

Chapter 10

Highways and Infrastructure

1.0 MAIN POINTS

During 2015-16, the Ministry of Highways and Infrastructure (Ministry), the Transportation Partnerships Fund (Fund), and the Saskatchewan Grain Car Corporation (Corporation) complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The 2015-16 financial statements of the Fund and the Corporation are reliable. The Ministry and the Corporation had effective rules and procedures to safeguard public resources except Ministry staff did not always ensure unneeded access of former employees to its computer systems was removed promptly. Not following these established processes makes the Ministry's data and systems vulnerable to inappropriate access.

2.0 INTRODUCTION

The mission and mandate of the Ministry is to:

- › Provide a safe, reliable transportation system that supports Saskatchewan's growth agenda and quality of life. [It strives] to deliver innovative, sustainable infrastructure to serve the needs of [its] customers.¹
- › Manage and provide for the future development of an integrated provincial transportation system. Infrastructure investments are guided by strategic transportation policy and by incorporating operating and maintenance practices to promote the safe and efficient movement of people and goods.²

The Ministry is responsible for managing the provincial transportation system which includes more than 26,000 kilometres of highways, 729 bridges, 17 airports in northern Saskatchewan, 12 ferries and 1 barge.³

2.1 Financial Overview

At March 31, 2016, the Ministry's infrastructure had a net book value of about \$3.4 billion. As shown in **Figure 1**, the Ministry spent \$426.8 million in 2015-16. Also, in 2015-16, the Ministry had revenues of \$70.8 million including transfers from the Federal Government of \$59.6 million. The Ministry's annual report sets out and explains significant differences between estimated and actual revenues and expenses.

¹ Ministry of Highways and Infrastructure, *2015-16 Annual Report*, p. 3.

² *Ibid.*, p. 3.

³ *Ibid.*

**Figure 1—Expenses by Major Program**

	Estimates 2015-16	Actual 2015-16
	(in millions)	
Central Management and Services	\$ 18.5	\$ 17.3
Strategic Municipal Infrastructure	26.2	23.7
Operation of Transportation System	89.2	95.2
Preservation of Transportation System	144.9	140.9
Transportation Policy and Programs	3.3	3.5
Infrastructure and Equipment Capital	559.9	518.1
Total Appropriation	<u>842.0</u>	<u>798.7</u>
Capital Asset Acquisitions	(559.9)	(518.0)
Capital Asset Amortization	<u>152.4</u>	<u>146.1</u>
Total Ministry Expense	<u>\$ 434.5</u>	<u>\$ 426.8</u>

Source: Ministry of Highways and Infrastructure, 2015-16 Annual Report.

The Ministry is also responsible for the Transportation Partnerships Fund and the Saskatchewan Grain Car Corporation. The Fund's year-end was March 31, 2016. The Corporation's year-end was July 31, 2016.

3.0 AUDIT CONCLUSIONS AND SCOPE

Our Office worked with the appointed auditor, Miller Moar Grodecki Kreklewich & Chorney to carry out the audit of the Corporation. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.⁴

In our opinion, for the year ended on or before July 31, 2016:

- › **The Ministry and the Corporation had effective rules and procedures to safeguard public resources except the Ministry needs to remove unneeded user access promptly**
- › **The Ministry, the Fund and the Corporation complied with the following authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Highways and Transportation Act, 1997
The Railway Line (Short Line) Financial Assistance Regulations
The Short Line Railway Financial Assistance Regulations
The Ministry of Highways and Infrastructure Regulations, 2007
The Fuel Tax Accountability Act
The Saskatchewan Grain Car Corporation Act
The Public Works and Services Act
The Executive Government Administration Act
The Financial Administration Act, 1993
The Purchasing Act, 2004 and Regulations
 Orders in Council issued pursuant to the above legislation

- › **The financial statements of the Fund and the Corporation are reliable**

⁴ See our website at www.auditor.sk.ca.

We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Ministry and the Corporation's controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

Because of the Ministry's extensive use of contractors in the maintenance and construction of its highways and bridges, in our audit, we paid particular attention to the Ministry's controls over managing its contracts. This included assessing its processes for awarding, approving, and adjusting contracts; retaining appropriate security and holdbacks; approving estimates; obtaining appropriate clearance from the Workers' Compensation Board and tax authorities before final payments; and tracking its related contractual obligations.

Also, because the Ministry relies on its computer systems to manage its contracts and the transportation system, we assessed key service level agreements, change management processes, and user access controls related to those key IT systems.

4.0 KEY FINDINGS AND RECOMMENDATION

In this section, we outline key observations from our assessments and the resulting recommendation.

4.1 Prompt Removal of Expired 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; Public Accounts Committee agreement April 21, 2010)

Status – Partially Implemented

Although the Ministry had established procedures to remove unneeded user access to its computer systems and data, it did not always follow them.

As in our prior audits, we found former employees whose access to the Ministry's computer systems was not removed in a timely manner. This included the following. Three of ten individuals (2014-15: seven of ten) we examined did not have their network access removed promptly (removed from 36 to 63 days after last day of employment [2014-15: 2 to 64 days]). Four individuals' access (2014-15: five individuals) to MIDAS⁵ applications was not removed in a timely manner (removed 13 days to 17 days after last day of employment).

Not removing unneeded access on a timely basis increases the risk of unauthorized individuals accessing its computer systems and data. It makes the Ministry's data and systems vulnerable to access by unauthorized users, including inappropriate access to confidential information.

⁵ This includes both MIDAS Financials and MIDAS HR/Payroll. MIDAS is the central application the Ministry uses to record and account for its financial activities, including its general ledger, accounts payable, accounts receivable, purchasing and payments, human resources and payroll records, etc.

