Chapter 3
Cybersecurity, Purchasing Cards, and Follow-up on Prior Year Observations

Key Messages
- The Province continues to develop its cybersecurity risk management program
- Government organizations are not assessing the risks related to the use of purchasing cards
- Government organizations have taken some actions, yet are not managing fraud risks quickly enough
- The Province, the NSTU, and the Trustee are looking for ways to improve the long-term financial health of the Nova Scotia Teachers' Pension Plan
- Government has not yet provided promised guidance on internal meetings and employee social events costs

Details Around Key Messages

The Province's cybersecurity risk management program continues to develop

Observation	Example
In 2016, the Province initiated a cybersecurity program	• Created a Cyber Security and Risk Management Division • Hired a Chief Information Security Officer in 2016 • Adopted recognized frameworks to address cybersecurity risks • Shared Services regulations are not yet finalized
The Department of Service Nova Scotia and Internal Services may not be managing all of its cybersecurity risks	• The Cyber Security Risk Management Division manages its own risks, but the government-wide risk register is still in development
Survey results of 10 government organizations show a varied understanding of cybersecurity responsibilities	• 2 organizations noted they are not responsible for cybersecurity, yet they do in fact have responsibilities • 3 organizations noted they do not have a cybersecurity governance structure • 4 organizations noted they do not have a cybersecurity risk management program, which is concerning

Half of surveyed government organizations have not assessed purchasing card risks

Observation	Example
1 of 8 surveyed organizations using purchasing cards has not implemented a purchasing card policy	• Nova Scotia Municipal Finance Corporation
4 of 8 government organizations have not assessed the risks of using purchasing cards	• Halifax Regional Centre for Education • Nova Scotia Farm Loan Board • Nova Scotia Liquor Corporation • Nova Scotia Municipal Finance Corporation

Government departments and organizations are not managing fraud risks quickly enough

Observation	Example
Overall, too many fraud risk assessments are not completed, leaving uncertainty over fraud risk	• 47% of government departments have not completed fraud risk assessments • Department of Service Nova Scotia and Internal Services has significant control weaknesses and has not completed a fraud risk assessment • 43% of government organizations have not completed fraud risk assessments
Slow progress in implementing fraud risk management programs in the education sector	• Six educational organizations have no fraud policy and have not completed fraud risk assessments • The Department of Education and Early Childhood Development has not completed a fraud risk assessment
Mandatory fraud training is not being taken as required	• Less than 35% of staff completed mandatory fraud training at 3 government departments and 4 public service units
Slow progress in evaluating the use of a fraud tip hotline, the most effective method of discovering fraud	• 25% of government organizations still have not evaluated the need for a fraud tip hotline

Questions Nova Scotians may want to ask:

1. What is being done to ensure cybersecurity risks throughout the Province's IT environment are fully managed?

2. Why are there organizations that do not understand their cybersecurity responsibilities and what will be done about this?

3. What is the plan for finalizing the Shared Services regulations to list the government organizations that are to use the Province's IT services?

4. Why is it taking so long for a government that collects nearly $12 billion a year to have its fraud risks fully assessed and employees complete mandatory fraud training?

5. Why are fraud management programs nearly non-existent in regional centres for education which have had internal control weaknesses present for many years?

6. When will the Province's fraud reporting service/ hotline be available?

7. How does the Government create awareness of its fraud management program with its employees and the public?

8. How are government organizations ensuring adequate controls are in place relating to purchasing card spending if risk assessments are not completed?

9. Will the findings of the consultant's report on the teachers' pension plan be used to improve the financial health of the plan?