

## Highways and Infrastructure

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## **Main points**

The Ministry of Highways and Infrastructure (Highways) and the Transportation Partnerships Fund (Fund) complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. The financial statements of the Fund are reliable.

Highways had adequate rules and procedures to safeguard public resources except, consistent with prior years, Highways continues to need better service level agreements with its providers of information technology services. Without better agreements, Highway does not know if its data is secure or whether its service providers could restore its key systems and data in event of a disaster.

Also, Highways needs to follow its established procedures to promptly remove access of former employees to its computer network. Unless it follows its established procedures for removing user access, Highways cannot ensure that only authorized individuals have access to its computer systems and data. As a result, Highways' data and systems are vulnerable to unauthorized users, including inappropriate access to confidential information.

This chapter also contains a summary of previous recommendations agreed to by the Standing Committee on Public Accounts.

## Introduction

The Ministry of Highways and Infrastructure (Highways) manages and provides for the future development of an integrated provincial transportation system. Its strategic transportation policy seeks to promote the safe and efficient movement of people and goods.<sup>1</sup>

The provincial transportation system includes more than 26,000 km of highways, about 785 bridges, 17 airports in northern Saskatchewan, and 12 ferries.<sup>2</sup> At March 31, 2011, this infrastructure had a net book value of about \$2.0 billion.<sup>3</sup>

Highways is also responsible for the Transportation Partnership Fund (Fund). The Fund's financial statements are tabled separately in the Legislative Assembly.

## Financial overview

The following is a list of major programs and spending for the year ended March 31, 2011:

	<u>Original Estimates<sup>4</sup></u>	<u>Actual</u>
	(in millions of dollars)	
Central Management and Services <sup>5</sup>	\$ 17.3	\$ 16.8
Preservation of Transportation System	138.6	128.4
Strategic Municipal Infrastructure	46.1	69.5
Operation of Transportation System <sup>4</sup>	85.9	99.4
Transportation Policy	3.8	3.7
Custom Work Activity <sup>6</sup>	--	5.9
Capital Asset Amortization	<u>111.2</u>	<u>109.7</u>
Total Expense	402.9	433.4
Capital Asset Acquisitions <sup>7</sup>	<u>259.7</u>	<u>310.7<sup>8</sup></u>
	<u>\$ 662.6</u>	<u>\$ 744.1</u>

<sup>1</sup> Government of Saskatchewan, 2010-11 Annual Report, Ministry of Highways and Infrastructure.

<sup>2</sup> Ibid.

<sup>3</sup> Ministry of Highways and Infrastructure tangible capital asset continuity schedule March 31, 2011.

<sup>4</sup> *Saskatchewan Provincial Budget 2010-11 Estimates* – Highways and Infrastructure Vote 16; Highways and Infrastructure Capital Vote 17, Government of Saskatchewan.

<sup>5</sup> Original estimates amount shown is net of estimate for capital acquisitions.

<sup>6</sup> Custom work activity is done on cost-recovery basis; custom work activity revenue was \$6.1 million for 2010-11.

<sup>7</sup> Amounts reflect estimated and actual spending for votes 16 and 17.

<sup>8</sup> Includes 2009-10 work in progress funding.

Highways had revenue of \$136.0 million including transfers from the Federal Government of \$132.8 million. Highways' annual report sets out differences between actual and estimated revenues and expenses and explains significant differences (see <http://www.highways.gov.sk.ca>).

## **Audit conclusion and findings**

**In our opinion, for the year ended March 31, 2011:**

- ◆ **Highways had adequate rules and procedures to safeguard public resources except for the matters reported in this chapter**
- ◆ **Highways and its fund complied with the following authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

*The Highways and Transportation Act, 1997*

*The Financial Administration Act, 1993*

*The Railway Line (Short Line) Financial Assistance Regulations*

*The Purchasing Act and Regulations*

*Orders in Council issued pursuant to the above legislation*

- ◆ **The financial statements of the Fund are reliable**

### **Adequate service level agreement for Highway Hotline needed**

***We recommended that the Ministry of Highways and Infrastructure sign an adequate agreement with the Highway Hotline service provider that addresses the Ministry's disaster recovery and security needs. (2010 Report – Volume 2)***

The Highway Hotline provides reports on current driving conditions on all Saskatchewan highways including construction, maintenance activities, and other known circumstances that affect driving conditions.

Highways has an agreement with the service provider for the Highway Hotline. These services include production, storage, maintenance and operation of necessary systems and client support.

Highways has identified the Highway Hotline as a critical function to ensure public safety on the transportation system. Consequently, it has set a target of providing reliable Highway Hotline services with less than 10 hours of total downtime during the winter months.<sup>9</sup> To deliver on this key target, Highways needs to ensure the Hotline's uninterrupted and efficient operation.

However, the service level agreement does not adequately address disaster recovery or the security of the Highway Hotline system. As a result, Highways does not know whether its data is secure or whether the service provider will be able to restore the systems and data when needed in the event of a disaster. During 2010-11, Highways obtained information regarding the service provider's continuity plan and discussed potential modifications to the service level agreement.

In June 6, 2011, the Standing Committee on Public Accounts (PAC) agreed with our recommendation.

**Status** – We continue to make this recommendation.

## **Adequate service level agreement with ITO needed**

***We recommended that the Ministry of Highways and Infrastructure sign an adequate agreement with the Information Technology Office that addresses the Ministry's disaster recovery and security needs over its computer systems. (2009 Report – Volume 3)***

Highways has received certain information systems services from the Information Technology Office (ITO) since April 2005. ITO billed Highways \$4.5 million for the services it provided for the year ended March 31, 2011. These services included:

- ◆ acquiring and maintaining infrastructure
- ◆ client support

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<sup>9</sup> Province of Saskatchewan, *Plan for 2010-11, Ministry of Highways and Infrastructure*, p. 5.

- ◆ applications development and project management services

The agreement between ITO and Highways in effect during 2010-11 does not adequately address disaster recovery and Highways' ability to obtain assurance as to the security of its information systems. As a result, Highways does not know if its data is secure and whether ITO can restore the systems and data when needed in the event of a disaster. During 2010-11, Highways continued to discuss potential modifications to the service level agreement.

In April 21, 2010, PAC agreed with our recommendation.

**Status** – We continue to make this recommendation.

### **Prompt removal of user access needed**

***We recommended that the Ministry of Highways and Infrastructure follow its established procedures for removing user access to its computer systems and data. (2009 Report – Volume 3)***

Highways has adequate procedures to permit only authorized staff access to its computer systems and data, but it does not always follow them. In our sample of former employees with access to Highways' computer systems, 47% were not removed in a timely manner.

Unless it follows its established procedures for removing user access, Highways cannot ensure that only authorized individuals have access to its computer systems and data. As a result, Highways' data and systems are vulnerable to unauthorized users, including inappropriate access to confidential information.

In April 21, 2010, PAC agreed with our recommendation.

**Status** – We continue to make this recommendation.

## Status of previous recommendations of the Standing Committee on Public Accounts

The following exhibit provides an update on recommendations agreed to by PAC that are not yet implemented and are not discussed earlier in this chapter.<sup>10</sup> Our intent is to follow up on outstanding recommendations in upcoming reports.

PAC REPORT YEAR <sup>11</sup>	OUTSTANDING RECOMMENDATION	STATUS
<b>Ministry of Highways and Infrastructure – Cross-Government Infrastructure</b> (2002 Fall Report – Volume 2)		
2005	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, 2011).  Highways uses the government's Accountability Framework to guide its public reports. At March 31, 2011, Highways, does not provide comparisons and explanations of differences between plans and actual results for all planned targets.
<b>Ministry of Highways and Infrastructure – Highways Maintenance</b> (2010 Report – Volume 1)		
2011	7-1 that the Ministry of Highways and Infrastructure set long-term service-level objectives (such as long-term surface-condition factors).	<b>Not implemented</b> (as at March 31, 2009).  We plan to report the results of our follow up in 2012.
2011	7-2 that the Ministry of Highways and Infrastructure use service-level objectives to determine its annual and longer-term maintenance priorities.	<b>Not implemented</b> (as at March 31, 2009).  We plan to report the results of our follow up in 2012.
2011	7-3 that the Ministry of Highways and Infrastructure assess the reasonableness of maintenance costs used to develop its maintenance plan.	<b>Not implemented</b> (as at March 31, 2009).  We plan to report the results of our follow up in 2012.
2011	7-4 that the Ministry of Highways and Infrastructure receive a report on the results of the maintenance activities at the end of the maintenance season, as required.	<b>Not implemented</b> (as at March 31, 2009).  We plan to report the results of our follow up in 2012.

<sup>10</sup> For definitions of the Key Terms used in the exhibit, see Chapter 27 – Standing Committee on Public Accounts.

<sup>11</sup> “PAC Report Year” refers to the year that PAC first made the recommendations in its report to the Legislative Assembly.

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