

## Chapter 7

### Highways and Infrastructure

#### 1.0 MAIN POINTS

The Ministry of Highways and Infrastructure had effective rules and procedures to safeguard public resources except that 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.

During 2016-17, the Ministry, the Transportation Partnerships Fund, and the Saskatchewan Grain Car Corporation complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The 2016-17 financial statements of the Transportation Partnerships Fund are reliable.

The Saskatchewan Grain Car Corporation had an 11-month period ended June 30, 2017, and was wound up on that date. The financial statements of the Corporation at that date are reliable.

#### 2.0 INTRODUCTION

The Ministry of Highways and Infrastructure is to:

- Provide a safe, reliable transportation system that supports Saskatchewan's growth agenda and quality of life; and deliver innovative, sustainable infrastructure to serve the needs of its customers
- Manage and provide for the future development of an integrated provincial transportation system, which supports economic growth and prosperity for Saskatchewan and promote the safe and efficient movement of goods and people<sup>1</sup>

The Ministry is responsible for managing the provincial transportation system. The system includes more than 26,000 kilometres of highways, 727 bridges, 17 airports in northern Saskatchewan, 12 ferries and 1 barge.<sup>2</sup>

#### 2.1 Financial Overview

At March 31, 2017, the Ministry managed tangible capital assets comprised primarily of the transportation system with a book value of \$4 billion. In 2016-17, it acquired capital assets of almost \$900 million comprised primarily of roads and bridges (e.g., Regina Bypass).

<sup>1</sup> Ministry of Highways and Infrastructure, *2016-17 Annual Report*, p. 3.

<sup>2</sup> *Ibid.*



In 2016-17, the Ministry had expenses of about \$449 million. **Figure 1** sets out its expenses by major program. In addition, it had revenues of \$142 million including federal government transfers of \$105 million for the Regina Bypass and \$26 million from the Building Canada Fund.

**Figure 1 – Expenses by Major Programs**

	Estimates 2016-17 <sup>A</sup>	Actual 2016-17
	(in millions)	
Central Management and Services	\$ 18.5	\$ 17.4
Strategic Municipal Infrastructure	26.3	24.2
Operation of Transportation System	94.0	97.7
Preservation of Transportation System	150.8	144.1
Transportation Policy and Programs	3.4	3.7
Infrastructure and Equipment Capital	<u>854.6</u>	<u>861.5</u>
<b>Total Appropriation</b>	<u>1,147.6</u>	<u>1,148.6</u>
Capital Asset Acquisitions	(924.6)	(861.5)
Capital Asset Amortization	<u>162.4</u>	<u>161.5</u>
<b>Total Ministry Expense</b>	<u>\$ 385.4</u>	<u>\$ 448.6</u>

Source: 2016-17 Ministry of Highways and Infrastructure Annual Report.

<sup>A</sup> During 2016-17, the Ministry received a budget increase through a special warrant of \$70 million.

## 3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended before or on June 30, 2017:

- **The Ministry and the Saskatchewan Grain Car Corporation had effective rules and procedures to safeguard public resources except the Ministry needs to remove unneeded user access promptly**
- **The Ministry, the Transportation Partnerships 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 Public Works and Services Act*  
*The Executive Government Administration Act*  
*The Financial Administration Act, 1993*  
*The Purchasing Act, 2004 and Regulations*  
*The Saskatchewan Grain Car Corporation Act*  
 Orders in Council issued pursuant to the above legislation

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

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Ministry'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 the Ministry uses contractors in the maintenance and construction of its highways and bridges, 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 IT service level agreements, change management processes, and user access controls related to those key systems.

## 4.0 KEY FINDING AND RECOMMENDATION

### 4.1 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; Public Accounts Committee agreement April 21, 2010)

**Status** – Partially Implemented

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

The Ministry expects its supervisors to request the removal of user access of their staff who leave the Ministry's employ; they are to make this request on or before their staff's departure. In addition, supervisors are to review, each month, a termination listing obtained from the Public Service Commission. The purpose of the review is to check that MIDAS<sup>3</sup> user access has been removed for individuals on the listing.

As in our prior audits, we found former employees whose access to the Ministry's computer systems was not removed promptly. In addition, we found its monthly review was not working. During 2016-17:

- Access of six of ten individuals (2015-16: three of ten) we examined had their network access removed between 6 and 270 days after last day of employ (2015-16: 36 to over 60 days). For two of these individuals, the Ministry did not request the removal of access until we brought the matter to its attention.

<sup>3</sup> 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.



- Access of three individuals (2015-16: four individuals) to MIDAS applications was removed between 57 to 74 days after last day of employ. For two of these individuals, the Ministry did not request the removal of access until we brought the matter to its attention.

Not removing unneeded access promptly 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.