

Main points 184

Introduction 185

Audit conclusions and findings 185

Processes to maintain infrastructure – a follow-up..... 185

 Obtain reliable information on assets 186

 Develop and use a maintenance plan 186

Main points

Saskatchewan Water Corporation (SaskWater) has made some progress in addressing the recommendations we made in 2006 on processes to maintain its water treatment and transmission infrastructure. However, much more work is needed. Accordingly, we continue to recommend that SaskWater compile detailed information about its infrastructure to identify maintenance needs. We also continue to recommend that SaskWater use a maintenance plan to improve infrastructure efficiency and reliability for the lowest possible long-term cost.

SaskWater's financial statements are reliable, it had adequate processes to safeguard public resources, and it complied with the authorities governing its activities.

Introduction

The Saskatchewan Water Corporation (SaskWater) operates under *The Saskatchewan Water Corporation Act*. SaskWater's mandate is to construct, acquire, manage, or operate waterworks and provide services in accordance with the agreements it makes under the Act.

At December 31, 2008, SaskWater held assets of \$79.1 million, had operating revenue of \$21.1 million, and had a net loss of \$0.9 million. SaskWater's 2008 Annual Report includes its financial statements.

Audit conclusions and findings

Our Office worked with Deloitte & Touche LLP, the appointed auditor for SaskWater, to form the following opinions. We followed the framework recommended in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.¹

In our opinion, for the year ended December 31, 2008:

- ◆ **SaskWater's financial statements are reliable**
- ◆ **SaskWater had adequate rules and procedures to safeguard public resources**
- ◆ **SaskWater complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**

The remainder of this chapter sets out actions taken and the status of recommendations from Chapter 12 of our 2006 Report – Volume 1.

Processes to maintain infrastructure – a follow-up

Chapter 12 of our 2006 Report – Volume 1 included the results of our audit of the adequacy of SaskWater's processes to maintain its water treatment and transmission infrastructure at December 31, 2005. It reported that SaskWater had adequate processes to maintain its water

¹ To view this report, see our website at www.auditor.sk.ca/rrd.html.

treatment and transmission infrastructure except as noted in the following recommendations.

We recommended Saskatchewan Water Corporation:

- ◆ compile reliable information detailing the water treatment and transmission infrastructure it owns and the condition of that infrastructure
- ◆ develop and use a maintenance plan for its water treatment and transmission infrastructure

The Standing Committee on Crown and Central Agencies agreed with these recommendations on January 19, 2009.

In March 2009, we assessed SaskWater's progress towards addressing our recommendations. SaskWater has made some progress but much more work is needed. Accordingly, we continue to make these recommendations. The following sets our expectation in italics and SaskWater's activities to March 2009 by recommendation.

Obtain reliable information on assets

Collecting information about infrastructure (capital assets) helps managers identify maintenance needs and make informed decisions.

SaskWater purchased asset management software and completed entering basic asset information for all the major components of its water treatment and transmission infrastructure. SaskWater told us it plans to enter the asset condition, replacement value, expected remaining service life, and asset risk over the next three years.

Develop and use a maintenance plan

Planning for asset maintenance helps an agency take targeted, timely action to keep assets more efficient and reliable for the lowest possible long-term cost.

SaskWater is working on implementing a formal asset management plan.

SaskWater told us the majority of its field staff have been trained to use the asset management software and the system is being used for certain maintenance tasks. SaskWater expects that as staff become familiar and comfortable with the system, it will gradually expand the use of the system for maintenance. Work on the formal maintenance plan is ongoing. SaskWater told us when the plan is completed, it will have documented the maintenance processes, procedures, and overall direction for how it will maintain its infrastructure.

This page left blank intentionally.