

Chapter 26

Water Security Agency—Regulating Water Use

1.0 MAIN POINTS

The Water Security Agency is responsible for monitoring water allocation and usage to ensure a sustainable water supply in Saskatchewan by issuing water-use licenses. Irrigation and municipal water comprise the largest two uses of water, accounting for almost 80% of the surface water currently allocated in the province.

By March 2023, the Agency improved some of its processes to regulate water use to support a sustainable water supply. It implemented two recommendations we first made in 2020, and it made progress on one other. However, the Agency did not make significant progress on the four other recommendations.

The Agency still needs to:

- Implement written procedures for estimating and recording licensed water use
- Actively monitor whether the over 16,000 water-use licensees comply with key water-use licence conditions, such as whether licensees use more water than allowed
- Develop written enforcement procedures for staff when the Agency identifies non-compliant licensed water users
- Periodically give senior management written reports on non-compliance with key water-use licence conditions, and related enforcement strategies and actions
- Develop written procedures for processing and approving applications for water use

The Agency used its four-year strategic plan, as well as its annual business plan to outline its key actions for regulating water use and completion date targets for those actions.

It also clearly documented key components (e.g., annual precipitation) to consider when predicting water availability of a certain water source. The Agency created a template with minimum content requirements for water availability studies, which encourages staff to consider all required information when making decisions on water allocation.

Effective monitoring of water allocations and usage is key to Saskatchewan having a sustainable supply of water available. A safe and secure water supply is essential to Saskatchewan's continued economic development and high standard of living for both current and future generations.



2.0 INTRODUCTION

2.1 Background

The Water Security Agency is responsible for managing the province's water supply, protecting water quality, ensuring safe drinking water, managing dams and water supply channels, reducing flood and drought damage, and providing information on water.¹ Part of this responsibility is to plan for sustainable use of water including authorizing individuals and companies to draw water from ground (e.g., aquifers) or surface (e.g., rivers, lakes) water sources.^{2,3}

In 2022, the Agency granted approval for approximately 16,900 long-term and 1,800 temporary water-use licences.⁴

A safe and secure water supply is essential to the province's continued economic development and high standard of living. Irrigation and municipal water comprise the largest two uses of water in Saskatchewan, accounting for almost 80% of the surface water currently allocated.⁵

2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up audit of management's actions on the recommendations we originally made in 2020.⁶

In 2020, we assessed whether the Water Security Agency had effective processes to regulate water use (subject to regulation) to support a sustainable water supply. Our *2020 Report – Volume 1*, Chapter 13, concluded that, for the 12-month period ended December 31, 2019, the Water Security Agency had, other than in the areas of our seven recommendations, effective processes to regulate water use to support a sustainable water supply.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Agency's progress toward meeting our recommendations, we used the relevant criteria from the original audit. Agency management agreed with the criteria in the original audit.

To perform this follow-up audit, we interviewed Agency staff to discuss key actions taken since our 2020 audit to implement the recommendations. We reviewed the updated strategic plan, policies, templates, and decision records. We also tested water availability studies and water licence applications.

¹ Water Security Agency, *Business Plan 2022–23*, p. 3.

² An aquifer is an underground layer of water-bearing rock used for water extraction.

³ *The Water Security Agency Act*, s. 50–58.

⁴ Adapted from Water Security Agency records.

⁵ Ministry of Environment, *2021 State of the Environment Report*, pp. 36–37.

⁶ *2020 Report – Volume 1*, Chapter 13, pp. 175–197.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 7, 2023, and the Water Security Agency's actions up to that date.

3.1 Key Actions and Completion Date Targets Set

We recommended the Water Security Agency update completion date targets for relevant key actions originally set in its 25 Year Saskatchewan Water Security Plan pertaining to regulating water use to ensure water sustainability. (2020 Report – Volume 1, p. 180, Recommendation 1; Public Accounts Committee agreement October 19, 2022)

Status—Implemented

The Water Security Agency set its key actions relating to regulating water use in its *Strategic Plan for 2022–2026*. The Agency uses its four-year strategic plan, as well as its annual business plan to outline its key actions and completion date targets.

The Agency replaced its *25 Year Saskatchewan Water Security Plan* with a four-year strategic plan in 2022.

The Agency utilizes its business plan each year to identify which items from the strategic plan it prioritizes for the upcoming year. The Agency outlines goals for the next four years in its strategic plan, while considering which of those it wants to prioritize for the upcoming 12 months in its annual business plan.

The Agency's *Business Plan 2022–23* included key actions such as expanding new irrigation opportunities through continuous planning and development of six small irrigation projects. We found the actions included completion date targets (i.e., due before the end of 2022–23).

Having key actions outlined with completion target dates helps the Agency to achieve its goal of ensuring the sustainability of surface and groundwater supplies.

3.2 Written Procedures Not Developed for Assessing Water-Use Licence Applications

We recommended the Water Security Agency develop written procedures for processing and approving applications for water use. (2020 Report – Volume 1, p. 186, Recommendation 2; Public Accounts Committee agreement October 19, 2022)

Status—Not Implemented

The Water Security Agency has not yet developed written procedures for processing and approving applications for water use.



In June 2022, the Agency established a Standards Unit to develop these procedures (e.g., checklists); however, at March 2023, it did not have draft procedures.

The Agency did develop an electronic decision record that improves documentation for water-use application files, which are either paper or electronic. The decision record allows staff to document their decisions and additional information for the application files.

We tested 15 water-use application files to assess whether staff properly completed the decision record. We found three files where staff did not fill out the record correctly.

- For one application, staff did not sufficiently document their assessment of whether ground water supply was available to issue or renew the water-use licence.
- For one application, the approval date of the decision record was one day after the Agency issued the water-use licence.
- For one application, the licence-issue date did not match the correct date on the decision record (i.e., the date in the IT system was a month prior to the actual licence-issue date). If the Agency uses the IT system to monitor the terms of the licence, it would be using the wrong date.

Not having clear, written guidance increases the risk of the Agency treating applicants inequitably. In addition, not having written procedures for staff to follow when assessing water-use licence applications increases the risk of staff not obtaining and maintaining sufficient information to support the Agency's decisions. Furthermore, written guidance allows for knowledge transfer when staff turnover occurs.

3.3 Key Judgments in Surface Water Availability Studies Documented

We recommended the Water Security Agency clearly document its consideration of key components used to predict water availability of a proposed water source before related surface water-use licences are approved. (2020 Report – Volume 1, p. 189, Recommendation 3; Public Accounts Committee agreement October 19, 2022)

Status—Implemented

The Water Security Agency clearly documented key components considered when predicting water availability of a proposed surface water source.

The Agency created a response template for staff when creating water availability studies for surface water. This template includes the minimum content requirements (e.g., location, type of water supply evaluation) needed as part of the key components (e.g., annual precipitation, flow into a water body from snow melt) considered in the studies.

We tested a sample of eight water availability studies the Agency completed since the implementation of the template. We found all eight items tested included the minimum requirements as indicated in the template. All studies included the key components and

judgments essential in assessing water availability of a proposed water source before approving the related surface water-use licence.

Considering and documenting key components and judgments for water availability studies helps the Agency create accurate studies and verify staff considered all required information when making decisions about water supplies. Consistent documentation of decisions also retains and transfers information when staff turnover occurs.

3.4 Written Procedures for Estimating Licensed Water Use Needed

We recommended the Water Security Agency implement written procedures about estimating and recording licensed water use. (2020 Report – Volume 1, p. 192, Recommendation 4; Public Accounts Committee agreement October 19, 2022)

Status—Not Implemented

The Water Security Agency does not have sufficient written procedures for estimating and recording licensed water use.

The Agency finalized a procedures guide in October 2022 for collecting and processing water use data, and estimating water usage. The guide included adequate guidance for staff on collecting actual water-use data. For example, it provided guidance on how and where to save usage reports and guidance on properly recording water usage using the correct unit for water (e.g., cubic metres). This is important because in our 2020 audit we found instances where the Agency incorrectly recorded information because it recorded incorrect units of measurement.

We found this guide did not provide enough detail for staff to consider and document when creating water-use estimations. We evaluated documentation on how staff made previous estimates in addition to the new procedures guide. We found the steps staff took to estimate water use for 2021 did not match the procedures guide, and staff did not clearly document their considerations in estimating water use for each licensee.

The Agency requires licensees to submit water usage reports by the end of January. Staff then enter the data into an IT system and estimate water use for any licensees who do not submit actual usage by the end of March. The Agency implemented a new IT system in June 2022. The Agency does not have processes to verify the completeness and accuracy of the data in the IT system other than checking the previous year's data for a licensee when they enter the next year's water usage or estimate.

As of March 7, 2023, the Agency had not entered the 2022 estimated water-usage data into its IT system, so we were unable to assess it.

Inconsistent estimates and records about water use reduces the ability to know the actual impact of use on a water source or on an individual licensee basis (e.g., to assess whether licensees comply with approved annual water allocations). Having robust processes to record actual reported water use and to make and record estimates in its IT system, will help the Agency keep accurate records on water use.



3.5 Monitoring Water-Use Licence Compliance Needed

We recommended the Water Security Agency actively monitor whether water-use licensees comply with key water-use licence conditions.

(2020 Report – Volume 1, p. 193, Recommendation 5; Public Accounts Committee agreement October 19, 2022)

Status—Not Implemented

The Water Security Agency has not taken significant steps to monitor whether water-use licensees comply with key water-use licence conditions.

As of March 2023, management has a draft *Risk-based Regulatory Compliance Framework Plan*. The Agency indicated it will use this plan to develop further compliance processes, including monitoring of licence conditions. The Agency has not yet documented how it will assess compliance or what it considers as key water-use licence conditions.

Because it had not made improvements in this area, the Agency was not assessing whether licensees used more water than allocated.⁷

Not actively monitoring water-use licensees' compliance with conditions may result in licensees using more water than allocated that can result in a number of risks, including:

- The Agency making inappropriate decisions on water allocation
- Water not available for other licensed water users
- Environment negatively impacted if usage reduces a water source more than planned or entirely depletes it
- Jeopardizing water body sustainability

3.6 Enforcement Procedures Required

We recommended the Water Security Agency develop written enforcement procedures for staff to follow when the Agency identifies licensed water users not complying with water-use licences.

(2020 Report – Volume 1, p. 194, Recommendation 6; Public Accounts Committee agreement October 19, 2022)

Status—Not Implemented

The Water Security Agency has not developed written enforcement procedures for staff to follow for non-compliant licensed water users.

The Agency created draft principles for regulation and compliance in 2022. Agency management indicated these overarching principles will help the Agency develop procedures for staff when it identifies non-compliance.

⁷ In our 2020 audit, we found seven licensees exceeded their allocation by a significant amount (more than 100 million litres) at least once during 2014 to 2018.

By not having effective written processes to enforce water-use licence conditions or consequences for significant non-compliance, the Agency increases the risk that licensees continue to violate licence conditions without consequence. Licensees may continue to not provide the Agency with actual water-use reporting (if required) or exceed their allocation.

3.7 More Robust Reporting to Senior Management on Water-Use Enforcement Program Needed

We recommended the Water Security Agency periodically give senior management written reports on non-compliance with key water-use licence conditions and related enforcement strategies and actions. (2020 Report – Volume 1, p. 195, Recommendation 7; Public Accounts Committee agreement October 19, 2022)

Status—Partially Implemented

The Water Security Agency took steps toward identifying how to communicate non-compliance with senior management, but it has not yet provided senior management with written reports on non-compliance with key water-use licence conditions.

The Agency developed a template for quarterly reporting to senior management that includes non-compliance information. As of March 2023, the Agency has not provided written reports to senior management using this template.

By not reporting this information to senior management, the Agency risks being unaware of the nature and extent of non-compliance and related implications. Senior management may not have the necessary information to verify staff take sufficient and appropriate action on non-compliance if they are not informed. This can result in water-use licensees not complying with water-use licence conditions and misusing water resources.

