

# Highways and Infrastructure

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<b>Main points .....</b>	<b>230</b>
<b>Introduction .....</b>	<b>231</b>
Financial overview .....	231
<b>Audit conclusion and findings .....</b>	<b>232</b>
Information technology agreement required.....	232
Business continuity plan required .....	233
Loss of public money .....	233
<b>Status of other outstanding recommendations of the Standing Committee on Public Accounts.....</b>	<b>234</b>

## Main points

The Ministry of Highways and Infrastructure is making progress in developing a business continuity plan but more work remains. A complete business continuity plan is important so that Highways can provide its critical services in the event of a disaster. Its critical services include snow plowing, northern airport operations, and road information services.

## Introduction

The Ministry of Highways and Infrastructure (Highways) operates, preserves, and guides the development of the provincial transportation system and enhances provincial transportation system assets.<sup>1</sup>

The provincial transportation system includes more than 26,000 km of highways, more than 800 bridges, 17 airports in northern Saskatchewan, 12 ferries, and a barge on Wollaston Lake. At March 31, 2008, this infrastructure had a net book value of about \$1.6 billion.

Highways is responsible for the Transportation Partnership Fund (Fund).

## Financial overview

The following is a list of major programs and spending for the year ended March 31, 2008:

	<u>Original Estimates<sup>2</sup></u>	<u>Actual</u>
	(millions of dollars)	
Central Management and Services	\$ 19.5	\$ 16.9
Preservation of Transportation System	117.7	137.5
Strategic Municipal Roads	15.9	12.0
Municipal Financial Assistance	13.9	11.2
Operation of Transportation System	84.4	90.7
Transportation Policy	2.3	1.5
Machinery and Equipment	8.5	8.4
Capital Asset Acquisition	(11.1)	(11.3)
Capital Asset Amortization	97.6	86.7
Infrastructure Rehabilitation	62.5	46.8
Infrastructure Enhancement	<u>122.7</u>	<u>123.2</u>
	<u>\$ 533.9</u>	<u>\$ 528.1</u>

For the year ended March 31, 2008, Highways had revenues of \$14.0 million of which \$10.1 million related to transfers from the Federal Government for cost-shared infrastructure programs.

<sup>1</sup> Government of Saskatchewan, 2007-2008 Annual Report, Ministry of Highways and Infrastructure.

<sup>2</sup> 2007-2008 Saskatchewan Provincial Budget Estimates – Highways and Infrastructure Vote 16, Highways and Infrastructure Capital, Government of Saskatchewan.

For the year ended March 31, 2008, the Fund had revenues of \$6.7 million, expenses of \$5.6 million, and held net assets of \$12.2 million.

## **Audit conclusion and findings**

**In our opinion, for the year ended March 31, 2008:**

- ◆ **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**
- ◆ **the Fund's financial statements are reliable**

### **Information technology agreement required**

Since our 2006 Report – Volume 3, we have reported that Highways needs a written agreement with the Information Technology Office (ITO) for services provided by ITO. The Standing Committee on Public Accounts (PAC) considered this matter on January 8, 2008 and concurred with our recommendation.

Highways has received certain information systems services from ITO since April 2005 without having 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 is essential so Highways can effectively monitor the services ITO provides and take corrective or follow-up action as necessary.

In January 2008, the Ministry advised PAC it expected to conclude an agreement with ITO shortly and was working with ITO to customize the agreement to meet the Ministry's needs. Highways signed an agreement with ITO on October 20, 2008. We will assess its adequacy in our next audit.

## **Business continuity plan required**

Since our 2006 Report – Volume 3, we have reported that Highways needs a written, tested, and approved business continuity plan<sup>3</sup> to help ensure it can continue to provide critical services in the event of a disaster. PAC considered this matter on January 8, 2008 and concurred with our recommendation.

Highways critical services include highway maintenance such as snow plowing, airport operations for the 17 northern 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.

During the year, Highways identified the need for a formal business continuity plan using the following three-phase approach:

1. conduct a business impact analysis including a risk assessment
2. development of business continuity plan(s)
3. testing and implementation of the plan(s)

Highways completed the first phase and expects to complete the second phase by April of 2009.

We continue to recommend that the Ministry of Highways and Infrastructure prepare a complete business continuity plan.

## **Loss of public money**

During the winter of 2007, Highways incurred a loss of public money totalling more than \$13,000 over a two-month period. Two fuel purchase

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<sup>3</sup> **Business continuity plan** – Plan 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.

cards along with their PIN<sup>4</sup> numbers were stolen from two Highways vehicles that were used occasionally at that time. The cards were used to purchase gas over a two-month period. Highways has forwarded this matter to the Regina Police.

The Ministry has reviewed its fuel card procedures and practices. It has directed staff to store fuel purchase cards separate from their PIN numbers and has implemented additional procedures to further reduce the risk of loss resulting from inappropriate use of fuel cards.

## Status of other outstanding recommendations of the Standing Committee on Public Accounts

The following table provides an update on recommendations previously made by PAC that are not yet implemented and not discussed elsewhere in this chapter.<sup>5</sup>

PAC REPORT YEAR <sup>6</sup>	OUTSTANDING RECOMMENDATION	STATUS
<b>Ministry of Highways and Infrastructure (Cross-Government Infrastructure)</b>		
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.	<b>Partially implemented</b> (as at March 31, 2008).  The Ministry uses the government's Accountability Framework to guide its public reports. At March 31, 2008, the Ministry, consistent with other ministries, does not publish its planned targets.

<sup>4</sup> A PIN (personal identification number) is a number used to confirm electronically the identity of the card user.

<sup>5</sup> For the definitions of the key terms used in the table, see Chapter 21 – Standing Committee on Public Accounts.

<sup>6</sup> PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.