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.
We look forward to getting to know you and your organization.