

Chapter 3

Saskatchewan Water Corporation

1.0 MAIN POINTS

The Saskatchewan Water Corporation's (SaskWater) financial statements are reliable. It complied with the authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. SaskWater had effective rules and procedures to safeguard public resources except it does not have a completed and tested business continuity plan.

2.0 INTRODUCTION

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

SaskWater's head office is located in Moose Jaw, Saskatchewan. It has approximately 124 employees in 14 provincial locations. To deliver its services, SaskWater designs, builds, owns and operates transmission, regional, and stand-alone water supply systems and wastewater systems. SaskWater also provides certified operation and maintenance services to customer-owned systems. In 2014, it provided operator training to 29 Saskatchewan First Nations communities.

As of December 31, 2014, SaskWater provided services to approximately 72,000 people in 63 communities, seven rural municipalities, 83 rural pipeline groups, 16 industrial and approximately 236 commercial and end-user customers. It owns eight water treatment plants, three wastewater facilities, 39 pump stations, and approximately 865 kilometers of pipeline.¹

2.1 Financial Overview

At December 31, 2014, SaskWater held assets of \$316.4 million² (2013 – \$223.9 million) and had long-term debt totalling \$38.7 million (2013 – \$38.7 million). For the year ended December 31, 2014, SaskWater had operating revenue of \$43.9 million (2013 – \$42.3 million), including water sales and treatment revenue of \$33.6 million (2013 – \$32.2 million), and had net income of \$5.5 million (2013 – \$3.5 million). Each year, SaskWater provides its annual report including its audited financial statements to the Legislative Assembly. The annual report can be found on its website.³

¹ www.saskwater.com (20 March 2015).

² SaskWater's assets include \$257.8 million (2013 – \$185.1 million) of property, plant, and equipment of which \$134.5 million is water facilities.

³ Ibid.



3.0 AUDIT CONCLUSIONS AND SCOPE

Our Office worked with Deloitte 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*.⁴

In our opinion, for the year ended December 31, 2014:

- › **SaskWater had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- › **SaskWater complied with the following authorities governing its activities related 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 were reliable**

We used the control framework published by CPA Canada to make our judgments about the effectiveness of SaskWater'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.

4.0 KEY FINDINGS AND RECOMMENDATION

4.1 Business Continuity Plan Needed

We recommended that Saskatchewan Water Corporation implement and test a business continuity plan. (2012 Report – Volume 1; Crown and Central Agencies Committee agreement March 12, 2014)

Status – Partially Implemented

SaskWater made limited progress on this recommendation in 2014. It continued to refine its business continuity plan for head office operations, including its disaster recovery plans for its business critical financial and water metering systems (used to determine water sales and treatment invoices). Management indicated that it intends to investigate alternative systems support as the next step in ensuring critical systems functionality in the event of a disruption.

⁴ See our website at www.auditor.sk.ca.