

## Chapter 18

### Water Security Agency

#### 1.0 MAIN POINTS

Other than the need for a complete and tested business continuity plan, the Water Security Agency had effective rules and procedures to safeguard public resources at March 2017. The Agency's 2016-17 financial statements are reliable; it complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

#### 2.0 INTRODUCTION

The Agency is responsible for managing the water supply, protecting water quality and ensuring safe drinking water, managing dams and water supply channels, reducing flood and drought damage, and providing information on water.<sup>1</sup> The Agency owns and operates provincial dams and water supply channels.

At March 31, 2017, the Agency held financial assets (cash, amounts owed) of \$95 million, tangible capital assets of \$370.5 million (including 20 dams received from the Federal Government during 2016-17 valued at \$28.8 million) and had liabilities of \$51.2 million.

In 2016-17, the Agency had an annual surplus of \$31.2 million. This was comprised of revenue of \$426.0 million (including \$350 million from the Federal Government for future operations of the transferred dams); transfer to the General Revenue Fund of \$350 million; and other expenses of \$44.8 million.<sup>2</sup>

#### 3.0 AUDIT CONCLUSIONS

Our Office worked with Deloitte LLP, the appointed auditor, to carry out the audit of the Agency. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.<sup>3</sup>

**In our opinion, for the year ended March 31, 2017:**

- **The Agency had effective rules and procedures to safeguard public resources except for the need for a complete and tested business continuity plan**
- **The Agency complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

*The Water Security Agency Act*  
*The Saskatchewan Watershed Authority Regulations*  
*The Drainage Control Regulations*  
*The Water Power Act*

<sup>1</sup> Water Security Agency, *2017-18 Annual Plan*, p. 3.

<sup>2</sup> The annual report of the Water Security Agency can be found at [www.wsask.ca](http://www.wsask.ca).

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



*The Water Power Rental Regulations*  
*The Crown Employment Contracts Act*  
*The Financial Administration Act, 1993*  
Orders in Council issued pursuant to the above legislation

➤ **The Agency had reliable financial statements**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* to conduct our audits. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Agency’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

In this section, we outline key observations from our assessments and the resulting recommendation.

### 4.1 Business Continuity Plan Not Complete

***We recommended that the Water Security Agency implement and test a business continuity plan.*** (2010 Report – Volume 2; Public Accounts Committee agreement January 20, 2011)

**Status** – Partially Implemented

In 2016-17, the Agency made limited progress on implementing this recommendation. The Agency uses IT systems to monitor water quality and inspection data, provide real-time information on water levels throughout the province, track capital assets (i.e., condition, inspection results, maintenance), and manage financial information.

By March 31, 2017, the Agency continued not to have a complete and tested business continuity plan. Without a complete and tested plan, it is at risk of IT systems and data not being available to deliver business-critical services when needed.