



Veterans Affairs
Canada

Anciens Combattants
Canada

AUDIT OF DIGITIZATION OF SERVICE AND HEALTH RECORDS

March 2017

Audit and Evaluation Division

Canada 

Acknowledgements

The audit team gratefully acknowledges the individuals from Veterans Affairs Canada, Royal Canadian Mounted Police, Department of National Defence, Library and Archives Canada and Public Services and Procurement Canada whose contributions of time and information were essential to the completion of this audit.

Table of Contents

EXECUTIVE SUMMARY	i
1.0 BACKGROUND	1
2.0 ABOUT THE AUDIT	2
2.1 Audit Scope and Objectives	2
2.2 Methodology	2
3.0 AUDIT RESULTS	3
3.1 Implementation and Effectiveness of the Digitization Process	3
3.2 Compliance with Processes	3
3.3 Management Control Framework.....	3
3.4 Quality assurance and performance monitoring	4
4.0 AUDIT RECOMMENDATIONS	5
4.1 Audit Opinion.....	6
APPENDIX A - AUDIT CRITERIA.....	A-1
APPENDIX B – RISK RANKING OF RECOMMENDATIONS AND AUDIT OPINION.....	B-1

EXECUTIVE SUMMARY

Approval of a disability pension or award application requires the establishment of a relationship between the claimed disability or injury and service. Service and health records (SHR) that are held at the Department of National Defence (DND), the Royal Canadian Mounted Police (RCMP), or at Library and Archives Canada (LAC) are the primary means to establish this relationship.

The digitization of SHRs was implemented to improve internal processes and expedite service to Veterans seeking disability benefits.

The objective of the audit was to assess the management control framework, determine compliance with applicable policies and processes, and assess turnaround times and identify opportunities to improve efficiency. The scope of the audit included requests for digitized service health records between October 1, 2014 and September 30, 2015.

The audit team noted that the implementation of the digitization of SHRs decreased the time it takes to receive service and health records, which supports the Department's transformation agenda of expedited service to VAC recipients. Additionally, digitized SHRs are accessible electronically by multiple authorized users at one time, which is required when a Veteran has applied for disability benefits for more than one condition. The audit also found that Privacy Impact Assessment did not reflect the processes in place since 2013 for receiving digitized versions of service and health records and that memoranda of understanding related to the digitization of SHRs should be revised to adhere to the *Guideline on Service Agreements*. Relevant Departmental business processes were also out of date.

This audit engagement was planned and conducted to be in accordance with the Internal Auditing Standards for the Government of Canada. Overall, the audit team determined the results to be "*generally acceptable*".

Chief Audit Executive's Signature

(original signed by)
Sheri Ostridge
Chief Audit Executive

2017-03-07
Date

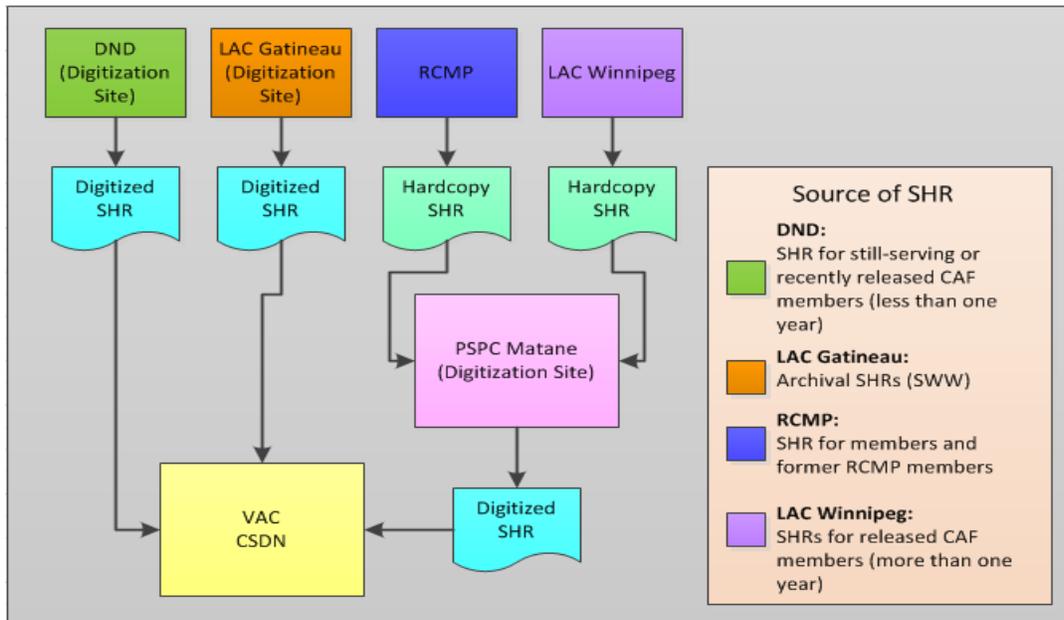
1.0 BACKGROUND

Veterans Affairs Canada's (VAC) disability pensions and awards program provides compensation to eligible still-serving or released Veterans, and members or former members of the Royal Canadian Mounted Police (RCMP).

Approval of a disability pension or award application requires the establishment of a relationship between the claimed disability or injury and service. Service and health records (SHR) that are held at the Department of National Defence (DND), the RCMP, or Library and Archives Canada (LAC) are the primary means to establish this relationship.

Prior to 2011, VAC was receiving SHRs in paper format. In an effort to reduce processing time and improve service to recipients, VAC now receives digitized versions of service and health records through partnerships with LAC, DND, RCMP and Public Services and Procurement Canada (PSPC). The digital images are uploaded to the Client Service Delivery Network¹ (CSDN), where they can be accessed by all authorized users who need the information. Figure 1 represents the current process of digitization of SHRs.

Figure 1: Digitization of SHRs Workflow



¹ Client Service Delivery Network (CSDN) is the VAC system of record.

The digitization of service and health records was implemented to improve internal processes and expedite service to VAC recipients by:

- Decreasing the time it takes to receive service and health records;
- Allowing staff to search SHRs electronically; and
- Improving access to SHRs by making them available to multiple authorized users at one time.

As of March 31, 2014, approximately 12.4 million pages were scanned since VAC began digitizing SHRs.

2.0 ABOUT THE AUDIT

2.1 Audit Scope and Objectives

The scope of the audit included the 20,365 requests for digitized service and health records initiated between October 1, 2014 and September 30, 2015. VAC has partnerships with PSPC, LAC, RCMP, and DND for the purpose of requesting and/or digitizing SHRs. The audit team examined the digitization processes from VAC's initial request for the SHR until the moment the SHR was digitized and made available in CSDN. The following elements were not included in the audit:

- Service and health records digitized for purposes unrelated to the disability benefits program; and
- Internal processes and practices at DND, RCMP, LAC and PSPC related to the digitization of service and health records.

The objectives of this audit were to assess:

- The adequacy of VAC's management control framework²;
- Compliance with applicable policies and processes; and
- Turnaround times and identify opportunities to improve efficiency.

The audit criteria are provided in Appendix A.

2.2 Methodology

This audit engagement was planned and conducted to be in accordance with the Internal Auditing Standards for the Government of Canada.

Interviews, file reviews, and direct observation sessions were conducted with staff at VAC Head Office, VAC Area Offices, PSPC, RCMP, LAC, and DND to obtain an understanding of digitization processes and to assess compliance with relevant policies, guidelines, and processes. The audit team conducted a documentation review of VAC's regulations, policies, guidelines, and business processes as well as a data analysis of the 20,365 SHR requests initiated during the period under review.

² An organization's governance structure which organizes and categorizes its internal controls.

3.0 AUDIT RESULTS

3.1 Implementation and Effectiveness of the Digitization Process

The audit team noted that during the digitization process, SHRs were securely housed at LAC, RCMP, PSPC, and DND. During transmittal between LAC, the RCMP and PSPC, paper copies of SHRs were shipped securely and tracked throughout the process. Once received by VAC, digitized SHRs are housed in the CSDN and may be used by multiple authorized employees at the same time, which is required when a Veteran has applied for disability benefits for more than one condition.

3.2 Compliance with Processes

A review of business processes and procedures related to the digitization of SHRs indicated that some of the VAC business processes relating to the digitization process need to be updated. For example, the *Procedures for Digital Imaging of Service Health Records (SHRs)* (February 2011) refers to a unit which no longer exists while the *Procedures for Obtaining Service Health Records* (September 2014) refers to hard copies of SHRs being held within VAC, which is no longer the case.

3.3 Management Control Framework

Privacy Impact Assessments³ (PIA) provide decision makers with a logical framework to identify potential privacy issues relating to a given proposal; to forecast the probable impacts associated with issues or non-compliance; and to identify actions and strategies to eliminate or reduce privacy risks.

VAC's PIA related to digitizing service health records did not reflect the processes in place since 2013 for receiving digitized versions of service and health records through partnerships with LAC, DND, RCMP and PSPC. This issue was brought to the attention of management and, during the approval phase of the audit, an addendum to the PIA on Service Health Records Digital Imaging Initiative was completed that reflects the processes for receiving digitized versions of service health records. The addendum to the PIA did not result in the identification of new privacy risks.

Observations and interviews conducted by the audit team confirmed that employees understand their role and responsibilities. During audit interviews, staff noted that they had access to sufficient policies, procedures, and business processes and this information was available on the Department's intranet site.

³ According to the Treasury Board of Canada Secretariat (TBS) Directive on Privacy Impact Assessment, a PIA is initiated for a program or activity in the following circumstances:

- When personal information is used for or is intended to be used as part of a decision-making process that directly affects the individual;
- Upon substantial modifications to existing programs or activities where personal information is used or intended to be used for an administrative purpose; and
- When contracting out or transferring a program or activities to another level of government or the private sector results in substantial modifications to the program or activities.

The Director General, Centralized Operations Division, is responsible for VAC's digitization of service and health records. The Director, Benefit Operations, is responsible for the usage and retention of the information. The Chief, Client Record Operations (CRO), is responsible for the day-to-day receipt of SHRs from external departments.

Authorities, responsibilities and accountabilities relating to the digitization of SHRs are clear and communicated in memoranda of understanding⁴ (MOU) between VAC and external partners. The audit team completed an assessment of the agreements related to the digitization of SHRs according to TBS *Guideline on Service Agreements* and identified the following gaps:

- The MOU with the RCMP does not include procedures related to the disclosure and use of information.
- The MOUs with LAC, RCMP, DND, and PSPC do not refer to service disruption or business continuity plans.
- The MOUs with the RCMP and DND do not include performance measures.
- The four MOUs assessed did not include guidelines on how to proceed if performance targets are not met.
- The MOU with the RCMP does not reflect the current process of digitization of SHRs.

3.4 Quality assurance and performance monitoring

The Chief, CRO, is responsible for quality assurance on the SHRs received from external departments. All digitized SHRs received at VAC from LAC, DND and PSPC are reviewed for accuracy and readability. Any issue regarding scanning quality is reported to the scanning site for corrective action. Through interviews, the audit team learned that PSPC temporarily retains the hard copies of the SHRs on site to support an effective quality assurance process. Once the review for accuracy and readability is completed and no issues are reported, PSPC returns the hard copies to the original holder of the information.

Performance indicators related to the digitization of SHRs are, in most cases, specified in MOUs between VAC and other departments. Within VAC, the Chief, CRO is responsible for the coordination, monitoring and reporting of service level agreements regarding the digitization of SHRs. The audit team noted that various reports regarding the performance level of each digitization site are available and information gathered through interviews and observations indicate that reports are reviewed and steps are taken to rectify any issues regarding performance as required. As shown in Table 1 below, results of the audit team's analysis of the digitization site's performance indicated that LAC Gatineau and DND are meeting performance targets, while PSPC missed the target by 4 calendar days.

⁴ A formal agreement between two or more parties.

Table 1: Performance Targets and Results⁵ by Digitization Site

Digitization Site	Number of Requests	Performance Targets	Performance Results
PSPC, Matane	9,300	30 calendar days	34 calendar days
LAC, Gatineau	891	15 working days	14 working days
DND, Ottawa	10,174	30 calendar days	24 calendar days

Source: CSDN – Requests for SHRs from October 2014 to September 2015

4.0 AUDIT RECOMMENDATIONS

The following recommendations and management responses address the identified issues and will improve service to recipients:

Recommendation 1 (Essential)

It is recommended that the Director General, Centralized Operations Division revise the memoranda of understanding related to the digitization of SHRs to address gaps identified in the audit.

Management Response

The Director General, Centralized Operations Division agrees with this recommendation and will revise the current MOUs in order to address any gaps identified in the audit by July 30, 2017.

Recommendation 2 (Essential)

It is recommended that the Director General, Centralized Operations Division, update and maintain the business processes related to the digitization of service and health records.

Management Response

The Director General, Centralized Operations Division agrees with this recommendation and will update the business processes concerning the digitization of service health records by March 31, 2017.

⁵ Average time from the request for the SHR until the SHR is digitized and made available in CSDN.

4.1 Audit Opinion

Through field observations, file reviews, and data analysis, the audit team noted that the implementation of the digitization of SHRs supports the Department's transformation agenda of expedited service to VAC recipients by decreasing the time it takes to receive service and health records. The team found that the relevant Privacy Impact Assessment did not reflect the processes in place since 2013 for receiving digitized versions of service and health records, however the PIA was updated prior to completion of the audit. The audit also found that memoranda of understanding related to the digitization of SHRs should be revised to adhere to the *Guideline on Service Agreements*. Relevant Departmental business processes were also out of date.

This audit engagement was planned and conducted to be in accordance with the Internal Auditing Standards for the Government of Canada. Overall, the audit team determined the results to be "*generally acceptable.*"

The definition of the ranking of recommendations and the audit opinion are available in Appendix B.

APPENDIX A - AUDIT CRITERIA

Objective	Criteria*
To assess the adequacy of VAC's management control framework	The organization provides employees with the necessary training, tools, resources and information to support the discharge of their responsibilities.
	Oversight exists to monitor and provide assurance on the quality and due diligence in decision-making.
	Authority, responsibility and accountability are clear and communicated.
	A documented approach to risk identification, assessment and management is in place and being used.
To assess compliance with applicable policies and processes	Records and information are maintained in accordance with policies and processes.
	Documents are processed following procedures.
To determine turnaround times and identify opportunities to improve efficiency	Management has identified appropriate performance measures linked to planned results.
	Management monitors actual performance against planned results and adjusts course as needed.

* Audit recommendations have been developed to address the gaps identified by the audit team. All other audit criteria were determined to be fully met or partially met with only minor deficiencies.

Appendix B – RISK RANKING OF RECOMMENDATIONS AND AUDIT OPINION

The following definitions are used to classify the ranking of recommendations and the audit opinion presented in this report.

Audit Recommendations

Critical Relates to one or more significant weaknesses for which no adequate compensating controls exist. The weakness results in a high level of risk.

Essential Relates to one or more significant weaknesses for which no adequate compensating controls exist. The weakness results in a moderate level of risk.

Audit Opinion

Well Controlled Only insignificant weaknesses relating to the control objectives or sound management of the audited activity are identified.

Generally Acceptable Identified weaknesses, when taken individually or together, are not significant or are compensated by mechanisms in place. The control objectives or sound management of the audited activity are not compromised.

Requires Improvement Identified weaknesses, when taken individually or together, are significant and may compromise the control objectives or sound management of the audited activity.

Unsatisfactory The resources allocated to the audited activity are managed without due regard to most of the criteria for efficiency, effectiveness, and economy.