



Technical Standards and Safety Authority

Executive Summary - Annual Internal Audit of Compliance to Non-Regulatory Business Policy

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EXECUTIVE SUMMARY

BACKGROUND

In April 2010, 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 *Schedule A of the MOU – Summary of Additional Objects of the Corporation* which summarizes the non-regulatory safety services the TSSA may provide; and, *Schedule B – Non-Regulatory Business Policy* (“the Policy”) of the MOU which outlines 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 Policy requirements under the Policy.

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 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 2017, revenue and net margin attributable to non-regulatory safety services were approximately \$4,292,000 and \$1,062,000 (24.7%) respectively, compared to Fiscal Year 2016 revenue and net margin of \$4,023,000 and \$1,278,000 (31.8%).

AUDIT OBJECTIVES

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

SCOPE

The scope of the internal audit was limited to the non-regulatory services provided between May 1, 2016 and April 30, 2017, in accordance with Section 5 – Non-Regulatory Business, Schedule A, and Schedule B of the MOU.

Excluded from the project scope were:

- 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;
- The 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 is in compliance with the policy principles in Schedule B of the MOU for the period May 1, 2016 to April 30, 2017.



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