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17 June 2008

Filed Electronically

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

Dear Mr. Morin:

Re: SaskTel Competitor Audit Report

1. Pursuant to Telecom Decision CRTC 2005-20, *Finalization of quality of service rate rebate plan for competitor,* 31 March 2005, (the Decision), the Commission directed all large incumbent local exchange carriers (ILECs) to conduct and file an annual audit report of their competitor quality of service results. This letter constitutes Saskatchewan Telecommunications' (SaskTel) annual report.

2. At paragraph 209 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:

   In accordance with the above, the Commission directs the ILECs to:

   a. conduct annual internal audits to verify that procedures and processes are in place for the ILEC to deliver and maintain facilities and services on time to competitors;
   b. retain an external auditor to conduct annual audits of the competition-related Q of S results, RRP calculations and any rate rebate payments. This audit should take place as part of the annual external financial audit of the ILEC; and
   c. file with the Commission a report detailing any issues raised and findings made by the internal or external audits, within 30 days of the completion of the external auditor's report.

3. SaskTel's Internal Audit group conducted a review of active competitor Indicators which make up the rate rebate plan. There was one material error found in one indicator for one month. The Q of S updated results were filed with the Commission on 25 May 2008. SaskTel notes that many processes used to track and report the Indicators are still manual. As a result, human errors occur within these manual processes. Where there are manual

processes there is generally a larger risk of not aligning to current business rules and overall there is a risk of non-compliance to Commission directives.

4. However, upon further analysis SaskTel has determined that the manual processes and resulting variances are not material in nature. The impact of 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.

Sincerely,

R Hersche

Robert Hersche
Director of Regulatory Affairs
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