



EDUCATION CULTURE AND EMPLOYMENT

Access to Information and Protection of Privacy Assessment

May 2018

This report may be subject to request under the Access to Information and Protection of Privacy (ATIPP) Act.



CONFIDENTIAL

May 10, 2018

File: 7820-20-GNWT-151-131

MS. SYLVIA HAENER
DEPUTY MINISTER
EDUCATION CULTURE AND EMPLOYMENT

Audit Report: Access to Information and Protection of Privacy Assessment
Audit Period: As of March 31, 2018

A. SCOPE AND OBJECTIVES

The Audit Committee approved the GNWT wide operational audit of Access to Information and Protection of Privacy (ATIPP) legislation that focused on privacy of information.

An assessment of Education Culture & Employment was part of the overall audit project. This report identifies issues specific to your department.

In assessing the privacy of information for the departments, a number of recommendations impacted more than one department. These items were reported in the "*Corporate Privacy Report*" and forwarded to the Department of Justice for further action. A copy of this report forms part of the "*Corporate Privacy Report*".

B. BACKGROUND

The 1996 *ATIPP Act* plays a critical part in maintaining government accountability and protecting the public's personal information. The legislation

This report may be subject to request under the Access to Information and Protection of Privacy (ATIPP) Act.

treats all public bodies (i.e. – departments, boards, commissions, etc.) as separate entities. The GNWT currently employs a decentralized approach where each public body has a designated access and privacy coordinator. The Department of Education Culture & Employment Access and Privacy Office (APO) provides government-wide support and leadership to public bodies in complying with the *ATIPP Act*.

Crowe MacKay LLP was awarded a contract through the competitive Request for Proposal process that was evaluated by staff from APO and Internal Audit Bureau (IAB).

C. SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

The attached audit report, "*Department of Education Culture & Employment, Access to Information and Protection of Privacy Act (ATIPP) Part 2*", made a number of observations and recommendations specific to your department (**Schedule I refers**). The management responses to the recommendations have been incorporated in the attached report.

The contractor assessed the compliance to the *ATIPP Act* and Regulations as well as nine privacy principles for your department at three levels:

- **Assessed Maturity:** based on the evidence provided by your department
- **Minimum Maturity:** required to be compliance to the *ATIPP Act*, with a target date of 12 to 24 months
- **Desired Maturity:** indicates maturity that would take over 24 months to achieve.

Overall, the privacy risk for your department was assessed to be "very high" requiring internal control capacity at "optimized" level. The current capacity of the department was at the "ad-hoc", meaning that the processes were primarily dependent on the individuals getting things done. The immediate task for the department was to assign specific accountability for ATIPP (repeatable level) and then focus on documenting the privacy processes (defined level). Subsequently, the department can focus on identifying and addressing privacy exceptions through monitoring (managed level) and on-going continuous improvement in the privacy process (optimized level) (**Schedule I refers**).

Some of the key recommendations made by the contractor were:

- Working with APO to develop and implement privacy policy
- Assigning department level authority for ATIPP
- Physical security of personal information to be re-examined.

The action plan indicated by management should address the outstanding risks. The IAB will follow-up on the status of the management action plan after six months during our scheduled follow-up audits.

D. ACKNOWLEDGEMENT

We would like to thank the department staff for their assistance and co-operation throughout the audit.



T. Bob Shahi
Director, Internal Audit Bureau
Finance

Chart I

Risk and Opportunity Assessment using Capacity Model

An effective Risk Management Program balances the capacity level of internal control (people, process, and technology) with organizational risk.

		Internal Control Capacity Level				
		Ad-hoc	Repeatable	Defined	Managed	Optimized
Privacy Risk Level	Very High	ECE				
	High					
	Medium					
	Low					
	Very Low					
		Not Compliant	Partially Compliant	Compliant	Fully Compliant	Perfectly Compliant
		Compliance Classification				

Risk Level and Internal Control Capacity Level are Matched.

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT**ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP (PART 2****Scope and Objectives**

The Government of the Northwest Territories (GNWT) issued a request for proposal, for an operational audit reviewing departmental compliance with Part 2 of the ACCESS to Information and Protection of Privacy Act (ATIPP or "the Act"). Crowe MacKay LLP (Crowe MacKay), being the successful proponent. The work was coordinated directly under the supervision of the Director, Internal Audit Bureau.

Testing of departments was based on the Generally Accepted Privacy Principles (GAPP) which incorporates 10 principles, each backed up by an objective and measurable criteria to determine risk and compliance within each department included in our scope. We reviewed key controls related to each of the principles, taking into account their associated criteria. This testing was conducted on current approaches to and compliance activities of each department.

Preliminary survey determined that the maturity of GNWT's control environment related to Part 2: Protection of Privacy was less mature than that related to Part 1: Access to Information. Considering the less mature control environment likely in place for most departments, the focus of the audit was adjusted to be less compliance-based and more risk-based with a strong focus on the maturity levels denoted in the AICPA/CICA Privacy Maturity Model (Privacy Maturity Model) (**Appendix A refers**). We relied less on substantive testing of controls already in place and addressed the risks related to effectively establish a sound governance framework by the Access and Privacy Office as well as how each department interpreted this framework for departmental application. With regards to the integrity of information held in the custody of each department, the compilation of that personal information and the thought/opinions provided by each department of their control environment for appropriately protecting this personal information, this audit assessed what was being done in order to gain comfort and provide support for the opinions of each department where possible.

Departmental Background

The Department of Education Culture and Employment meets its responsibilities through three branches with the following functions:

- Corporate Services;
- Education and Culture; and
- Labour and Income Security.

Within the functions noted above, divisions and regions collect various types of personal information across multiple programs, which include:

- Early Childhood Development and Learning;
- Labour Development and Standards Division;
- Francophone Affairs Secretariat;
- Teaching and Learning;
- Culture and Heritage;
- Territorial Library Services;
- Education Operations and Development;
- Health, Wellness and Student Support;
- Income Security Programs;
- Student financial Assistance;
- Public Library Services;
- French Translation Services;
- Policy, Legislation and Communications
- Finance and Capital Planning; and
- Planning, Research and Evaluation;

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

The information relation to the programs above are held in a variety of databases. The main electronic system is CMASPR2 (known to staff members as "CMAS") which holds information relating to Income Assistance, Student Financial Assistance, Employment Development, Education, Operations and Development, Apprenticeship and other programs. Other databases include LIMS, which holds Employment Standards data and IM2SAM which holds departmental finances. There are also various areas which hold personal information in paper files.

Each program, within the department, is responsible for the implementation of its own records classification system. All areas use the Administrative Records Classification System, and some programs have implemented the Operational Records Classification system. Some programs have not adopted any operational records classification system to date.

Methodology

ECE is a very large department with extremely varied services for which each area has a head who is responsible to some degree for ATIPP Part 2 compliance. As a result it was determined that for this department, interviews would be conducted with the Deputy Minister, ATIPP Coordinator and activity area Director, as well as with the people who were responsible for compliance in each program area. From these interviews it was determined that there were many different approaches to ATIPP Part 2 compliance and level of maturity. In order to obtain a better sense of the differences, two program areas were chosen for a deeper look, Student Financial Assistance, and Educations Operations and Development. The findings for the maturity model portion of the report are determined from the review of these areas as well as per the interviews. Detailed review of forms, etc. was performed at the program review level. It is noted that although overall, the department was rated Ad Hoc in the maturity ratings, there are large variances in understanding of ATIPP Part 2 legislation and in the application of controls – some department areas have much stronger controls in place than others. The overall rating reflects the large variances between program areas.

Overview

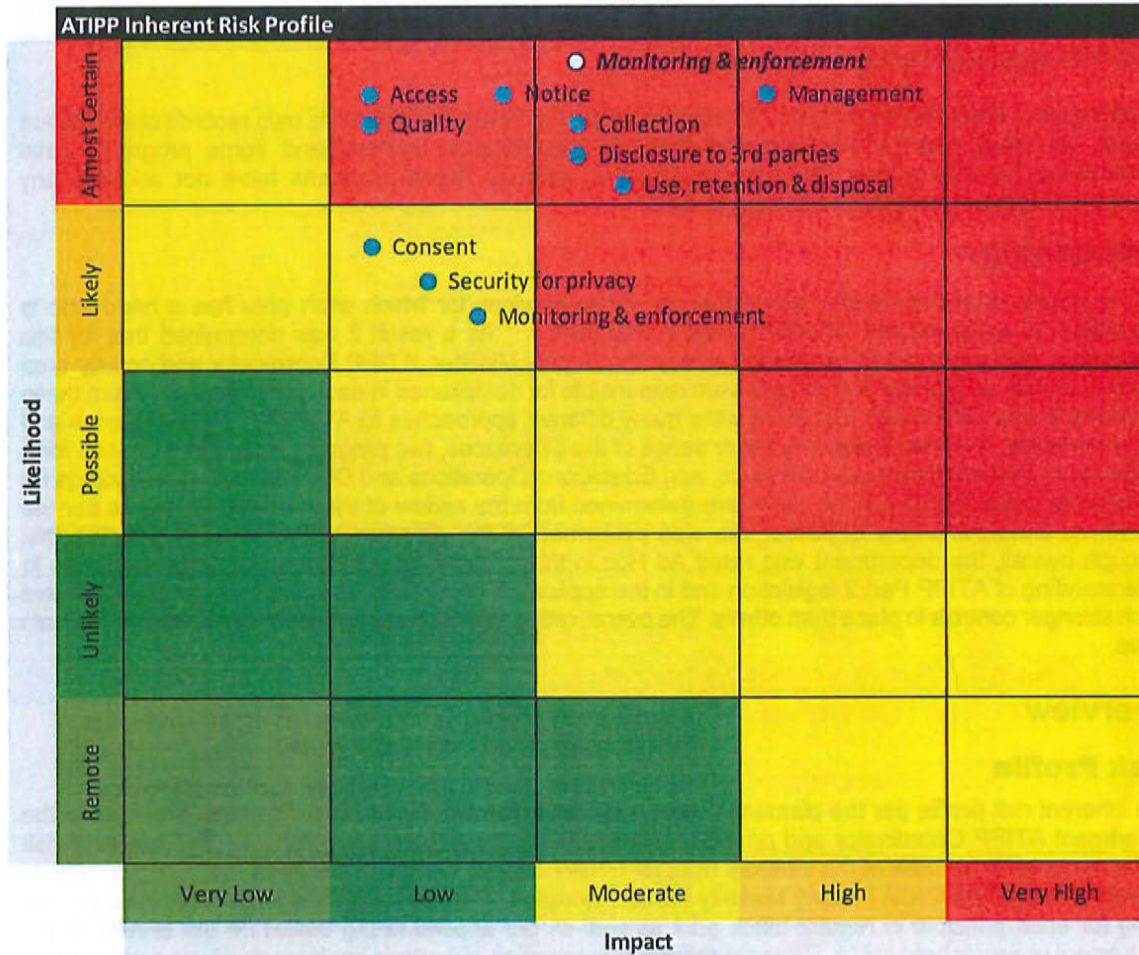
Risk Profile

The inherent risk profile per the planning memo, detailed in the risk heatmap below, was provided to the department ATIPP Coordinator and privacy contacts during the department interview. The planning risk profile represents our view of the inherent risks for GNWT overall, based on the IAB's risk rating criteria as applied to the AICPA/CICA Privacy Maturity Model Principles. The heatmap shows the initial inherent risk rating for each principle in regular black print as well as our applied rating based on the results of our department review in bold italics. Changes represent recognition of controls implemented by the department which serve to reduce risk. For example, a rating of ad hoc in relation to a principle area would result in no change in the risk map as no controls have yet been implemented. A rating higher in the maturity model will result in an adjustment to the heat map placement and an entry in the new locations denoted by bold and italics. In the case of ECE it was noted that there are no controls in relation to monitoring and enforcement and that due to the particular nature of the information in this area they felt the likelihood was higher than the overall GNWT rating demonstrated, therefore we have shown an adjusted rating for this principle that is of higher risk. This is denoted in bold print.

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP (PART 2

RISK HEATMAP



Compliance with ATIPP Part 2 Protection of Privacy

An assessment of compliance with the specific requirements of ATIPP legislation has been made. Further details of these compliance requirements are outlined in Appendix A. The table below has the assessment of compliance, and if relevant, an explanation for why the department is not compliant. There may be areas within a program where partial compliance is in place, but for the purposes of this table, the department has been rated as compliant, non-compliant, or unverifiable.

Based on the audit work performed the department is not fully compliant with ATIPP Part 2. Support for this is as follows:

Section	Compliance Assessment	Reason for Non-Compliance

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

Section	Compliance Assessment	Reason for Non-Compliance
Part 2: Division A – Collection of Personal Information		
40	NOT COMPLIANT	Per interviews conducted it was determined that there may be information collected outside of the parameters of this section
41 (1)	NOT COMPLIANT	Per program area review, information may be collected from third parties without authorization from the individual. It could not be fully determined that the information was necessary to determine eligibility in a program.
41 (2) & (3)	NOT COMPLIANT	Notice, contact information, and the legal authority for collecting the information is not provided on all forms reviewed as part of the program area review. Principle of collection is not completely met.
42	NOT COMPLIANT	Reasonable security arrangements to protect personal information are not in place in relation to paper files per program area review.
Part 2: Division B – Use of Personal Information		
43	NOT COMPLIANT	Per program area review, information is being used either without consent of the individual and for a different use than for which it was collected.
44	NOT COMPLIANT	Per program area review, processes are not in place to ensure the information is accurate and complete.
45	COMPLIANT	
46	N/A	A disclosure has not been identified.
Part 2: Division C – Disclosure of Personal Information		
47	UNVERIFIED	A full inventory of personal information has not been completed. Full disclosure cannot therefore be verified.
47.1	UNVERIFIED	No reporting received to date to indicate non-compliance, but unable to confirm full compliance.
48	NOT COMPLIANT	Full disclosure not supported by review of department areas during audit.
49	NOT COMPLIANT	Full disclosure not supported by review of department areas during audit.
Regulations relating to disclosure of personal information		
5	NOT COMPLIANT	Non-compliance under 43 and 48 do not allow for compliance in this area
6	N/A	No formal examination noted.
8	UNVERIFIED	No research agreement in place in areas tested.

Maturity Rating against Privacy Maturity Model

Using the Privacy Maturity Model (**Appendix A refers**), the assessed maturity, minimum maturity and desired maturity are illustrated in the graph below.

Assessed Maturity Level – current level of maturity for the department based on the audit.

Minimum Maturity Level – In order to achieve this rating, the observations noted within this report must be addressed (short term timeframe 12-24 months).

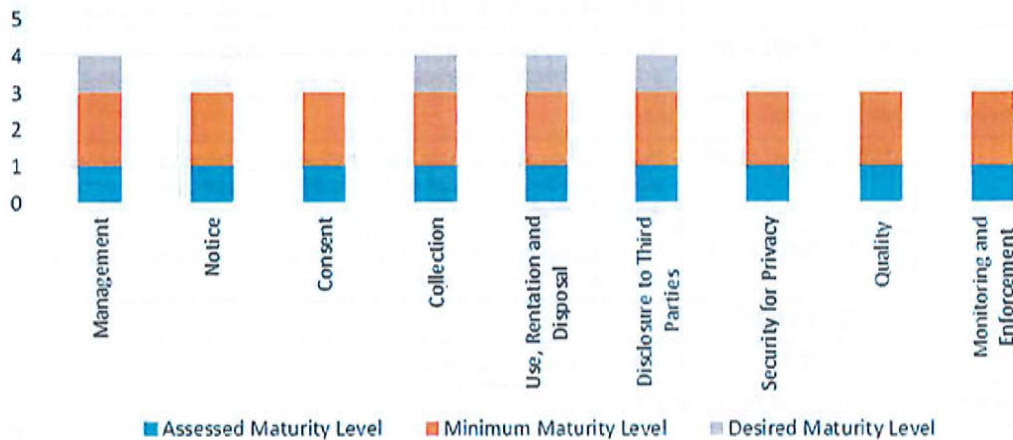
DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

Desired Maturity Level – This level would be achieved via long term goals (>24 months) and should be part of long term planning if applicable to your department.

Departments with data which is of a sensitive nature or for which there are large amounts of information are expected to reach the minimum maturity level in the short term (12-24 months), as guided by the observations in the report, and then plan to reach the desired maturity level over time in order to ensure adequate protection of data. ECE falls into this category, and is therefore expected to plan for the desired maturity level in the future.

Maturity by Principle



Overall findings, including rating of the department against each privacy principle, is summarized in the following table:

Generally Accepted Privacy Principle	Assessed Maturity Level	Findings and Comments
<p>Management</p> <p>The department defines, documents, communicates and assigns accountability for its privacy policies and procedures.</p>	Ad Hoc	<ul style="list-style-type: none"> • Most of the authority for ATIPP Part 2 compliance has been delegated to program directors (or archivist) and regional superintendents. • Privacy policies have not been formally designed and documented. • Each program has a different level of understanding of ATIPP Part 2 and the level of accountability required. • Privacy policy design has been left to the interpretation of the individual responsible for ATIPP compliance in that program area. These individuals can obtain guidance from the ATIPP coordinator upon request, and can refer to the "ATIPP Policy and Guidelines Manual" produced by Justice.

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

Generally Accepted Privacy Principle	Assessed Maturity Level	Findings and Comments
		<ul style="list-style-type: none"> • An overall inventory does not exist of the types of personal information and the related processes, systems, and third parties involved, although there are some inventories within program areas. • An ATIPP Coordinator has been assigned and has taken the training offered by the Privacy Office. The Coordinator has also taken additional privacy training which was supported by the department. • The ATIPP Coordinator position is funded for this department and but there remains a lack of resources required for the maturity to be more than Ad Hoc due to the size and complexity of the department. • Due to the departmental structure of the role, the ATIPP Coordinator does not have the authority to ensure compliance with the legislation. <p><i>See observations 1-4.</i></p>
<p>Notice</p> <p>The department provides notice about its privacy policies and procedures and identifies the purposes for which personal information is collected, used, retained and disclosed.</p>	Ad Hoc	<ul style="list-style-type: none"> • There is no consistent privacy policy across the programs; or in some programs no policy that has been formally designed and documented to address notice to individuals. • Notice is not provided on all forms (hard copy and online) used to collect personal information. <p><i>See observation 5.</i></p>
<p>Consent</p> <p>The department describes the choices available to the individual and obtains implicit or explicit consent with respect to the collection, use and disclosure of personal information.</p>	Ad Hoc	<ul style="list-style-type: none"> • There is no consistent privacy policy across the programs; or in some programs no policy that has been formally designed and documented to address notice to individuals. • Implicit and explicit consent is not consistently obtained before the collection of information across the programs. <p><i>See observation 6.</i></p>
<p>Collection</p> <p>The department collects personal information only for the purposes identified in the notice.</p>	Ad Hoc	<ul style="list-style-type: none"> • There is no consistent privacy policy across the programs; or in some programs no policy that has been formally designed and documented to address notice to individuals. • Methods and forms of collecting information are not required to be provided to the ATIPP Coordinator for review before implementation to ensure collection is fair and by lawful means. The Coordinator does review some new forms but only on a basis of request, rather than requirement. • Although the Coordinator does follow guidelines from the "ATIPP Policy and Guidelines

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

Generally Accepted Privacy Principle	Assessed Maturity Level	Findings and Comments
		<p>Manual", a required procedure/process does not exist to ensure only information needed is collected and to ensure authorization takes place if information is not collected directly from the individual under 41(1).</p> <p><i>See observations 8-9.</i></p>
<p>Use, retention and disposal</p> <p>The department limits the use of personal information to the purposes identified in the notice and for which the individual has provided implicit or explicit consent.</p>	<p>Ad Hoc</p>	<ul style="list-style-type: none"> • There is no consistent privacy policy across the programs; or in some programs no policy that has been formally designed and documented to address notice to individuals. • A procedure/process does not exist to ensure information collected is only used for the purpose it was collected for and to ensure disclosure takes place to the individual if the use of the information changes. • Each program is responsible for the implementation of its own records classification system. All programs have implemented the Administrative Records Classification System, and some programs have implemented the Operational Records Classification systems, Some programs have not adopted any operational records classification system to date. <p><i>See observation 9.</i></p>
<p>Disclosure to third parties</p> <p>The department discloses personal information to third parties only for the purposes identified in the notice and with the implicit or explicit consent of the individual.</p>	<p>Ad Hoc</p>	<ul style="list-style-type: none"> • There is no consistent privacy policy across the programs; or in some programs no policy that has been formally designed and documented to address disclosure to third parties and what remedial action should be taken if the information was misused by the third party. • Information sharing agreements do not consistently exist with other departments to provide instructions or requirements to the departments regarding the personal information disclosed, to ensure the information is only used for the purpose for which it was collected and to ensure the information will be protected in a manner consistent the department's requirements. • Information sharing agreements are not consistently in place across the programs for third parties. <p><i>See observation 10.</i></p>

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

Generally Accepted Privacy Principle	Assessed Maturity Level	Findings and Comments
<p>Security for privacy</p> <p>The department protects personal information against unauthorized access (both physical and logical).</p>	Ad Hoc	<ul style="list-style-type: none"> • There is no consistent privacy policy across the programs; or in some programs no policy that has been designed and documented to address security for privacy. • Security measures exist over the transmission of data but are not formally designed and documented. • Personal devices are being used to transmit data. • Tests of safeguards in place are not performed. <p><i>See observation 11.</i></p>
<p>Quality</p> <p>The department maintains accurate, complete and relevant personal information for the purposes identified in the notice.</p>	Ad Hoc	<ul style="list-style-type: none"> • There is no consistent privacy policy across the programs; or in some programs no policy that has been designed and implemented to address quality to ensure personal information is complete and accurate for the purposes for which it is to be used and it is relevant to the purposes for which it is to be used. • There are no consistent processes in place across the department to ensure that information entered into documents is accurate <p><i>See observation 1.</i></p>
<p>Monitoring and enforcement</p> <p>The department monitors compliance with its privacy policies and procedures and has procedures to address privacy-related complaints and disputes.</p>	Ad Hoc	<ul style="list-style-type: none"> • There is no consistent privacy policy across the programs; or in some programs no policy that has been designed and documented to address monitoring and enforcement. • Monitoring and enforcement are not being done at present. <p><i>See observation 1.</i></p>

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

Observations and Recommendations

Observation 1

Privacy policy has not been designed and documented

- The responsibility and authority to develop the privacy policies has been unclear.
- The ATIPP Coordinator has limited time and resources to dedicate to ATIPP policies and procedures, specifically in regards to part 2 of the legislation.

Risk Profile:

Risk Impact	Without a documented privacy policy, consistent direction cannot be given to departmental personnel which results in inconsistent or non-compliance with ATIPP legislation.
Risk Responsibility	Deputy Minister
Risk Mitigation Support	Delegated ATIPP Coordinator as well as the office of the GNWT Privacy Office

Recommendations:

We recommend that:

- The Department of Justice develop a GNWT-wide privacy policy and associated guidelines.
- The department should work with Justice to ensure that departmental processes and procedures are set up to allow the department to meet the overarching policy and guidelines.
- This one policy should address requirements as set out within the ATIPP Act, and ensure the privacy principles are sufficiently addressed to meet minimum maturity requirements.

Management Response:

Action Plan	Completion Date:
<ul style="list-style-type: none"> • ECE will work with the Department of Justice to develop and implement an ECE Privacy Management Program once the policy and associated guidelines for such a program have been established by the Department of Justice. If it is the expectation of the Department of Justice that Departments meet the minimum privacy maturity model principles, then this expectation should be outlined in the policy and associated guidelines. 	<p>Within one year of the policy and guidelines being finalized by the Department of Justice.</p>

Observation 2

ATIPP Part 2 compliance has been delegated to the program level

- ATIPP Part 2 compliance has been delegated to individuals within each program area with limited guidance. Advice is provided by the Coordinator when requested but limited resourcing results in limits in this individual's capacity to do so.
- These individuals have been left to interpret ATIPP and create their own policies and/or procedures, if at all, with no implementation timeline established and maintained.
- These individuals have different levels of understanding of ATIPP.

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

- There is no consistent system or method used across the programs for tracking personal information collected.
- Some programs are not fully aware of how much personal information they have or where it is located.
- Systems involved in collection and storage of personnel information are not documented.
- Third parties are not consistently identified and documented.

Risk Profile:

Risk Impact	Without an inventory of personal information, it is not possible for the department to ensure that all areas of personal information are adequately protected under ATIPP.
Risk Responsibility	Deputy Minister
Risk Mitigation Support	Delegated ATIPP Coordinator as well as the office of the GNWT Privacy Office

Recommendations:

We recommend that:

- An inventory of the types of personal information and the related processes, systems, and third parties involved be created by each program area and be submitted to the ATIPP Coordinator for consolidation into a global department inventory. A review of all areas should then take place to ensure compliance processes and procedures are in place.
- A consolidated areas of responsibility document is developed outlining the personal information being collected by each program and who is to ensure compliance.

Management Response:

Action Plan	Completion Date:
<ul style="list-style-type: none"> • ECE will create and maintain an inventory of personal information that will identify: <ul style="list-style-type: none"> - the types of direct and indirect information that is being collected, for what purpose and by whom; and the - related processes including: <ul style="list-style-type: none"> o forms, and their revision dates, o systems and other data banks, and related security arrangements o storage locations of hard copies, and existing security arrangements, o third parties involved (including information sharing agreements), and o staff responsibility for ensuring compliance. 	<ul style="list-style-type: none"> • September 30, 2018 to complete the initial inventory and then annual reviews thereafter.

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

Risk Profile:

Risk Impact	Delegation of ATIPP compliance requirements to individual division heads has left those without a complete understanding of the legislation in charge of ensuring compliance. This results in non-compliance with the ATIPP legislation.
Risk Responsibility	Deputy Minister
Risk Mitigation Support	Delegated ATIPP Coordinator as well as the office of the GNWT Privacy Office

Recommendations:

We recommend that:

- Authority for ensuring compliance with ATIPP should be kept at the department level and not delegated down to program areas. Process development to meet departmental requirements for ATIPP can remain at the program level, but overall requirements should be set at the department level.
- ATIPP training should be required by all individuals with any responsibility for compliance or those whose processes include steps required for compliance. This will ensure that processes developed and followed by program areas to meet departmental requirements will be adequate.

Management Response:

Action Plan	Completion Date:
<ul style="list-style-type: none"> • ECE will review the authorities for compliance as part of the development of the ECE Privacy Management Program 	<ul style="list-style-type: none"> • ECE Privacy Management Program will be developed and implemented within one year of the policy and guidelines being finalized by the Department of Justice. • Training and implementation of the ECE Privacy Management Program will be ongoing.
<ul style="list-style-type: none"> • The Access to Information and Protection of Privacy General Awareness on-line training will be made mandatory for all ECE staff as part of their 2018-2019 performance objectives 	<ul style="list-style-type: none"> • March 31, 2019 and ongoing as new staff are employed within ECE.
<ul style="list-style-type: none"> • Provide general awareness privacy training and a briefing on the delegation of authority responsibilities for senior managers to ECE's Executive Committee 	<ul style="list-style-type: none"> • Training / briefing session to be provided at one of the Executive Committee meetings held between April – June of each fiscal year
<ul style="list-style-type: none"> • Privacy training provided as part of the program-based privacy audits referenced in the actions related to observations 5-11 	<ul style="list-style-type: none"> • As per the program-level audit schedule

Observation 3

An inventory of personal information collected does not exist

- Individuals from program areas who are responsible for ATIPP Part 2 compliance are responsible for inventorying personal information collected.
- These individuals have different understandings of what personal information is and how it should be inventoried.

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP (PART 2

Observation 4

The department resources are inadequate to address the volume of work require for compliance with ATIPP Part 2 and Coordinator does not have authority to ensure compliance.

- The current resource capacity is inadequate to address the full compliance requirements of ATIPP Part 2.
- The role of ATIPP Coordinator is situated within the department in a position without the authority to ensure that there is departmental compliance with ATIPP Part 2. The Coordinator therefore acts in an advisory role only.

Risk Profile:

Risk Impact	ATIPP requests may go unaddressed with or exceed the timelines set out in the ATIPP legislation to address requests. Without the Coordinator role having the authority to ensure compliance, there is increased risk that ATIPP Part 2 legislation will not be met.
Risk Responsibility	Deputy Minister
Risk Mitigation Support	Delegated ATIPP Coordinator as well as the office of the GNWT Privacy Office

Recommendations:

We recommend that:

- A review of resourcing be performed to determine what would be required to meet the full compliance requirements of the ATIPP Part 2 legislation.
- A review of the placement and reporting of the ATIPP Coordinator role be performed. It is recommended that the department consider placing this role in a position where reporting up to the DM is possible. This would provide the authority needed in the role to ensure departmental compliance.

Management Response:

Action Plan	Completion Date:
<ul style="list-style-type: none"> • ECE will review the resourcing requirements, placement and reporting of the privacy function with the goal of ensuring departmental compliance to ATIPP Part 2 	<ul style="list-style-type: none"> • July 31, 2018

Observation 5

Forms, hard copy and electronic, used to collect personal information are not consistently providing the required notice

- Notice regarding consent, collection, use, retention and disposal, third party disclosure, security protection, quality and monitoring and enforcement is missing from most forms reviewed during the program area review.
- The department is not fully compliant with ATIPP Part 2 legislation because of the lack of notice provided specifically related to individuals being informed about how to contact the entity with inquiries, complaints and disputes.

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

Risk Profile:

Risk Impact	Lack of notice on the forms will result in the department not being compliant with ATIPP legislation.
Risk Responsibility	Director
Risk Mitigation Support	Delegated ATIPP Coordinator as well as the office of the GNWT Privacy Office

Recommendations:

We recommend that:

- All forms, hard copy and electronic, used to collect personal information be reviewed and updated to provide the required notice to the individuals.

Management Response:

Action Plan	Completion Date:
<ul style="list-style-type: none"> ECE will create and maintain an inventory of personal information that will identify: <ul style="list-style-type: none"> the types of direct and indirect information that is being collected, for what purpose and by whom; and the related processes including: <ul style="list-style-type: none"> forms, and their revision dates, systems and other data banks, and related security arrangements storage locations of hard copies, and existing security arrangements, third parties involved (including information sharing agreements), and staff responsibility for ensuring compliance. 	<ul style="list-style-type: none"> September 30, 2018 to complete the initial inventory and then annual reviews thereafter.
<ul style="list-style-type: none"> ECE will develop and implement a schedule for conducting a program-based privacy audit based on the inventory of personal information. The schedule would be prioritized through a risk-based assessment and take current ATIPP resources into consideration. The purpose of the program privacy audit will be to review collection methods in relation to compliance with the Act Part 2 and best practices, including confirmation that the information is necessary, and includes appropriate notices to the individual regarding collection, use and disclosure. The audit process will also identify the need for, the following: 	<ul style="list-style-type: none"> Schedule to be developed by March 31, 2019 with implementation as per the schedule

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

<ul style="list-style-type: none"> - updated forms, both hard copy and electronic so that the required notice to individuals is provided; - updated procedures for collection of personal information to be reviewed and approved by the ATIPP Coordinator; - privacy impact assessments performed for all new information collection methods or changes to existing methods; - developing or updating information sharing agreements with other GNWT departments and its agencies, as well as Third Parties for the purpose of assuring the information shared is required to be shared and that the appropriate instructions for use and protections are included; and - improving physical security for hard copy records containing personal information. 	
--	--

Observation 6

Not all forms, hard copy and electronic, used to collect personal information require consent from the individual

- Implicit consent is obtained by the individual's signature on the collection form but not all forms require the signature of the individual.
- Explicit consent is not obtained when sensitive information is collected. Although this is not a requirement of ATIPP legislation, it is considered best practice.

Risk Profile:

Risk Impact	When consent is not obtained there is an increased risk that full disclosure to the individual as the use of that information has not been made; which would result in non-compliance with ATIPP
Risk Responsibility	Director
Risk Mitigation Support	Delegated ATIPP Coordinator as well as the office of the GNWT Privacy Office

Recommendations:

We recommend that:

- All forms, hard copy and electronic, used to collect personal information be reviewed and updated to require the individual's signature or explicit consent if sensitive information is being collected.

Management Response:

Action Plan	Completion Date:
<ul style="list-style-type: none"> • As the ATIPP Act currently does not require consent, ECE will consider this recommendation as part of its action to update forms outlined in observation 5. 	<ul style="list-style-type: none"> • Based on the schedule to be implemented as an action through Observation 5.

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

Observation 7

Methods of collection are not consistently reviewed by ATIPP Coordinator prior to implementation

- Department develops and uses their own methods of collection of personal information.
- New collection methods are therefore not always reviewed by ATIPP Coordinator along with key stakeholders as required to ensure they are fair and lawful. As these are not required to be reviewed, the Coordinator will only see the methods that the department choose to bring forward for review.
- New collection methods are not consistently reviewed to ensure only information needed for its purpose is being collected. A privacy impact assessment is not always performed when needed.

Risk Profile:

Risk Impact	Without a review of collection methods being introduced, there is increased risk of non-compliance with ATIPP legislation during these new collection methods.
Risk Responsibility	Director
Risk Mitigation Support	Delegated ATIPP Coordinator as well as the office of the GNWT Privacy Office

Recommendations:

We recommend that:

- A procedure be formalized that requires all new methods of information collection be reviewed and approved by the ATIPP Coordinator.
- A procedure be formalized which specifies actions to be taken by the ATIPP Coordinator to validate only information needed is collected through fair and lawful means.
- A privacy impact assessment be performed for all new information collection methods or changes to existing methods.

Management Response:

Action Plan	Completion Date:
<ul style="list-style-type: none"> • ECE will develop and communicate to ECE Senior Managers a procedural flow chart to indicate when reviews are required or the ATIPP Coordinator should be consulted for all new and / or revised methods of information collection. 	<ul style="list-style-type: none"> • Procedural flow chart developed and communicated by June 30, 2018
<ul style="list-style-type: none"> • ECE will develop, promote and implement a Privacy Management Program which will formalized approval processes for all new and / or revised methods of information collection. 	<ul style="list-style-type: none"> • ECE Privacy Management Program will be developed and implemented within one year of the policy and guidelines being finalized by the Department of Justice. • Promotion and implementation of the ECE Privacy Management Program will be ongoing.
<ul style="list-style-type: none"> • ECE will create and maintain an inventory of personal information that will identify: 	<ul style="list-style-type: none"> • September 30, 2018 to complete the initial inventory and then annual reviews thereafter.

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2

<ul style="list-style-type: none"> - the types of direct and indirect information that is being collected, for what purpose and by whom; and the - related processes including: <ul style="list-style-type: none"> o forms, and their revision dates, o systems and other data banks, and related security arrangements o storage locations of hard copies, and existing security arrangements, o third parties involved (including information sharing agreements), and o staff responsibility for ensuring compliance. 	
<ul style="list-style-type: none"> • ECE will develop and implement a schedule for conducting a program-based privacy audit based on the inventory of personal information. The schedule would be prioritized through a risk-based assessment and take current ATIPP resources into consideration. The purpose of the program privacy audit will be to review collection methods in relation to compliance with the Act Part 2 and best practices, including confirmation that the information is necessary, and includes appropriate notices to the individual regarding collection, use and disclosure. The audit process will also identify the need for, the following: <ul style="list-style-type: none"> - updated forms, both hard copy and electronic so that the required notice to individuals is provided; - updated procedures for collection of personal information to be reviewed and approved by the ATIPP Coordinator; - privacy impact assessments performed for all new information collection methods or changes to existing methods; - developing or updating information sharing agreements with other GNWT departments and its agencies, as well as Third Parties for the purpose of assuring the information shared is required to be shared and that the appropriate instructions for use and protections are included; and 	<ul style="list-style-type: none"> • Schedule to be developed by March 31, 2019 with implementation as per the schedule

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

- improving physical security for hard copy records containing personal information.	
--	--

Observation 8

Procedures do not exist to ensure only information needed is collected

- Existing methods of collection are not required to be reviewed by ATIPP Coordinator along with key stakeholders as required to ensure only information needed is being collected.

Risk Profile:

Risk Impact	If additional information is collected beyond that required by the use for which disclosure was made to the individual, the department will not be in compliance with ATIPP legislation
Risk Responsibility	Director
Risk Mitigation Support	Delegated ATIPP Coordinator as well as the office of the GNWT Privacy Office

Recommendations:

We recommend that:

- The department reevaluate and reassess the current information collection needs to support the department mandate.
- The personal information essential for the collection purpose be clearly documented and distinguished from optional information for each program for which personal information collection is required.
- Existing forms be reviewed against documented personal information essential for use and changed as necessary to collect only the information required for the purpose for which it's being collected.

Management Response:

Action Plan	Completion Date:
<ul style="list-style-type: none"> ECE will create and maintain an inventory of personal information that will identify: <ul style="list-style-type: none"> the types of direct and indirect information that is being collected, for what purpose and by whom; and the related processes including: <ul style="list-style-type: none"> forms, and their revision dates, systems and other data banks, and related security arrangements storage locations of hard copies, and existing security arrangements, third parties involved (including information sharing agreements), and staff responsibility for ensuring compliance. 	<ul style="list-style-type: none"> September 30, 2018 to complete the initial inventory and then annual reviews thereafter.

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP (PART 2

<ul style="list-style-type: none"> • ECE will develop and implement a schedule for conducting a program-based privacy audit based on the inventory of personal information. The schedule would be prioritized through a risk-based assessment and take current ATIPP resources into consideration. The purpose of the program privacy audit will be to review collection methods in relation to compliance with the Act Part 2 and best practices, including confirmation that the information is necessary, and includes appropriate notices to the individual regarding collection, use and disclosure. The audit process will also identify the need for, the following: <ul style="list-style-type: none"> - updated forms, both hard copy and electronic so that the required notice to individuals is provided; - updated procedures for collection of personal information to be reviewed and approved by the ATIPP Coordinator; - privacy impact assessments performed for all new information collection methods or changes to existing methods; - developing or updating information sharing agreements with other GNWT departments and its agencies, as well as Third Parties for the purpose of assuring the information shared is required to be shared and that the appropriate instructions for use and protections are included; and - improving physical security for hard copy records containing personal information. 	<ul style="list-style-type: none"> • Schedule to be developed by March 31, 2019 with implementation as per the schedule
--	--

Observation 9

Indirect collection of data may not be correctly authorized

- A process is not in place to ensure that authorization is obtained from the individual to whom the information pertains when personal information is collected indirectly and the collection does not fall under the exceptions noted in 41(b-j).

Risk Profile:

Risk Impact	When collection of personal information is not authorized by the individual to whom it relates, the department may not be in compliance with ATIPP Part 2 legislation
Risk Responsibility	Deputy Minister

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2

Risk Mitigation Support	Delegated ATIPP Coordinator as well as the office of the GNWT Privacy Office
-------------------------	--

Recommendations:

We recommend that:

- Privacy procedures be developed to address situations and/or circumstances where personal information is developed or acquired about individuals, and a process be implemented to ensure individuals are informed and that authorization is obtained when required.

Management Response:

Action Plan	Completion Date:
<ul style="list-style-type: none"> • ECE will create and maintain an inventory of personal information that will identify: <ul style="list-style-type: none"> - the types of direct and indirect information that is being collected, for what purpose and by whom; and the - related processes including: <ul style="list-style-type: none"> o forms, and their revision dates, o systems and other data banks, and related security arrangements o storage locations of hard copies, and existing security arrangements, o third parties involved (including information sharing agreements), and o staff responsibility for ensuring compliance. 	<ul style="list-style-type: none"> • September 30, 2018 to complete the initial inventory and then annual reviews thereafter.
<ul style="list-style-type: none"> • ECE will develop and implement a schedule for conducting a program-based privacy audit based on the inventory of personal information. The schedule would be prioritized through a risk-based assessment and take current ATIPP resources into consideration. The purpose of the program privacy audit will be to review collection methods in relation to compliance with the Act Part 2 and best practices, including confirmation that the information is necessary, and includes appropriate notices to the individual regarding collection, use and disclosure. The audit process will also identify the need for, the following: <ul style="list-style-type: none"> - updated forms, both hard copy and electronic so that the required notice to individuals is provided; 	<ul style="list-style-type: none"> • Schedule to be developed by March 31, 2019 with implementation as per the schedule

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

<ul style="list-style-type: none"> - updated procedures for collection of personal information to be reviewed and approved by the ATIPP Coordinator; - privacy impact assessments performed for all new information collection methods or changes to existing methods; - developing or updating information sharing agreements with other GNWT departments and its agencies, as well as Third Parties for the purpose of assuring the information shared is required to be shared and that the appropriate instructions for use and protections are included; and - improving physical security for hard copy records containing personal information. 	
--	--

Observation 10

Information sharing agreements do not always exist between departments and third parties

- A listing does not exist which fully details the type of information shared through information sharing agreements, with which departments and for what use. The existing listing for ECE lists the third party but not the details of type of information and use.
- Information sharing agreements are not consistently in place for all third parties other than GNWT departments.

Risk Profile:

Risk Impact	When information sharing agreements are not in place there is increased risk that proper disclosures are not made to the owners of the personal information being shared.
Risk Responsibility	Deputy Minister
Risk Mitigation Support	Delegated ATIPP Coordinator as well as the office of the GNWT Privacy Office

Recommendations:

We recommend that:

- A listing of all information provided to other departments and other third parties be compiled which details what information is provided, to which department and for what use and that the listing be reviewed to assess whether the information shared is required to be shared.
- Information sharing agreements be entered into, or reviewed and updated as needed, with departments and other third parties that receive necessary personal information from Education Culture and Employment and that the agreements provide instructions or requirements regarding the personal information disclosed to ensure the information is only used for the purpose for which it was collected and to ensure the information will be protected in a manner consistent the department's requirements.

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2

Management Response:

Action Plan	Completion Date:
<ul style="list-style-type: none"> • ECE will create and maintain an inventory of personal information that will identify: <ul style="list-style-type: none"> - the types of direct and indirect information that is being collected, for what purpose and by whom; and the - related processes including: <ul style="list-style-type: none"> o forms, and their revision dates, o systems and other data banks, and related security arrangements o storage locations of hard copies, and existing security arrangements, o third parties involved (including information sharing agreements), and o staff responsibility for ensuring compliance. 	<ul style="list-style-type: none"> • September 30, 2018 to complete the initial inventory and then annual reviews thereafter.
<ul style="list-style-type: none"> • ECE will develop and implement a schedule for conducting a program-based audit based on the inventory of personal information. The schedule would be prioritized through a risk-based assessment and take current ATIPP resources into consideration. The purpose of the program privacy audit will be to review collection methods in relation to compliance with the Act Part 2 and best practices, including confirmation that the information is necessary, and includes appropriate notices to the individual regarding collection, use and disclosure. The audit process will also identify the need for, the following: <ul style="list-style-type: none"> - updated forms, both hard copy and electronic so that the required notice to individuals is provided; - updated procedures for collection of personal information to be reviewed and approved by the ATIPP Coordinator; - privacy impact assessments performed for all new information collection methods or changes to existing methods; - developing or updating information sharing agreements with other GNWT departments and its agencies, as well as 	<ul style="list-style-type: none"> • Schedule to be developed by March 31, 2019 with implementation as per the schedule

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

<p>Third Parties for the purpose of assuring the information shared is required to be shared and that the appropriate instructions for use and protections are included; and</p> <ul style="list-style-type: none"> - improving physical security for hard copy records containing personal information. 	
---	--

Observation 11

Physical security does not exist for all hard copy records of personal information

- Physical access restrictions do not exist for all hard copy records.
- Not all hard copy records containing personal information are stored in secure and locked cabinets per program review.

Risk Profile:

Risk Impact	When records are left in locations that can be accessed there is increased risk that personal information will be seen by people who are not part of the use for which the disclosure was made upon collection. This would result in non-compliance with ATIPP legislation.
Risk Responsibility	Assistance Deputy Minister
Risk Mitigation Support	Delegated ATIPP Coordinator as well as the office of the GNWT Privacy Office

Recommendations:

We recommend that:

- A procedure, as supported by policy, be formalized that details how physical records containing personal information be stored to ensure all documents are stored in secure cabinets with restricted access.
- Storage cabinets or other storage equipment be acquired to allow for restricted access and to prevent accidental disclosure due to natural disasters and environmental hazards.

Management Response:

Action Plan	Completion Date:
<ul style="list-style-type: none"> • ECE will create and maintain an inventory of personal information that will identify: <ul style="list-style-type: none"> - the types of direct and indirect information that is being collected, for what purpose and by whom; and the - related processes including: <ul style="list-style-type: none"> o forms, and their revision dates, o systems and other data banks, and related security arrangements o storage locations of hard copies, and existing security arrangements, 	<ul style="list-style-type: none"> • Schedule to be developed by March 31, 2019 with implementation as per the schedule

DEPARTMENT OF EDUCATION CULTURE AND EMPLOYMENT

ACCESS TO INFORMATION AND PROTECTION OF PRIVACY ACT (ATIPP) (PART 2)

<ul style="list-style-type: none"> o third parties involved (including purpose and use of information and whether the information is required to be shared), and o staff responsibility for ensuring compliance. <ul style="list-style-type: none"> - updated forms, both hard copy and electronic so that the required notice to individuals is provided; - updated procedures for collection of personal information to be reviewed and approved by the ATIPP Coordinator; - privacy impact assessments performed for all new information collection methods or changes to existing methods; - developing or updating information sharing agreements with other GNWT departments and its agencies, as well as Third Parties for the purpose of assuring the information shared is required to be shared and that the appropriate instructions for use and protections are included; and - improving physical security for hard copy records containing personal information. updated forms, both hard copy and electronic so that the required notice to individuals is provided; - updated procedures for collection of personal information to be reviewed and approved by the ATIPP Coordinator; - privacy impact assessments performed for all new information collection methods or changes to existing methods; - developing or updating information sharing agreements with other GNWT departments and its agencies, as well as Third Parties for the purpose of assuring the information shared is required to be shared and that the appropriate instructions for use and protections are included; and - improving physical security for hard copy records containing personal information. 	
--	--

Responses provided by Jennifer Young with copies to Lorna Dosso, Olin Lovely, Helen Whitworth, Alison Washburn and Sylvia Haener.

AICPA/CICA Privacy Maturity Model

March 2011



Appendix A

Notice to Reader

DISCLAIMER: This document has not been approved, disapproved, or otherwise acted upon by any senior technical committees of, and does not represent an official position of the American Institute of Certified Public Accountants (AICPA) or the Canadian Institute of Chartered Accountants (CICA). It is distributed with the understanding that the contributing authors and editors, and the publisher, are not rendering legal, accounting, or other professional services in this document. The services of a competent professional should be sought when legal advice or other expert assistance is required.

Neither the authors, the publishers nor any person involved in the preparation of this document accept any contractual, tortious or other form of liability for its contents or for any consequences arising from its use. This document is provided for suggested best practices and is not a substitute for legal advice. Obtain legal advice in each particular situation to ensure compliance with applicable laws and regulations and to ensure that procedures and policies are current as legislation and regulations may be amended.

Copyright©2011 by
American Institute of Certified Public Accountants, Inc.
and Canadian Institute of Chartered Accountants.

All rights reserved. Checklists and sample documents contained herein may be reproduced and distributed as part of professional services or within the context of professional practice, provided that reproduced materials are not in any way directly offered for sale or profit. For information about the procedure for requesting permission to make copies of any part of this work, please visit www.copyright.com or call (978) 750-8400.

AICPA/CICA Privacy Task Force

Chair

Everett C. Johnson, CPA

Vice Chair

Kenneth D. Askelson, CPA, CITP, CIA

Eric Federling

Phillip M. Juravel, CPA, CITP

Sagi Leizerov, Ph.D., CIPP

Rena Mears, CPA, CITP, CISSP, CISA, CIPP

Robert Parker, FCA, CA•CISA, CMC

Marilyn Prosch, Ph.D., CIPP

Doron M. Rotman, CPA (Israel), CISA, CIA, CISM, CIPP

Kerry Shackelford, CPA

Donald E. Sheehy, CA•CISA, CIPP/C

Staff Contacts:

Nicholas F. Cheung, CA, CIPP/C

CICA

Principal, Guidance and Support

and

Nancy A. Cohen, CPA, CITP, CIPP

AICPA

Senior Technical Manager, Specialized Communities and Practice Management

Appendix A

AICPA/CICA Privacy Maturity Model

Acknowledgements

The AICPA and CICA appreciate the contributions of the volunteers who devoted significant time and effort to this project. The institutes also acknowledge the support that the following organization has provided to the development of the Privacy Maturity Model:



Table of Contents

1	Introduction	1
2	AICPA/CICA Privacy Resources	1
	Generally Accepted Privacy Principles (GAPP)	1
	Privacy Maturity Model	2
3	Advantages of Using the Privacy Maturity Model	2
4	Using the Privacy Maturity Model	2
	Getting Started	3
	Document Findings against GAPP	3
	Assessing Maturity Using the PMM	3
5	Privacy Maturity Model Reporting	3
6	Summary	4
	AICPA/CICA PRIVACY MATURITY MODEL	
	Based on Generally Accepted Privacy Principles (GAPP)	5

Appendix A

AICPA/CICA Privacy Maturity Model

This page intentionally left blank.



SEP 02 2016

CONFIDENTIAL

File: 7820-30-ECE-151-107

MS. SYLVIA HAENER
DEPUTY MINISTER
EDUCATION, CULTURE & EMPLOYMENT

Bellamy Support System Audit

The management requested audit of the Bellamy Support System (Bellamy) was approved in the 2015-2016 audit work plan. Bellamy was used to manage the Northwest Territories Education Authorities (Education Authorities) financial information. In 2015-2016, the Department of Education, Culture & Employment (Department) contributed \$153 million to Education Authorities. The Education Authorities provided annual audited financial statements to the ECE Minister.

In February 2016 during the planning phase, the Internal Audit Bureau (IAB) engaged two external audit firms to obtain comments on their experience with the Bellamy software during their external audits in the Education Authorities. In February and March 2016, both external audit firms provided the following comments (**Appendix A and B refers**):

- Bellamy was adequate for tracking data
- Education Authority staff were comfortable using the system
- there were issues with reconciling financial reports each period
- lack of knowledge of the reporting features prevented Education Authority staff from producing scheduled reports, and
- Bellamy was not able to produce financial statements.

The Department provided IAB with supporting documentation and the contract between the Department and Bellamy. The three year \$440,000 contract between the Department and Bellamy was to provide software maintenance and support for all Education Authorities.

This report may be subject to request under the Access to Information and Protection of Privacy (ATIPP) Act.

The costs broken down by each fiscal year were:

- 2015-2016 \$180,000
- 2016-2017 \$130,000
- 2017-2018 \$130,000

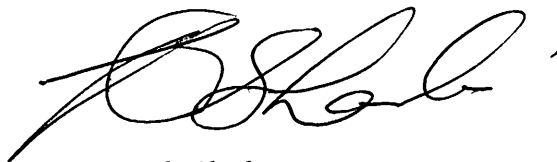
The individual Education Authorities had an option to obtain additional services from Bellamy not covered in the contract. The cost to obtain these additional services resided with each Education Authority (**Appendix C refers**). It would be useful to track the costs paid by each Education Authority to determine the full cost of using Bellamy.

Prior to the March 31, 2018 Bellamy contract expiration date, the Department will make a decision on shared services for the Education Authority operating structure. In discussion with the Department's Assistant Deputy Minister of Corporate Services, the IAB would provide better value in supporting the Department's assessment of a financial system for the new operating structure.

We would be prepared to close the current project unless you require additional information.

We would like to thank the Department staff for their assistance and co-operation during the planning phase. We look forward to providing any additional audit and advisory services should you need them.

Sincerely



T. Bob Shahi
Director

Enclosures

- c. Mr. Jamie Koe, Chair, Audit Committee
Mr. Olin Lovely, Assistant Deputy Minister, Corporate Services, ECE
Ms. Marissa Martin, Director, Finance and Capital Planning, ECE



AVERY COOPER & CO. LTD.
Certified General Accountants

4918 - 50th Street, P.O. Box 1620
Yellowknife, NT X1A 2P2
www.averycooper.com

Telephone: (867) 873-3441
Facsimile: (867) 873-2353
Toll-Free: 1-800-661-0787

February 11, 2016

GNWT Audit Bureau
Box 1620
Yellowknife, NT X1A 2L9

Client ID: 4117

Attention: T. Bob Shahi

Dear Bob:

Re: Bellamy System

In response to your call on February 12, 2016 I have met with the various auditors in our firm to discuss the specifics of the accounting software at the Education Board offices.

There were no specific audit findings related to the Bellamy software, however there were some administrative comments that apply.

In general it appears that the regional comptrollers are comfortable with the software and have spent time and energy on learning this system. Some of the issues noted are:

- Lack of knowledge on reporting features or inability to produce scheduled reports as required. This area has been worked on with training taking place and customized reports built, however we still see this as an area of concern. In the past it was often a Bellamy issue with not being able to create required reports. At present we are not sure if it is Bellamy issue still or if all required reports have been developed.
- Unable to produce financial statements. Many Councils produce financial statements in excel which is time consuming and subject to error. Of our clients, BDEC is the only one who has moved to Caseware to produce financial statements. SSDEC and TCSA use excel.
- Having to manipulate data from People Soft system into excel to adjust and then get payroll data back into Bellamy.

Although this area is time consuming, we are seeing at the audit level that there are often adjustments done to the pay reports to accurately reflect staffing and coding. So although data manipulation is an extra step, I would point out that it is at this stage that the payroll experts at the Council level are looking for errors and correcting.

.../2



GNWT Audit Bureau
February 12, 2016
Page 2

Overall we have had more complaints from comptrollers on the fact that People Soft does not accurately reflect leave and termination amounts correctly for some employees than any other issue. This appears to be due in some cases to the Human Resources department resolving issues but not correcting the underlying records into the software.

I realize these are brief comments, however if you wish to discuss in further detail, please contact me at your convenience.

Yours truly,

AVERY, COOPER & CO. Ltd.

23(2)(d)



Crowe MacKay LLP
Member Crowe Horwath International

PO Box 727, 5103 – 51st Street
Yellowknife, NT X1A 2N5
+1.867.920.4404 Tel
+1.867.920.4135 Fax
+1.866.920.4404 Toll Free
www.crowemackay.ca

March 31, 2016

Bob Shahi, FCGA
Director, Internal Audit Bureau
GNWT – Department of Finance
Office of the Comptroller General
P.O. Box 1320
5003-49th Street
Yellowknife NT
X1A 2L9



Dear Sir:

Re: Commentary regarding Bellamy software

As requested, we provide below some commentary on our experience with Bellamy software.

Limitations of our commentary

We access Bellamy when we do audit visits mainly for financial reporting; our access is generally limited to obtaining exports of financial data relevant to verification of the underlying information. Specifically, we export the trial balance and select general ledger details.

Our access in Bellamy does not extend to non-financial modules such as enrollment figures/ attendance figures/ or other non-financial statistics that the school boards/councils may track using Bellamy.

We access Bellamy during our year-end audit visit; the last major visits were concluded in the fall of 2015 (September to coincide with the financial statement reporting deadlines)

During our audit visit, our work is substantive in nature; we do not test controls therefore we do not usually incorporate non-financial activities/procedures in the audit samples

As part of this letter, the instructions from your office indicated that we did not require an on-site visit to the boards/councils; our comments are based on our experience

The latest version of Bellamy (V8) was rolled out in the late fall; our experience is limited to review of the "what has changed" summary. Our discussions with contacts at boards/councils has not identified any significant deficiency that would cause us concern from an audit perspective.

Our experience with Bellamy

Chart of Accounts

Bellamy is very flexible with the chart of accounts. The software is designed for multi-location, multi-program entities; therefore the use of location, program, department, fund in the chart of accounts is convenient

Reporting - 13 Periods

Page 2

Bellamy has a 13 month feature; some boards/councils use the 13th month to track the audit adjustments (if any). This enables them to easily identify the adjustments made between their draft financials to the trustees vs the final audited financial statements.

Modular capability

Bellamy is a suite; this allows addition of modules as/when required. For example, some boards/councils have a need to track capital while others do not. The capital module (and therefore the cost) can be activated/deactivated.

Integrated modules

Bellamy's modules are integrated. Unlike programs such as ACCPAC, when an adjustment is made in a module, the adjustment is carried through to the general ledger without the need to approve the posting of a separate entry in the general ledger. The pro of this approach is that the financial statements is "live". The disadvantage of this approach is that the controllers may not be aware of adjustments made to the trial balance since they don't have to approve the entry.

Administration – Installation

Bellamy is resident on the entity network. This is especially useful for boards/councils where internet connectivity can be sporadic. (V8 feature changed to cloud based)

Administration – users setup

Bellamy allows an administrator as well as various users. The users can have read and/or write privileges depending on the type of work and the authority level. This enables the entity to comply with FAM directives regarding spending and payment authorities in a digital manner. In V8, this feature was converted to a dashboard type interface.

Reporting – multiple years

Bellamy allows multiple fiscal years to be available for reporting. The years are usually locked but can be unlocked with the right level of authorization/administration. This enables ease of comparison across fiscal years. We note that in years when chart of accounts conversions are done, some older accounts linger and this can clutter up the chart of accounts but this is not a significant disadvantage

Reporting – levels of parameters

Depending on the complexity of data built into the underlying account structure, Bellamy provides a range of parameters to be included in reports. This is an advantage to advanced users since it can be combined with export tools (e.g. pivot tables) to general a wide range of financial information. Conversely this is a disadvantage to new / novice users as the data export can sometimes be quite overwhelming

Reporting – saving of profiles

Bellamy (via Crystal Reports) allows for various financial reports to be prepared and stored. The pro is that once programmed, the report can be used repeatedly. The disadvantage is that if the chart of account changes, care must be taken to check all formulas in the report as it otherwise doesn't update automatically and the wrong data can be extracted.

Reporting – Financial statements

Bellamy uses Crystal Reports add-on for reporting (changed in V8 to integrated reporting feature that we have not experienced yet). The pro with Crystal Reports is that the entity can draft the data in any manner (including extra columns which most reporting software only allows current/prior/budget). The disadvantage is that once programmed, the user must be highly capable to make changes or the entire report is ruined. Trying to pinpoint the exact error in some custom reports can take a significant amount of time.

Reporting – commitment accounting

The GNWT requires the boards/councils to use commitment accounting so as to reduce the likelihood of over expenditures. Most accounting software have a difficulty integrating this into the reporting structure; Bellamy

Page 3

has a feature that uses commitment accounting. The advantage is that the entity has a tool to track commitments; the disadvantage is that the entity has to void the outstanding commitments and re-create in the new year when the year-end close is being performed (this has changed in V8 so that the program does a close and carry to next year or close and void).

Bellamy – support services

In our limited experience, the support from Bellamy is hit/miss. We find that certain boards/councils have developed contacts at Bellamy that they can call on for assistance; however, in most cases when you call the support line, their ability to resolve the issue takes patience and time. One advantage that we note with Bellamy is that it has a build in remote access process while most other soft wares require that IT setup a gateway such as remote desktop application. With the correct settings, Bellamy staff are able to access the data only when authorized by the board/council.

Conclusion

Our gained experience leads us to conclude that Bellamy is adequate for tracking the underlying data (transaction reporting) but is deficient with regard to financial reporting due to the time/effort required to reconcile at each period. Most of the boards/councils that we provide services to use Excel and/or caseware to prepare their financial statements. With the latest version of Bellamy, this deficiency is likely not overcome as the reporting requirement of the GNWT is specific and unique. We would be pleased to assist your office in doing detailed in-depth evaluation of the reporting feature if you require.

I trust that our commentary above meets your requirements. Please feel free to contact us with any questions that you may have.

Sincerely,

Crowe MacKay LLP

23(2)(d)

Sample of Bellamy's additional service rates.

Bellamy Service Fees

January 1, 2012 – December 31, 2012

By participating in Bellamy Software's Support Plan additional services, training and support is provided at the following preferred rates (not including Tax):

Bellamy Professional Services

Preferred Rate

24(1)(a)(i)(B), (ii) and (iii)(B)



24(1)(a)(i)(B), (ii) and (iii)(B)

General Terms

This document is provided for information purposes only. This is not the Bellamy Software License Agreement. Services rates do not include travel, accommodation or per diem expenses. New services may be added at any time at the discretion of Bellamy. Service Rate changes will be made with 30 days notice when made during the calendar year.

Disclaimer

Bellamy Software, a division of Sylogist Ltd.(the "Discloser") provides the information herein to you (the "Recipient") without warranties of any kind.

The Discloser will not be liable for any damages arising out of the use of the Information disclosed under this Support Plan document.

Neither this Support Plan document nor any disclosure of Information made under it grants the Recipient any right or license under any trademark, copyright or patent now or subsequently owned or controlled by the Discloser.

Confidentiality

This entire document is the confidential property of the Discloser and is provided for information purposes only to the Recipient. Upon acceptance and payment of the Support Agreement charges, the Recipient agrees not to disclose, publish or disseminate this or related Support Plan information except to current employees, officers or contractors of the Recipient which utilize Bellamy Software, while a business relationship exists between the Discloser and the Recipient and for five years following the cessation of this relationship unless provided with written permission by a current company Director of the Discloser.

Miscellaneous

Bellamy Software reserves the right to correct any errors or omissions in this Support Plan document and make changes to the wording to clarify any discrepancy in the descriptions of the services provided at herein. If a discrepancy exists, the current Bellamy Services Agreement will apply.



Government of Northwest Territories
Gouvernement des Territoires du Nord-Ouest

**Department
of
Education, Culture
And Employment**

**Employment Standards
Trust Account**

May 2016



Internal Audit Bureau, Operational Audit Report



MAY 26 2016



CONFIDENTIAL

File: 7820-20-ECE-151-135

MR. DAVID STEWART
DEPUTY MINISTER
EDUCATION, CULTURE AND EMPLOYMENT

Employment Standards Trust Account

Enclosed is the above referenced Audit Report.

Management's responses, proposed action plans and target completion dates have been included in this report. We will schedule a follow-up in the future to assess the progress on the management action plans. However, we would appreciate an update by August 31, 2016 on the status of management action plan.

Should you have any questions, please contact me at 767-9175, ext 15215.

T. Bob Shahi
Director

Enclosure

- c. Mr. Jamie Koe, Chair, Audit Committee
Mr. Jamie Koe, Comptroller General, Finance
Ms. Rita Mueller, Assistant Deputy Minister, Education and Culture, ECE
Mr. Olin Lovely, Assistant Deputy Minister, Corporate Services, ECE
Ms. Marissa Martin, Director, Finance and Capital Planning, ECE



CONFIDENTIAL

May 26, 2016

File: 7820-20-ECE-151-135

MR. DAVID STEWART
DEPUTY MINISTER
EDUCATION, CULTURE AND EMPLOYMENT

Audit Report: Employment Standards Trust Account
Audit Period: April 1, 2011 to January 31, 2015

A. SCOPE AND OBJECTIVES

The Audit Committee approved the Department of Education, Culture and Employment (Department) request for an audit of the Employment Standards Trust Account (Trust Account). The audit objectives were to assess the internal controls capacity in managing the Trust Account, to determine if:

- Trust Account requirements have been communicated to staff and stakeholders
- Information used for the Trust Account was relevant, reliable, accurate, complete, and timely
- Financial Administration Act (FAA), Financial Administration Manual (FAM), Access to Information and Protection of Privacy Act (ATIPP), management policy and procedures were followed
- GNWT assets were protected
- Processes were effective and efficient.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

This report may be subject to request under the Access to Information and Protection of Privacy (ATIPP) Act.

B. BACKGROUND

Prior to 2008, the Department of Justice was responsible for administering the *Employment Standards Act* (Employment Act). The revised Employment Act came in force on April 1, 2008 that resulted in the transfer of the Employment Standards Unit (the Unit) to the Department. The annual program delivery budget for 2014-2015 was \$815,000. According to Management, the Unit issued approximately 110 wage orders per year.

The Unit's six positions delivered the Employment Standards program and received complaints made by employees and employers regarding non-compliance with the Employment Act. For example, complaints related to non-compliance with the minimum wage, hours of work, vacation and leave.

The Unit administered the Trust Account funds on behalf of employees and employers as defined in the Employment Act. The Employment Act authorized the Manager, Employment Standards (Manager) to write decisions, issue orders and recover wages. The Information Officer reported to the Manager and was responsible to receive and record wage order payments.

The Collection Officer also reported to the Manager and was responsible for the collection and disbursement of funds owing through wage orders and other collection action. The Collection Officer prepared monthly bank reconciliations and submitted them to the Manager for approval. Lastly, the Unit's Collections Officer received and recorded the bank reconciliation balance in the GNWT's financial system, System of Accountability and Management (SAM). In the fiscal year 2014 to 2015, the year-to-date balance of the Trust Account recorded in SAM was less than \$65,000.

C. OVERVIEW

The Trust Account process was well managed except for one issue. In compliance with the Employment Act, Unit staff accepted cheques made payable to the beneficiary employees. These cheques, worth thousands of dollars, could not be deposited to the Trust Account for proper accounting. The Unit established an "*off-balance-sheet*" process to track these cheques. The total value of these "*off-balance-sheet*" cheques was unknown.

Management took corrective action in January 2016 to mitigate the risk by providing direction to staff to ensure compliance to FAM. An amendment to the Employment Act will be required to be in conformance with FAA.

D. OBSERVATION AND RECOMMENDATION

1. Accounting for Public Money

Observation:

The Employment Standards Unit (Unit) received and disbursed over \$13,000 in public money without recording it in the GNWT financial system.

The FAA defined public money as special purpose funds that included money paid to the public officer pursuant to a law or trust. FAM 2904 required all receipts of public money to be recorded and incoming mail opened in the presence of at least two public officers. FAM 2101 also required special purpose funds to meet requirements of FAA s. 20(1) that sufficient monies were deposited on account for any disbursements.

During the audit, we noted that one staff opened the mail and recorded the receipts using two processes:

- Cheques made payable to the GNWT were tracked and deposited to the Trust Account
- Cheques made payable to beneficiary employees were tracked "*off-balance-sheet*" and kept in the case file for transfer to the beneficiary.

Between February 2015 and May 2015, the off-balance-sheet cheques totalled over \$49,000. The Unit staff disbursed six of those cheques with a total amount of over \$13,000 without a record in the GNWT financial system.

The Unit staff were complying with the Employment Act that allowed the cheques to be made payable to employees. However, this contradicted the FAA requirement that all public money be recorded in the GNWT financial system.

In January 2016, Management provided written direction for the Unit staff to stop accepting the cheques made payable to employees to mitigate the weakness in processing wage order payments held in trust.

Risk Profile:

Observation Risk Profile:	High risk based on >75% likelihood and moderate impact.
Risk Responsibility:	Deputy Minister, Education, Culture and Employment (ECE).
Risk Mitigation Support:	<ul style="list-style-type: none"> • Director, Labour Development & Standards • Director, Finance & Capital Planning • Manager, Financial Operations.

Recommendation:

We recommend the Department:

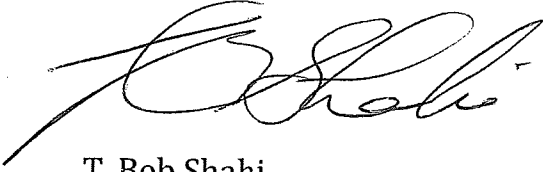
- a) Immediately revise the procedure manuals to incorporate FAA and FAM requirements to strengthen internal controls for receipt, deposit and disbursement of public money held in trust.
- b) Provide training to staff on the new procedures.
- c) Update the *Employment Act* to align with FAA.

Management Response:

Action Plan	Completion Date
<ol style="list-style-type: none"> a) There is a new, draft manual. These new procedures will be included in the manual. b) Direction was provided to staff on new procedures. c) Made request to our PLC division to amend the Employment Standards Act on October 26, 2015. 	<ol style="list-style-type: none"> a) To be completed by September 2016. b) Completed on January 28, 2016. FCP is also preparing some additional instructions to assist employers with issuing cheques to the trust account. c) It is in the queue. Likely by December 2016.

E. ACKNOWLEDGEMENT

We would like to thank the staff in the Department for their assistance and co-operation during the audit.

A handwritten signature in black ink, appearing to read 'T. Bob Shahi', written in a cursive style.

T. Bob Shahi
Director



OCT 02 2019

CONFIDENTIAL

File: 7820-20-GNWT-151-135

MS. SYLVIA HAENER
DEPUTY MINISTER
EDUCATION, CULTURE AND EMPLOYMENT

Audit Report: ICT Data Demographics
Audit Period: As of March 31, 2019

A. SCOPE AND OBJECTIVES

The Audit Committee approved a Government of the Northwest Territories (GNWT) wide information technology (IT) audit of demographic data in the Informatics and Communication Technology (ICT) applications used by departments to deliver benefits and services to NWT residents.

The audit objective was to provide independent assessment and assurance to senior management regarding whether the ICT application databases contain relevant, accurate, and complete client information.

This report identified issues specific to Education, Culture and Employment (ECE). Some ICT issues beyond the control of ECE will be reported in a corporate report and forwarded to the Office of the Chief Information Officer (OCIO) for further action.

The audit was conducted in conformation with the *International Standards for the Professional Practice of Internal Auditing*.

B. BACKGROUND

In 2018, the Internal Audit Bureau (IAB) conducted a GNWT-wide inventory to identify the ICT application databases containing demographic information including name, address, date of birth and social insurance number. The inventory results identified 75 databases across the departments collected demographic information.

The GNWT Informatics Policy Council's Recorded Information Management Policy (Policy) provides guidance for departments to take a consistent approach to recorded information management. The Policy holds the Deputy Ministers accountable for the management of recorded information in their respective departments. The OCIO, as the GNWT's senior authority for ICT, provides guidance to departments on policy implementation.

ECE had seven databases that contained demographic information. We selected to review Case Management Administrative System (CMAS) as this was the main database ECE used to support the delivery of 11 programs and services. CMAS contained demographic information on over 50,000 persons.

C. OVERVIEW

CMAS was critical for the delivery of ECE benefits and services. Information integrity issues in CMAS could adversely affect the Northwest Territories (NWT) residents' quality of life. In assessing the data integrity of over 100,000 records in CMAS, our analysis identified two issues (**Schedule I refers**):

- **Data accuracy:** in testing the validity of unique client identifiers, we noted invalid social insurance numbers and personal identification numbers. We also identified duplicate records of client demographic information.
- **Data relevancy and completeness:** ECE was collecting client health care numbers without a program need, potentially contravening the *Access to Information and Protection of Privacy Act (ATTIP Act)*, Section 40 – Collection of Personal Information. With regard to the completeness of client records, we noted that ECE was not collecting client information such as social insurance numbers and date of birth that ECE deemed mandatory.

The detailed information on the two issues was reviewed with operating management. Accurate and complete demographic information was important to ensure the programs and services benefit the eligible recipients. Without accurate and complete demographic information, the risk of disbursing program benefits to ineligible recipients was high. ECE must also ensure reasonable effort to follow the *ATIPP Act* by only collecting personal information relevant and necessary for carrying out the program or service.

The data analysis showed that likelihood of data error would continue without management action. Although the impact of each incident of inaccurate data was rated as moderate risk, the total risk (likelihood plus impact) was high.

A managed level of internal control was required to mitigate the risk areas. For example, edit checks may reduce the data entry errors and management can develop and implement a framework for internal control monitoring of the data integrity in CMAS.

ECE management has developed a management action plan to mitigate the risks. We will conduct a follow up on ECE's progress in implementing the management action plan to address the risks after six months.

D. ACKNOWLEDGEMENT

We want to thank ECE staff for their assistance and co-operation throughout the audit.



T. Bob Shahi
Director, Internal Audit Bureau
Finance

Observation 1: Data Accuracy

Criteria	Condition/ Observation	Consequence/ Risk
<p>Recorded information used to conduct government business must be created and managed in a way that maintains its usefulness, authenticity, and reliability– <i>Management of Electronic Information Policy 6003.00.20</i></p> <p>Departments manage recorded information in their custody consistent with this policy, the Archives Act, ATIPP, FAA, and all other GNWT legislation – <i>Recorded Information Management Policy</i></p>	<p>We conducted analysis to validate the accuracy of unique client identifiers within the CMAS demographic data and identified the following exceptions:</p> <ol style="list-style-type: none"> a. 109 Social Insurance Numbers (SIN) appeared to be invalid as they did not adhere to the Canadian SIN format. 88 of these SIN’s were related to clients with program account information, indicating that a benefit may have been paid out. b. 388 duplicate records – containing the same name, date of birth, and gender. Each record was linked to program account information, indicating that a benefit may have been paid out. c. 5,908 potentially invalid Personal Identification (PID) number compositions. The PID is a unique person identifier composed of the first three letters of a client's last name, followed by their birth year, month, and date. d. 3,330 records contained the words ‘Fake’ or ‘Do Not Use.’ Management confirmed that these indicators were used for files that had been identified for cleanup during a review of the database. <p><i>Details of exceptions identified were provided to Management.</i></p>	<p>Risk Rating: High</p> <p>Impact: Moderate</p> <p>Likelihood: Almost Certain</p> <p>Consequence: There is a risk that:</p> <ul style="list-style-type: none"> • Program benefits may not be provided to the right individual or a legitimate client. • Program resources may be disbursed to ineligible individuals at the expense of eligible citizens. <p>Risk Owner:</p> <ul style="list-style-type: none"> • ADM, Labour & Income Security, ECE • ADM, Education & Culture, ECE • ADM, Corporate Services, ECE <p>Support:</p> <ul style="list-style-type: none"> • Director, Planning, Research, & Evaluation, ECE • Director, Application Services, ISSS

Observation 1: Data Accuracy

Management Risk Mitigation Strategy:

- a) ECE will work with ISSS to investigate the root cause of data accuracy by first determining which clients have valid cases assigned to them and then applying business rules to the remaining cases to determine what actions may be necessary to correct any inaccuracies that remain.
- b) Create an action plan for addressing data inaccuracies based on the information gained from the investigation.

Timeline: December 2019

Observation 2: Data Relevancy and Completeness

Criteria	Condition	Consequence										
<p>Reasonable effort must be made to ensure personal information used to make a decision affecting an individual is accurate and complete – <i>ATIPP 44 (a)</i></p> <p>Only personal information relevant to and necessary for carrying out the activity or program underway will be collected and used – <i>ECE Program Directives and Policies</i></p> <p>“Integrity” of information refers to information being complete and accurate with no unauthorized alterations – <i>Electronic Information Security Policy</i></p>	<p>We conducted analysis to validate the completeness and relevancy of demographic data collected by the Department to provide programs and services to Northern residents.</p> <p>1. The collection and use of health information was regulated by the <i>NWT Health Information Act (Act)</i> of October 1, 2015. Outside of school programming, a Health Care Number (HCN) is not required to provide any ECE programs.</p> <p>We observed that 887 records, not linked to a student identification number, had the HCN captured after the Act came into effect in 2015. 709 of these records were linked to other ECE program accounts.</p> <p>2. The following exceptions were identified in mandatory fields:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Description</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td>Incomplete Citizenship field</td> <td style="text-align: center;">24</td> </tr> <tr> <td>Incomplete Person Birth Date field</td> <td style="text-align: center;">53</td> </tr> <tr> <td>No PID number assigned</td> <td style="text-align: center;">19</td> </tr> <tr> <td>No SIN number collected/linked to program account</td> <td style="text-align: center;">3,053</td> </tr> </tbody> </table>	Description	Total	Incomplete Citizenship field	24	Incomplete Person Birth Date field	53	No PID number assigned	19	No SIN number collected/linked to program account	3,053	<p>Risk Rating: High</p> <p>Impact: Moderate</p> <p>Likelihood: Almost certain</p> <p>Consequence: There is a risk that:</p> <ul style="list-style-type: none"> • Department may be non-compliant to ATIPP legislation. • ECE programs may not have up-to-date client information which may impact eligibility to access services and/or permits. • Demographic data shared across federal/provincial/territorial (FPT) programs may be inaccurate, effecting client’s access to services. <p>Risk Owner:</p> <ul style="list-style-type: none"> • ADM, Labour & Income Security, ECE • ADM, Education & Culture, ECE • ADM, Corporate Services, ECE <p>Support:</p> <ul style="list-style-type: none"> • Director, Planning, Research, & Evaluation, ECE • Director, Application Services, ISSS
Description	Total											
Incomplete Citizenship field	24											
Incomplete Person Birth Date field	53											
No PID number assigned	19											
No SIN number collected/linked to program account	3,053											

Observation 2: Data Relevancy and Completeness

Management Risk Mitigation Strategy:

- a) Complete the management response to Observation 1 above.
- b) Create and maintain an inventory of personal information that will include the types of direct and indirect information that is being collected, for what purposes, and by whom as well as the related processes for collection, storage, information sharing agreements, etc., to assure compliance with legislation. (Note: that this is a Management Response Action Plan provided in response to the IAB Audit of Part 2 of the *Access to Information and Protection of Privacy Act*.)
- c) Create an action plan for addressing incomplete data based on the information gained from the investigation in Observation 1 and the inventory in Observation 2.

Timeline: March 2020



CONFIDENTIAL

June 6, 2019

File: 7820-20-GNWT-151-135

MS. SYLVIA HAENER
DEPUTY MINISTER
EDUCATION, CULTURE AND EMPLOYMENT

Audit Report: Revenue Process Audit
Audit Period: As of March 31, 2019

A. SCOPE AND OBJECTIVES

The Audit Committee approved an operational audit of the Government of Northwest Territories (GNWT) Revenue Process. The examination of the Department of Education, Culture and Employment (Education) internal controls for the revenue process was part of the overall audit project. This report identifies issues specific to Education.

In assessing the revenue process for the GNWT, several recommendations affected more than one department. These items were reported in the “*GNWT Revenue Process Report*” and forwarded to the Department of Finance for further action. The Education report forms part of the “*GNWT Revenue Process Report*.”

B. BACKGROUND

The Financial Administration Manual (FAM) provides direction on the processing of over \$300 million in GNWT generated revenue. The Education revenue consisted of:

- Regulatory Revenues such as Teacher Certification fees and Apprenticeship fees
- Interest from the Student Loan Fund and Lease from the Museum Cafe
- Program Revenues such as the care and storage of Government of Nunavut Collection and Program Recipient Recoveries
- Service and Miscellaneous revenue.

According to FAM, the roles and responsibility for establishing the fee, the fee rationale, recording, and receipt of money were allocated to departments, Department of Finance (Finance) Financial Reporting/Collection Services, Management Board Secretariat, and the Comptroller General (**Appendix A refers**).

Specific phases of GNWT revenues processing were assigned to the departments and the following sections in Finance: System for Accountability and Management, Financial Employee Shared Services (FESS), Financial Reporting/Collection Services, Management Board Secretariat, and the Comptroller General (**Appendix B refers**).

We engaged the services of Crowe MacKay LLP through a competitive Request for Proposal process to conduct the audit.

C. SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

The audit report, *“Department of Education, Culture and Employment, Revenue Process Audit Report,”* made several observations and recommendations specific to Education (**Schedule I refers**).

In assessing Education’s revenue processes, the contractor determined that there was non-compliance with:

- FAM 610.01 (rationale for fees charged)
- IB 610.01 (Rationale for the fee charged).

The contractor was unable to find sufficient documentary evidence to assess compliance:

- FAM 605 (recording revenue)
- FAM 610 (establishment of fees)
- FAM 620 (collection of receivables)
- IB 620.01 (collection of accounts receivables).

In examining the internal control capacity for the six revenue processes, the contractor assessed that there were gaps in the six areas.

An internal control capacity at a defined level (rating of 3) for five areas and a managed level (rating of 4) for the role definition and responsibility was adequate to meet the needs of

Education Revenue Process Area	Internal Control Capacity Level	
	Current	Required
Role definition and responsibility	3	4
Rate setting and review	1	3
Budget setting	2	3
Invoicing	2	3
Accounts receivable review / collection	1	3
Monitoring	2	3

Education. A detailed risk assessment of revenue processes could identify a need for a more mature internal control capacity in specific areas.

The contractor made ten observations with associated recommendations. The common theme in these recommendations was the need to document the revenue policy and processes. The management responses to the recommendations have been incorporated in the attached report.

Similar recommendations were made by the contractor in reviewing the four departments. Education may wish to coordinate with the Office of the Comptroller General and the Director of Finance & Administration Committee in addressing the common issues.

Our scheduled audit follow-up process will begin in about six months to assess the management action plans in addressing the risks.

D. ACKNOWLEDGEMENT

We want to thank the Education staff for their assistance and co-operation throughout the audit.

T. Bob Shahi
 Director, Internal Audit Bureau
 Finance

SCHEDULE I

DEPARTMENT OF EDUCATION, CULTURE, AND EMPLOYMENT

DEPARTMENT OF EDUCATION, CULTURE, AND EMPLOYMENT

SCOPE AND OBJECTIVES

The Internal Audit Bureau issued a request for proposal for an operational audit reviewing the Revenue Process for the Government of the Northwest Territories (GNWT) generated revenue approved by the Audit Committee for 2018-2019 Audit Work Plan. Crowe MacKay LLP (Crowe) was the successful proponent.

Focus for this audit consisted of evaluating internal controls designed and implemented regarding revenue and in alignment with the FAA and FAM. Crowe specifically looked at the controls designed and implemented at Financial and Employee Shared Services (FESS) as well as within 4 departments chosen for sample testing (Justice; Education, Culture and Employment; Environment and Natural Resources; Infrastructure). The scope excluded the NWT Housing Corporation, GNWT departments not selected for testing as denoted above, and the 9 public agencies. Audit work focused directly on high-level policies and procedures as well as control frameworks and control processes. Crowe's evaluation did not include transaction-level revenue testing for this audit.

Testing of the 4 selected departments consisted of reviewing the main revenue functions/processes which have been assigned, and are the responsibility of, each department. These responsibilities are outlined as follows:

1. Role definition and responsibilities;
2. Training;
3. Rate setting and review;
4. Budget setting;
5. Invoicing;
6. Accounts Receivable/Collection Management; and
7. Monitoring Processes (i.e. budget vs. actual comparison; pertinent reconciliations).

We reviewed key controls related to each of the areas noted above, taking into account the maturity of controls designed and implemented to manage revenue processes. This testing was conducted on current approaches to, and compliance activities of, each department.

DEPARTMENTAL BACKGROUND

The Department of Education, Culture and Employment (ECE) meets its responsibilities through the following functions:

- Corporate Management;
- Culture, Heritage and Languages;
- Early Childhood and School Services;
- Labour Development and Standards and,
- Income Security.

General revenues generated by ECE consist of the following:

- Regulatory Revenues – Teacher Certification Fees, Apprenticeship Fees and Other Fees;
- Interest - Student Loan Fund interest;
- Lease – Museum Café (rent);
- Program Revenues – Care and Storage of Government of Nunavut Museum and Archive Collection and Program Recipient Recoveries and,
- Service and Miscellaneous revenue.

The revenue function consists of the following areas of responsibility within the department:

- Teacher Certification Fees, Apprenticeship Fees and Other Fees are the responsibility of Education Operations and Development and Financial Operations;
- Student loan fund interest is the responsibility of the Manager and Senior Finance Officer of Divisional Financial Services;
- Lease revenues are the responsibility of Culture and Heritage;
- Care and Storage of Government of Nunavut Museum and Archive Collection revenues are the responsibility of Culture and Heritage.

The department interacts with various service areas of the GNWT Department of Finance in order to fully address all revenue processes, such as: i) Financial and Employee Shared Services; ii) Management Board Secretariat; and iii) Financial Reporting and Collections.

METHODOLOGY

ECE has varied services with revenues managed by staff in different areas. As a result it was determined that for this department, interviews would be conducted with the Director, Finance and Capital Planning, as well as with the people who were responsible for compliance in each area of the revenue processes. From these interviews, an overall assessment of the maturity level of the department, in relation to each main revenue function, was made.

OVERVIEW

Compliance with FAA and FAM

The Financial Administration Manual (FAM) has been prepared in such a manner as to ensure that the requirements of the Financial Administration Act (FAA) have been met. Crowe has therefore made an assessment of the overall compliance of the department with the FAM in relation to sections within the scope of this audit.

The table below has the assessment of compliance, and if relevant, an explanation for why the department is not compliant. There may be areas within a program where partial compliance is in place, but for the purposes of this table, the department has been rated as compliant, partially compliant, non-compliant, or unverifiable.

Based on the audit work performed, as well as the inability of the ECE department to provide the evidence necessary to conclude on internal control effectiveness, Crowe has concluded that additional work is required by ECE to design and implement internal controls to sustain an audit opinion of "Compliant". This will include the necessary documentation required to support that key controls are operating effectively. Support for this assessment is provided in the following table:

Section Policy	Compliance Assessment	Reason for Non-Compliance
605 – Recording Revenue		
Revenue earned for work performed, goods supplied, services rendered, or amounts entitled in the fiscal year must be recorded in accordance with approved systems and procedures in a timely manner.	Unverifiable	Unable to verify if revenue earned is recorded in accordance with approved systems and procedures because not all significant approved systems and procedures are documented.

Section Policy	Compliance Assessment	Reason for Non-Compliance
610 – Establishment of Fees		
<p>Where economically and administratively feasible, GNWT Departments and Public Agencies shall charge fees for licenses, permits and services rendered to the public. The authorized rates for any fee shall bear a reasonable relationship to the cost of administering the license or service or be authorized at a rate lower than full cost recovery, where appropriate.</p>	Unverifiable	<p>Regulated rates are reviewed every five years as per FMB direction.</p> <p>The rationale for rate changes or unchanged rates at the five year review for other than inflationary changes are not documented, as such it is not verifiable whether the rates address current costs of the related services or license.</p>
<p>IB610.01 Rationale for Fees Charged</p> <p>GNWT Departments and Public Agencies are to ensure that fees are collected, safeguarded, and accounted for.</p> <p>A rationale for each fee charged must be kept available for audit purposes.</p> <p>The rationale in support of each fee charged must include:</p> <ul style="list-style-type: none"> - pricing details; - the price/rate basis, including direct, indirect, and accounting and system costs and, - the time period for cyclical fee reviews. <p>In the case of a regulatory service, a fee or charge fixed on a total cost recovery basis may not be warranted. The fee for such a service may be collected from the ultimate user or from an intermediary who considers the expense a cost of doing business.</p>	Non-Compliant	<p>The rationale for rate changes or unchanged rates other than inflationary changes at the five year review are not documented.</p>
620 – Collection of Receivables		
<p>GNWT Departments and Public Agencies are responsible to collect all accounts receivable promptly, efficiently, and in a thoroughly accountable manner, unless otherwise directed by the Comptroller General or their delegate.</p>	Unverifiable	<p>Although the department has been rated compliant with the specifics of section IB 620.01 below, the overall 620 compliance cannot be verified due to the potential issues noted with the credit receivables with "On Account" coding.</p> <p><i>See Observation 9 below.</i></p>

Section Policy	Compliance Assessment	Reason for Non-Compliance
<p>IB 620.01 Collection of Accounts Receivable</p> <p>Except as described below, an invoice must be prepared, recorded, and delivered to the debtor as soon as a receivable is created and the debtor must be given 30 calendar days from the date of the invoice to return payment to the GNWT or Public Agency.</p> <p>If payment is not received within 30 days of the date of the invoice, the responsible department or Public Agency shall attempt to collect by notifying the debtor in writing that payment is overdue and payable immediately. At this point, the debt has become an overdue receivable.</p> <p>If payment is not received during the next 30 days (i.e., within 60 days of the date of the invoice) the responsible department or Public Agency shall attempt to collect again by notifying the debtor by telephone and in writing that payment is now 30 days overdue and payable immediately.</p> <p>If payment is not received during the next 30 days (i.e., within 90 days of the date of the invoice) the overdue receivable becomes a delinquent account receivable. The responsible department or Public Agency shall:</p> <p>attempt to collect again by notifying the debtor that payment is now 60 days overdue and payable immediately; and transfer collection responsibility to the Financial Reporting and Collections Section, Finance, immediately.</p>	<p>Unverifiable</p>	<p>All revenues with the exception of student loan interest are received when earned. For student loan interest, fees are calculated monthly and added to the students' accounts.</p> <p>The department sends letters for student loan payments outstanding more than 30-90 days, per the department's processes.</p> <p>The collection responsibility is assigned correctly to the collections department at 90 days.</p>

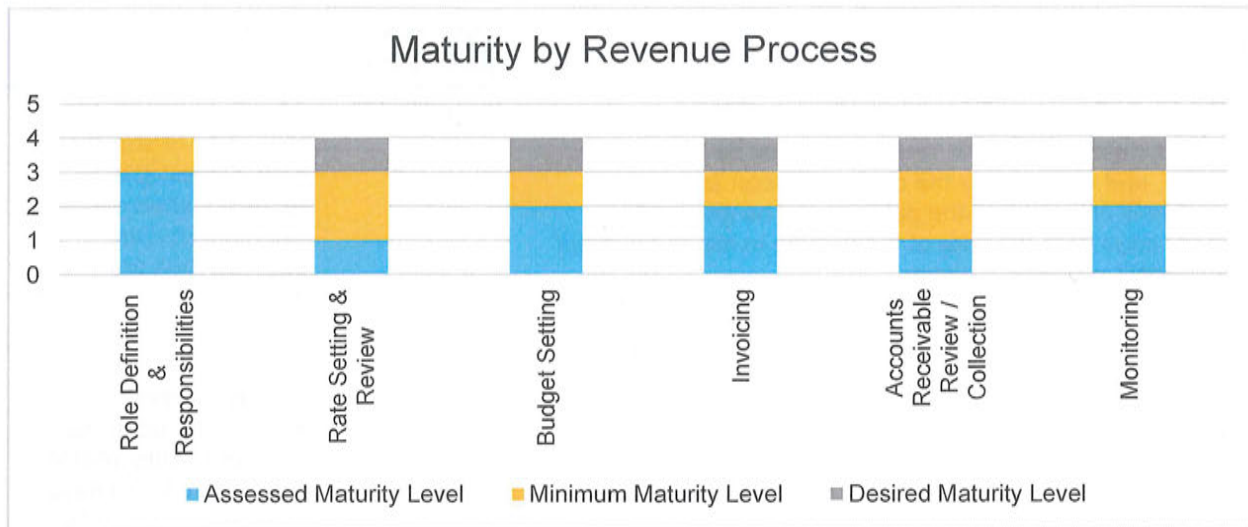
Maturity Rating Considering GNWT Internal Control Capacity Model

Using the GNWT Internal Control Capacity Model (**Appendix E**), the assessed maturity, minimum maturity and desired maturity are illustrated in the graph below.

Assessed Maturity Level – current level of maturity for the department based on the audit.

Minimum Maturity Level – In order to achieve this rating, the observations noted within this report must be addressed (short term timeframe 12-24 months).

Desired Maturity Level – This level would be achieved via long term goals (>24 months) and should be part of long term planning if applicable to your department. Desired maturity level has been set by Crowe at a level that is considered achievable over time by the department and taking into account the level of risk in the department.



Overall findings, including rating of the department against each revenue process area, is summarized in the following table:

Revenue Process Area	Assessed Maturity Level	Findings and Comments
<p>Role Definition and Responsibilities</p> <p>The department defines, documents, communicates, and assigns accountability for its revenue processes and procedures. Roles are defined and responsibilities address all aspects of revenue.</p>	Defined	<ul style="list-style-type: none"> Job descriptions exist for the positions outlined above under departmental background as responsible for the department's general revenue functions. Job descriptions include responsibilities related to specific general revenue cycle components. Job descriptions reviewed by Crowe have been updated within the last four years.
<p>Rate Setting & Review</p> <p>The department reviews rates on a set periodic basis to ensure rates are current and new revenue sources have been considered.</p>	Ad Hoc	<ul style="list-style-type: none"> Majority of rates and fees are regulated and are charged in accordance with regulations. Regulated rates and fees are reviewed every five years per FMB direction. Rationale for fees is not documented. Non-regulated rates and fees are not reviewed on a set periodic basis and policies and processes are not documented. New sources of revenue are considered when new programs or initiatives are planned but a formal process does not exist. <p><i>See Observation 1, 2 and 3.</i></p>

Revenue Process Area	Assessed Maturity Level	Findings and Comments
<p>Budget Setting</p> <p>The department clearly defines and documents the revenues expected for each year with explanations for any material changes from prior years.</p>	Repeatable	<ul style="list-style-type: none"> • Clarity on roles and responsibilities exists for ECE Financial and Capital Planning. • ECE Financial and Capital planning prepares the operating budget and revenue estimates. • Budget of significant revenues is based on student loan portfolios, leases, expectations, interest rates and revenues are extrapolated accordingly. Insignificant revenues are based on prior year actuals and estimates. • Assumptions and rationale for estimates are not documented. <p><i>See Observation 4.</i></p>
<p>Invoicing</p> <p>The department ensures that invoices are prepared in a timely manner, and are accurate and complete.</p>	Repeatable	<ul style="list-style-type: none"> • Invoices are not issued for the department's revenue streams because payment is received at the time of service, with the exception of student loan fund interest, for which statements are provided, and lease revenues, which are received in accordance with the lease terms. • Processes are in place to record revenues received in cash, cheque, credit card or by online payment at the time the service is provided. • Processes are in place to ensure all revenues earned are recorded as revenues for revenues received by cheque or direct payment. • Processes are documented for student loan fund interest but are not documented for all significant revenue streams. <p><i>See Observation 5.</i></p>
<p>Accounts Receivable Review / Collection</p> <p>The department monitors receivables on a set periodic basis and ensures that follow-up takes place if revenues are not received as expected.</p>	Ad Hoc	<ul style="list-style-type: none"> • The department has a "Finance General" email established for emails from FESS and a department representative has been assigned. • The department has a process for addressing emails received from FESS regarding unallocated receipts by cheque. • The number of receipts by cheque by the department are insignificant, the majority are received by direct payment. • The department's process for addressing emails received from FESS is not documented. • The process the department has for addressing emails received from FESS regarding unallocated receipts by cheque does not include specific procedures to be taken by department staff. • The department has verbally communicated the procedure for sending all direct payment notifications to Department of Finance - Financial

Revenue Process Area	Assessed Maturity Level	Findings and Comments
		<p>Reporting.</p> <ul style="list-style-type: none"> The department reviews and responds to unclaimed deposit emails from Department of Finance - Financial Reporting. The procedures to be taken when an unclaimed deposits email is received from Department of Finance - Financial Reporting have not been established and documented. Accounts receivable were not reviewed until recently. Accounts receivable balance at December 31, 2018 was \$(42,857.67) which has been outstanding more than 120 days. "On Account" balances in the department's accounts receivable were not reviewed until recently. "On Account" balances at December 30, 2018 amounted to \$(17,841.48). The department understands the role and responsibility of the Collections unit. <p><i>See Observations 6, 7, 8 and 9.</i></p>
<p>Monitoring</p> <p>The department reviews variances between budget and actual revenues received on a set periodic basis. Follow up takes place if revenues are not being received as expected.</p>	<p>Repeatable</p>	<ul style="list-style-type: none"> Monthly and quarterly variances are prepared by Financial Operations based on budgeted revenues versus actuals revenues per reports from SAM. Explanations for variances are documented. Variance reports are reviewed and provided to Management Board Secretariat. Process for variance analysis is not documented. <p><i>See Observations 10.</i></p>

OBSERVATIONS AND RECOMMENDATIONS

Observation 1

Policy and process have not been documented for regulated rates and fees and have not been designed and documented for non-regulated rates.

- Although regulated rates and fees are reviewed every five years per FMB direction, documentation of fee review processes is lacking.
- The department informally reviews non-regulated rates and fees, but a policy and process has not been designed and documented for the review of all rates and fees.

Risk Profile:

Risk Impact	Without clearly documented processes for review of legislation and rates, fees may not be adequate to cover related costs.
Risk Responsibility	Director, Education, Culture and Employment, Finance and Capital Planning
Risk Mitigation Support	Manager, Financial Operations

Recommendations:

We recommend that:

- a) For each revenue stream the process established to review rates and fees should be evaluated to ensure the activities required occur on a set periodic basis that adequately addresses economical changes which would impact the rate and fee; the process should be documented including roles and responsibilities.
- b) For regulated rates, documentation should be made to support that rates are reasonable to cover off the current costs associated with the services for which fees are being charged or the rationale for rate changes.

Management Response:

Action Plan	Completion Date:
a) Management agrees with the recommendation and will create and document the policy/procedures as requested.	September 30, 2019
b) Management agrees with the recommendation and will create and document the policy/procedures as requested.	September 30, 2019

Observation 2

Rationale for fees charged is not documented and available for review as required by the FAM.

- Although staff members were able to explain rates and processes involved around setting and reviewing rates (subject to Observation 1 above), there was not a documented rationale available for review as required by IB610.01 of the FAM.

Risk Profile:

Risk Impact	Without clearly documented rationale for rates in place, there is increased risk that the reason for the type and amount of rates being charged for various services may be incorrect or outdated.
Risk Responsibility	Director, Education, Culture and Employment, Finance and Capital Planning
Risk Mitigation Support	Manager, Financial Operations

Recommendations:

We recommend that:

- a) For each revenue stream the rationale for the rate be defined and documented; these should then be kept on hand for review.

Management Response:

Action Plan	Completion Date:
a) Management agrees with the recommendation and will create and document the policy/procedures as requested.	September 30, 2019

Observation 3

A policy has not been designed and documented for assessing new revenue sources.

- The department assesses potential new revenue sources when planning new programs and initiatives as considered by the program manager/lead. However, a documented process does not exist to substantiate the procedures to be followed, or evidence to be maintained, to validate the steps taken.

Risk Profile:

Risk Impact	Without a clearly defined and documented policy for assessing new revenue sources on a periodic basis, there is an increased risk that fees will not be established to assist with cost recovery of the program/service, or the fees will not be set at appropriate rates.
Risk Responsibility	Director, Education, Culture and Employment, Finance and Capital Planning
Risk Mitigation Support	Manager, Financial Operations

Recommendations:

We recommend that:

- A policy should be formalized that requires revenues to be considered for all new programs or initiatives at the planning stage, including maintenance of records to substantiate decisions made.

Management Response:

Action Plan	Completion Date:
a) Management agrees with the recommendation and will create and document the policy/procedures as requested.	September 30, 2019

Observation 4

Procedures for review of budgeted revenues assumptions and rationale is not fully documented.

- Significant general revenue budgets are based on statistical information, assumptions, and rationales, but the process to develop the revenue budget and document the rationale is not documented.

Risk Profile:

Risk Impact	A lack of documentation of process and procedures to develop the revenues budgets using various applicable metrics can create inconsistencies in budgeted revenues year over year, especially if staff turnover occurs.
Risk Responsibility	Director, Education, Culture and Employment, Finance and Capital Planning
Risk Mitigation Support	Manager, Financial Operations

Recommendations:

We recommend that:

- Process and procedures be documented related to the development of revenue budgets, including the inputs and assumptions required.

Management Response:

Action Plan	Completion Date:
a) Partially documented, will review the documentation and add where needed.	September 30, 2019

Observation 5

Revenue processes are not fully documented.

- Processes are in place for each significant revenue stream to ensure revenues earned are recorded but are only documented for student loan fund interest revenues; processes are not documented for other significant revenues.

Risk Profile:

Risk Impact	Without documented revenue policies and procedures, consistent direction cannot be given to departmental personnel and consistent application may not occur which could result in earned revenues not being recorded and receipts not being collected.
Risk Responsibility	Director, Education, Culture and Employment, Finance and Capital Planning
Risk Mitigation Support	Manager, Financial Operations

Recommendations:

We recommend that:

- Revenue policies and processes in place should be fully documented for each significant revenue stream and should include roles and responsibilities, how revenues are initiated and recorded, and the controls in place to ensure all revenues earned are recorded.

Management Response:

Action Plan	Completion Date:
a) Management agrees with the recommendation and will create and document the policy/procedures as requested.	September 30, 2019

Observation 6

Process for addressing unallocated cheque emails from FESS is not documented and the process lacks procedures to be performed.

- The department representative, Manager, Financial Operations, for the "Finance General" email account forwards emails received from FESS for unallocated cheques to the applicable department staff for review. FESS sends an email when a cheque has been received that cannot be allocated and the department is given 48 hours to reply.
- If the cheque is identified by department staff as being for ECE and the purpose of the receipt is known the department staff will email the department representative and the department representative will email FESS with instructions on how to apply the receipt.
- The process is not documented and specific procedures to be taken by department staff upon receipt of an email for an unallocated cheque from the department representative has not been designed and documented.

Risk Profile:

Risk Impact	Without specific procedures being designed and documented, it may be unclear to staff what should be done when an unallocated cheque email is received, which could result in no action being taken or insufficient action taken. This increases the risks of lost revenue to the department or incorrectly recorded receipts "On Account" to the department. Without a documented process, consistent direction cannot be given to departmental staff and verbally communicated processes may not be transferred to new staff.
Risk Responsibility	Director, Education, Culture and Employment, Finance and Capital Planning
Risk Mitigation Support	Manager, Financial Operations

Recommendations:

We recommend that:

- a) Procedures should be designed to ensure all possible actions are taken by department staff for unallocated cheques received by FESS.
- b) Processes and procedures should be documented regarding the receipt of unallocated cheque emails from FESS.

Management Response:

Action Plan	Completion Date:
a) Management agrees with the recommendation and will create and document the policy/procedures as requested.	September 30, 2019
b) Management agrees with the recommendation and will create and document the policy/procedures as requested.	September 30, 2019

Observation 7

Process for direct payment notifications received by department staff is not documented.

- When a direct payment notification is received by department staff the notification is to be forwarded to Department of Finance – Financial Reporting with details of how the payment should be applied.
- The process is not documented and the information to be sent to Financial Reporting with the direct payment notification has not been clearly defined.

Risk Profile:

Risk Impact	Without a documented process, consistent direction cannot be given to departmental staff, and verbally communicated processes may not be transferred to new staff. Inconsistent application of the process increases the risk that ECE revenues will be unrecorded.
Risk Responsibility	Director, Education, Culture and Employment, Finance and Capital Planning
Risk Mitigation Support	Manager, Financial Operations

Recommendations:

We recommend that:

- a) A process for handling direct payment notifications received by department staff should be documented and should identify the information to be provided to Financial Reporting in addition to the direct payment notification.

Management Response:

Action Plan	Completion Date:
a) Management agrees with the recommendation and will create and document the policy/procedures as requested.	September 30, 2019

Observation 8

Process for addressing unclaimed deposit emails from Financial Reporting is not documented and the process lacks procedures to be performed.

- The Manager, Financial Operations, receives all emails from Financial Reporting for unclaimed deposits (direct payments received for which the purpose has not been determined by Financial Reporting).
- The email received is forwarded by to the applicable department staff for review.
- If a payment is identified by department staff as being for ECE and the purpose of the receipt is known the department staff will email the Manager, Financial Operations with the coding.
- The Manager, Financial Operations provides the information received to Financial Reporting with instructions on how to apply the receipt.
- The process is not documented and specific procedures to be taken by department staff upon receipt of the unclaimed deposits email have not been designed and documented.

Risk Profile:

Risk Impact	Without specific procedures being designed and documented it may be unclear to staff what should be done when an unclaimed deposit email is received which could result in no action being taken, or insufficient action taken, which could cause lost revenue to the department. Without a documented process, consistent direction cannot be given to departmental staff, and verbally communicated processes may not be transferred to new staff.
Risk Responsibility	Director, Education, Culture and Employment, Finance and Capital Planning
Risk Mitigation Support	Manager, Financial Operations

Recommendations

We recommend that:

- a) Procedures should be designed to ensure all possible actions are taken by department staff for unclaimed deposits identified by Financial Reporting, and ensure the actions taken are timely.
- b) Processes and procedures should be documented to address unclaimed deposit emails from Financial Reporting.

Management Response:

Action Plan	Completion Date:
a) Management agrees with the recommendation and will create and document the policy/procedures as requested.	September 30, 2019
b) Management agrees with the recommendation and will create and document the policy/procedures as requested.	September 30, 2019

Observation 9

Processes have not been designed and documented to review accounts receivable and “On Account” accounts receivable.

- Accounts receivable are not being reviewed on a regular basis, although there have been recent discussions to start this process.
- When FESS receives cheques for revenues/accounts receivable for which the department is known, yet the purpose is unknown, FESS sends an email to the “Finance General” email of the department asking for instructions on how to process the cheque.
- If a response is not received from the department, the receipt of the cheques is recorded to the customer and department “On Account” which creates a credit balance in the department’s accounts receivable listing.
- As at December 30, 2018, ECE’s accounts receivable included \$17,841 of “On Account” credit balances from 2014/15 fiscal year to 2018/19 fiscal year, broken down as follows:
 - 2014/15 fiscal \$1,049
 - 2015/16 fiscal \$155
 - 2016/17 fiscal \$2,882
 - 2017/18 fiscal \$3,329
 - 2018/19 fiscal \$10,426
- “On Account” accounts receivable are not being reviewed on a regular basis.

Risk Profile:

Risk Impact	Without a process being designed and documented, “On Account” receivables are not addressed and department revenue can go unrecorded. The longer the passage of time between the receipt and review of the receipt the more difficult it becomes to identify the purpose of the receipt and ensure it is applied appropriately.
Risk Responsibility	Director, Education, Culture and Employment, Finance and Capital Planning
Risk Mitigation Support	Manager, Financial Operations

Recommendations:

We recommend that:

- A formal process should be designed and documented that ensures accounts receivable are reviewed monthly.
- The process should ensure the “On Account” receivables are included in the monthly review and that explanations are provided for any outstanding balances existing for more than 30 days.

Management Response:

Action Plan	Completion Date:
a) Management has started reviewing as of December 2018.	September 30, 2019
b) Going forward, this review will include OA receivables and explanations will be provided for outstanding balances existing for more than 30 days.	September 30, 2019

Observation 10

Variance analysis preparation process has not been documented.

- Variance analysis is performed monthly and quarterly based on reporting from SAM, with variance explanations provided and sent to MBS. Roles and responsibilities of variance analysis preparation are known, but the process is not fully documented.

Risk Profile:

Risk Impact	Without a documented variance analysis process, consistent direction cannot be given to departmental personnel responsible for the process should personnel changes occur.
Risk Responsibility	Director, Education, Culture and Employment, Finance and Capital Planning
Risk Mitigation Support	Manager, Financial Operations

Recommendations:

We recommend that:

- The variance analysis process should be fully documented including roles and responsibilities of department staff as well as timelines.

Management Response:

Action Plan	Completion Date:
a) Management agrees with the recommendation and will create and document the policy/procedures as requested.	September 30, 2019

GNWT Revenue Process Audit
Roles & Responsibilities

Appendix A

Financial Administration Manual

	Department	Financial Reporting / Collections	MBS / FMB	Comptroller General
Establishment of Fees	<ul style="list-style-type: none"> Deputy Head responsible to set fees and charge for licenses, permits and services rendered to the public Minister responsible to advise the FMB of the introduction, change or removal of a fee within 60 days 	-	MBS may issue directives respecting financial management or administration of a Public Agency	<ul style="list-style-type: none"> May approve Interpretation Bulletins associated with this policy Establish and maintain systems and procedures to ensure the integrity of GNWT financial records and accounting systems
Rationale for Fees Charged	<ul style="list-style-type: none"> Ensure fees are collected, safeguarded, and accounted for Rationale for each fee must be kept for audit purposes 	-	-	<ul style="list-style-type: none"> Establish/maintain systems and procedures to ensure public money is collected and accounted for, internal controls are in place
Recording Revenue	<ul style="list-style-type: none"> Deputy Head of dept. responsible to ensure revenues accurately recorded in a timely manner in accordance with GAAP 	-	-	
Receipt of money	<ul style="list-style-type: none"> Responsible for collection and management of all A/R 	Engage courts or outside collection agency	-	

GNWT Revenue Process Audit Roles & Responsibilities

Appendix B

Shared Services Agreement

	Department	FESS	Financial Reporting / Collections	MBS / FMB	SAM Team	Comptroller General
Estimates (Budgets)	<ul style="list-style-type: none"> Prepare 	-	-	<ul style="list-style-type: none"> MBS review/ FMB approval 	<ul style="list-style-type: none"> Support 	<ul style="list-style-type: none"> Appointed by Minister of Finance Maintain systems and procedures with respect to the integrity of government financial records and accounting systems Ensure compliance by GNWT departments, Public Agencies and other reporting bodies with accounting policies and practices Manage Consolidated Revenue Fund and Public Accounts.
Variance reports	<ul style="list-style-type: none"> Prepare 	-	-	<ul style="list-style-type: none"> MBS review/ quarterly to FMB 	<ul style="list-style-type: none"> Support 	
Invoices	<ul style="list-style-type: none"> Request/ set up 	<ul style="list-style-type: none"> Acct. approval 	-	-	<ul style="list-style-type: none"> Maint. 	
Cash Payment	<ul style="list-style-type: none"> Process in-dept. receipts 	<ul style="list-style-type: none"> Process all other receipts 	-	-	<ul style="list-style-type: none"> System support 	
Cheque Payment	<ul style="list-style-type: none"> Provide coding 	<ul style="list-style-type: none"> Process/ post 	-	-	<ul style="list-style-type: none"> System support 	
EFT Payment	<ul style="list-style-type: none"> Provide invoice/ coding 	<ul style="list-style-type: none"> Post 	<ul style="list-style-type: none"> Process 	-	<ul style="list-style-type: none"> System support 	
A/R Mgmt	<ul style="list-style-type: none"> Follow-up <90 days; monitoring ongoing 	<ul style="list-style-type: none"> Stmt. sent to customer 	<ul style="list-style-type: none"> Follow-up >90 days; external collections; court 	-	<ul style="list-style-type: none"> System support 	
Training	<ul style="list-style-type: none"> Dept. training 	<ul style="list-style-type: none"> FESS training 	<ul style="list-style-type: none"> FR/ collection training 	<ul style="list-style-type: none"> MBS training 	<ul style="list-style-type: none"> SAM-based training 	


Acronyms used in the charts below and further into the report are as follows:

Financial Employees Shared Services
 Financial Management Board:
 Management Board Secretariat:
 System for Accountability and Management

FESS
 FMB
 MBS
 SAM

APPENDIX C

INTERNAL CONTROL CAPACITY MODEL

 Northwest Territories	Effective Date: June 24, 2014	Section Title: Policy Framework and Standards	Section Number: 100
	Chapter Title: Internal Control and Risk Framework		Chapter Number: 150
	Task Title: Internal Control Capacity Model		Task Number: 153

Deliverable	Description
0 - Non-existent	<ul style="list-style-type: none"> The organization lacks procedures to monitor the effectiveness of internal controls. Management internal control reporting methods are absent. There is a general unawareness of internal control assurance. Management and employees have an overall lack of awareness of internal controls.
1 - Initial/Ad Hoc - Unreliable	<p>Unpredictable environment for which controls have not been designed or implemented.</p> <ul style="list-style-type: none"> Controls are fragmented and ad hoc. Controls are generally managed in silos and reactive. Lack of formal policies and procedures. Dependent on the "heroics" of individuals to get things done. Higher potential for errors and higher costs due to inefficiencies. Controls are not sustainable. Individual expertise in assessing internal control adequacy is applied on an ad hoc basis. Management has not formally assigned responsibility for monitoring the effectiveness of internal controls.
2 - Repeatable - Informal	<p>Controls are present but inadequately documented and largely dependent on manual intervention. There are no formal communications or training programs related to the controls.</p> <ul style="list-style-type: none"> Controls are established with some policy structure. Methodologies and tools for monitoring internal controls are starting to be used, but not based on a plan. Formal process documentation is still lacking. Some clarity on roles and responsibilities, but not on accountability. Increased discipline and guidelines support repeatability. High reliance on existing personnel creates exposure to change. Internal control assessment is dependent on the skill sets of key individuals.
3 - Defined - Standardized	<p>Controls are in place and documented, and employees have received formal communications about them. Undetected deviations from controls may occur.</p> <ul style="list-style-type: none"> Controls are well-defined and documented, thus there is consistency even in times of change. Overall control awareness exists. Policies and procedures are developed for assessing and reporting on internal control monitoring activities. A process is defined for self-assessments and internal control assurance reviews, with roles for responsible business and IT managers. Control gaps are detected and remediated timely. Performance monitoring is informal, placing great reliance on the diligence of people and independent audits

Deliverable	Description
	<ul style="list-style-type: none"> • Management supports and institutes internal control monitoring. • An education and training program for internal control monitoring is defined. • Tools are being utilized but are not necessarily integrated into all processes.
4 - Managed - Monitored	<p>Standardized controls are in place and undergo periodic testing to evaluate their design and operation; test results are communicated to management. Limited use of automated tools may support controls.</p> <ul style="list-style-type: none"> • Key Performance Indicators (KPIs) and monitoring techniques are employed to measure success. • Greater reliance on prevention versus detection controls. • Strong self-assessment of operating effectiveness by process owners. • Chain of accountability exists and is well-understood. • Management implements a framework for internal control monitoring. • A formal internal control function is established, with specialized and certified professionals utilizing a formal control framework endorsed by senior management. • Skilled staff members are routinely participating in internal control assessments. • A metrics knowledge base for historical information on internal control monitoring is established. • Peer reviews for internal control monitoring are established. • Tools are implemented to standardize assessments and automatically detect control exceptions.
5 - Optimized	<p>An integrated internal controls framework with real-time monitoring by management is in place to implement continuous improvement. Automated processes and tools support the controls and enable the organization to quickly change the controls as necessary.</p> <ul style="list-style-type: none"> • Controls are considered “word class”, based on benchmarking and continuous improvement. • The control infrastructure is highly automated and self-updating, thus creating a competitive advantage. • Extensive use of real-time monitoring and executive dashboards. • Management establishes an organization wide continuous improvement program that takes into account lessons learned and industry good practices for internal control monitoring. • The organization uses integrated and updated tools, where appropriate, that allow effective assessment of critical controls and rapid detection of control monitoring incidents. • Benchmarking against industry standards and good practices is formalized.

Initial

- internal controls are fragmented and ad hoc
- generally managed in silos and reactive
- lack of formal policies and procedures
- dependent on the “heroics” of individuals to get things done
- higher potential for errors
- higher costs due to inefficiencies
- not sustainable

Repeatable

- internal controls are established with some policy structure
- formal process documentation still lacking
- some clarity on roles, responsibilities and authorities, but not accountability
- increased discipline and guidelines support repeatability
- high reliance on existing personnel creates exposure to change

Defined

- internal controls are well defined and documented, thus there is consistency even in times of change
- overall control awareness exists
- internal control gaps are detected and remediated timely
- performance monitoring is informal, placing great reliance of people and independent audits

Managed

- Key performance indicators and monitoring techniques are employed to measure success
- greater reliance on prevention versus detection controls
- strong self assessment of operating effectiveness by process owners
- chain of accountability exists is well understood

Optimized

- internal controls are considered “world class,” based on benchmarking and continuous improvement
- the internal control infrastructure is highly automated and self-updating, thus creating a competitive advantage
- extensive use of real-time monitoring and executive dashboards