

Chapter 20

Saskatchewan Telecommunications Holding Corporation

1.0 MAIN POINTS

Saskatchewan Telecommunications Holding Corporation (SaskTel), the companies it owns, and its Pension Plan complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. As well, SaskTel's financial statements were reliable, as were those of its companies and Pension Plan.

SaskTel, its companies, and its Pension Plan had adequate rules and procedures to safeguard public resources except SaskTel needs to improve security over customer credit card information. Unauthorized access to customer credit card information could significantly damage the reputation of SaskTel. Management of SaskTel told us it plans to complete its strengthening of controls and implementation of standards required by the credit card industry by July 2012.

2.0 INTRODUCTION

SaskTel markets and supplies a range of voice, data, internet, entertainment, security monitoring, messaging, cellular, wireless data, and directory services. SaskTel provides these products and services through its companies listed below.

This chapter discusses the results of our 2011 audits of SaskTel, the companies it owns, and its Pension Plan.

2.1 Related Companies and Pension Plan

At December 31, 2011, SaskTel wholly owned the following companies with active operations:

Saskatchewan Telecommunications
Saskatchewan Telecommunications International, Inc.
DirectWest Corporation
SecurTek Monitoring Solutions Inc.

Also, SaskTel sponsors and administers the Saskatchewan Telecommunications Pension Plan. For additional information on SaskTel and its companies, see SaskTel's website at www.sasktel.com.

3.0 AUDIT CONCLUSIONS AND FINDINGS

Our Office worked with KPMG LLP, the appointed auditor, to carry out the audit of SaskTel, the above-listed companies, and pension plan. We followed the framework in



the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* (www.auditor.sk.ca/rrd.html).

The following are our opinions for the above-listed companies and Pension Plan for the year ended December 31, 2011:

- › **They had adequate rules and procedures to safeguard public resources except for the matter described below**

- › **They complied with the following authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Saskatchewan Telecommunications Holding Corporation Act
The Saskatchewan Telecommunications Act
The Crown Corporations Act, 1993
The Business Corporations Act (Saskatchewan)
The Financial Administration Act, 1993
The Pension Benefits Act, 1992
The Corporation Capital Tax Regulations, 1984
The Pension Benefits Regulations, 1993
The Crown Corporations Regulations, 1993
Business Corporations Act (Canada)
Telecommunications Act (Canada)
Relevant Canadian Radio-television and Telecommunications Commission decisions
Orders in Council issued pursuant to the above legislation

- › **The financial statements are reliable**

3.1 Better Security for Customer Credit Card Information Required

We recommended that SaskTel have adequate controls to ensure customer credit card information is securely transmitted and stored. (2009 Report – Volume 1)

Status – We continue to make this recommendation.

SaskTel accepts payments from customers using credit cards. SaskTel stores, processes, and transmits customer credit card information. SaskTel does not have adequate controls, including those defined by the credit card industry, to provide reasonable assurance that customer credit card information is securely transmitted and stored. As a result, unauthorized access of customer credit card information could occur without ready detection. Unauthorized access could significantly damage the reputation of SaskTel.

Management of SaskTel is working to strengthen its controls and to fully implement the standards required by the credit card industry. Management told us it plans to complete this work by July 2012.