

## Chapter 19

# Saskatchewan Water Corporation

### 1.0 MAIN POINTS

This chapter reports the results of our annual audit of Saskatchewan Water Corporation (SaskWater) for the 15-month period ended March 31, 2016. SaskWater's 2015-16 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 did 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.

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 2015-16, it provided operator training to 29 Saskatchewan First Nations communities.

As of March 31, 2016, SaskWater provided services to approximately 72,000 people in 63 communities, 9 rural municipalities, 85 rural pipeline groups, 16 industrial and approximately 236 commercial and end-user customers. It owns 8 water treatment plants, 3 wastewater facilities, 39 pump stations, and approximately 935 kilometres of pipeline.<sup>1</sup>

### 2.1 Financial Overview

At March 31, 2016, SaskWater held assets of \$328.9 million and had long-term debt totalling \$49.4 million. For the 15-month period ended March 31, 2016, SaskWater had operating revenue of \$59.0 million, including water sales and treatment revenue of \$45.2 million, and had net income of \$7.4 million. Each year, SaskWater provides its annual report including its audited financial statements to the Legislative Assembly.<sup>2</sup>

### 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*.<sup>3</sup>

<sup>1</sup> [www.saskwater.com](http://www.saskwater.com) (07 October 2016).

<sup>2</sup> Ibid.

<sup>3</sup> See our website at [www.auditor.sk.ca](http://www.auditor.sk.ca).



**In our opinion, for the 15-month period ended March 31, 2016:**

- › **SaskWater had effective rules and procedures to safeguard public resources except for the need for a complete and tested business continuity plan**
- › **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 are 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; Standing Committee on Crown and Central Agencies agreement March 12, 2014)

**Status** – Partially Implemented

SaskWater made limited progress on this recommendation in 2015-16. 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). However, by March 31, 2016, it did not have a complete and tested business continuity plan. Without a complete and tested plan, SaskWater is at risk of critical IT systems and data not being available to deliver business-critical services when needed.