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Main points

In this chapter, we report the results of the audit of Saskatchewan Opportunities Corporation (SOCO) for the year ended December 31, 2005.

We concluded that the financial statements of SOCO are reliable. SOCO complied with the authorities governing its activities and had adequate processes to safeguard public resources except as noted below.

SOCO needs to establish written processes to ensure all construction project costs are properly recorded.

Introduction

Saskatchewan Opportunities Corporation (SOCO) creates, encourages, and facilitates business opportunities in the Saskatchewan technology sector, primarily through the development and operation of research and development parks.

In 2005, SOCO earned revenue of \$22 million, had net income of \$5.5 million, and held assets of \$13.7 million.

Our audit conclusions and finding

Our Office worked with KPMG LLP, SOCO's appointed auditor, using the framework recommended by the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.¹ KPMG LLP and our Office formed the following opinions.

In our opinion, for the year ended December 31, 2005:

- ◆ **SOCO's financial statements are reliable**
- ◆ **SOCO complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**
- ◆ **SOCO had adequate rules and procedures to safeguard public resources except for recording construction project costs**

Financial reporting needs improvement

SOCO did not have adequate controls to ensure its financial records accurately included all of its financial activities.

SOCO is undertaking a major building construction project with an estimated cost of \$25 million. Accordingly, it is important that management have a system to identify all construction contracts, monitor

¹ To view this report, see our website at www.auditor.sk.ca/rrd.html.

the progress on each contract, and record in its financial records all costs incurred.

SOCO had adequate processes to identify all construction contracts and monitor the progress on each contract; however SOCO did not have a process to ensure that all progress billings on construction contracts were recorded in its accounts and financial statements. As a result, the financial statements presented for audit did not include accounts payable and construction project costs of \$1.1 million as at December 31, 2005. SOCO corrected this error.

- 1. We recommend that Saskatchewan Opportunities Corporation establish written processes to ensure all construction project costs are properly recorded.**