

Executive summary40

Introduction41

Our audit conclusions and findings.....41

 Better security needed42

 Annual Report needs improvement.....42

 List of persons who received public money.....43

Executive summary

In this chapter, we report the results of our audit of Saskatchewan Water Corporation (SaskWater) for the year ended December 31, 2001. We concluded that SaskWater's 2001 financial statements are reliable. When we examined SaskWater's practices to safeguard public resources, we concluded that SaskWater needs to continue to strengthen security over its information technology systems and data. We also found that SaskWater complied with the authorities governing its activities.

SaskWater has made significant progress in improving the quality of its annual report. We encourage it to continue its progress by describing the risks it faces in achieving its objectives and the reasons for differences between planned and actual results. In addition, SaskWater should annually publish a list of persons who receive money from SaskWater.

Introduction

The Saskatchewan Water Corporation (SaskWater) operates under the authority of *The Water Corporation Act*. SaskWater manages, develops, controls, and protects the water and related land resources of Saskatchewan. SaskWater has three main lines of business: water management, water supply and services, and water-based economic development.

At December 31, 2001, SaskWater held assets of \$70.3 million, had revenues of \$28.0 million, and had expenses of \$32.2 million. SaskWater's 2001 Annual Report includes its financial statements.

This chapter contains our audit conclusions and findings regarding SaskWater for the year ended December 31, 2001.

Our audit conclusions and findings

Our Office worked with PricewaterhouseCoopers, the appointed auditor for SaskWater, using the framework recommended in the *Report of the Task Force on Roles, Responsibilities, and Duties of Auditors* (to view a copy of this report, see our web site at <http://www.auditor.sk.ca/rrd.html>). The appointed auditor and our Office formed the opinions below.

In our opinion, for the year ended December 31, 2001:

- ◆ **SaskWater's financial statements are reliable;**
- ◆ **SaskWater had adequate rules and procedures to safeguard and control its assets except that it should set appropriate security policies for its information technology systems and data; and**
- ◆ **SaskWater complied with the authorities governing its activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing.**

We also report two other matters for the attention of the Legislative Assembly.

Better security needed

In past reports to the Assembly, we recommended that SaskWater should set appropriate security policies for its information technology (IT) systems and data. In December 2001, the Standing Committee on Crown Corporations concurred with this recommendation.

SaskWater depends on a number of IT systems to deliver its services to customers, ensure compliance with acts and regulations governing its services, and manage its financial affairs. As a result, SaskWater must protect its IT systems and data from unauthorized access and changes and accidental or deliberate destruction.

SaskWater has established a number of security practices to protect its IT systems and data. It does not, however, have complete and approved security policies for these systems and data. As a result, SaskWater could incur financial losses caused by the release of confidential information, decisions based on incorrect information, or the loss of information.

During 2001, SaskWater improved some of its IT security practices but it does not yet have a formal corporate security policy or an approved and tested disaster recovery plan. As a result, we continue to recommend that SaskWater should set appropriate security policies for its IT systems and data.

Management told us that SaskWater intends to implement security policies and procedures based on the security guidelines that the Government is currently developing.

Annual Report needs improvement

In past reports to the Assembly, we recommended that SaskWater should improve its annual reports by clearly describing the extent to which it has achieved its plans. In December 2001, the Standing Committee on Crown Corporations concurred with this recommendation.

To assess the performance of a public sector agency, the Assembly and the public need adequate information about the agency's plans and the agency's achievement of those plans. Public sector agencies should

provide their vision, long-term goals, specific objectives, key performance targets, and main strategies for achieving these plans. They should also report the extent to which they have achieved these plans.

We reviewed SaskWater's 2001 Annual Report for the year ended December 31, 2001. We are pleased to report that this Report includes significant improvements over prior reports. It provides most of the information that annual reports should provide. The Report sets out SaskWater's vision, mission, objectives, measures, and targets for 2001. It also sets out the actual results for the year for each of these targets. We encourage SaskWater to make further improvements to its future annual reports. Future reports should describe the key risks that SaskWater faces in achieving its objectives and should provide reasons for significant differences between planned and actual results.

List of persons who received public money

In past reports, we recommended that SaskWater should annually provide the Assembly with a list of persons who received public money. See Chapter 5 (Crown Investments Corporation of Saskatchewan) for an update on this matter.

This page left blank intentionally.