



Technical Standards and Safety Authority

Executive Summary - Non-Regulatory Business Compliance Audit

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EXECUTIVE SUMMARY

BACKGROUND

In April 2013, a Memorandum of Understanding (“MOU”) was established between the Ministry of Government and Consumer Services (“MGCS”) and the Technical Standards and Safety Authority (“TSSA”) permitting the TSSA to provide non-regulatory safety services, in addition to its statutory mandated business.

Under *Section 5* of the MOU, the TSSA may enter into non-regulatory business arrangements that promote and enhance public safety, consistent with its vision and mission. This is further clarified in Schedules A and B of the MOU which summarize the non-regulatory safety services the TSSA may provide and outline the requirements and the principles that the TSSA must comply with throughout the lifecycle of non-regulatory safety services. The MOU also requires the TSSA to engage an independent third party to conduct an annual audit of the TSSA’s compliance with the requirements under the non-regulatory business policy (“Policy”) under Schedule B of the MOU.

At the present time, non-regulatory safety services are not a core function for the TSSA, nor is the revenue generated from these contracts material to the TSSA. According to its website, the “TSSA is not actively pursuing non-regulatory services.” However, with the increase in Boiler Pressure Vessel (“BPV”) work required with the refurbishment of the Darlington and Pickering Nuclear Reactors, the non-regulatory safety services work is increasing.

For Fiscal Year 2018, the revenue and net margin attributable to non-regulatory safety services was approximately \$5,131,000 and \$1,220,000 respectively. This was a marked increase when compared to Fiscal Year 2017, where the revenue and net margin attributable to non-regulatory safety services was \$4,292,000 and \$1,062,000 respectively.

AUDIT OBJECTIVE

The objective of this audit was to assess the TSSA’s compliance with Schedule B of the MOU, and to identify business process improvement opportunities to enhance the control framework and provide greater assurance over meeting Policy requirements.

SCOPE

The scope of this audit was limited to non-regulatory services provided during May 1, 2017 to April 30, 2018, in accordance with Section 5 Non-Regulatory Business and Schedules A and B of the MOU.

The following areas were excluded from the scope of this audit:

- Procedures to independently verify the accuracy and completeness of the recording, reporting and disclosure of the revenues and expenses related to performing non-regulatory business as reported within the TSSA's financial statements;
- The appropriateness of the objects listed in Schedule A of the MOU;
- TSSA's compliance with any aspect of the MOU other than Section 5, and Schedules A and B; and,
- The information technology general and application controls within the Oracle system.

CONCLUSION

In performing the audit, we conclude in all material respects, the TSSA complies with the Policy principles in Schedule B of the MOU for the period May 1, 2017 to April 30, 2018.



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