



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Ms. Danielle Chartier, Chair
Saskatoon Riversdale

Mr. Scott Moe, Deputy Chair
Rosthern-Shellbrook

Ms. Jennifer Campeau
Saskatoon Fairview

Mr. Herb Cox
The Battlefords

Mr. Glen Hart
Last Mountain-Touchwood

Ms. Laura Ross
Regina Qu'Appelle Valley

Mr. Corey Tochor
Saskatoon Eastview

Mr. Trent Wotherspoon
Regina Rosemont

[The committee met at 08:00.]

The Chair: — Good morning, everyone. Welcome to Public Accounts. I would like to start by introducing our members here today. We've got Trent Wotherspoon. We have Ms. Laura Ross, Mr. Herb Cox, Mr. Corey Tochor, Ms. Jennifer Campeau, Mr. Glen Hart, and Mr. Scott Moe.

And we also today have some very special guests from Western Australia who are participating in an interparliamentary exchange. Of course they arrived in Saskatchewan yesterday as it gets really cold and the snow arrives, but we wanted to give you a sense of winter here in Saskatchewan, so welcome. I know that you have public accounts meetings. We have many committees based on your system, from visits that we've had back then. So I hope you find this interesting and have some opportunity to comment after committee to see what the differences or similarities are. But again, welcome, a warm welcome on a chilly Saskatchewan morning to our guests from Western Australia.

Our officials in attendance today, we've got our Acting Provincial Auditor, Ms. Judy Ferguson, and she'll introduce her officials here with her today. And from the Provincial Comptroller's office we have Terry Paton and Chris Bayda. Thank you for your time here today.

Everybody has the agenda in front of them. We'll be looking at public accounts, Provincial Auditor reports from Executive Council, Highways and Infrastructure, and Labour Relations and Workplace Safety. So I would like to ask the Provincial Auditor to make her presentation on the first chapter that we'll be looking at.

Executive Council

Ms. Ferguson: — Thank you, Madam Chair, committee members, and officials. First off I'll introduce the officials. I've got Jason Shaw with me. He's a senior manager with our office who's responsible for the Office of Executive Council audit. And behind is Ms. Kim Lowe who's our coordinator and liaison with this committee here.

So as indicated by the Chair, I am going to be presenting chapter 8 from our 2013 report, volume 2. Before I do so, I'd like to actually thank the management and staff of the office of the Executive Council for their assistance and co-operation during our audit.

The chapter before us reports the results of our annual integrated audit for the fiscal year ending March 31st, 2013 where we concluded that Executive Council had complied with its financial-related authorities and had effective rules and procedures to safeguard public resources except for one matter that we note on page 71.

Since 2010-11 Executive Council has worked with the information technology office, commonly referred to as ITO, to develop an IT [information technology] system called DocShare. The purpose of DocShare is to modernize the cabinet document process. Executive Council owns DocShare. You know, as shown on figure 2 on page 73 of our report, since

2011-12 various ministries and agencies have helped pay for the development of this system. By March 31st, 2013 they, including Executive Council, had paid just over \$3 million.

Generally accepted accounting principles, commonly referred to as GAAP, requires Executive Council, as the owner of this system, to capitalize the total costs of the system, which was the \$3 million, and to amortize those costs over the life of the system. GAAP also requires Executive Council to record the amount paid by others as revenues.

On page 73, we made one recommendation for the committee's consideration. We recommended that the Office of the Executive Council use generally accepted accounting principles for the public sector to budget and account for its system development cost. That concludes our overview, and we'd pleased to respond to questions of the Assembly.

The Chair: — Thank you. And to the members from Executive Council, thank you for being here. I don't think I said that. But Mr. Moen, if you would introduce yourself and your officials, that would be great.

Mr. Moen: — Sure. Thank you to the Chair, and it's a pleasure to be here today. I'm Doug Moen, the deputy minister to the Premier. And I have with me Bonita Cairns who is the executive director of corporate services for Executive Council, and Richard Murray who is the acting deputy minister in the Ministry of Central Services.

And just to give you just a very brief background on the creation of eCabinet and DocShare, in 2009, Executive Council researched what Ireland was doing with respect to eCabinet. With cabinet's concurrence, we began a process to develop what's today are referred to as eCabinet, which is the tablet technology for a paperless cabinet, and the DocShare system, which is an online electronic cabinet agenda and document development system. We are aware that the cost to Ireland was in excess of \$5 million and our goal was to create a DocShare system that was below that cost. The decision was made early on in the process to share the cost of the system with other ministries and other government entities that would ultimately use it.

As a result, the system development costs for DocShare were not accounted for under Canadian generally accepted accounting principles. They should have been capitalized, as the Acting Provincial Auditor mentioned. The cost for most contributors to DocShare fell well below the threshold for capital reporting, and Executive Council expensed our portion of the cost, as we had only paid for a portion of the DocShare asset.

As you know, the auditor's office recommended that we use Canadian generally accepted accounting principles for the public sector to budget and account for system development costs. And we concur with the auditor's recommendation and can assure the committee that we will follow Canadian generally accepted accounting principles for any future system development cost we undertake.

We very much appreciate the work the Provincial Auditor's

done. The auditor's office has been very helpful to us, and thank you for that. So that's my presentation.

The Chair: — Thank you, Mr. Moen. I'd like to open up the floor for questions. Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you very much. Thank you to the auditor. Thank you to the deputy minister to the Premier. What sort of timeline and what actions will be taken to ensure compliance?

Mr. Moen: — I'm just going to have Bonita address that.

Ms. Cairns: — In future projects that we undertake, we will certainly be following Canadian generally accepted accounting principles. For this project, because it's so late in the process, a decision was made to leave it. But on a go-forward basis, we'll certainly be following. Yes.

Mr. Wotherspoon: — And on a go forward, will there be a need to change processes in recording costs, go forward on this basis? Or has it basically been developed? And I guess, will there be changes in how the accounting of this is treated now, or any reconciliation that's required?

Ms. Cairns: — No, there won't be.

Mr. Wotherspoon: — And maybe just a quick question. What would be the impact from a reporting standpoint had Executive Council been in compliance with public sector GAAP through this period?

Ms. Cairns: — Well had we done that, our expenses would have gone down and capitalization would have gone up. And we would have had to move all of that funding, like the reporting for the funding, into Executive Council.

Mr. Wotherspoon: — Okay. Thanks so much and thanks for ensuring compliance moving forward.

The Chair: — Mr. Hart.

Mr. Hart: — Thank you, Madam Chair. The question I have is, figure 2 shows a total cost of a little over \$3 million. That's for the development of the program. And is that, the program is now complete? Or is there ongoing . . . Will there be more expenditures in program development?

Ms. Cairns: — Well there'll be ongoing maintenance and hosting costs for it. Other than that, I don't believe there should be much more.

Mr. Hart: — So are far as you're concerned you've got a . . .

Ms. Cairns: — The system should be complete.

Mr. Hart: — A working system. A system that works and the development has all been done on it, so just maintenance and the costs associated with using the program are the only ones that you'd be anticipating?

Ms. Cairns: — Right, and break-fix problems if there is an issue with the system and it means a break-fix situation.

Mr. Hart: — Okay. Great. Thank you, Madam Chair.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — Just on this program, is it the ITO that developed and then maintains this, or is there a private contractor that does so? And if it's a private contractor, could you identify which company, where they're located, and who their principals or their owners are?

Mr. Murray: — This project was managed by the ITO, but the work was done by a company called zu out of Saskatoon. They're a company that specializes in mobile application development, so highly suitable for this project, custom development for iPhones and iPads. This company was responsible for the websites of the Roughriders, the Calgary Stampeders, Tim Hortons, for example. So a very qualified company.

Mr. Wotherspoon: — I won't say anything about the Stampeders.

Mr. Murray: — Yes, exactly.

Mr. Wotherspoon: — And the owners or proprietors of this company?

Mr. Murray: — I'm sorry, I'm not sure of that right off the top of my head, but we could certainly provide that.

Mr. Wotherspoon: — Sure. Thank you. I'm quite familiar with that Riders' website though. That's a fine product.

Mr. Murray: — We won't go there.

Mr. Wotherspoon: — Good. Thank you.

The Chair: — Are there any further questions? What are the committee's wishes?

Mr. Moe: — I would maybe just ask for a little clarification from the Provincial Auditor: this was really a one-time cost, and on a go-forward basis, there's an indication that generally accepted accounting principles will be followed in these cases. Can we go so far as to say that would be compliance at that point? Or would that be a progress?

Ms. Ferguson: — I think you might have a deviation from your normal pattern. Maybe note intention to comply.

Mr. Moe: — Yes.

Ms. Ferguson: — It doesn't sort of fit into your normal protocols. I think.

Mr. Moe: — Okay, I'd make a motion that with respect to chapter 8 in the 2013 volume 2 report, that this committee concur with the recommendation made by the Provincial Auditor.

The Chair: — Mr. Moe has moved that for the 2013 Provincial Auditor's report volume 2, chapter 8, that this committee concur with the recommendation. Are all agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, on to the next item of business, Highways and Infrastructure. Thank you very much to the officials.

Highways and Infrastructure

The Chair: — Welcome to the new set of officials. I will let Ms. Ferguson introduce her next item.

Ms. Ferguson: — Thank you, Madam Chair, members, and officials with me today. First I've got Mr. Victor Schwab. He's the audit principal currently responsible for the audit of the ministry. And behind us again is Ms. Kim Lowe, the liaison with this committee.

Before actually Victor presents the two chapters that are before us, and that's the chapter 12 from the 2012 report volume 2 and chapter 13 from our 2013 report volume 2, I'd like to actually extend our thanks to the ministry and the staff of the ministry for their excellent co-operation during the course of these audits. I'm going to turn it over to Mr. Schwab to provide the overview here.

Mr. Schwab: — Thank you, Ms. Ferguson. Chapter 12 of our 2012 report volume 2 and chapter 13 of our 2013 report volume 2 contains results of our annual integrated audits of the Ministry of Highways and Infrastructure for the years ended March 31st, 2012 and 2013. In these chapters we report that the ministry complied with authorities governing its activities, the financial statements of its Transportation Partnership Fund were reliable, and that the ministry had effective rules and procedures to safeguard public resources except for the matter I will highlight. Chapter 12 of our 2012 report volume 2 contains one new recommendation for your consideration. There are no new recommendations in chapter 13 of our 2013 report volume 2.

On page 114, we recommend that the ministry follow the established procedures for processing final time cards of employees who leave the employment of the ministry. The Public Service Commission, PSC, and Highways recognize it is difficult to recover overpayments made to individuals who have left the employ of core government. To reduce the risk of overpaying employees who leave the employ of core government, PSC expects ministries to submit final time cards to it for processing instead of the ministries processing those final time cards.

During the 2011-12 year, 18 Highways employees who left the employment of Highways received overpayments of approximately \$40,000. For 12 of these 18 employees, Highways processed the final time card instead of submitting the time card to PSC for processing as expected. As of July 31st, 2012, Highways and PSC had recovered approximately 8,500 of these overpayments. As reported in our 2013 report, similar instances were noted in 2013.

In this chapter, we report on page 114 that Highways had signed an adequate agreement with the highway hotline service provider. We also reported the need for Highways to have an adequate agreement with ITO related to its disaster recovery and IT security needs and the need for it to follow its

user-access procedures. These weaknesses continued into 2013.

In chapter 13 of our 2013 report volume 2, we noted progress by Highways on three outstanding recommendations.

On page 109 of our 2013 report volume 2, we highlight three recommendations that we plan to follow up later this year. We will report the results of our follow-up in a future report. Madam Chair, that concludes my overview on the chapters before the committee.

[08:15]

The Chair: — Thank you very much, Mr. Schwab. To the officials, if you could introduce yourselves and have any remarks.

Mr. Govindasamy: — Thank you, Madam Chair. My name is Nithi Govindasamy. I'm the deputy minister of Highways and Infrastructure. To my left is my associate deputy minister of operations, Jennifer Ehrmantraut; and to my right is Wayne Gienow, acting executive director of the corporate services division. With your indulgence, I'd like to make a few remarks pertaining to the audit report.

We appreciate the opportunity to appear before the committee today. My ministry's committed to ensuring public resources are safeguarded appropriately and expenditures done efficiently. We're also committed to transparency and openness, therefore we appreciate the input of the Provincial Auditor in strengthening our financial controls and the oversight of this committee.

The auditor's report notes that the ministry complies with authorities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. The auditor notes that the financial statements of the Transportation Partnerships Fund are reliable. The auditor concludes that effective rules are in place to safeguard public resources, although improvement is needed in three areas.

The auditor concludes that the ministry should sign an adequate service level agreement with ITO that addresses disaster recovery and security needs and that the ministry needs to follow its procedures to promptly remove former employees' access to computer systems and data and that the ministry needs to follow process for the final processing of time cards where employees who have left the ministry.

I'd like to take a couple of minutes to explain what the ministry is doing to address each of these points. In terms of disaster recovery of our IT systems, many of our systems have now moved to the common computing environment. The CCE [common computing environment] is a high availability platform that, because of its hardware architecture, reduces the risk of catastrophic failure.

We've also recently completed a mapping exercise that identifies all of our computer systems and their interconnections. One of the benefits of this exercise has been the identification of critical components of our systems.

The ministry, ITO, and the service provider for the highway

hotline developed and implemented a continuity plan to ensure the hotline service is not disrupted.

Recovery processes for mission critical systems have been documented and distributed within the ministry and the ITO. This document was successfully used in a recovery exercise of financial systems in December of 2013, and the ministry will continue to work with the ITO to finalize this document and our service level agreement.

The auditor's other two recommendations deal with removing employees who have left the ministry and processing final time cards. This is an ongoing challenge for the ministry. The nature of our work means we have a very large seasonal workforce and we're also one of the largest employers of students in government as well. This means we process a large number of separations, about 800 in the last two fiscal years.

In terms of deleting access to our computer systems, we continue to work with our administration managers to ensure user access is deleted in a timely fashion. Our administration managers review this list and take appropriate action, and we'll continue to work with the ITO to have these people accounted for.

Regarding the processing of final time cards, the auditor notes that there is a risk of overpayment if unearned benefits like vacation leave entitlement are not properly accounted for. We have communicated this to all managers, the importance of using the correct procedures. And to reduce the risk of overpayment to terminated employees, we've increased training, have checklists, and we are continuously monitoring this process. In the future, if an overpayment occurs, a copy of the overpayment will be provided to the administration manager of the overpaid employee to ensure that managers and timekeepers understand and are following the proper procedures.

These efforts are starting to bear fruit. The auditor's report documents nine instances where overpayment occurred in '12-13. In all these cases, MHI [Ministry of Highways and Infrastructure] managers or timekeepers did not follow established processes. In 2013-14, there were five instances. That's the fiscal year that we've just been through. MHI employees followed procedures in all but two of these cases, so we are making good progress. We'll continue our efforts to implement the auditor's recommendations.

My staff are committed to continuously improving our business practices, and we want to ensure that public assets are protected and funds are invested as prudently and as efficiently as possible. Thank you.

The Chair: — Thank you very much for your comments. Opening the floor to the questions. Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you to the deputy minister and officials that are here today, to the auditor as well, for their work on this file. Just how much . . . What was the total value of overpayments in the last I guess three years, the ones that are under consideration? And you mentioned the five overpayments this last year. And how much has been recovered out of that?

Mr. Govindasamy: — I'm going to ask Jennifer to respond to that question.

Ms. Ehrmantraut: — In 2011-12 there were 18 overpayments for \$40,000. \$8,500 was recovered. In 2012-13 there were nine instances of overpayments; \$14,000 was the total. \$4,700 was recovered. And in 2013-14, there were five instances of overpayments only accounting for \$8,473. Of that to date, 2,000 of it is recovered. So when you take a look at, compared to 2011 to 2013, the amount of money that has been overpaid and recovered has been decreased by almost 80 per cent, which really shows a lot of progress in the ministry and a lot of focused attention to this issue.

Mr. Wotherspoon: — So what's the challenge in recovering the dollars? Just give us a practical understanding of how the overpayment . . . you know, that we understand. You've sort of explained how the overpayment has occurred. Procedures haven't been followed. But what are some of the practical challenges in collecting the overpayment?

Ms. Ehrmantraut: — Some of the challenges are, you know, contacting the employee, having them take a look at what they paid, pay that money back — just practical examples like that. Just a matter of having somebody actually write a cheque back to the provincial government for that overpayment.

And we do that. We are very diligent in contacting them. And as you can see, you know, in about 25 per cent of the cases, we are successful in doing that. And that's why it was so important to reduce the amount of overpayments so that we don't have to go through that effort in trying to collect it.

Mr. Wotherspoon: — And what legal recourse or tools do you have to collect that overpayment?

Mr. Govindasamy: — Well we continue to try and collect the dollars. I think we have laws on the books here that we could go after those folks. But in most cases, it's been my experience, it's a question of contacting the employees, first being able to . . . Many of them are students. Many of them are seasonal employees. Having a discussion with them, demonstrating that there has been an overpayment, and then persuading them to respond.

Mr. Wotherspoon: — And it's maybe difficult for them as well. I'm not sure if they are necessarily aware that they've received an overpayment, and I suspect you're probably contacting them quite a bit after the fact as well. So I think the focus really does need to be on following the procedures and not . . . you know, minimizing or eliminating overpayment in the first place. Is that the ministry's perspective?

Mr. Govindasamy: — That is exactly our perspective. All of the risks associated with the overpayment have been identified. Prevention is where we are putting our efforts.

Mr. Wotherspoon: — And so I think there's definite attention you've noted, which is good, progress I think that we could probably identify. But I certainly don't hear compliance yet with procedures. Is that the ministry's perspective?

Mr. Govindasamy: — No, that is not our perspective. All of

our managers currently comply with the processes and procedures that we've got in place.

Mr. Wotherspoon: — Okay, but they didn't last year.

Mr. Govindasamy: — Well there were some clerical errors for the past couple of years, yes.

Mr. Wotherspoon: — Okay, thank you.

The Chair: — Are there any further questions?

Mr. Wotherspoon: — On this piece?

The Chair: — On chapter . . . volume 2. Yes, on this particular piece.

Mr. Wotherspoon: — So maybe just on to some of the other, the outstanding recommendations. You noted that, I believe that there's a disaster recovery plan in place as it relates to the highway hotline. There's compliance in place in addressing the concerns noted by the auditor. Is that correct?

Mr. Govindasamy: — That is correct.

Mr. Wotherspoon: — And that's important. It's an important service to the people of the province.

The access to the IT system, has that one been addressed? It was noted that there's some challenges in the nature of the employees or the nature of the work on this front. Has that been addressed? And is compliance in place, or has the ministry complied?

Mr. Govindasamy: — That has been addressed, and we are complying with that. And I should point out that despite the fact that there were some difficulties, there has been no illegal access to our computer systems by anyone who's left the ministry.

Mr. Wotherspoon: — Right. And then there's the three other recommendations on page 109 of chapter 13 relating to service level objectives, and all these recommendations stem from the 2011 report. And the most recent update from the auditor is that they're either partially implemented, in one case not implemented, and then partial implementation. If we could just get an update on those, whether or not implementation of those recommendations has occurred, if the ministry's in compliance, and if not, what timeline and what actions will be undertaken to ensure compliance.

Mr. Govindasamy: — Jennifer will respond to those questions.

Ms. Ehrmantraut: — So for the development of a maintenance plan and setting those long-term service targets, that's one of the things that was concentrated on this year, and I believe that the Provincial Auditor is coming out in 2014 to conduct a second review of where we are with the maintenance plan. So I think that, you know, they'll be very, very pleased in the progress that we have for that. So that one will be compliant.

For the reasonableness of the maintenance costs as well as

making sure that senior management understands what the maintenance plan is at the beginning of the year and coming back to review it and take a look at the differences throughout the year, that has been fully implemented. We've had our staff come and present at both our executive director and our executive table, and we have taken a look at what the plan was at the beginning of the year and what the plan and the differences throughout the year was.

Mr. Wotherspoon: — So from your perspective, the three outstanding recommendations will be likely it'll be noted that they've been implemented?

Ms. Ehrmantraut: — That's what my expectation of it is.

Mr. Wotherspoon: — And then just maybe a question. We don't need to get into the great detail on this, but there's been some discussion about what's been perceived to be delinquent payments to contractors and then also a lack of fulfillment of contracts by various reports. Would this be an area . . . Maybe this is a question back for the auditor or for the . . . I guess what attention is being provided from the ministry's perspective? And then is this an area that the auditor will be following up on?

The Chair: — Ms. Ferguson.

Ms. Ferguson: — Thank you very much for the question. In our annual audit we do look at contract management to some extent. We are looking to see how we're designing our audit procedures and making sure that we're covering off things appropriately. So that'll be in the course of the annual audit.

Mr. Wotherspoon: — Thank you.

The Chair: — Do the officials have any comments or remarks on that?

Mr. Govindasamy: — Well if I may, I'm just going to read out one little paragraph from the report from the auditors:

Because of Highways' extensive use of third parties in the maintenance and construction of its highways and bridges, we paid particular attention to Highways' controls over managing contracts with third parties. This included assessing its processes for awarding, approving, and adjusting contracts, retaining appropriate security and holdbacks, approving estimates, obtaining appropriate clearance from the Workers' Compensation Board and tax authorities before final payments, and tracking its related contractual obligations.

Mr. Wotherspoon: — Thanks to the officials for your time here today and for your work every day.

The Chair: — Are there any further questions on chapter 12 or chapter 13, either the new recommendation or outstanding recommendations? No further questions? What are the committee's wishes? Mr. Moe.

Mr. Moe: — I would move that with regards to 2012, the Provincial Auditor's report 2012 volume 2, chapter 12, recommendation no. 1, "We recommend that the Ministry of

Highways and Infrastructure follow the established procedures for processing final timecards of employees who leave the employment of the Ministry,” that this committee concur with that recommendation and note progress.

The Chair: — Mr. Moe has moved that for the 2012 report volume 2, chapter 12, recommendation 1 that this committee concur with the recommendation and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. And that for the 2013 report volume 2, chapter 13, that will conclude our considerations today, and we shall move on to the next piece of business. Thank you to the officials for your time here today.

[08:30]

Labour Relations and Workplace Safety

The Chair: — Welcome to the officials from Labour Relations and Workplace Safety. I will let the Acting Provincial Auditor make her remarks on this particular chapter.

Ms. Ferguson: — Thank you, Madam Chair. I’ve got with me this morning Mr. Mobashar Ahmad. He’s the deputy provincial auditor responsible for the audit of the ministry. And again Ms. Lowe, who’s the liaison with our committee; and beside Kim is Ms. Heebner, who’s the audit manager involved in these audits.

So before I ask Mr. Ahmad to provide an overview of the two chapters that are before this committee — it’s the 2012 report volume 2, chapter 14 and the 2013 report, chapter 15 — I would actually like to take a moment and thank the deputy minister and his staff for the excellent co-operation that we received during the course of this audit work. So without further ado, I’m just going to turn it over to Mr. Ahmad to present.

Mr. Ahmad: — Thank you and good morning, Madam Chair, members of the committee, officials.

Chapter 14 of our 2012 report volume 2 begins on page one one two — that’s 12 — and reports the result of our annual audit of the Ministry of Labour Relations and Workplace Safety for the year ending March 31, 2012. We report that the ministry complied with authorities governing its activities and had effective rules and procedures to safeguard public resources, except for the matters reported in this chapter.

In this chapter, we make one new recommendation for the committee’s consideration and report on the status of a recommendation that we made in the past. Your committee has previously considered and agreed with our past recommendations.

On page 123, we recommend that the ministry follow its established procedures for removing user access to its computer system and data in a timely manner. We made this recommendation because the ministry did not approve unneeded access to its network in a timely manner. We are pleased to report that by March 31, 2013, the ministry had implemented this recommendation.

As reported in chapter 15 of our 2013 report volume 2, by March 31, 2013 the ministry has implemented all of our past recommendations included in our 2012 report other than one on page 122. By March 31, 2013 the ministry did not monitor the effectiveness of ITO’s security controls to protect the ministry’s system and data, as it continued not to receive necessary information from ITO in order to do so. And that concludes my overview. Thank you.

The Chair: — Thank you, Mr. Ahmad. To the officials, Mr. Carr, if you would introduce yourself and your official with you.

Mr. Carr: — Thank you very much, Madam Chair. My name is Mike Carr. I’m the deputy minister for Labour Relations and Workplace Safety, and along with me is Louise Usick, executive director of central services for the ministry.

It’s a great pleasure for us to be before the committee here this morning and to respond to your questions with respect to the audit report. We value and appreciate the work that the Provincial Auditor has done in helping us improve our processes, and in terms of the recommendations that have been identified for us. We are pleased to say that we’ve responded in great detail to ensure implementation of those recommendations.

The one outstanding recommendation dealing with the ITO and the monitoring of our security we’ve taken steps to address in a number of ways. First of all, we’ve met with the ITO and engaged them in a current memorandum of understanding, which identifies security controls to protect the ministry’s computer systems and data. In ’13-14 the ministry requested a written assessment of the effectiveness of ITO security controls. And to help us understand how weaknesses at the ITO might impact the ministry systems and data, the ministry also requested a report on the ITO’s adherence to their own security policy and on any exemptions related to the services provided to our ministry.

The ministry also established an information technology management committee made up of senior officials and ITO officials to ensure that we had quarterly conversations about the services provided. The ITO security controls have become a standing agenda item at each of those quarterly meetings.

And finally we have asked and engaged in regular security monitoring to review reports indicating dormant user network access accounts, and the application of system-authorized users has been implemented and fully undertaken. The ministry now ensures that all laptops are encrypted and computers have log-on controls and current virus detection available on them. That ends my comments for this morning.

The Chair: — Thank you, Mr. Carr. Opening the floor to questions. Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you. Thank you to the deputy minister and officials for being here today, and good work to see the recommendations that are now complied with and the implementation actions your ministry has taken.

Just following up with the one item around monitoring of

security. You've identified various measures, various actions that your ministry has taken. Have those actions addressed the issue? Has this been implemented from your perspective?

Mr. Carr: — It is our hope that it will meet and satisfy the requirements of the Provincial Auditor. We believe that we've made improvements. Whether those improvements are sufficient has yet to be tested.

Mr. Wotherspoon: — And maybe to both the auditor's office and to yourself, what are the risks of not addressing this matter fully?

Mr. Carr: — Well from the ministry's perspective, we want to be able to ensure that we have secure data. Most of the work that the ministry utilizes the IT systems for are to provide the ongoing financial administration of the ministry, and so we want to ensure that those programs provide the outcomes that they've been designed to deliver. We also have some IT programs that allow us to provide service delivery to citizens. And so from that perspective, we want to ensure that those systems are adequately secured so that the data that is there is protected.

Mr. Wotherspoon: — Maybe to the auditor.

Ms. Ferguson: — From our perspective, it's exactly as the deputy minister has said. It's really all about IT security. From our office's perspective, IT security really is as strong as the weakest link in that whole IT system. And so when you're dealing with service providers, whether it's ITO or another service provider, you always have to have a good understanding as to what their IT security requirements are and whether or not they're meeting those requirements and what risks or exposures it's presenting to you as an organization in addition to the steps that you have to take as the organization itself.

So it's that balancing aspect and making sure that the organizations have enough information from their service provider so they have that full, robust understanding, so if there is any risks, they can take timely mitigation steps too so that they aren't presenting their systems and data at risk.

Mr. Wotherspoon: — So it's good to see the progress that's gone on on this file, but certainly it's an important one with some risks that I appreciate you identifying. And certainly your ongoing attention to this matter is something that I think we all value. Thanks for coming.

Mr. Carr: — I appreciate that. Thank you.

The Chair: — Are there any further questions on either the new recommendation or the outstanding recommendation from either chapter 14 or 15? No further questions. What are the committee's wishes?

Mr. Moe: — I would make a motion that regarding the 2012 Provincial Auditor's report volume 2, chapter 14, recommendation no. 1, we recommend that the Ministry of Labour Relations and Workplace Safety follows established procedures for removing user access to its computer systems and data in a timely manner. I would move that this committee concur with that recommendation and note compliance.

The Chair: — Mr. Moe has moved that for the 2012 report volume 2, chapter 14, recommendation 1 that this committee concur with the recommendation and note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. And that with the 2013 report volume 2, chapter 15, we'll conclude our considerations for the time being. Could I ask . . . That is the end of our business for the day. Mr. Tochor.

Mr. Tochor: — I so move to adjourn.

The Chair: — Mr. Tochor has moved for adjournment. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee will convene on Wednesday, April 30th at 8 a.m.

[The committee adjourned at 08:39.]