

Chapter 25

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 licences. Irrigation and municipal water comprise the two largest uses of water, accounting for almost 80% of the surface water currently allocated in the province.¹ At April 1, 2026, there were about 15,000 water-use licences in Saskatchewan.

By March 2026, the Agency strengthened its processes to regulate water use to support a sustainable water supply. It made progress on the remaining five recommendations we first made in 2020; however, further work remains.²

The Agency still needs to:

- Actively monitor whether water-use licensees comply with key licence conditions, such as whether licensees use more water than allocated. We found 105 licensed water users exceeded their water-use allocation in 2023 or 2024 by enough water to fill about 3,600 Olympic-size swimming pools.
- Follow its written enforcement procedures when it identifies non-compliant licensed water users (e.g., exceeded water-use allocation).
- Develop more detailed staff guidance on decision factors to consider when reviewing applications for water use.
- Expand written guidance on how to conduct, and properly record, estimates of licensed water use.
- Periodically report in writing to senior management on non-compliance with key water-use licence conditions, and related enforcement strategies and actions.

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

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 Ministry of Environment, *2025 State of the Environment Report*, p. 43.

² The Water Security Agency implemented most of its guidance documents in April 2026, after our follow-up audit period.



(e.g., water quality, water use).³ 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.^{4,5}

2.1 Focus of Follow-Up Audit

This chapter describes our second follow-up audit of the Agency's actions on the recommendations we made in 2020.

We concluded, for the 12-month period ended December 31, 2019, the Water Security Agency had effective processes to regulate water use to support a sustainable water supply except for areas in our seven recommendations.⁶ By March 2023, the Agency implemented two recommendations.⁷

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 relevant criteria from the original audit. Agency management agreed with the criteria in the original audit.

To carry out our follow-up audit, we interviewed Agency staff to discuss key actions taken to implement the recommendations. We reviewed updated policies, templates, and decision records. We tested a sample of water-use licence applications and water use estimates for licensees.

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 16, 2026, and the Water Security Agency's actions up to that date.

3.1 Additional Written Procedures Needed for Assessing Water-Use Licences

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—Partially Implemented

The Water Security Agency developed draft procedures related to processing and approving applications for water use, but approval of draft procedures and more guidance is needed.

³ Water Security Agency, *Business Plan 2025–26*, p. 4.

⁴ An aquifer is an underground layer of water-bearing rock used for water extraction.

⁵ *The Water Security Agency Act*, s. 50–58.

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

⁷ *2023 Report – Volume 1, Chapter 26*, pp. 231–237.

From February 2024 to January 2026, the Agency received about 200 new water-use applications.

Staff guidance in the Agency's draft procedures include:

- Administrative process to follow when the Agency receives an application
- Standard terms for a water licence
- Special conditions that may apply to licences (e.g., maintain monthly records of water diverted)
- Instances where it requires a hydrology study (surface water)
- Instances where it requires a groundwater supply test

The Agency's guidance did not include detailed guidance for staff on decision factors to consider when reviewing applications. For example, it did not make clear when staff should include certain items (e.g., water supply evaluation) for a surface water application.

Once the Agency improves its guidance, it needs to approve and use it.

The Agency continues to utilize an electronic decision record. This allows improved documentation for water-use application files and records key decisions.

We tested 21 water-use application files to assess whether staff properly completed the decision record. We found two instances where staff incorrectly completed the decision record.

- For one application, the decision record did not include sufficient rationale for decisions (e.g., why it did not require certain groundwater supply tests)
- For one application, staff did not save the decision record properly, and the version saved in the application file had incorrect responses

Not having complete written guidance increases the risk of the Agency treating applicants inequitably. Written guidance also allows for knowledge transfer when staff turnover occurs.

3.2 Enhanced 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—Partially Implemented

The Water Security Agency developed procedures for estimating water use in February 2024, but more guidance is needed to make and properly record estimates.



The Agency requires certain licensees (e.g., manufacturing, mining, oil and gas, municipalities) to submit water usage reports by the end of January for each calendar year. The Agency will estimate water use for any licensees who do not submit actual usage by the end of March. Each year, the Agency estimates water use for about 90% of licensed users (about 14,000 each year).

The Agency's procedures include guidance for estimating water use for:

- No reports in the current year, but reports on actual use in a previous year
- Flood irrigation projects⁸
- Municipal usage
- Sprinkler irrigation

For licences that fall within a category covered by the procedures, we found Agency staff had adequate guidance to perform water-use estimates. However, we found some instances where the Agency did not include guidance in the procedures, and the water-use files lacked documentation explaining how staff calculated the estimates. For example, the procedures do not guide staff on when to use other common estimation methods of either using a five-year average of actual water use or estimating use at 80% of the licensed water allocation.

We tested 30 estimated water-use files to assess whether the Agency's estimate followed developed guidance or included adequately documented decisions. We found five estimates where staff did not adequately document how they estimated water use and no guidance in the procedures exist for these cases (e.g., when to estimate use at 80% of the licensed allocation). For one of the files, we found staff incorrectly estimated water use (i.e., used wrong data).

Inconsistent estimates and records about water use reduce 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 procedures to make and record estimates with adequate documentation will help the Agency keep accurate records on water use.

3.3 Monitoring and Enforcement of Water-Use Licence Non-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—Partially Implemented

⁸ Flood irrigation is where water is directed across level fields through channels or pipes to soak into the soil.

We recommended the Water Security Agency develop written enforcement procedures for staff to follow when the Agency identifies licenced water users not complying with water-use licences. (2020 Report – Volume 1, p. 194, Recommendation 6; Public Accounts Committee agreement October 19, 2022)

Status—Partially Implemented

The Water Security Agency approved guidance that includes steps to monitor and enforce licensee compliance, but it is not in effect until April 1, 2026. Our testing found numerous licenced water users who used more water than allowed—the Agency neither identified these users nor took sufficient action because it lacked implemented written enforcement procedures to address licensee non-compliance at March 2026.

The Agency's guidance includes compliance activities such as desktop reviews of water use and site inspections. Not complying with water-use licences includes using more water than allowed and not submitting actual water use reports (when required).

The Agency's guidance also includes risk criteria to assess non-compliance and guide how it responds and takes action. Low-risk activities present minimal risk to water supply availability. Medium-risk activities present a moderate risk to water supply availability (i.e., overuse of allocated water resources may lead to cumulative impacts over time). High-risk activities present a significant risk to water supply availability (i.e., require immediate intervention, intensive oversight, and often urgent remediation measures to mitigate environmental damage and restore compliance with regulatory standards).

Based on assessed risk, its compliance steps include:

- **Voluntary compliance:** Work with licensees to educate them and develop a plan to achieve compliance
- **Administrative enforcement:** Use tools allowed by legislation (e.g., fines)
- **Investigation:** Investigate whether the risk warrants escalated compliance action
- **Forced closure:** Immediately suspend the regulated activity, work, or operation

The Agency's guidance outlines compliance and enforcement activities (e.g., warning letter, fines). The Agency plans to use its guidance to create further detailed procedures for how and when staff will carry out enforcement actions to address identified non-compliance. We found the Agency's guidance includes appropriate factors to monitor and enforce non-compliance with water-use licences.

Figure 1 shows 105 licensed water users exceeded their water-use allocation in 2023 or 2024 by a total of over 9,000 cubic decameters, which is enough water to fill about 3,600 Olympic-size swimming pools.⁹ Each licensed water user exceeded their water-use allocation by between 1–2,411 cubic decameters. There were 12 licensed water users who exceeded their water use allocation by more than 100 cubic decameters.¹⁰

⁹ One cubic decameter is one million litres. Five cubic decameters is approximately enough water to fill two Olympic-size swimming pools.

¹⁰ In our original 2020 audit, we found seven licensees who exceeded their water use allocation by more than 100 cubic decameters at least once during 2014 to 2018.

**Figure 1—Licensees Exceeding Allocated Water Use in 2023 and 2024**

	2023	2024	Total
Licensed users exceeding allocation	35	70	105
Users exceeding allocation (with a cancelled or expired licence/application)	25	9	34
Total	60	79	139
Actual use for licensed users exceeding allocation (in cubic decameters) ^A	5,365	3,820	9,185
Actual use for users with no licence (in cubic decameters) ^{A,B}	4,771	1,928	6,699
Total actual use exceeding allocated use (in cubic decameters)	10,136	5,748	15,884

Source: Adapted from Water Security Agency records.

^A This is actual, self-reported water use by the water user (i.e., does not include any water use estimated by the Agency).

^B Since these users did not have an active licence, any water use exceeded their allocation.

As the Agency had not yet implemented its guidance, management has not yet taken appropriate actions to address identified non-compliance with licence requirements. The Agency took no compliance steps (e.g., fines) for the 139 water users, including the 34 unlicensed users using almost 7,000 cubic decameters of water, noted in **Figure 1**.

Not actively monitoring water-use licence compliance—such as unlicensed use or use above allocated amounts—limits the Agency’s ability to make informed water-allocation decisions, ensure sufficient water for licensed users, and protect the sustainability of water bodies in the province.

Without effective written procedures to enforce water-use licence conditions or address significant non-compliance, the Agency increases the risk that licensees continue to violate licence conditions without consequence or be subject to inconsistent enforcement. As a result, certain licensees may continue to not report their actual water use (where required) to the Agency or exceed their allocated water use.

3.4 More Robust Reporting to Senior Management on Water-Use Non-Compliance and Enforcement Required

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. 194, Recommendation 7; Public Accounts Committee agreement October 19, 2022)

Status—Partially Implemented

The Water Security Agency has taken steps to provide senior management with written reports on compliance activities, but the reporting needs to be more robust. Also, the Agency needs to begin effectively monitoring non-compliance with water-use licences and implement its enforcement guidance to report sufficiently on the effectiveness of its enforcement actions (see **Section 3.3**).

The Agency developed a template for reporting to senior management about aspects of non-compliance information. The template includes information on the number of inspections required and completed for waterworks and sewage works. It also has sections for staff to include success stories and challenges related to compliance.

The template does not include sections on:

- Number of non-compliant users with key water-use licence conditions
- Types of non-compliance
- Steps taken to address non-compliance

We tested two quarterly reports to senior management and found the Agency reported on compliance situations as guided by its template (e.g., number of waterworks and sewage works inspections completed).

Not having robust reporting to senior management on compliance information increases the risk the Agency is not aware of the nature and extent of non-compliance and related implications. Senior management may not have necessary information to verify staff take sufficient and appropriate action on non-compliance if they are not adequately informed.

