



Robert Hersche
Director of
Regulatory Affairs

2121 Saskatchewan Drive
Regina, Saskatchewan
S4P 3Y2

Telephone: (306) 777-5346
Fax: (306) 565-6216 Electronic Fax: (306) 791-1457
Internet: document.control@sasktel.sk.ca

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Mr. Robert A. Morin
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, ON K1A 0N2

Dear Mr. Morin:

Re: SaskTel Retail Audit Report

1. Pursuant to Telecom Decision CRTC 2005-17, *Retail quality of service adjustment plan and related issues*, 24 March 2005, (the Decision), the Commission directed all large incumbent local exchange carriers (ILECs) to conduct and file an annual audit report of their quality of service results. This letter constitutes Saskatchewan Telecommunications' (SaskTel) annual report.
2. At paragraph 228 of the Decision, the Commission directed that all ILECs conduct annual audits to ensure compliance with the directives of the Decision, engage an external auditor to conduct annual audits and file a report with the CRTC. Specifically the CRTC stated:
 - a. In accordance with the above, the Commission determines that:
 - b. the ILECs must conduct annual audits to ensure compliance with the directives in this decision that pertain to the reporting of Q of S results and the calculation of payments under the final plan;
 - c. the annual audits are to be conducted by an external auditor and may be conducted in conjunction with annual financial audits; and
 - d. the ILECs must file with the Commission a report identifying any Q of S issues raised by the external auditor as a result of the audit. This report must be filed within 30 days of the completion of the auditors' report to the ILEC.
3. SaskTel's Internal Audit group conducted a review of the 13 Indicators which make up the retail adjustment plan. Two Indicators were identified by Internal Audit as not following SaskTel's current business rules. It should be noted that many processes used to track and report on the Indicators are still manual. As a result, human errors occur within these manual processes. Usually, these errors are negligible but where there are manual processes present there is generally a higher risk of not aligning to the stated business rules.

4. Upon further analysis, SaskTel has determined that manual processes and resulting variances are not material in nature. The impact of the non-compliance would not result in SaskTel either making the stated objective or falling below the stated objective.
5. SaskTel continues to examine alternative controls in order to reduce the impact of the manual processes within SaskTel. In some cases, automated processes are being introduced. In others, the volume of activity is low; therefore, implementing automated processes is not cost effective. Human intervention may result in a greater risk of error, however, selective controls and greater diligence within manual processes can mitigate the impact or occurrences of such errors.
6. SaskTel did engage an external auditor, KPMG, to perform procedures to meet the directives set out in the Decision. The procedures performed by the external auditor relate to the retail rate adjustment plan, its associated calculation and to the documentation prepared by SaskTel's own Internal Audit group. As a result of applying the specified procedures, the external audit did not find any material issues with the Internal Audit work.

All of which is respectfully submitted.

Sincerely,



Robert Hersche
Director of Regulatory Affairs
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