

Chapter 21

Saskatchewan Water Corporation

1.0 MAIN POINTS

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

SaskWater had adequate rules and procedures to safeguard public resources except it needs to implement and test a business continuity plan. During the year, SaskWater implemented six recommendations we made in 2010.

This chapter also contains the status of two previous recommendations agreed to by the Standing Committee on Crown and Central Agencies.

2.0 INTRODUCTION

SaskWater operates under *The Saskatchewan Water Corporation Act* (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, 2011, SaskWater held assets of \$179.3 million (2010 - \$153.8 million), had operating revenue of \$34.2 million (2010 - \$24.6 million), and had net income of \$3.5 million (2010 - \$0.4 million). Each year, SaskWater provides its annual report including its audited financial statements to the Legislative Assembly. The annual report can be found at www.saskwater.com.

3.0 AUDIT CONCLUSIONS AND FINDINGS

Our Office worked with Deloitte & Touche LLP, the appointed auditor, to carry out the audit of SaskWater. 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 December 31, 2011:

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

The Saskatchewan Water Corporations Act
The Crown Corporations Act, 1993
The Crown Corporations Regulations, 1993



The Financial Administration Act, 1993
The Crown Employment Contracts Act
Orders in Council issued pursuant to the above legislation

› **SaskWater’s financial statements are reliable**

This chapter provides the status of previous recommendations agreed to by the Standing Committee on Crown and Central Agencies.

3.1 Business Continuity Plan Needed

SaskWater needs a written, approved, and tested business continuity plan¹ to help ensure that it can continue to deliver its programs and services in the event of a disaster.

SaskWater 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, SaskWater 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 SaskWater’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

1. We recommend that SaskWater implement and test a business continuity plan.

¹ 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.

3.2 Information Technology Controls Need Improvement

We recommended that SaskWater establish an adequate information technology security policy. (2010 Report – Volume 1)

Status – Implemented.

SaskWater approved and implemented its information technology security policy June 23, 2011.

We recommended that SaskWater have an adequate information technology service agreement with its information technology security provider. (2010 Report – Volume 1)

Status – Implemented.

SaskWater signed an adequate information technology service agreement with Saskatchewan Watershed Authority, its information technology service provider, on November 9, 2011.

We recommended that SaskWater monitor the adequacy of the security controls its information technology service provider uses to protect the Corporation's systems and data. (2010 Report – Volume 1)

Status – Implemented.

During the year, SaskWater began receiving and reviewing monthly reports from its information technology service provider.

3.3 Periodic Verification of Physical Assets Required

We recommended that SaskWater periodically verify the existence and valuation of its physical assets. (2010 Report – Volume 1)

Status – Implemented.

During the year, SaskWater completed updating its database for the existence and valuation of its operational assets. This database is updated regularly based on reports for additions, replacements and decommissioning. A listing of non-operational assets is also maintained and has been tested on a sample basis.



3.4 Reinforcing of Appropriate Staff Conduct Needed and Criminal Record Checks Required

We recommended that SaskWater establish code of conduct policies and communicate these policies to staff. (2010 Report – Volume 1)

Status – Implemented.

In January 2011, a code of conduct was approved by SaskWater and communicated to all employees during February 2011.

We recommended that SaskWater require criminal record checks for employees in positions of trust. (2010 Report – Volume 1)

Status – Implemented.

During the year, SaskWater began conducting criminal record checks.

4.0 EXHIBIT

4.1 Status of Previous Recommendations of the Standing Committee on Crown and Central Agencies

The following exhibit provides an update on recommendations agreed to by the Standing Committee on Crown and Central Agencies (CCAC) that are not discussed earlier in this chapter. Our intent is to follow up outstanding recommendations in upcoming reports.

CCAC Report Year	Outstanding Recommendations	Status
Saskatchewan Water Corporation (2006 Report – Volume 1)		
2006	The Committee concurs: 12.1 Saskatchewan Water Corporation should compile reliable information detailing the water treatment and transmission infrastructure it owns and the condition of that infrastructure.	Partially Implemented (as at December 31, 2010) We plan to follow this up in 2012.
2006	The Committee concurs: 12.2 Saskatchewan Water Corporation should develop and use a maintenance plan for its water treatment and transmission infrastructure.	Partially Implemented (as at December 31, 2010) We plan to follow this up in 2012.