

Internal Audit and  
Risk Management  
Services

## Audit Report

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# Comprehensive Audit of the Belleville Information Technology Centre

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# Comprehensive Audit of the Belleville Information Technology Centre

Project No. 6539/01

## Internal Audit and Risk Management Services

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## 1.0 EXECUTIVE SUMMARY

As part of HRDC's 2001/2002 annual audit plan, the Audit and Evaluation Committee authorized Internal Audit and Risk Management Services (IARMS) to conduct a 'Comprehensive Audit of the Belleville Information Technology Center' (ITC). The audit was conducted from January to March 2002.

HRDC's ITCs provide complete processing and operations for HRDC's national systems (including coordinating implementation), computer operations, and facilities' management support for various IT functions at local, regional and national levels.

With approximately 123 positions, the Belleville ITC is responsible for processing approximately \$3 billion annually in Employment Insurance (EI) benefits and maintaining over 55 databases. Organizationally, the ITC is composed of the following:

- Operations
- Technical Services
- Client Services
- Finance and Administrative Services
- Human Resources Services

The audit objectives were to assess the ITC's Management Framework and Operations. We interviewed Belleville ITC personnel, observed ITC operations, and analyzed selected ITC logs and reports. Interviews were also conducted with other HRDC national, regional and local staff. The methodology used in this audit was based upon recognized industry standards and federal government guidelines. Appendix A *Audit Objectives, Criteria and Methodology* contains more details.

Per the audit's Terms of Reference, planning, organizing, directing, controlling, accountability, leadership, communicating, and performance indicators were all to be components of this audit criteria. However, we decided to focus the audit on planning, organizing, and communication, which incorporate some of the elements included under directing, controlling, accountability, and leadership. In addition, the DG IARMS and DG ITC Operations requested additional information to be obtained on Overtime and Emergency Release situations.

This internal audit was conducted in accordance with both the Treasury Board Policy on Internal Audit and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

We concluded that the Belleville ITC Management Framework and Operations are appropriate. Belleville ITC personnel are satisfactorily managing overtime, Emergency Releases (software distribution), communication, quality management, planning, organizing, human resources, operational policies, practices, controls and risks. In our opinion, the Belleville ITC's performance is good and Belleville ITC personnel consistently meet deadlines and user/client expectations.

We noted some recommendations for management's consideration specific to planning, organizing, human resources, control of EI Warrants, and **< SEVERED SEC.16(2)(C) >** (an automated job-scheduling tool for the mainframe computer).

The recommendations are as follows:

1. NHQ ITC Operations should finalize its priorities and budget allowing ITCs to develop their respective Business Plans.
2. Following the development of the 2002/03 Business Plan, Belleville ITC Management should monitor its implementation and progress.
3. NHQ ITC Operations and Belleville ITC Management should review the:
  - a) possibility of minimizing the classification gap within the Belleville ITC Operations unit; and
  - b) operational and strategic requirements of ITC IT Security Officers (**< Severed Sec.16(2)(c) >**).
4. NHQ ITC Operations should implement a HR strategy to resolve and reduce the number of grievances.
5. Belleville ITC Management should ensure that the Warrant Control process requires that:
  - a) **< SEVERED SEC.16(2)(C) >**;
  - b) **< SEVERED SEC.16(2)(C) >**; and
  - c) **< SEVERED SEC.16(2)(C) >**.
6. In reconfiguring **< SEVERED SEC.16(2)(C) >**, Belleville ITC Management should create an **< SEVERED SEC.16(2)(C) >** conversion project plan that includes a risk assessment in conjunction with NHQ ITC Operations.

The Management Action Plan to address the above recommendations is contained in Appendix B.

## 2.0 INTRODUCTION

On April 1, 2001, Treasury Board of Canada implemented a new Internal Audit policy to better position and strengthen the internal audit function across government. In accord with this new policy, the Internal Audit and Risk Management Services (IARMS) developed an annual Resource Utilization Plan (RUP) for audit work in support of HRDC from July 2001 to June 2002. This RUP was submitted to and approved by HRDC's Audit and Evaluation Committee. The Comprehensive Audit of the Belleville Information Technology Center (ITC) was part of IARMS' RUP.

ITCs provide data processing facilities for most of HRDC's national systems and computer operations; technical and management support for various IT functions at local, regional and national levels; and are also responsible for coordinating the implementation of national systems.

The Belleville ITC is responsible for processing approximately \$3 billion annually in employment insurance benefits and maintaining over 55 databases for National Headquarters, the Ontario region and international clients such as Citizenship and Immigration Canada. The ITC's approximately 123 positions is organized into the following:

- Operations
- Technical Services
- Client Services
- Finance and Administrative Services
- Human Resources Services

The audit objectives were to assess the ITC's Management Framework and Operations. The audit was conducted between January and March 2002. We interviewed Belleville ITC personnel, observed ITC operations, and analyzed selected ITC logs and reports. Interviews were also conducted with other HRDC national, regional and local staff. The methodology used in conducting this audit was based upon recognized industry standards and federal government guidelines. Appendix A *Audit Objectives, Criteria, Methodology & Scope* contains more details.

This internal audit was conducted in accordance with both the Treasury Board Policy on Internal Audit and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

Per the audit's Terms of Reference, planning, organizing, directing, controlling, accountability, leadership, communicating, and performance indicators were all to be components of this audit criteria. However, we decided to focus the audit on planning, organizing, and communication, which incorporate some of the elements included under directing, controlling, accountability, and leadership. In addition, the DG IARMS and DG

ITC Operations requested additional information to be obtained on Overtime and Emergency Release situations.

### 3.0 AUDIT FINDINGS

All significant audit findings are presented in this section in accordance with the audit objectives and criteria, which are described in detail within Appendix A, *Audit Objectives, Criteria, Methodology & Scope*. They include assurance statements on all of the criteria regardless of whether or not the performance expectations have been met.

#### 3.1 MANAGEMENT FRAMEWORK

##### **Audit Objective 1: To assess the ITC's Management Framework**

##### ***Audit Criteria 1.1: Management Functions***

***Management functions should be defined, understood, implemented and monitored at all levels of the organization.***

We found that management functions are defined, understood, implemented, and monitored at all levels of the ITC Belleville. This assurance is based upon the ITC's:

- Management's and staff's understanding of their respective roles and responsibilities;
- Creation and availability of the 2001/2002 ITC Business and Training plans;
- Negotiated internal and external Service Level Agreements (SLAs);
- Effectiveness of operational communication tools/mechanisms, such as daily meetings;
- Revised job descriptions and new staffing actions which are under way;
- Reliability of quality management processes (e.g. ISO 9000).

Further to the above, we also noted the following.

##### **Quality Management**

In 1997, the Belleville ITC introduced the concept of quality management into its daily operations. The management team committed to this concept and a quality implementation team was established. On April 7, 1998, the capture of hard copy and electronic claimant report process for Employment Insurance Benefits was awarded the ISO9000 certification. We support the views that the overall ISO process resulted in a more structured approach to processing and quality assurance. Its implementation provided rigor, consistency, reliability and increased controls in operational processes. In addition, Service Level Agreements (SLAs) were

negotiated and implemented between ITC administrative units to define performance levels. Management and staff told us that ISO gives them a clearer and better understanding of everyone's roles, responsibilities and expectations.

With ITC management support and a formal action plan, the Belleville ITC is converting their original (1994) version of ISO standards to the more current (2000) version. In addition, there are plans for other Belleville ITC business processes to adopt this Quality Management framework.

### **Overtime**

In our opinion, overtime is well managed by NHQ Systems and the Belleville ITC. We noted that overtime declined by approximately 37% from 10.5% (\$554,912 of \$5,813,097) of total 1999/00 salaries to 6.7% (\$391,000 of \$5,831,098) of total 2001/02 salaries. This decline in overtime is a continuation of the trend we noted last year during our audit of the Moncton ITC where overtime had declined by 37% as well from 1999/00 to 2000/01. Belleville's overtime figures are based upon 2001/02 forecast as of February 14, 2002.

### **Emergency Releases**

In our opinion, Emergency Releases (ERs) are well managed by NHQ Systems. During our audit of the Moncton ITC last year, we noted that ERs from NHQ were averaging 1.76 per day. Analysis of ERs at the Belleville ITC indicated that NHQ issued only 95 for 2001/02 as of February 14<sup>th</sup>, 2002. This reduction in the number of ERs results in less stress and overtime for staff.

### **Communication**

Interviewees reported that communications between NHQ and the ITC has been improving and communication relative to daily ITC operational activities is effective. All interviewees had positive comments on the effectiveness of the 09:20 meeting where representatives from various operational units review the previous day's operations. This meeting is an important part of the ISO process where operational problems are addressed and resolutions are tracked for solutions. It is also an excellent preamble for the daily 11:00 operational meeting between all ITCs and NHQ Systems' ITC Operations.

Other instances of good communication practices were identified for operational activities, such as a fiscal year-end annual report to depict progress on ITC priorities and yearly accomplishments.

The Belleville Intranet site details the ITC's organizational structure, description of operational activities associated with each business unit, and policies and procedures.



We noted that the site's content is regularly updated and used to present performance indicators, administrative documents, and to inform staff. Our analysis of the site and feedback received from its users led us to the conclusion that the site's content contains reliable and helpful information.

## **Planning**

The Belleville ITC developed a 2001/02 Business Plan and a 2001/02 Training Plan. While a year-end report is created highlighting the yearly achievements, we noted that the Business Plan was not formally monitored on a regular basis to ensure the plan's implementation and effectiveness of plan.

As of April 2002, the 2002/03 Business Plan had not been developed. The ITC's senior management indicated that specific planning priorities were addressed at the Systems' (ITC Operations) Operations Management Committee meeting, held during the first week of March 2002. In addition, the 2002/03 budget allocation has yet to be finalized by NHQ. Once priorities and budgets are approved, ITC senior management indicated that they would develop the 2002/03 Business Plan.

We noted that the ITC's managers and employees, supported by the Human Resources group, had identified training and development requirements and created a first draft of the 2002/03 Training Plan.

### **Recommendation #1**

*NHQ ITC Operations should finalize its priorities and budget allowing ITCs to develop their respective Business Plans.*

### **Recommendation #2**

*Following the development of the 2002/03 Business Plan, Belleville ITC Management should monitor its implementation and progress.*

## **Organizing**

While we recognize that a significant amount of work has been done within HR, our review of the ITC organizational structure and comments collected during interviews revealed a few issues that impact the organizational health of the Belleville ITC.

For several months, three senior ITC management positions have been staffed on an interim basis - ITC Director, Manager, Technical Services, and Manager, Client Services. Additionally, two IM/IT Technical Support Team Leader positions remain vacant. Management and staff acknowledge that the protracted process of normalizing the aforementioned positions has not been good for the organizational health of the Belleville ITC. However, management and staff also acknowledge that staffing actions are underway (e.g. Manager, Technical Services, CS-4; Senior

Technology Specialist CS 03; and Manager, Client Services AS-6 - indeterminate appointment, 15/02/02) to normalize these and other positions (e.g. the new Team Leader, Client Services position). In our opinion, once complete, the resulting stabilization of the organization should be beneficial for the Belleville ITC.

The Manager, Client Services is responsible for four different operational units. These units consist of twenty-one staff as follows:

- seven IT Security Officers
- six Client Service Project Officers
- seven User Services Officers
- one Quality Assurance/Client Services Advisor.

There are no Team Leaders for these four units. A new position was created for a Team Leader, Client Services. The work description – to manage the Client Service Officers and the IT Security Officers – was written as part of the ITC Structural Model. However, as of April 2002, staffing action has not yet been initiated as the Systems Branch HR has not yet classified this position, although it is on their list to be actioned in the near future in concert with the national implementation of the structural organizational model for all ITCs.

Within Belleville ITC Operations, there is a classification gap between the Manager, Operations (CS-04) and Shift Supervisor (DA/PRO-06). We noted that other ITCs (e.g. Moncton: CS-04, CS-03, CS-02, CS-01) have less of a classification gap within their Operations' organization. It is our opinion that this classification gap at the Belleville ITC does not support career path development for employees that wish to remain within their immediate Operations unit and aspire to managerial level positions.

Two distinct organizational units provide IT security in the Belleville ITC: two NHQ IT Security personnel are physically located at the Belleville ITC as are the ITC's seven IT Security staff. Under the daily direction and guidance of the NHQ IT Security personnel, < SEVERED SEC.16(2)(C) >. We were informed that the number of < Severed Sec.16(2)(c) > certificates might increase from 7,500 to 30,000 over the next two years. In our opinion, if this occurs, more ITC IT Security Officers will be required to perform < Severed Sec.16(2)(c) > and < Severed Sec.16(2)(c) > duties, and the roles, responsibilities and training activities (cross-training) of both security groups (NHQ and ITC) will need to be clarified.

### **Recommendation #3**

***NHQ ITC Operations and Belleville ITC Management should review the:***

- a) Possibility of minimizing the classification gap within the Belleville ITC Operations unit; and***
- b) Operational and strategic requirements of ITC IT Security Officers (number of Officers required, training requirements, etc.).***

### **Human Resources (HR)**

Our examination of the HR function and activities identified that during the past year, all HRDC ITCs rewrote work descriptions using the Universal Classification Standard (UCS) format. The UCS formatted work descriptions were classified using the current standard classification method. This exercise is still ongoing for some positions.

While staffing/classification actions are underway within the ITC, there were 347 grievances as of February 2002. The numbers of grievances are inevitably delaying the staffing process causing some staff to lose confidence in the overall HR process. A HR representative now actively participates in all ITC staffing activities.

Preceding the April 30, 2002 expiration of the CS contract, the Belleville ITC established its list of designated positions (i.e. staff must report to work during a strike) and presented it to NHQ ITC Operations and HR.

The 2001/2002 Training Plan was created for technical training and personnel development activities, with a budget exceeding \$219,000. The training plans and budget were monitored on a regular basis to ensure the implementation and effectiveness of training activities.

#### **Recommendation #4**

***NHQ ITC Operations should implement a HR strategy to resolve and reduce the number of grievances.***

#### **Overall Conclusion**

Based on our audit work, we concluded that Belleville ITC Management Framework is appropriate.

### **3.2 OPERATIONS**

**Audit Objective 2: To assess the ITC's Operations.**

#### ***Audit Criteria 2.1: Operational Policies and Practices***

***Operational policies and practices should be efficient, economical and effective and comply with legislative and other authorities including those of HRDC.***

Overall, we concluded that operational policies and practices are efficient, economical and effective and comply with legislative and other authorities including those of HRDC. Evidence of this was found by confirming that the ITC's change management process follows the national Component Installation Request (CIR) policies and procedures and that environment within which the Warrant Control

process is managed is secured. Employment Insurance (EI) software program versions and documentation were reviewed, and verified that all were current. As regular ISO audits are required for continued accreditation, in our opinion, implementing the ISO standard within the Belleville ITC leads to more effective policies and practices. Service Level Agreements (SLA) have been established within ITC organizational units and also with partners. Examples include:

- Citizenship and Immigration Canada
- Insurance Services (Ontario Region)
- ITC Client Services and ITC Operations
- ITC Finance and Admin and ITC Operations
- ITC Security and ITC Operations
- ITC Software Support and ITC Operations

The Belleville ITC has implemented the national ITC Structural Model for its organization. In addition to meeting national availability standards for on-line service for systems such as EI, Operations have increased their on-line hours for clients (HRCCs and 3<sup>rd</sup> parties) by an extra two hours. The EI systems, previously available from 6 a.m. to 6 p.m., are now available from 6 a.m. to 8 p.m. This was accomplished through automation and process changes implemented by Belleville ITC. Shift schedules were rearranged to support these changes, which has helped minimize overtime.

The subject matter of efficiency and economy were previously addressed within the Management Framework section of this report, specifically under the sections of Overtime and Emergency Releases.

### **Change Management**

The ITC follows HRDC's change management process using HRDC's CIR, Advance Notification Release Process (ANPR) and Emergency Releases (ER) policies and procedures. During the past year, the ITC implemented approximately 1500 CIRs and only 95 ERs.

NHQ Systems uses the CIR and ANPR as its change management process to release software to ITCs. These processes are applicable to both mainframe and server applications. Interviewees reported that all of HRDC's software releases follow the CIR process except network installations. A review of the EI software programs and applications confirmed that the versions implemented and maintained by the Belleville ITC are current.

### **Warrant Control**

We found that the Warrant Dispatch operations are well managed, controlled and included in the ISO Quality Management framework. This operational area is < Severed Sec.16(2)(c) >. We verified that policies and procedures are complied with

specific to handling and securing signature plates, transferring warrants between the storage room and operators, mailing warrants (1.6 million warrants per year and 4.3 million statements), storing warrants, and conducting quality assurance.

While the warrant destruction process is followed, we noted the following:

- < Severed Sec.16(2)(c) >.
- < Severed Sec.16(2)(c) >.
- < Severed Sec.16(2)(c) >.

#### **Recommendation #5**

***Belleville ITC Management should ensure that the Warrant Control process has:***

- a) < Severed Sec.16(2)(c) >;
- b) < Severed Sec.16(2)(c) >; and
- c) < Severed Sec.16(2)(c) >.

#### ***Audit Criteria 2.2: Operational Controls***

***Operational controls should be satisfactory to ensure the completeness, correctness and currency of data processed.***

We concluded that operational controls are satisfactory to ensure the completeness, correctness and currency of data processed. Evidence of this is:

- The Belleville ITC's logs and reports, producing audit trails
- Controls provided by the ISO processes, operational manuals and procedures are comprehensive and followed
- 7/24 client support
- Identification and monitoring of performance indicators
- Onsite Field Engineers (5) for mainframe maintenance and peripherals (Unisys, Storagetek and Bell & Howell)
- Tape Library procedures that are currently being updated are followed

#### **Tape Library**

Tape Library staff handles approximately 1,000 tapes daily, putting them through the process of filing, moving, purging, and mailing. They provide assistance to Network Operations, Production Control and NHQ Systems. The ITC Tape Library room stores approximately 25,000 tapes, which includes 6,000 tapes in each of the two 'live' production tape silos. Daily operations include keeping a log of diskettes and tapes received from employers and other ITCs, preparing tape requests received from Production Control, ensuring that backup tapes are sent to the offsite storage facility and other ITCs, and recalling tapes from the offsite storage facility. In our opinion, these operational processes are well documented and followed.

#### **Offsite Storage (Tapes)**

We physically inspected the ITC's offsite storage facilities. It is located outside the immediate ITC neighborhood and consists of 10,000 square feet of floor space. The offsite warehouse contains a secured room to store backup tapes. Other space in the warehouse is being used for storing ITC assets and administrative supplies.

A "record of daily tape shipment" document is produced identifying tapes to be sent to the offsite storage facility and selected ITCs. < Severed Sec.16(2)(c) >. Our observation at the facility confirmed that it is well organized and administrative controls are in place, providing good security measures (i.e. external cameras, access control, administrative procedures).

***Audit Criteria 2.3: Client Satisfaction with Service Delivery***  
***ITC clients should be satisfied with the ITC's service delivery.***

We spoke with Belleville ITC clients, such as representative personnel from the Belleville HRCC and within the ITC itself, and found these clients to be satisfied with the ITC's service as evidenced below.

- High availability ('up-time') of mainframes, applications and databases
- Reports/logs are accurate and received on a timely basis
- Databases contain reliable information
- Response times are quick
- Effective liaison and communications with the HRCCs

## Mainframe Availability

We found that the ITC has been very reliable in delivering its daily operational priorities. Over the last four years, it consistently met its operational objectives and was successful in meeting its warrant production deadlines. In our opinion, this achievement is the result of rigorous management as well as committed and dedicated ITC staff that is very proud of their performance and operational practices.

Several ITC organizational units (e.g. Mainframe Operations, Production Control, etc.) are involved in the service delivery within a complex technological environment. Operational support and services are provided on a 7/24 basis, year round, for the multi-channel service delivery of HRDC programs and those of CIC - both nationally and internationally.

We noted that Mainframe Operations provide a wide array of corporate mainframe services covering application program services, operating systems, systems software and utilities, corporate databases, system software interfaces involving both hardware and other software linkages, systems performance, capacity and resources, network and security linkages. Two < Severed Sec.16(2)(c) > mainframes are used.

We also verified that Production Control is responsible for implementing all mainframe computer programs and submitting jobs for processing using < Severed Sec.16(2)(c) > < Severed Sec.16(2)(c) > and automated scheduling tools such as < SEVERED SEC.16(2)(C) >, < Severed Sec.16(2)(c) > and < SEVERED SEC.16(2)(C) >. They are also responsible for trouble shooting and correcting production problems in order to meet established deadlines.

### ***Audit Criteria 2.4: Operational Risks and Mitigating Strategies***

***Operational risks and mitigating strategies should be identified and actioned (when appropriate).***

We found that operational risks and mitigating strategies are identified and action is taken, when appropriate. Evidence of this is:

- < SEVERED SEC.16(2)(C) > backup server is offsite from the ITC
- The Business Resumption Planning (BRP) is produced and stored offsite
- Security measures (physical and logical) are identified and implemented (e.g. access to mainframe applications, e-mail, LAN, and WAN, and comply with established policies and procedures)
- Employees are informed that internet access is monitored daily by NHQ IT Security staff and daily reports, highlighting abuse of access, and are sent to respective managers

**< SEVERED SEC.16(2)(C) >**

**< SEVERED SEC.16(2)(C) >** is an automated job-scheduling tool used by all ITCs to run jobs on **< Severed Sec.16(2)(c) >** mainframes, Unix and Windows NT servers. **< SEVERED SEC.16(2)(C) >** operations have been integrated with the other production tools such as **< Severed Sec.16(2)(c) >**. Currently, the ITC is reviewing the **< SEVERED SEC.16(2)(C) >** development for Citizenship and Immigration Canada's operational activities. The **< SEVERED SEC.16(2)(C) >** production server is located within the ITC, while the backup server is located offsite for security reasons.

For national consistency, all HRDC ITCs are to use **< SEVERED SEC.16(2)(C) >** in one, unified way. We are aware that a national working group has been established to develop **< SEVERED SEC.16(2)(C) >** standards and procedures. To be consistent with these standards and procedures, all ITCs, including Belleville, will have to reconfigure their use of **< SEVERED SEC.16(2)(C) >**.

During our interviews, staff and managers reported some potential risks:

- The workload associated with reconfiguring **< SEVERED SEC.16(2)(C) >** is in addition to the regular workload within Production Control. The assignment of staff to this reconfiguration might increase the workload on remaining Production Control staff.
- The current **< SEVERED SEC.16(2)(C) >** environment is stable and well understood by Production Control and Operations. Reconfiguring this environment might destabilize the production environment and jeopardize operational schedules and deadlines.
- Cross training within the Production Control and Operations groups will be necessary to transfer knowledge and train other staff on the new **< SEVERED SEC.16(2)(C) >** environment.
- As of April 2002, as main project objectives and scope were not yet finalized an **< SEVERED SEC.16(2)(C) >** conversion project plan was not developed
- A Risk Assessment has not yet been produced to identify all potential threats and risks surrounding this conversion project.

**Recommendation #6**

***In reconfiguring < SEVERED SEC.16(2)(C) >, Belleville ITC Management should create an < SEVERED SEC.16(2)(C) > conversion project plan that includes a risk assessment in conjunction with NHQ ITC Operations.***

**Business Resumption Planning (BRP)**

A comprehensive BRP was created to recover the ITC's operations in case of disaster. This plan includes documented procedures, back-up tapes stored offsite, and an uninterrupted power supply (UPS) system (battery banks, diesel generator for power outages, etc.).



< Severed Sec.16(2)(c) > In an awards ceremony at the Belleville ITC, senior NHQ Systems management acknowledged the stellar efforts of the Belleville ITC's personnel in this situation.

Our review of the BRP documents revealed some areas for improvement:

- While confirmed as still valid and current by ITC personnel, some BRP documents are stale-dated (e.g. do not have most recent dates printed on them);
- Date and page numbers do not appear on all pages;
- A log is not maintained to identify changes to the BRP;
- A 'version' (e.g. version 1.0, 1.1, etc.) control approach is not used to manage BRP updates; and
- A formal template document was not developed to create the BRP sections (no document format).

We were informed that the Belleville ITC management is aware of the above issues and is addressing them.

### **Physical Security**

The review of physical security measures revealed no major weaknesses.

### **Overall Conclusion**

Based on our audit work, we concluded that Belleville ITC Operations is appropriate.

## 4.0 CONCLUSION

We concluded that the Belleville ITC Management Framework and Operations are appropriate. Belleville ITC personnel are satisfactorily managing overtime, Emergency Releases (software distribution), communication, planning, organizing, human resources, operational policies, practices, controls and risks. In our opinion, the Belleville ITC's performance is good and Belleville ITC personnel consistently meet deadlines and user/client expectations.

We noted some issues for management's consideration specific to planning, organizing, human resources, control of EI warrants, and **< SEVERED SEC.16(2)(C) >** (an automated job-scheduling tool for the mainframe computer). The issues are addressed in the Management Action Plan (see Appendix B).

In our professional judgement, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The conclusions are only applicable for the Belleville ITC examined.

This internal audit was conducted in accordance with both the Treasury Board Policy on Internal Audit and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

**APPENDIX A****AUDIT OBJECTIVES, CRITERIA, METHODOLOGY AND SCOPE**

This appendix is a detailed listing of all audit objectives and related criteria and a more detailed description of methodology and scope.

**AUDIT OBJECTIVE No. 1**

To assess the ITC's Management Framework.

**AUDIT CRITERIA**

1.1 Management functions should be defined, understood, implemented and monitored at all levels of the organization.

- Quality Management
- Overtime
- Emergency Releases
- Communication
- Planning
- Organizing

**AUDIT OBJECTIVE No. 2**

To assess the ITC's Operations.

**AUDIT CRITERIA**

- 2.1 Operational policies and practices should be efficient, economical and effective and comply with legislative and other authorities including those of HRDC.
- 2.2 Operational controls should be satisfactory to ensure the completeness, correctness and currency of data processed.
- 2.3 ITC clients should be satisfied with the ITC's service delivery.
- 2.4 Operational risks and mitigating strategies should be identified and acted upon (when appropriate).

**AUDIT METHODOLOGY**

Interviews with select senior managers and staff were conducted with NHQ Systems, the Belleville ITC and ITC clients. We reviewed logs (e.g. M/F, Easylock, Kyberpass), system standards, controls (e.g. queue structures) and security logs. Relevant data files were identified, downloaded and analyzed prior to our site visit.

Audit Guides, Questionnaires and Detailed Plans were developed. The methodology used in conducting this audit was based upon the following:

- Software Engineering Institute Standards
- Institute of Internal Auditors Handbook
- Treasury Board Guidelines

- Control Objectives for Information and Related Technology Standards
- Canadian Comprehensive Auditing Foundation Handbook.

## AUDIT SCOPE

The audit was conducted at NHQ, the Belleville ITC and HRCC.

Per the audit's Terms of Reference, planning, organizing, directing, controlling, accountability, leadership, communicating, and performance indicators were all to be components of this audit criteria. However, we decided to focus the audit on planning, organizing, and communication, which incorporate some of the elements included under directing, controlling, accountability, and leadership. In addition the DG IARMS and DG ITC Operations requested additional information to be obtained on Overtime and Emergency Release situations.

The audit included a review of:

- input/output control
- production control/scheduling
- tape library operations
- computer room operations
- software and telecommunications support
- management support functions, specifically:
  - problem management
  - change management
  - database management
  - physical security
  - utilization reporting and control
  - training of ITC staff
- the security and access control to national applications
- the operations and control of the EI warrant production with particular attention to:
  - batch data entry, Teledec and optical character reader input
  - direct deposit, warrants/notices/claimant reports output and interface to the accounting and redemption processes
- the quality service levels provided to the ITC's clients.

**APPENDIX B**

**MANAGEMENT ACTION PLAN**

<b>IARMS Recommendations</b>	<b>Corrective Management Action Plan</b>	<b>Expected Completion Date</b>	<b>Directorate level within Branch</b>
<p>1. NHQ ITC Operations should finalize its priorities and budget allowing ITC's to develop their respective Business Plans.</p>	<p>2002/03 Systems priorities and Operations: 2006 have been received and will be reviewed in conjunction with 2002/03 budgets to produce a draft ITC Belleville Business Plan on May 22<sup>nd</sup>.</p>	<p>Final version June 21, 2002</p>	<p>Barb Cretzman (613) 969-3451</p>
<p>2. Following the development of the 2002/03 Business Plan, Belleville ITC Management should monitor its implementation and progress.</p>	<p>Performance measures and service standards are reviewed daily through the 9:20 meetings. A weekly progress meeting is held each Wednesday and performance indicators reported through this vehicle. These mechanisms will continue to monitor and track ongoing adherence to performance measures. Quarterly Management Review meetings will include the monitoring of objectives as established in the Business Plan as a standing agenda discussion/action item.</p>	<p>Ongoing</p>	<p>Barb Cretzman (613) 969-3451  Management Team</p>
<p>3. NHQ ITC Operations and Belleville ITC Management should review the:</p> <ul style="list-style-type: none"> <li>a) possibility of minimizing the classification gap with in the Belleville ITC Operations unit; and</li> <li>b) operational and strategic requirements of ITC IT Security Officers (number of officers required, training requirements, etc.).</li> </ul>	<p>The ITC Structural Model accommodates this. In addition, options are available within the ITC to minimize the classification gap in Operations. Employees have the option of moving to other areas within the ITC to expand experience and agreements between Managers exist to help during absences. <b>&lt; Severed Sec.16(2)(c) &gt;</b> and included in the ITC training forecast for 2002/03. While some cross training has taken place, additional efforts will focus on required training <b>&lt; Severed Sec.16(2)(c) &gt;</b>. A national Strategic Plan encompassing all IT Security would be a valuable tool in helping ensure <b>&lt; Severed Sec.16(2)(c) &gt;</b>.</p>	<p>Ongoing  Ongoing  The ITC training strategy will be fine-tuned following discussions</p>	<p>Cheryl Phillips (613) 969-3464  Heather Purvis (613) 969-3495</p>

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		underway regarding additional resource requirements. We will continue to seek required funding or mechanisms to partner the items and recommendations.	
4. NHQ ITC Operations should implement a HR strategy to resolve and reduce the number of appeals and grievances.	A national initiative is in place to resolve and reduce the number of grievances across all ITCs. Consultations have taken place with the unions and a proposed action plan for addressing grievances is on the table.	Fall 2002	Cheryl Phillips (613) 969-3464
5. Belleville ITC Management should ensure that the Warrant Control process has: a) <b>&lt; Severed Sec.16(2)(c) &gt;</b> ;  b) <b>&lt; Severed Sec.16(2)(c) &gt;</b> ; and  c) <b>&lt; Severed Sec.16(2)(c) &gt;</b> .	This recommendation has been implemented.  <b>&lt; Severed Sec.16(2)(c) &gt;</b> .  <b>&lt; Severed Sec.16(2)(c) &gt;</b> .	Completed.  Completed.  Completed.	John Zandbergen (613) 969-3540  John Zandbergen (613) 969-3540  John Zandbergen (613) 969-3540
6. In reconfiguring <b>&lt; SEVERED SEC.16(2)(C) &gt;</b> , Belleville ITC	The Belleville ITC has volunteered to take the lead in the first standardized system to be reconfigured under <b>&lt;</b>	Plan completed fall of 2002.	Bob Lisk (613) 969-3602

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<p>Management should create an &lt; SEVERED SEC.16(2)(C) &gt; conversion project plan that includes a Risk Assessment in conjunction with NHQ ITC Operations.</p>	<p>SEVERED SEC.16(2)(C) &gt;, in consultation with the other ITCs. Commitments were made at the HOAC meeting in April 2002 to continue working with all ITCs in the development of &lt; SEVERED SEC.16(2)(C) &gt; standards. The action plan results from this work will include risk assessment. A plan for conversion will be completed in the fall of 2002.</p>	<p>Conversion of first system March 31, 2003.</p>	