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Main points

In this chapter, we report the results of our audit of the Saskatchewan Research Council (SRC). SRC needs to independently review and approve all journal entries to its records. If journal entries are not independently reviewed and approved, SRC is at risk that its accounting records and financial reports may not be accurate and complete or that a loss of resources due to fraud or error may be concealed.

Introduction

The mission of the Saskatchewan Research Council (SRC) is to “help the people of Saskatchewan strengthen the economy with quality jobs and a secure environment.”¹ It seeks to do this through “research, development, and the transfer of innovative scientific and technological solutions, applications and services.”¹ It is also empowered to conduct research under contract for others.

In 2007-08, SRC had revenue of \$41.2 million and expenses of \$36.4 million. At March 31, 2008, SRC held assets of \$32.2 million.

SRC also manages the Saskatchewan Research Council Employees’ Pension Plan. At December 31, 2007, the Plan held assets of \$21.3 million and had a surplus of \$42,000.

Audit conclusions and findings

In our opinion for the year ended March 31, 2008:

- ◆ **SRC had adequate rules and procedures to safeguard public resources except for the matter reported below**
- ◆ **SRC complied with the authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**
- ◆ **SRC’s financial statements are reliable**

Approval of journal entries

SRC has established a practice that requires independent review and approval of all changes to the accounting records (i.e., journal entries). We found that some of the journal entries lacked evidence of independent review and approval.

If journal entries are not reviewed and approved independent of preparation, SRC is at risk that its accounting records and financial

¹ *Saskatchewan Research Council 2007/2008 Annual Report*, page 1.

reports may not be accurate and complete or that a loss of resources due to fraud or error may be concealed.

- 1. We recommend Saskatchewan Research Council independently review and approve all journal entries.**

Management has told us it agrees with the recommendation and intends to formalize its existing practice of independent review and approval into policy and enhance the monthly procedures check list.