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Main points

Saskatchewan Watershed Authority (Authority) complied with the authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. As well, the Authority's financial statements are reliable.

The Authority had adequate rules and procedures to safeguard public resources except for the following:

- ◆ the Authority needs to use appropriate information technology security policies and procedures and to implement and test a business continuity plan
- ◆ the Authority needs to put in place an adequate information technology service agreement with Saskatchewan Water Corporation

This chapter also contains an update on the status of previous recommendations agreed to by the Standing Committee on Public Accounts.

Introduction

The mandate of the Saskatchewan Watershed Authority (Authority) is to lead management of the Province's water resources to ensure safe sources for drinking water and reliable water supplies for economic, environmental, and social benefits for Saskatchewan people.¹

At March 31, 2011, the Authority held assets of \$361.7 million, had annual operating revenue of \$75.1 million, and had a surplus for the year of \$36.0 million. Each year, the Authority tables its annual report including its audited financial statements with the Legislative Assembly.²

Audit conclusion and findings

Our Office worked with Deloitte & Touche LLP, the appointed auditor, to carry out the audit of the Authority. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* (www.auditor.sk.ca/rrd.html).

In our opinion, for the year ended March 31, 2011:

- ◆ the Authority had adequate rules and procedures to safeguard public resources except for the matters described in this chapter
- ◆ the Authority complied with the following authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:

The Saskatchewan Watershed Authority Act, 2005
The Saskatchewan Watershed Authority Regulations
The Drainage Control Regulations
The Water Power Act
The Water Power Regulations
The Crown Employment Contracts Act
The Financial Administration Act, 1993

¹ Saskatchewan Watershed Authority, *2010-11 Annual Report*, p. 3.

² See www.swa.ca.

Orders in Council issued pursuant to the above legislation

◆ **the Authority’s financial statements are reliable**

Also, the chapter provides an update on the status of previous recommendations agreed to by the Standing Committee on Public Accounts (PAC).

Information technology security policies and procedures need improvement

The Authority needs to strengthen the design and implementation of its information technology (IT) security policies and procedures for change management, incident management, and segregation of IT duties.

The Authority does not have sufficient segregation of duties or sufficient documentation of IT changes made. The Authority has limited incident and problem management procedures and does not monitor the security logs of network equipment such as firewalls to help safeguard its assets. Also, segregation of duties between users of the data and the developers and programmers is not maintained when migrating programming code into the production environment.

IT security policies and procedures help ensure the confidentiality, integrity, and availability of information systems and data. For example, these policies and procedures identify the rules that staff need to follow. They also define how compliance with security policies will be monitored and how security incidents will be addressed.

Without adequate IT security policies, the Authority’s systems and data are at increased risk of unauthorized access, inappropriate changes, and information not being available when needed.

- 1. We recommend that the Saskatchewan Watershed Authority approve information technology security policies and procedures to address change management, incident management and segregation of information technology duties.**

Business continuity plan needed

We recommended that the Saskatchewan Watershed Authority implement and test a business continuity plan. (2010 Report – Volume 2)

On January 20, 2011, PAC agreed with our recommendation.

During the year, the Authority made little progress in this area. The Authority needs a written, approved, and tested business continuity plan³ to help ensure that it can continue to deliver its programs and services in the event of a disaster.

The Authority must carry out its mandate, even if a disaster disrupts its ability to deliver its programs and services in the usual manner. Without an adequate business continuity plan, the Authority is at risk of not being able to deliver its programs and services in a timely manner.

A good business continuity plan must:

- ◆ have management support including making the required resources available to create and maintain the business continuity plan
- ◆ be based on a threat and risk assessment including identifying and ranking the Authority's critical functions
- ◆ set out the plan activation and notification procedures, emergency procedures that would be used in the event of a disaster, and steps for the recovery and restoration of key programs and services
- ◆ be documented, approved by management, and easily accessible when the plan needs activation
- ◆ be tested initially and policies should provide for ongoing testing, maintenance, and updating of the plan

Status – We continue to make this recommendation.

³ Business Continuity Plan (BCP)—Plan by an organization to respond to unforeseen incidents, accidents, and disasters that could affect the normal operations of the organization's critical operations or functions.

Signed service agreement required

We recommended that the Saskatchewan Watershed Authority have an adequate information technology service agreement with Saskatchewan Water Corporation. (2010 Report – Volume 2)

On January 20, 2011, PAC agreed with our recommendation.

During the year, the Authority made little progress in this area. The Authority supplies information technology services to Saskatchewan Water Corporation. The Authority does not have a service agreement with Saskatchewan Water Corporation.

The Authority needs a service agreement with Saskatchewan Water Corporation setting out the roles and responsibilities of both parties. For example, the agreement would describe the services to be provided by the Authority (such as help desk services and application development), service availability requirements (such as the percentage of time networks will be available), service delivery targets (such as time frames for setting up new email accounts), and the term of the agreement. The agreement should also identify security and disaster recovery requirements.

Without a service agreement, there is a risk that the Authority and Saskatchewan Water Corporation will not clearly understand and carry out their roles and responsibilities.

Status – We continue to make this recommendation.

Status of previous recommendations of the Standing Committee on Public Accounts

The following exhibit provides an update on recommendations agreed to by PAC that are not yet implemented and are not discussed earlier in this chapter.⁴ Our intent is to follow up outstanding recommendations in upcoming reports.

⁴ For definitions of the Key Terms used in the exhibit, see Chapter 27 – Standing Committee on Public Accounts.

PAC REPORT YEAR ⁵	OUTSTANDING RECOMMENDATION	STATUS
Saskatchewan Watershed Authority – Water Supply (2010 Report – Volume 2)		
2011	19-3 that the Saskatchewan Watershed Authority's Board approve a policy for identifying risks to the water supply.	Not implemented (as at September 30, 2011).
2011	19-4 that the Saskatchewan Watershed Authority implement a written plan for identifying risks to the water supply.	Not implemented (as at September 30, 2011).
2011	19-5 that the Saskatchewan Watershed Authority document its processes to collect information about the water supply.	Not implemented (as at September 30, 2011).
2011	19-6 that the Saskatchewan Watershed Authority systematically evaluate information about the water supply to identify risks.	Not implemented (as at September 30, 2011).
2011	19-7 that the Saskatchewan Watershed Authority consistently document identified causes of risks to the water supply.	Not implemented (as at September 30, 2011).
2011	19-8 that the Saskatchewan Watershed Authority communicate to the public risks about the water supply including likelihood and impact of these risks.	Not implemented (as at September 30, 2011).
Saskatchewan Watershed Authority – Cross-Government Infrastructure (2005 Report – Volume 1)		
2005	3-2 that the Saskatchewan Watershed Authority should have up-to-date tested emergency preparedness plans for each of its major dams (i.e., Rafferty, Alameda, Qu'Appelle River, and Gardiner).	Partially implemented (as at September 30, 2010).
2005	3-3 that the Saskatchewan Watershed Authority should set processes that ensure its manuals always include complete procedures to operate, maintain, and monitor dam safety.	Partially implemented (as at September 30, 2010).

⁵ "PAC Report Year" refers to the year that PAC first made the recommendations in its report to Legislative Assembly.

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