Highways and Transportation

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Main points

Highways provides the public with critical transportation services such as snow plowing. A complete business continuity plan would help ensure it can provide these services in times of a disaster. Although it has started the development of such a plan, it does not have a complete plan. We continue to recommend that it have a complete business continuity plan.

Since April 2005, Highways have used the Information Technology Office to provide it with most of its information system services without a written agreement. An agreement is important so that each party clearly understands its responsibilities and Highways can effectively monitor the delivery of information technology services. Highways did not adequately control access to its computer network and needs to promptly remove network access from former employees.

Highways needs to take additional steps to make sure amounts paid to employees are accurate and properly authorized.

Introduction

This chapter contains the results of: our audits of the Department and its special purpose fund, the status of our 2005 recommendation related to the Department's processes to achieve planned outcomes, and an update on recommendations previously made by the Standing Committee on Public Accounts (PAC) that are not yet implemented.

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

The provincial transportation system includes more than 26,000 km of highways, 805 bridges, 18 northern airports, 12 ferries, and a barge on Wollaston Lake. This infrastructure is recorded at about $1.5 billion.

Highways is responsible for the Transportation Partnership Fund (Fund). For the year ended March 31, 2007, the Fund had revenues of $6.2 million, expenses of $2.1 million, and held net assets of $11.2 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 Highways' expenses and revenues appears in its 2006-2007 Annual Report. The following is a list of major programs and spending for the year ended March 31, 2007:

	Original Estimates[1]		Actual
	(in millions of dollars)		
Central management and services	$	17.4	$ 16.9
Preservation of transportation system		97.7	118.8
Operation of transportation system		78.7	82.9
Transportation policy		2.2	1.9
Machinery and equipment		7.5	7.4
Capital asset acquisition		(9.3)	(9.6)
Capital asset amortization		94.7	89.0
Infrastructure rehabilitation		42.2	37.7
Infrastructure enhancement		99.2	96.3
	$	430.3	$ 441.3

Highways does custom work on a cost recovery basis for municipalities, and other organizations. For the year ended March 31, 2007, it spent and recovered $4.2 million. In addition, it had revenues of $32.2 million of which $27.0 million was from the Federal Government under cost-share agreements.

Our audit conclusions and findings

In our opinion, for year ended March 31, 2007:

♦ **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 except for the matter reported in this chapter**

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

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[1] Amounts reflect both vote 16 – Highways and Transportation and vote 17 – Highways and Transportation Capital.

Better control over employees' pay needed

Highways needs to better control employees' pay.

During the year, Highways reviewed its payroll costs during its review of monthly financial reports. However, Highways did not adequately review the accuracy of key payroll data for each pay period prior to paying employees. As a result, employees' pay has not been approved in accordance with *The Financial Administration Act, 1993.*

This weakness increases the risk that employees may be paid incorrect amounts.

1. **We recommend that the Department of Highways and Transportation adequately review the payroll for accuracy prior to paying its employees to ensure that all employees' pay is approved in accordance with *The Financial Administration Act, 1993.***

Management told us the following:

♦ Highways completes an audit of payroll data after employees are paid or during data entry if interpretation of payroll guidelines is required.

♦ Highways is working with the Department of Finance and the Public Service Commission to evaluate this recommendation.

Process to monitor user access to MIDAS HR/payroll required

Highways needs to monitor access to its computerized human resource and payroll system (i.e., the MIDAS HR/payroll system).

We identified an employee that management has assigned conflicting roles in the MIDAS HR/payroll system in April 2006 as part of this system's implementation. The conflicting roles were the ability to set up new staff in the systems and process time for them. Management had intended that the assignment be temporary. With these roles, the employee could create and pay fictitious employees. Management did not remove the conflicting roles as it had intended. Due to a lack of

monitoring through the year, Highways did not identify the continuing conflicting access. Upon our notification, Highways changed the roles assigned to this employee to remove the conflict.

To detect and prevent inappropriate access of users to the human resource and payroll system, Highways needs to monitor roles assigned to users in the system.

2. **We recommend that the Department of Highways and Transportation monitor roles assigned to users in its human resource/payroll system.**

In October 2007, management told us Highways has recently established a process to review roles assigned to staff for the MIDAS human resource and payroll system, and it had not encountered issues during 2006-07 related to conflicting roles assigned to the one individual.

Remove network user access from former employees

Highways needs to promptly remove access to its computer network from former employees.

During the audit, we identified 165 users with stale accounts (i.e., accounts where individuals with access had not accessed the network for an extended period). Highways noted most stale accounts related to seasonal staff laid off in the fall and rehired in the spring. After a review of stale accounts, Highways terminated approximately 100 user accounts. It determined the remaining accounts were valid as they were for current employees.

Not promptly removing access to the computer network increases the risk of inappropriate access. Highways' computerized systems contain sensitive information (e.g., information related to planning and tendering). Former employees (including seasonal staff) should not have access to this information.

3. **We recommend that the Department of Highways and Transportation promptly remove computer network access from former employees.**

In October 2007, management told us Highways plans to obtain a report from the Information Technology Office to help it monitor accounts that have not accessed the system for 60 days.

Information technology agreement required

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

As reported in Chapter 20 of our 2006 Report – Volume 3, 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. Since April 1, 2005, Highways received certain information systems services from ITO without a written agreement. These services include:

♦   acquiring and maintaining infrastructure

♦   client support

♦   applications development and project management services

Highways remains responsible for the accuracy and completeness of its information systems and for the security and ongoing availability of these systems.

A written agreement with ITO is essential so Highways can effectively monitor the services ITO provides and take corrective or follow-up action as necessary.

4.   __We continue to recommend that the Department of Highways and Transportation complete an agreement with the Information Technology Office for information technology services.__

In October 2007, management told us Highways is in the final stages of negotiating an agreement with ITO to address its information technology business requirements.

Business continuity plan required

As reported in Chapter 20 of our 2006 Report – Volume 3, Highways continues to need a written, tested, and approved business continuity plan to help ensure it can continue to provide critical services if a disaster occurs. [2] [3]

Highways' critical services include highways maintenance such as snow plowing, airport operations for the 18 provincial airports, and road information services. Without an adequate business continuity plan, Highways risks not being able to provide its critical services in a timely manner.

Highways needs to: identify and rank its critical services, document the steps for recovery and restoration of critical services, and periodically update and test its business continuity plan.

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

In October 2007, management told us that, as a part of its Enterprise Risk Management process, Highways has identified the need for a formal business continuity plan using the following three-phase approach
1. conduct a business impact analysis
2. development of business continuity plan(s)
3. testing of the plans
Highways expects to complete the first phase this fall.

Managing for results–follow-up

In our 2005 report on the adequacy of Highways' processes to achieve planned outcomes,[4] we recommended that Highways analyze and report quarterly to executive managers on the department's progress toward planned outcomes.

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[2] Business continuity plan includes plans by an organization to respond to unforeseen incidents, accidents, and disasters that could affect an organization's critical operations or functions.
[3] Critical services are those that an organization must provide even when a disaster disrupts its ability to operate and provide normal services.
[4] See Chapter 10 - Managing for results in our 2005 Report – Volume 3.

At July 2007, Highways has implemented this recommendation and appropriately reports to its executive each quarter on its progress towards planned outcomes.

Status of outstanding recommendations of the Standing Committee on Public Accounts

The following table provides an update on a recommendation previously made by the Standing Committee on Public Accounts (PAC) that is not yet implemented and is not discussed earlier in this chapter.[5]

PAC REPORT YEAR[6]	OUTSTANDING RECOMMENDATION	STATUS
2005	PAC concurs: 2-2 that the Department of Highways and Transportation should give the public additional information on its key plans related to highway condition, safety, and reliability, as well as comparisons of plans to actual results with any differences explained.	**Partially implemented** (as at March 31, 2007). No progress in year. The Department does not publish its targets. The Department continues to follow the Accountability Framework which does not require targets at this time.

[5] For the definitions of the key terms used in the table, see Chapter 25 – Standing Committee on Public Accounts pages 398 to 399.

[6] PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.

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