainly. Most of our client/tenant representatives are in the Regina area because that's where a lot of the ministries are headquartered as well. So their tenant reps come here. We do have people coming from Saskatoon but the bulk are here. So they've been held to this point in Regina, in our offices at Central Services on 1920 Rose Street. And each workshop, depending on the topics that are scheduled, typically runs about two hours, sometimes two-and-a-half hours depending on the topics.

Ms. Mowat: — Thank you. On page 3 there's a continuation on the actions that have been taken on this particular recommendation. So we're on the same recommendation still. And in planned actions for implementation, in the status update, you mention that client ministries are fully aware of the requirements and are directly accountable for compliance. Can you explain what the compliance requirements are in this case, that are being referred to?

Ms. Cherney: — So we have a couple of mechanisms by which we make sure they're aware of the requirements. So we have a published *Accommodation Manual* that's provided to each of the ministries so that it outlines all of sort of the guidelines that they need to be aware of. And if they have questions about leasing, where do they go for advice, and you know, what are the kind of policy directives that they need to abide by.

In addition to that and the more reinforcing part of that is, as we noted, the change requirements for sign-off on the directions that they give us to go searching for new space or to make adjustments or renovations and that sort of thing. So there are specific requirements that they have to acknowledge and sign off. So they tick a box: I'm aware of what the requirements are; I have obtained treasury board approval to exceed those requirements or to go forward with this plan.

So they're acknowledging to us — and these have to be signed by the appropriate delegated authority level within that tenant ministry — that we are aware of what the rules are. We are abiding by the rules or we've got some special exemption from treasury board for particular reasons if that happened to be the case. And they endorse that for us and then we go and get the space that they need or make the adjustments that they need.

So that really is the two ways that we ensure without sort of any doubt in our mind that they know what the rules are, they've abided by the rules, and they're signing off at that appropriate level that they're okay to go forward and give us the direction to proceed to get the space they need.

Ms. Mowat: — Thank you. In the same section there's a sentence about verifying space and financial commitments of client ministries when client ministries are seeking new space. Can you speak to what type of space commitments are being referenced here?

Ms. Cherney: — So in the broadest sense that would be if we've gone to market and we're looking for some new space to address a new program or expansion. We go to an open tendering process for example, seeking requests for proposals, and we receive proposals from a number of potential landlords. And so then we look at those, we identify, you know, what is the best opportunity for us as a government representative to get good-quality space that meets their needs at an appropriate price. So we do that in Central Services.

But ultimately when we come up with a recommendation, we go back to that client ministry and we say, okay, here are all the proposals that we got. In our best judgement here is the best one for you. Do you accept that this is the space that's going to meet your needs? We maybe do a walk-through with them, make sure it's going to meet their particular program needs, and then they sign off for us: okay go ahead and negotiate now the final details of a lease agreement to lock them down into that particular space. So it's a bit of an iterative process, but that's how we make sure that when we're searching for space, it ultimately is going to meet the needs of the client ministry that's going to be functioning out of that space and delivering programs.

Ms. Mowat: — Thank you. So you have referenced the *Accommodation Manual* just now, and in the status update here I see that the planned actions for implementation indicate that it's due for review and update in June 2019 to reflect current information. What sort of current updates need to be provided, if you could speak to that a little bit?

Ms. Cherney: — So basically that's just a flag for me and my staff that we need to review that document to make sure that it continues to be current. And so sometimes we review it and we go through all the statements, and if there have been no changes we just note that it was reviewed and no changes were required. It's just a mechanism for us to make sure that it is absolutely current and we haven't inadvertently missed some, you know, policy direction or change or nuance that might have shifted since the two years prior when it was previously revised.

Ms. Mowat: — Okay. So it's more of a routine prompt than anything substantive?

Ms. Cherney: — Right. That's what I would say at this point. We have had no major policy shifts. If we had something that sort of turned our world upside down then we wouldn't wait for a required time frame. We would make that adjustment when it was necessary. But on a regular, ongoing basis that's just to make sure that we continue to keep it current.

Ms. Mowat: — Thank you. So I just want to go into the chapter 15 a little bit here for a minute. On page 211 in the . . . And maybe this is a question for the auditor's office. On page 211 there's an explanation of the review of the 2015-2016 overall accommodation plan. There's two bullet points there. One of them says that 2 of the 15 ministries did not give the information to enable comparisons of actual space utilization against the standard. I'm wondering if this information ever found its way to

the auditor's office or if it had sort of been closed by the time that that would have happened.

Ms. Ferguson: — No, we didn't seek it after we did the follow-up audit. Basically, you know, at part and parcel is we were recognizing that they were reviewing their overall accommodation plan too. And it was just part and parcel although at the point that, you know, they hadn't fully implemented the recommendation that we were trying to determine what actions were taken. So we didn't do a further follow-up.

Ms. Mowat: — Okay. And can you speak to which two ministries these were so we can get a sense of the size of them or . . .

Ms. Ferguson: — I don't have that information with me. The ministry may know offhand, but I don't actually have that information with me today.

Ms. Cherney: — Yes, I'm sorry. I don't have that information either of which ones had provided information and which hadn't.

Ms. Mowat: — Okay, that's fine. I was just curious if, you know, if we're making an accommodation plan but don't have the bulk of the information. Like that was one of my concerns as I was reading through. But if, you know, if you folks feel that you've been able to canvass the scene enough to know that you have come to the right understanding in terms of the space per FTE and that sort of thing. You know, that's where I was getting with that.

Ms. Cherney: — Right. So regardless of what the status was at that point, we certainly know what kind of space is being occupied by each of our tenant ministries. And as part of this ongoing iterative process, we review that and we confirm with them, and particularly on the leasehold properties. You know, leases are sometimes 5 years, 7 years, 10 years in duration, so our ability to have them downsize is, you know, kind of tied to some of the renewal cycles.

But we do regularly check with them. Do you need all the space that you're in? Is there an opportunity for consolidation and where we can consolidate them or reduce the space to be in line with the guidelines? We have that happen and then we release the leased space. That's where we have, you know, some of our greatest opportunity in a reasonable amount of time. So we are very confident that we know what their space utilization is. And we know where ministries are exceeding that, and we work with them very deliberately to bring them back in line with those guidelines.

Ms. Mowat: — Thank you. I have no further questions, Mr. Chair.

The Chair: — Thank you for the questions. Thanks for the responses. Is anyone else with questions at this point? Otherwise I'd invite a motion to conclude consideration of chapter 15. Mr. Weekes?

Mr. Weekes: — I so move.

The Chair: — All in favour?

Some Hon. Members: — Agreed.

The Chair: — So moved. We'll move along to chapter 28 of the 2018 report, and I'll turn it over to the auditor.

Ms. Clemett: — The Ministry of Central Services is responsible for the security requirements for the development and operation of government ministry web applications. Comprehensive security requirements support an organized and consistent approach to implementing and maintaining security across ministry web applications to help minimize the risk of breach of government information.

Chapter 28 in our 2018 report volume 2, starting on pages 211 to 214, reports on the results of our first follow-up of four recommendations we made in our 2016 audit of the ministry's web application security processes. By June 2018 the ministry had addressed two of the four recommendations. The ministry was tracking key information about ministry web applications and had begun to regularly assess web applications for security vulnerabilities. The ministry still needed to develop and maintain comprehensive procedures and guidelines to support the development and operation of secure web applications.

Since 2016, Central Services had developed guidance supporting secure development of web applications, but it did not always follow it. For a new web application we examined, Central Services did not complete the security assessment until eight weeks after the web application was put into use. A higher risk vulnerability was found, and the ministry had not assessed the security impact to public users who entered sensitive information into the new website. Not assessing new web applications for potential higher risk vulnerabilities prior to implementation increases the risk that the application could be compromised and sensitive data lost or inappropriately accessed.

Also while the ministry had begun monthly web application security assessments, it did not have guidance for compiling and prioritizing identified vulnerabilities. Without guidance, the ministry may not be focusing on higher risk vulnerabilities first. The ministry was also still working with other ministries to address the identified higher risk web application vulnerabilities. For example, one web application had 58 higher risk vulnerabilities, and the ministry was in the early stages of working with the web application owner to address the vulnerabilities. Addressing higher risk vulnerabilities reduces the risk that ministry web applications can be compromised and sensitive data lost or inappropriately accessed. This concludes my overview of this chapter.

The Chair: — Thanks for the presentation. Deputy Minister Carr, would you care to respond briefly to start before I open it up?

Mr. Carr: — Indeed, if I may. Thank you, Mr. Chair. The ministry is in the process of addressing this recommendation and continues to develop and maintain comprehensive procedures and guidelines to support the development and operation of secure web applications. Security coding guidelines have been created and shared with all employees in the application development team. These guidelines are reinforced regularly with all team members and included in onboarding materials for new team members.

Quality assurance code reviews have been implemented within the development team, and a formal quality assurance review is conducted on all new projects and major enhancements of existing infrastructure and programs. Going forward, the ministry will continue to ensure these guidelines and processes are followed by members of the application management service teams and within all new projects.

[09:45]

To support these improvements we've implemented a developer sign-off to acknowledge they have followed the appropriate guidelines and standards, peer review of code to ensure that quality assurance standards are being met, and security scanning tasks of all code before it will be scheduled and put into release. We are working to automate these processes in August of this year.

Central Services is also making progress on recommendation to address identified higher risk web application vulnerabilities. We know that tackling outdated applications is important work to better protect government and citizen data against security vulnerabilities. The ministry has made positive and steady progress in this area. Over the past two years 216 applications and 278 servers have been decommissioned as a result of that review. The number of unsupported applications through that review has decreased by 35 per cent.

In addition, a more robust server-patching process has been introduced to address potential vulnerabilities as they arise. This new process has reduced patch time for high-risk vulnerabilities from 90 days to 30 days for all Windows and Unix operating systems, and patching now occurs on a quarterly basis instead of annually.

The web service team continues to focus on potential security vulnerabilities and raising awareness of the impacts on client ministries. By March 31st of 2020, work is targeted to be completed to place all web-facing applications behind a web application firewall to enhance security.

As well, annual risk letters will continue to be sent to client ministries to highlight critical business applications at higher risk. Next week these letters will be sent from my office to each deputy minister. This is an elevation of that work, in that formerly those letters were sent to technical experts within ministries. Our goal here is to achieve a conversation regarding awareness of these risks at the highest level of the organizations impacted. This will increase our ability to ensure mitigation strategies are appropriately developed and deployed at the earliest opportunity. As technology advances, work of this nature has to continue and it will be an ongoing requirement that we need to pursue so that applications continue to perform properly, consistently, and with proper security measures in place.

The Chair: — Thank you for the presentation and for all the work. I'll open up for questions. Ms. Mowat.

Ms. Mowat: — Thank you. And thanks again for the status update. I just have a few questions here. I'm looking on page 213 of chapter 28. At the bottom of the page, it says that "In 2017, Central Services developed a draft web application security policy." Can you speak to whether a final version has been

created?

Mr. Carr: — Thank you. I'll call on Bonnie Schmidt to provide that response.

Ms. Schmidt: — Thank you very much for the question. Yes, we continue to reiterate and improve those documents on an ongoing basis. A final document has been created, and that is what the developers do follow as they work through the different code changes that they need to make within the web environment.

Ms. Mowat: — Thanks. That was my follow-up question is, to your knowledge, is it being followed?

Ms. Schmidt: — It is being followed. We've put some processes in place from the developer perspective where they acknowledge the guidelines. They actually sign off saying that they've followed those guidelines in releasing the code. Code won't be released until they've acknowledged that, as well as the quality assurance check has been done by either peers or supervisors.

Ms. Mowat: — Thanks. And then on page 214 . . . We've talked a little bit about developing plans to address higher risk vulnerabilities but that there's still a significant amount of work that's remaining in this area. Can you speak to some of the challenges that you face in implementation in this area?

Ms. Schmidt: — Thank you. Yes. So one of the biggest challenges is that the web applications do provide support for ministries to deliver the services to their clients. And so we work collaboratively in conjunction with each one of the ministries who have one of those applications.

We've worked over the past year to significantly elevate the understanding of what those risks are, to make sure that they're aware. We identify the higher risk applications with the letters that will be coming from Deputy Carr next week. So it provides that increased level of visibility into what those vulnerabilities are, and then we're able to form those plans with those.

Ms. Mowat: — Thank you. With regards to the risk letters, can you speak to which ministries are impacted by this?

Mr. Carr: — Well I think it's probably fair to say that rather than naming specific ministries, it's probably critical that we understand that all ministries are impacted. The simple truth is that we are seeing greater threat emerging in the digital space, that we need to be more responsive and more critically aware of those challenges.

And so what we're trying to do is we're trying to create a broad understanding and awareness with all ministries, all elements that we serve. And we're trying to say very directly to them that we have a joint responsibility for that security. And I think that it's fair to say, when you look at the past three years, we've seen a significant growth in the incidents of threat. And we continue to be vigilant in that regard. But it's going to require all of us working more deliberately together in order to withstand the risk.

Ms. Mowat: — Thanks. And in terms of the anticipated timeline for full implementation of these recommendations, like what do you think needs to happen in order for us to fully get there? And when do you anticipate that we would be able to do so?

Mr. Carr: — I think that we've got a good policy framework that we're operating within presently. We've certainly improved on the basis of the recommendations that we received, but I think the challenge for us is to anticipate current and ongoing threat. And so from that perspective, I think we're going to be at this work continuously. So I don't, at this point, see an end date, quite frankly.

Ms. Mowat: — Okay, thank you so much for answering all my questions. I have no further questions, Mr. Chair.

The Chair: — Thank you. Good questions. Thanks for the work on it. It's obviously very important. And we recognize as well that some of the questions around respective ministries that might be more exposed might be . . . There might be a security risk as well in providing specifics there. But obviously the work is important.

Anyone else with questions at this point? All right. Well then I would ask someone to move a motion, or move that we conclude consideration of chapter 28, the 2018 report. Mr. Weekes. And I would welcome a motion of . . . I guess, all in favour?

Some Hon. Members: — Agreed.

The Chair: — All right. Any closing remarks from officials?

Mr. Carr: — I would simply observe that we find the recommendations from the Provincial Auditor quite helpful. And in terms of helping my team consider what we can do to be responsive and effective and improve our processes, we find them extremely beneficial.

The Chair: — Thanks for that. Thank you for your presence here today and the work of the officials that are here and all those throughout the ministry as well. At this point, I would ask for a motion of adjournment.

Mr. Michelson: — So moved.

The Chair: — Mr. Michelson. All in favour?

Some Hon. Members: — Agreed.

The Chair: — So moved. This committee stands adjourned to Wednesday, May 1st, 2019 at 9 a.m.

[The committee adjourned at 09:54.]