



**Audit of the Management of the Use and Security of Canada Customs
Information within Statistics Canada**

REPORT



**Audit and Evaluation Division
April 2002**



Statistics
Canada Statistique
Canada

Canada

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1.0 INTRODUCTION

1.1 Background

Statistics Canada and the Canada Customs and Revenue Agency (CCRA), formerly Revenue Canada, have Memoranda of Understanding (MOUs) related to the sharing of Canada Customs and Taxation information. At the request of CCRA, compliance with these MOUs is subject to audit.

Due to the scope and complexity of the Canada Customs and Taxation information and activities to be audited, the audit was divided into two phases. This report addresses the first phase of the audit that was carried out between April and November 2001.

The focus of this audit is on the security and proper handling of the Customs information related to the MOU of July 8, 1993. This MOU addresses how CCRA will provide Customs information, and how Statistics Canada will use and protect this information according to the provisions of the *Statistics Act*, 1985.

1.2 Mandate and Authority

The main authorities referred to in the audit are as follows:

- Memorandum of Understanding, July 8, 1993;
- the *Statistics Act*, 1985;
- Statistics Canada's Security Practices Manual, March 25, 1991;
- Statistics Canada's EDP Security Policy, December 5, 1989;
- Statistics Canada's Policy on Security of Sensitive Statistical Information, February 17, 1988; and
- Security Policy for the Government of Canada, July 8, 1994.

In addition to these authorities, the audit also used as a guide, CCRA's draft Security Requirements for Handling Canada Customs and Revenue Agency Information, March 2001.

The audit primarily referred to Statistics Canada's own policies when implementing data security practices. This was done, because the MOU, July 8, 1993, does not identify any particular security requirements for Statistics Canada when handling Canada Customs information, other than following provisions of the *Statistics Act*, 1985.

1.3 Audit Objective

The objective of the audit was to review and assess policies and practices in place to ensure the security, proper handling and appropriate use of Canada Customs information within Statistics Canada. This means the acquisition, custody, access, control, and protection of information, as well as awareness of security policies and practices for the handling of such information.



2.0 METHODOLOGY

2.1 Scope

The audit focused on the three categories of sensitive Canada Customs information with identifiers as indicated in the MOU of July 8, 1993. These categories are International Trade information for which the International Trade Division (ITD) is the custodian; International Travel information for which the International Travel and Mapping Unit (ITMU) within the Operations and Integration Division (O&ID) is the custodian; and Marine information, for which the Transportation Division (TD) is the custodian.

2.2 Audit Criteria

The criteria for the security audit reflect the terms of the MOU of July 8, 1993, provisions of the *Statistics Act*, and the standards set by the Security Policy for the Government of Canada, and Statistics Canada's policies and guidelines. The audit determined if processes and procedures are in place to ensure that Canada Customs information is controlled and protected, and breaches and violations of security are prevented or detected and corrected.

2.3 Approach

Similar audit methodologies were applied to International Trade information, International Travel information, and Marine information. These included:

- A review of documents such as MOU's, legislation, policies, International Trade, International Travel, and Marine information as well as related materials such as forms, minutes, e-mail correspondence, studies, manuals, and other items;
- Interviews with key employees who manage, use and/or provide support in the use of sensitive International Trade, International Travel, or Marine information e.g. managers in custodial divisions as well as other principal stakeholders, e.g., Records Management Unit, the Mail and Distribution Centre and other Statistics Canada users outside custodial divisions;
- Observations of on-site practices applied by custodians, stakeholders, and others;
- Assessing physical and electronic security measures used in the handling and protection of sensitive Canada Customs information at divisional and workstation levels;
- Sampling of employee security clearances and user workstation practices; and
- Analysis of findings and risks in order to develop appropriate recommendations.

3.0 FINDINGS

The only requirement of the MOU of July 8, 1993, is to have Statistics Canada follow the provisions of the *Statistics Act* when managing the security of Canada Customs information. All employees of Statistics Canada take an oath of secrecy as required by the *Statistics Act* and undergo an enhanced reliability check. This prerequisite provides all employees with the appropriate security clearance to access sensitive statistical information including Canada Customs information. However, custodial division managers of the Customs information allow access to the information on a need to know basis in keeping with the Policy on the Security of



Sensitive Statistical Information, February 17, 1988. The audit's findings are based primarily on the Policy and its related processes and procedures, e.g., Statistics Canada's Security Practices Manual.

Stakeholders in each of the three categories audited have validated the audit findings, risks, and recommendations.

With the exception of two common findings that apply to all three categories, the audit addresses International Trade information, International Travel information, and Marine information individually to align observations with the MOU July 8, 1993. As well, custodial divisions are independently accountable and are therefore reported on separately. This facilitates management's response to the recommendation based on their respective area. Recommendations and the related management response can be found in the "Appendix A" to this report.

Overall, in our opinion, there is an acceptable level of compliance with established policies and practices concerning the proper handling of Canada Customs information.

Indicated below are specific findings that are worth noting in addition to recommendations that we feel will further enhance overall policy compliance in the handling of sensitive Canada Customs information.

From findings in the management of International Travel information, the audit observed that security practices were fully implemented.

Most of the audit findings for International Trade information as well as Marine information centred on security and how the information is physically stored.

From the findings for International Trade information, the audit identified opportunities to strengthen security procedures for the following:

- The handling of sensitive information waiting to be stored in areas that are not monitored after being delivered from the Mail and Distribution Centre to the custodial division;
- The storage of International Trade information as well as the type of electronic security control standards that should be in place by users outside the custodial division.

Other findings and recommendations when handling International Trade information involve copying restrictions, protection of the copies, and the custodial division's application of electronic security control standards. As a best practice, the audit observed that the custodial division had prepared a Confidentiality Manual, dated May 2001, for its employees concerning policies and practices they are expected to follow. The Manual is available to all employees on the International Trade Division's web site.

Based on findings for Marine information, the audit suggested the following opportunity to strengthen security procedures for its physical storage:

- The division should examine the continued storage of information that is no longer required.

The audit observed in the area of overall awareness of security practices and procedures for the handling of sensitive Canada Customs information, that none of the custodial divisions conduct formal briefing sessions for employees. However, employees are made aware of the various security policies, documents and other information available to them, and they are expected to read and be aware of this information.

In terms of common findings, there were two. The first involved the need to make the Statistics Canada's Policy on Security of Sensitive Statistical Information, February 17, 1988, more consistent for both Customs and Taxation information. Currently, the Policy addresses particular requirements for Taxation information in a separate appendix but does not have a similar appendix for Customs information. In order to reflect Statistics Canada's ongoing commitment to manage and protect all sensitive statistical information under its control, the Policy should be amended to reflect handling of all sensitive statistical information without segregating Customs or Taxation derived information.

The second common finding concerned employee security clearances. The audit confirmed through a random sampling of 27 of 133 (20%) employee files, that employees handling sensitive statistical information meet the required enhanced security clearance level. At the time of the audit, 12 of the 27 security clearances sampled had expired although these were in the process of being updated by the Departmental Security Office.

4.0 CONCLUSION

Most of the audit findings centred on security and how Canada Customs information is physically stored. Of the three categories audited, International Travel information has security practices that are fully implemented. In the handling of Marine information, one issue was identified. Findings for International Trade information covered a wider range of issues, many of which have been resolved. In addition the audit identified opportunities, in the form of recommendations, on how to strengthen security procedures in both categories.

APPENDIX A

**RECOMMENDATIONS
&
MANAGEMENT ACTION PLANS**

**International Trade Information
and
Marine Information**



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INTERNATIONAL TRADE INFORMATION

Recommendations and Management Action Plan

Recommendations	Action Plan or Explanation of No action on the Recommendations
<ul style="list-style-type: none"> • It is recommended that mail bins containing sensitive export information be delivered directly to the Data Collection and Processing Unit within ITD where they can be more easily monitored until information is needed. 	<p>ITD is currently negotiating with Statistics Canada mailroom to have documents delivered directly to the Unit.</p> <p>Estimated Completion Date: July 2002</p>
<ul style="list-style-type: none"> • It is recommended that, ITD's Data Release Form identify the secure storage requirements, as outlined in the securities practices manual, that users outside ITD must adhere to before they access sensitive Canada Customs information. 	<p>ITD has developed a new Data Release Form and is in the process of obtaining signatures for all existing Statistics Canada users of the Customs information.</p> <p>Estimated Completion Date: July 2002</p>
<ul style="list-style-type: none"> • It is recommended that users of Canada Customs information adhere to the copying requirements of the Policy, Security of Sensitive Statistical Information, February 17, 1988, Implementation Measures, <u>Control of Sensitive Statistical Information</u> 1(b) p.2. 	<p>The Director will communicate to staff the policy regarding copying and storage of sensitive statistical data.</p> <p>Estimated Completion Date: July 2002</p>
<ul style="list-style-type: none"> • It is recommended that all hard copies of International Trade export documents be stored in locked containers according to the requirements of Statistics Canada's Security Practices Manual, March 25, 1991, Chapter 2, section 2.10 (b), p.2 	<p>ITD does not have the space to accommodate locked containers at this time. Therefore, the Division will discuss this with Statistics Canada's Departmental Security Office, as well as other divisions, in order to develop a set of options to deal with this issue.</p> <p>Estimated Completion Date: September 2002</p>
<ul style="list-style-type: none"> • It is recommended that information sessions be held within ITD to inform employees of password standards to ensure security controls are similar to those standards used in the Main Computer Centre (MCC). 	<p>Director or a delegate will inform ITD staff.</p> <p>Estimated Completion Date: July 2002</p>

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MARINE INFORMATION

Recommendations and Management Action Plan

<ul style="list-style-type: none">• It is recommended that management determine the likelihood, and possible impact, of unauthorized persons accessing sensitive Marine information no longer required by Transportation Division.	<p>CCRA have copies of the documents and no requirement for Statistics Canada retention. Will reduce current 5 year retention period to 1 year or to when data are finalized.</p> <p>Estimated Completion Date: July 31, 2002</p>
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