# Highways and Transportation

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# Main points

Since April 2005, the Department of Highways and Transportation has received information technology services from the Information Technology Office without having a written agreement. Highways relies on its computer systems to operate. Written agreements typically set out the responsibilities of each party (e.g., the nature, level, and type of services expected), and are vital to monitor the delivery of service.

Highways needs to complete its business continuity plan. Complete and accessible business continuity plans would help Highways respond to unforeseen events or disasters efficiently and effectively.

# Introduction

The Department of Highways and Transportation's (Highways) mandate is to optimize transportation's contribution to the social and economic development of Saskatchewan by operating, preserving, and guiding the development of the provincial transportation system and enhancing provincial transportation system assets. Highways also provides analysis and advice to Cabinet on federal transportation policy.

The transportation system includes more than 26,000 km of highways, more than 800 bridges, 18 airports in northern Saskatchewan, 12 ferries, and a barge on Wollaston Lake. This infrastructure has a book value of about $1.4 billion.

Highways is responsible for the Transportation Partnership Fund. For the year ended March 31, 2006, the Fund had revenues of $3.9 million, expenses of $2.0 million, and held net assets of $3.6 million.

Highways' website contains its annual reports, the Fund's audited financial statements, and other key publications and information about Highways (www.highways.gov.sk.ca/).

## Financial overview

Information about the Department's expenses and revenues appears in its 2005-06 Annual Report.

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The following is a list of its major programs and spending:

|  | Original Estimates[1] | Actual |
| --- | ---: | ---: |
|  | (in millions of dollars) | |
| Central Management and Services | $ 16.2 | $ 15.3 |
| Preservation of Transportation System | 80.1 | 82.0 |
| Operation of Transportation System | 69.1 | 76.2 |
| Transportation Policy | 2.0 | 1.8 |
| Machinery and Equipment | 7.5 | 7.5 |
| Capital Asset Acquisition | (9.0) | (9.5) |
| Capital Asset Amortization | 94.4 | 90.6 |
|  | $ 260.3 | $ 263.9 |
| Infrastructure Rehabilitation | 43.5 | 39.9 |
| Infrastructure Enhancement | 81.6 | 84.9 |
|  | $ 125.1 | $ 124.8 |
| Total | $ 385.4 | $ 388.7 |

Highways also performs custom work on a full-cost recovery basis for municipalities, Crown corporations, and other organizations. For the year ended March 31, 2006, it spent and recovered $5.7 million. In addition, it had revenues of $33.8 million of which $30.2 million is from the Federal Government under cost-share agreements.

# Our audit conclusions and findings

**In our opinion, for year ended March 31, 2006:**

♦ **Highways had adequate rules and procedures to safeguard public resources and comply with authorities governing its activities except for the matters reported in this chapter**

♦ **Highways complied with authorities governing its and the Fund's activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**

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[1] Saskatchewan Finance, Saskatchewan Estimates 2005-06, Vote 16 Highways and Transportation and Vote 17 Highways and Transportation Capital.

♦ **the Fund's financial statements are reliable**

## Information technology agreement required

Highways needs an agreement with the Information Technology Office (ITO) for services provided by ITO.

ITO began providing services to Highways April 1, 2005. These services include:

♦ acquiring and maintaining computer equipment
♦ client support
♦ information technology applications development and project management services

Highways relies on its information systems to monitor construction and maintenance costs, progress of work, and capital asset management throughout the province. Highways also relies on its information systems for accurate public reporting of its operations.

Highways needs to manage its information technology resources to ensure uninterrupted and efficient operations. It is also responsible for ensuring the accuracy of processing and that there is a clear understanding of the responsibilities of both Highways and ITO. For example, without an adequate agreement, Highways may not know if or when ITO would restore Highway's systems if a disaster occurred. As of October 2006, Highways has not signed an agreement with ITO.

1. **We recommend that the Department of Highways and Transportation complete a service agreement with the Information Technology Office.**

Highways management has indicated that Highways and ITO are continuing negotiations towards completing a service level agreement for services provided by ITO.

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## Business continuity plan required

Highways needs a written, tested, and approved business continuity plan[2] to ensure continuation of services if a disaster occurs. Critical services include highways maintenance, airport operations for the 18 provincial airports, and road information services.

Highways must provide these services even if a disaster disrupts its ability to operate and provide normal services. Without an adequate business continuity plan, Highways risks not being able to provide critical services in a timely manner.

Business continuity plans should:

♦ Be supported by management. Management should make the required resources available to create and maintain the business continuity plan.

♦ Be based on a threat and risk assessment. This would include identifying and ranking Highway's critical services.

♦ Include plan activation and notification procedures; emergency procedures that would be used in the event of a disaster; and steps for the recovery and restoration of critical services.

♦ Be documented, approved by management, and made easily accessible when the plan needs activation.

♦ Be tested initially and on an on-going basis.

♦ Include policies for on-going maintenance and updating of the plan.

Highways has documented some parts of a business continuity plan, but does not have a complete plan. For example, it maintains a labour strike contingency plan and is currently working on a detailed risk assessment. However, it has not developed or documented all the key components of a business continuity plan.

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[2] **Business Continuity Plan** - Plans by an organization to respond to unforeseen incidents, accidents, and disasters that could affect the normal operations of the organization's critical operations or functions. A disaster recovery plan is one component of a business continuity plan. Disaster recovery plans are plans by an organization to respond to unforeseen incidents, accidents and disasters that could affect the normal operation of a computerized system (also known as contingency plan).

Highways needs to identify and rank its critical services and document in a detailed business continuity plan the steps for recovery and restoration of critical services such as snow plowing operations. Also, Highways needs to ensure it periodically updates and tests its business continuity plan.

2.      **We recommend that the Department of Highways and Transportation prepare a complete business continuity plan.**

## Human resource plan needs to identify responsibility for implementing strategies

Highways' human resource plan for 2006-2007 does not identify responsibility for implementing major human resource strategies. Effective human resource planning helps ensure that Highways will continue to have the right people, in the right jobs, at the right time.

A comprehensive human resource plan should:
♦      set out human resource priorities that are linked to the strategic direction
♦      describe key human resource risks
♦      outline gaps in current human resources
♦      describe strategies to bridge gaps and address risks
♦      outline implementation plan of major strategies

Highways' human resource plan has most parts of a comprehensive human resource plan. The plan sets out the links to the strategic direction, identifies risks, outlines gaps, and describes its strategies. However, the plan does not identify who is responsible for implementing major strategies or how Highways will monitor the implementation and measure the achievement of planned results.

3.      **We recommend that the Department of Highways and Transportation revise its human resource plan by assigning responsibility to implement and monitor planned strategies.**

## Succession planning—follow-up

This section highlights Highways' progress towards implementing the recommendations made in our 2004 Report - Volume 1. We reported on the adequacy of Highways' succession plan for key positions. We recommended that Highways:

- ♦ develop and implement learning and development plans to ensure needed competencies are available
- ♦ implement its plan to recruit and retain staff for key positions

At October 2006, Highways has developed and implemented learning and development plans, and implemented its plan to recruit and retain staff for key positions.