

Service Alberta

Summary

We recommend that Service Alberta rank the significance of the findings it identifies at registry agencies and document its follow-up processes.

Service Alberta has implemented our recommendations to:

- allow client organizations assess its performance over centralized processing of transactions—see page 134
- improve its information technology service level management—see page 136

For outstanding previous recommendations to the organizations that form the Ministry, please see our outstanding recommendations list on page 159.

Findings and recommendations

Matters from the current audit

Registry agencies compliance

Background

In Alberta, independent contractors provide provincial registry services. Service Alberta outsources the services through a contract that requires registry agencies to follow Service Alberta's policies and applicable legislation. To ensure that registry agencies comply with its policies and legislation, Service Alberta's compliance and accountability unit carries out compliance reviews.

There are over 200 registry agencies in Alberta. Service Alberta plans to review all registry agencies at least once every three years. Each year, it selects a sample of agencies to review based on its risk assessment model. The model takes into account such factors as:

- whether a registry agency is new
- whether there was a significant number of findings it identified in previous years at the agency
- transaction volumes at the registry agency

If the compliance and accountability unit finds that the agency is not complying with Service Alberta's policies and applicable legislation, Service Alberta's agent support unit will follow up with the agency for resolution of the problem. Generally, the agency has 90 days to resolve the problem.

In previous years, the agent support unit followed up on the compliance and accountability unit's findings through in-person visits at the registry agencies. In 2011–2012, the agent support unit followed up either by in-person visits, phone, email or obtaining signed letters from the agencies stating that they had fixed the problem. To determine which agencies require in-person visits, the agent support unit considers the types, number and impact of findings it identified at the agencies, and whether the findings were new or repeated findings. The unit also considers its resources, and distance to travel to the agencies.

The agent support unit considers those agencies with repeated findings as high priority for follow-up. The unit also considers whether the agencies have valid reasons or circumstances that limit the ability of the agency to rectify the findings.

Recommendation: Ranking of non-compliances at registry agencies

27 RECOMMENDATION

We recommend that Service Alberta rank the significance of findings it identifies at registry agencies and document its follow-up process.

Criteria: the standards for our audit

Service Alberta should have a documented process in place to guide its follow-up on the significant findings that its compliance and accountability unit identifies at the registry agencies.

Our audit findings

Key finding

No documented process on how to follow up on significant findings at registry agencies.

In 2011–2012, we selected eight compliance review reports to test. For each sample, we reviewed the compliance and accountability unit's report and noted whether the agent support unit followed up on the findings. Of the eight samples we tested, one had no findings to follow up on; for three of the samples, the agent support unit followed up on the findings through in-person visits.

However, we noted that for four samples, the agent support unit followed up with the findings either by phoning the agencies or obtaining signed letters stating that they had fixed the problems instead of obtaining and corroborating evidence through in-person visits to confirm that these agencies had fixed the problems.

Currently, the agent support unit ranks the significance of the findings that compliance and accountability unit identifies at the registry agencies based on its experience and knowledge of the agencies. There is no documented process in place to guide the agent support unit on where it should focus the follow-up effort if resources are limited, or what should trigger the unit to escalate the issue to senior management for actions.

Implications and risks if recommendation not implemented

Non-compliance with government policies and legislation may exist at registry agencies if Service Alberta does not have an effective documented process to rank the significance of findings it identifies and to focus its follow-up work.

Matters from prior-year audits

Service Alberta's role as a central processor of transactions—implemented

Background

In our *October 2008 Report* (no. 38—page 345), we recommended that Service Alberta consider providing internal control assurance to client organizations on its centralized processing of transactions.

Service Alberta provides centralized financial transaction processing services to client organizations. Because these client organizations rely on Service Alberta's controls, they expect that Service Alberta has:

- well-documented business processes
- adequate risk assessments
- designed and implemented controls that are operating effectively to mitigate identified risks

However, Service Alberta management did not confirm to its client organizations that it met these responsibilities.

Our audit findings

Service Alberta worked with the Human Resources Directors Council, the Administrative Services Council, the Senior Financial Officers Council, and the Deputy Ministers Council to develop a plan to provide assurance over centralized processing of transactions. In 2008–2009, Service Alberta consulted with industry experts and with other jurisdictions engaged in the delivery of shared services. Based on those consultations, Service Alberta planned to implement the recommendation over a three-year period, and in conjunction with other government initiatives, provide assurance on internal controls over financial reporting to its client organizations.

Service Alberta also formed a cross-government committee to guide development of the plan to provide assurance over centralized processing of transactions. Committee members include Service Alberta's senior financial officer, SFOs from client organizations, members from the Government of Alberta's Controller Office and Corporate Internal Auditor Services.

Since 2008–2009, Service Alberta has:

- put in place a service level agreement (SLA) to standardize its pay and benefits services developed and presented an SLA template for accounts payable to the SFO Council
- completed process documentation for capital assets
- begun its process documentation for cash
- identified and categorized areas of control risks

In 2011–2012, we followed up on Service Alberta's progress. Management decided that instead of providing formal service assurance to its client organizations, it would develop service targets, and implement processes to report Service Alberta's performance. Management's rationale was that:

- Service Alberta is not a third-party service provider but a related party to its client organizations
- its non-standardized delivery model makes it difficult to define the boundaries for internal controls that reside solely within Service Alberta
- the cost of obtaining third-party assurance outweighs the benefits

We agree with management's rationale because the intent of our original recommendation was that client organizations should be able to assess Service Alberta's performance in order to rely on its service delivery.

We reviewed the service catalogue that Service Alberta rolled out for its centralized services. The services include categories of IT services, employee file and records administration services, financial services, fleet management, information management, office services and procurement services. Currently, the catalogue includes about 160 services with targets for each service. Service Alberta now has performance information to report if a client organization asks for the information.

We selected a sample of services from the catalogue and reviewed the reports that Service Alberta can produce if client organizations request them. We noted that the reports include actual performance results for the services that Service Alberta delivers. Client organizations can use the information to assess whether Service Alberta meets its service targets. We also noted that Service Alberta is developing an internal control framework for its shared services. This will help management in assessing risks and developing strategies to mitigate those risks.

With the agreed-upon performance targets incorporated in the service catalogue, and the processes in place to report on its performance, Service Alberta gives its client organizations the ability to monitor its performance. We conclude that with the service catalogue and the reporting process, Service Alberta has effectively implemented our recommendation.

IT service level agreements between Service Alberta and its client organizations—implemented

Background

In our *October 2007 Report* (vol. 2, no. 32—page 146), we recommended that Service Alberta, working with its client organizations, revise their information technology service level agreements to:

- ensure that the agreements are current and reflect information technology services provided
- clarify the level of services provided in each service category
- define the roles and responsibilities of each party

Service Alberta provides IT services to its client organizations. These services include IT security management, network management and application support for cross-government systems. Service Alberta enters into contracts with third-party vendors to provide these services.

Our audit findings

In 2008, Service Alberta revised its IT service level agreements with some client organizations to better define the services it provided.

In 2009, Service Alberta developed the Information Technology Service Catalogue.¹ The catalogue defined and clarified the IT services offered to client organizations. It included roles and responsibilities of Service Alberta's IT teams and the client organizations' IT teams, and the vendors contracted for the services. Client organizations can select the services that they need to support their operations. Service Alberta rolled out the catalogue in 2009 and further refined the content in 2010. It also introduced a new IT service bundle structure to group like services in bundles to better reflect the interdependencies of services that the various IT teams and the third-party vendors provide.

In 2011, Service Alberta implemented further improvements to monitor and report its IT services delivery to client organizations. It formalized an IT service management and reporting framework for government shared services to increase transparency on the tracking of service response and turnaround times, measure actual service attainments against targets, with improved reporting to client organizations as a key performance measurement.

There are three main areas of improvement in the IT service management framework that we reviewed during the audit:

- end-to-end service targets
- monitoring and analyses to measure service target attainment
- service measurement reporting

End-to-end service targets

Service Alberta refined the service catalogue by incorporating end-to-end service target levels for all critical services, organized by service bundle categories. The targets are used to monitor response times for service requests and incident/problem tickets.

Client organizations' system users phone the help desk or submit an electronic form to request IT services. If the help desk cannot handle the request or resolve the problem, the system generates a ticket that goes to the respective IT delivery team, which may involve one or more third-party vendors for resolution. Requests for computer changes and equipment moves, referred to as IMACs,² go directly to the IT team responsible for providing onsite services. The service catalogue sets response priorities based on criticality of services and factors in the service delivery targets. Because of the interdependencies of various IT teams and third-party vendors involved in responding to the service needs, the defined service targets reflect the entire end-to-end process of all parties involved.

¹ Information technology (IT) Service Catalogue is a menu of IT services that each client organization can choose to receive. Services are bundled in like service categories with costs for each type of services.

² IMAC – Install, move, add or change service request form

Monitoring and analyses to measure service target attainment

Service Alberta collects data on all service requests and problem tickets that the client organizations submit, and uses the information to evaluate its performance and the performance of its third-party vendors in achieving the established delivery service target levels.

Service Alberta measures actual performance against the specified service targets in the catalogue. This monitoring activity helps Service Alberta determine if:

- the vendors fail to achieve the service targets as required by their contracts
- it needs additional department resourcing or staff training
- it needs to adjust the end-to-end service target levels or vendor contract target levels to more accurately reflect achievable service levels goals

Service Alberta also uses surveys to assess client satisfaction with the services they receive, whether the established service targets are reasonable and acceptable to the client organizations, and whether the third-party contracts require adjustments.

Service measurement reporting

Service Alberta reports on its progress through the service delivery managers it assigns to the client organizations. The managers meet regularly with client organizations' IT management to discuss service delivery progress and issues. The organizations' chief information officers are members of the CIO Council. The Council meets regularly to discuss IT shared services.

Service Alberta provides its client organizations with monthly reports on the quantity and types of services provided, and delivery targets achieved. The reports include gaps where Service Alberta did not achieve the targets, problem areas that required attention, and the measures taken if it missed targets. Service Alberta also provides monthly operations reports, which include new and planned service offerings, to its client organizations.

The reporting is a process improvement and provides valuable information to client organizations on the nature of IT services they receive from Service Alberta and the service target results. At this time, the reporting is only an aggregate by service bundle. Reporting details by client organization is still evolving. However, this is an important step to set the foundation for providing information through the IT service delivery framework.

Overall, we conclude that Service Alberta, through the office of the corporate chief information officer, has implemented our recommendation by establishing a comprehensive end-to-end service level management and reporting framework.

