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Main points

Saskatchewan Transportation Company (STC) uses a method called “Balanced Scorecard” to measure and report on its performance. Its annual reports include these reports.

STC has implemented the two recommendations we made in our 2007 Report – Volume 1 in our audit of the reliability, understandability, and consistency of information presented in its 2006 balanced scorecard. By implementing these recommendations, STC has improved its processes to produce reliable balanced scorecard reports.

STC’s 2008 financial statements are reliable; it had adequate rules and procedures to safeguard its public resources; and it complied with authorities governing its activities.

Introduction

The Saskatchewan Transportation Company (STC) has a mandate to provide safe, affordable, and accessible passenger and freight transportation services to Saskatchewan communities. In 2008, STC spent \$24.7 million to provide these services.

Audit conclusions and findings

To form our opinion on STC, our Office worked with Meyers Norris Penny LLP, its appointed auditor. We used the framework recommended by the *Report of the Task Force Roles, Responsibilities and Duties of Auditors*.¹

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

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

The remainder of this chapter describes our follow-up of the recommendations we made in 2007 related to STC's Balanced Scorecard.

Balanced scorecard accuracy—a follow-up

In early 2007, we assessed STC's report of its balanced scorecard results. Our 2007 Report Volume 1, Chapter 12 (pp. 149-155) concluded that the information presented in Saskatchewan Transportation Company's Balanced Scorecard, as reported in its 2006 Annual Report, was prepared in accordance with the reporting principles of reliability, understandability, and consistency.

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

In our 2007 Report Volume 1, Chapter 12, we made two recommendations to support the STC's continued ability to produce reliable balanced scorecard reports in the future. On January 19, 2009, the Standing Committee on Crown and Central Agencies agreed with our recommendations.

The following sets out each recommendation (in italics) and the actions STC has taken to address each recommendation. As of March 25, 2009, we found that STC has met both recommendations.

Policy requires definitions and calculation methods

In 2007, we recommended the Saskatchewan Transportation Company set out, in detailed procedures, how it defines and calculates each measure presented in its balanced scorecard reports.

STC has met our recommendation. In early 2009, STC approved a policy requiring staff to record definitions and calculation methods for its balanced scorecard measures. It has implemented the policy. The policy is clear. STC provides definitions sufficient to enable the reader to understand what is being measured. Procedures setting out how to calculate the measures are sufficiently detailed to prevent errors and inconsistency from year to year. Calculations showed that staff followed the specified calculation methods.

Policy requires review and approval before reporting

In 2007, we recommended the Saskatchewan Transportation Company require its staff to review the accuracy of balanced scorecard results before reporting them.

STC has met our recommendation. STC's detailed procedures for 2009 state members of the Executive Team are responsible to review and approve balanced scorecard results prior to reporting them. During our follow-up, it was evident that a review of results is occurring. The review is thorough enough to ensure the accuracy of information reported.