

Chapter 8

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. This makes the Ministry's IT data and systems vulnerable to inappropriate access.

During 2017-18, the Ministry and the Transportation Partnerships Fund complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The 2017-18 financial statements of the Transportation Partnerships Fund are reliable.

2.0 INTRODUCTION

The mission and mandate of 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 people¹

The Ministry is responsible for managing the provincial transportation system. The system includes more than 26,000 kilometres of highways, 725 bridges, 62,000 culverts, 17 airports in northern Saskatchewan, 12 ferries, and 1 barge.²

2.1 Financial Overview

At March 31, 2018, the Ministry managed tangible capital assets comprised primarily of the transportation system with a book value of \$4.8 billion. In 2017-18, it acquired capital assets of almost \$900 million comprised primarily of roads and bridges (e.g., Regina Bypass).

As shown in **Figure 1**, in 2017-18, the Ministry had expenses of about \$430 million. In addition, it had revenues of \$118 million including federal government transfers of \$67 million for the Regina Bypass and \$31 million from the New Building Canada Fund.³

¹ Ministry of Highways and Infrastructure, *Annual Report for 2017-18*, p. 3.

² Ibid.

³ The Government of Canada in 2014 established the New Building Canada Fund to support projects of national, regional, and local significance that promote economic growth, job creation, and productivity. The Federal Government works with provinces, territories, municipalities, and the private sector to provide funds to economically focused projects. www.infrastructure.gc.ca/plan/nbcf-nfcc-eng.html (12 October 2018).

**Figure 1 – Major Programs and Spending**

	Estimates 2017-18 ^A	Actual 2017-18
	(in millions)	
Central Management and Services	\$ 18.3	\$ 17.2
Strategic Municipal Infrastructure	22.8	26.8
Operation of Transportation System	90.0	100.3
Preservation of Transportation System	122.2	113.9
Transportation Planning and Policy	4.1	3.8
Infrastructure and Equipment Capital	<u>842.9</u>	<u>887.7</u>
Total Appropriation	<u>1,100.3</u>	<u>1,149.7</u>
Capital Asset Acquisitions	(842.9)	(887.7)
Capital Asset Amortization	<u>173.3</u>	<u>168.3</u>
Total Ministry Expenses	<u>\$ 430.7</u>	<u>\$ 430.3</u>

Source: Government of Saskatchewan, *2017-18 Estimates*, p. 81; Ministry of Highways and Infrastructure, *Annual Report for 2017-18*, p. 24.

^ADuring 2017-18, the Ministry received a budget increase through a special warrant of \$75.5 million for winter maintenance.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **The Ministry had effective rules and procedures to safeguard public resources except the Ministry needs to remove unneeded user access promptly**
- **The Ministry complied with the following authorities governing its and the Transportation Partnership Fund's 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 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
 Orders in Council issued pursuant to the above legislation

- **The financial statements of the Fund 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 its key service level agreements, change management processes, and user access controls related to those key systems.

4.0 KEY FINDINGS AND 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 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 that user access be removed for their staff who leave the Ministry's employ; they are to make this request on or before the staff member's departure. In addition, supervisors are to review, each month, a termination listing obtained from Public Service Commission. The purpose of the review is to check that MIDAS user access has been removed for individuals on the listing. 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.

Consistent with findings of 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 of the termination listing was not effective. During 2017-18:

- Access of eight of ten individuals (2016-17: six out of ten) we examined had their network access removed between 15 days to 100 days after last day of employment (2015-16: 6 to 270 days).
- Access of ten individuals (2016-17: three individuals) to MIDAS was removed between 13 to 74 days after last day of employment. 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.

