

Chapter 7 Environment

1.0 MAIN POINTS

This chapter reports the results of the annual audits of the Ministry of Environment (Environment), the Fish and Wildlife Development Fund (Fund), and the Water Appeal Board (Board) for the year ended March 31, 2015.

Environment, the Fund, and the Board complied with the authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. The 2014-15 financial statements of the Fund and the Board are reliable.

Environment and the Board had effective rules and procedures to safeguard public resources except Environment needs to follow procedures to remove unneeded user access to its systems and data promptly. During 2014-15, Environment implemented two previous recommendations we made relating to business continuity planning and recording the cost of inventory items.

2.0 INTRODUCTION

Environment is responsible for working with Saskatchewan stakeholders to protect the province's air, land and natural resources to achieve a high environmental standard and support sustainable development in the use of these resources.¹

At March 31, 2015, Environment was responsible for the Fish and Wildlife Development Fund (a special purpose fund) and the Water Appeal Board.

2.1 Financial Overview

For the year ended March 31, 2015, Environment spent \$150.0 million (2014: \$158.5 million) including net capital acquisitions of \$5.5 million (2014: \$9.6 million). Environment had revenue of \$53.3 million (2014: \$58.8 million) from licenses and permit fees for fishing, hunting, and forestry, non-refundable deposits on beverage containers, and fire suppression cost-sharing agreements. In addition, Environment raised revenue and incurred expenses through the Fish and Wildlife Development Fund and forest management funds.²

Information about Environment's revenues and expenditures appear in its *2014-15 Annual Report*.³ **Figure 1** presents Environment's expenses by major program.

¹ Saskatchewan Ministry of Finance, *2014-15 Saskatchewan Provincial Budget: Estimates*, p.49.

² Operators who harvest timber in the province are required to pay fees into a forest management fund and are due to the Ministry of Environment based on harvest amounts. These funds are monitored by the Ministry of Environment.

³ <http://environment.gov.sk.ca/ministry-overview/> (30 September 2015).

**Figure 1—Expenses by Major Program**

	Estimates 2014-15	Actual 2014-15
	(in millions)	
Central Management and Services	\$ 16.6	\$ 15.3
Climate Change	2.8	0.9
Landscape Stewardship	4.0	3.5
Environmental Support	3.3	2.4
Fish and Wildlife	10.4	10.0
Compliance and Field Services	17.0	16.8
Environmental Protection	41.1	39.9
Forest Services	12.3	10.9
Wildfire Management	54.1	50.3
Total Appropriation	<u>161.6</u>	<u>150.0</u>
Capital Asset Acquisitions	(6.5)	(5.5)
Capital Asset Amortization	9.0	9.5
Non-Spending Control Items*	-	0.4
Total Expense	<u>\$ 164.1</u>	<u>\$ 154.4</u>

Source: 2014-15 Ministry of Environment Annual Report.

* This number represents the change in inventory and prepaid expenses.

3.0 AUDIT CONCLUSIONS AND SCOPE

In our opinion, for the year ended March 31, 2015:

- › **Environment and the Water Appeal Board had effective rules and procedures to safeguard public resources, except Environment needs to remove user access promptly**
- › **Environment, the Fish and Wildlife Development Fund, and the Water Appeal Board complied with the following authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Environmental Management and Protection Act, 2002
The Mineral Industry Environmental Protection Regulations, 1996
The Executive Government Administration Act
The Ministry of Environment Regulations, 2007
The Financial Administration Act, 1993
The Fisheries Act (Saskatchewan), 1994
The Fisheries Regulations
The Forest Resources Management Act
The Forest Resources Management Regulations
The Litter Control Act
The Litter Control Designation Regulations
The Natural Resources Act

The Prairie and Forest Fires Act, 1982
The Provincial Lands Act
The Provincial Lands Regulations
The Crown Resource Land Regulations
The Public Service Act, 1998
The Purchasing Act, 2004
The State of the Environment Report Act
The Water Appeal Board Act
The Water Security Agency Act (section 84)
The Wildlife Act, 1998
The Wildlife Regulations, 1981
The Wildlife Habitat Protection Act
 Orders in Council issued pursuant to the above legislation

› **The financial statements of the Fish and Wildlife Development Fund and the Water Appeal Board are reliable**

We used the control framework published by CPA Canada to make our judgments about the effectiveness of Environment's and the Water Appeal Board'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.

Our audit included examining the effectiveness of Environment's and the Water Appeal Board's financial-related controls used to administer their spending, their revenues, and their various assets consistent with related authorities. In addition, we examined the effectiveness of the controls Environment and the Water Appeal Board used to keep reliable financial records, prepare reliable reports, and safeguard the Crown lands that Environment administers. This year, we paid particular attention to the following areas for Environment:

- › Revenue reconciliation from the Beverage Container Collection and Recycling program
- › Payment processes including the operating grant to the Fish and Wildlife Development Fund and the Water Appeal Board
- › Inventory for wildfire management
- › Environmental liabilities for contaminated sites
- › Lease, licence, and permit revenues

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Timely Removal of User Access Needed

We recommended that the Ministry of Environment follows its established procedures and remove unneeded user access to systems and data promptly.

(2014 Report – Volume 2; Public Accounts Committee agreement June 17, 2015)

Status – Partially Implemented

As reported in our *2014 Report – Volume 2*, Environment had established procedures for the removal of unneeded user access to its computer systems and data (i.e., properly completing the employee termination checklist). In October 2014, Environment revised its user access monitoring processes to include reviewing terminations weekly and subsequently requesting user access termination where requests had not been received.

However, for 5 out of 10 user accesses we tested after the revised monitoring processes were put into place, user access was not removed promptly. For one of the items tested, Environment requested the removal of network access 26 days after the last day of employment.



Not removing unneeded user access to its system promptly increases the risk of inappropriate access to systems and data.

4.2 Business Continuity Plan Prepared

We recommended that the Ministry of Environment prepare a complete business continuity plan. (2006 Report – Volume 3; Public Accounts Committee agreement March 7, 2007)

Status – Implemented

During the year, Environment completed its business continuity plan and began to test it. Environment plans to periodically review and test the plan, and make changes as determined necessary.

4.3 Cost of Inventory Items Recorded

We recommended that the Ministry of Environment follow its established policies over recording the cost of inventory items in its inventory records. (2014 Report – Volume 2; Public Accounts Committee agreement June 17, 2015)

Status – Implemented

At March 31, 2015, Environment held total inventory (e.g., airplane parts) of \$23.5 million. During the year, Environment implemented processes for regularly monitoring its inventory records. For items we tested, inventory records were complete and items were valued appropriately.