Section 4

Update on the implementation of recommendations from:

IT Audits of the Corporate Accounting System (2nd follow-up)

2005/2006

October 2009

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Ref: 61469

October 14, 2009

Mr. Bill Gilhooly, CA
Assistant Auditor General
Office of the Auditor General
8 Bastion Square
Victoria BC V8V 1X4

Dear Mr. Gilhooly:

Re: Follow-up to Corporate Accounting System Audit
        Part 2: Audit of the Government's Corporate Accounting System, December 2006

In response to your letter of September 17, 2009, Corporate Accounting Services and the Office
of the Comptroller General have completed the attached self-assessment report provided by your
office, updating the status of the outstanding recommendations in your audit report named above.

We understand that this response, including the Recommendation Status Summary and the
Progress in Implementing Recommendations form, will be printed unedited, in your semi-annual
follow-up report to be released October 22, 2009.

As of July 31, 2009, all six recommendations have been fully implemented.

Please contact either of us with any questions you may have on the attachments.

Sincerely,

Beth James, President and CEO   Graham Whitmarsh, Deputy Minister
Shared Services BC   Ministry of Finance

Attachments

Shared Services BC   Ministry of Finance
Office of the President and CEO   Office of the Deputy Minister

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cc: Kim Henderson, Deputy Minister
        Ministry of Citizens' Services

        Richard Poutney, Assistant Deputy Minister
        Common Business Services
        Ministry of Citizens' Services

        Cheryl Wenezenki-Yolland, Comptroller General
        Office of the Comptroller General
        Ministry of Finance

        Sheila Dodds, Executive Director
        Financial Management Branch
        Ministry of Finance

        Nashater Sanghera, Executive Director
        Corporate Accounting Services
        Ministry of Citizens' Services

        Graham Currie, Communications Director
        Public Affairs Bureau
        Ministry of Citizens' Services

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RECOMMENDATION STATUS SUMMARY

Part 2: Audit of the Government's Corporate Accounting System

As at July 31, 2009

(Please tick implementation status for each recommendation)

Auditor General's Recommendations	Implementation Status				
	Fully	Substantially	Partially	Alternative Action	No Action
4. Corporate Accounting Services take a more proactive role in ensuring all access is appropriate by alerting ministries of possible problems with user access.	X				
5. Procedures be established to communicate staff changes to security administrators in a timely manner to ensure effective user access change management and to periodically review user access levels to ensure access granted remains appropriate based on users' positions.	X				
30. Corporate Accounting Services establish formal policies restricting further set-up of generic suppliers and formalize a plan to establish a well-defined approach for using, managing and updating existing generic supplier records.	X				
34. Policies and procedures be established to define clearly a ministry's role and responsibilities in the bank account maintenance process, and to govern the extent of ministry review required for ensuring the completeness and accuracy of banking information obtained.	X				
37. Management at Corporate Accounting Services formalize procedures to monitor all supplier linkages to bank accounts and compare the details of the reported activities to source documents to ensure there are no unauthorized or inappropriate bank account linkages.	X				
32. OCG establish clear criteria for monitoring and compliance activities to ensure that the block supplier data remains current and relevant.	X				

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PROGRESS IN IMPLEMENTING RECOMMENDATIONS FROM

Part 2: Audit of the Government's Corporate Accounting System

As at July 31, 2009

General comments
All recommendations identified below have been fully implemented.

Progress by recommendation
For each recommendation, provide your assessment of implementation status as per the legend at the bottom of the page, and information on actions taken and results to support the status reported. Also include a work plan schedule for any recommendations not yet implemented.

Self-Assessed Status	Actions Taken Since Report Issued	Results of Actions and/or Actions Planned (with information on implementation, including dates)
Recommendation 4: Corporate Accounting Services take a more proactive role in ensuring all access is appropriate by alerting ministries of possible problems with user access.		
F	• *Corporate Accounting Services has published and distributed a responsibility guide as well as posting it on the CAS internet website.*	• *No further action required as this issue has been closed.*
Recommendation 5: Procedures be established to communicate staff changes to security administrators in a timely manner to ensure effective user access change management and to periodically review user access levels to ensure access granted remains appropriate based on users' positions.		
F	• *Corporate Accounting Services has developed a report identifying employee movements. This report was implemented as a component of the Application Infrastructure Upgrade (AIU) implemented February 2009.*	• *No further action required as this issue has been closed.*
Recommendation 30: Corporate Accounting Services establish formal policies restricting further set-up of generic suppliers and formalize a plan to establish a well-defined approach for using, managing and updating existing generic supplier records.		

Status
F or S – Recommendation has been fully or substantially implemented
P – Recommendation has been partially implemented
AA – Alternative action has been undertaken, general intent of alternative action will addresses OAG finding
NA – No substantial action has be taken to address this recommendation

Self-Assessed Status	Actions Taken Since Report Issued	Results of Actions and/or Actions Planned (with information on implementation, including dates)
F	• CAS Security and Data Administration no longer permits the set up of generic suppliers, generic supplier sites or changes to generic supplier sites. In addition, bank account information for direct deposit of payments cannot be set up against generic supplier records. Some generic supplier records have been inactivated as the Security and Data Administrator comes across them.	• New generic suppliers can no longer be created. • CAS is actively reviewing supplier records to identify and remove generic suppliers from the supplier file.

Recommendation 34: Policies and procedures be established to define clearly a ministry's role and responsibilities in the bank account maintenance process, and to govern the extent of ministry review required for ensuring the completeness and accuracy of banking information obtained.

F	• In August 2008 Provincial Treasury issued Information Bulletin #4 advising Ministries of updates to Core procedures clarifying roles of agency and ministry contacts involved in the processing of direct deposit application. • In September 2006 the Comptroller General issued a memorandum to contacts across government discussing the risks and Ministry responsibilities associated with ensuring the completeness and accuracy of banking information obtained.	• No further action required as this issue has been closed.

Recommendation 37: Management at Corporate Accounting Services formalize procedures to monitor all supplier linkages to bank accounts and compare the details of the reported activities to source documents to ensure there are no unauthorized or inappropriate bank account linkages.

F	• Procedures have been formalized to monitor and compare details of linkage activities to source documents. A new report has been developed to match supplier header information to supplier site information to ensure bank account information is matched.	• No further action required as this issue has been closed.

Recommendation 32: OCG establish clear criteria for monitoring and compliance activities to ensure that the block supplier data remains current and relevant.

Status   F or S – Recommendation has been fully or substantially implemented
P – Recommendation has been partially implemented
AA – Alternative action has been undertaken, general intent of alternative action will addresses OAG finding
NA – No substantial action has be taken to address this recommendation

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Self-Assessed Status	Actions Taken Since Report Issued	Results of Actions and/or Actions Planned (with information on implementation, including dates)
F	• *Block suppliers cannot be set up unless approved by FRAS.* • *Criteria are established for creating block supplier accounts (block suppliers may only be used in cases where privacy or confidentially is required) and ministries must provide evidence that the use meets that criteria.* • *FRAS will review block suppliers on an annual basis.* • *Payments to block suppliers are included in the population that 3CMB monitors on a post-payment basis.*	• *No further action required as this issue has been closed.*

Status

F or S – Recommendation has been fully or substantially implemented
P – Recommendation has been partially implemented
AA – Alternative action has been undertaken, general intent of alternative action will addresses OAG finding
NA – No substantial action has be taken to address this recommendation