

Deloitte.



Electrical Safety Authority

Non-Regulatory Business Review: Compliance
with Schedule F of the Administrative Agreement

October 22, 2019



Overview

Background

In January 2013, Electrical Safety Authority ('ESA') entered into an Administrative Agreement (AA) with Her Majesty the Queen in Right of Ontario as represented by the Minister of Consumer Services ('the Minister'). Schedule F – "Non-Regulatory Business Policy" ('the Policy') of the Administrative Agreement establishes requirements for conducting non-regulatory business ventures.

ESA's Objects under its Letters Patent and the Administrative Agreement with the Ministry of Government and Consumer Services (MGCS) facilitates ESA to carry out non-regulatory business – as long as it meets ESA's mandate to promote electrical safety in Ontario.¹ Non-regulatory business activities include: Regulatory services provided to non-regulated clients and installations, field evaluation services, training, and general electrical oversight services.

The Policy specifically requires that ESA operate in compliance with the following principles:

- Commitment to Core Responsibilities and Regulatory Integrity
- Fair Business Practices
- Fair Competition
- Financial Independence

The table below² compares fiscal year 2019 and 2018 revenue attributable to non-regulatory business.

	FY 2019	FY 2018
Revenue	\$19.4M	\$19.0M
Total Revenue	\$116.9M	\$114.2M
% of Revenue Attributable to Non-Regulatory Business	16.6%	16.6%

Preparer

Deloitte LLP

Bay Adelaide East
8 Adelaide Street West,
Suite 200
Toronto ON M5H 0A9
Canada

Deloitte Contact

Neil M. Brown, Partner
416-643-8414

niebrown@deloitte.ca

¹<https://www.esasafe.com/about-esa/non-regulatory/>

² **2019 Fiscal**

Annual Report

<https://www.esasafe.com/assets/files/esasafe/pdf/Annual%20Report/ESA-AR2019-Final-Web.pdf>



Objective, scope and conclusion

Objective

The objective of this review was to assess ESA's compliance with the Policy for non-regulatory business conducted by ESA between April 1, 2018 and March 31, 2019.

Scope

The scope of this review was limited to non-regulatory business services provided by ESA in accordance with section 15 of the Administrative Agreement and Schedule F of the Administrative Agreement.

The procedures performed by Deloitte did not:

- Constitute an audit, a review or a compilation of ESA's financial statements or any part thereof, nor an examination of management's assertions concerning the effectiveness of ESA's internal control systems. Accordingly, the performance of the procedures by Deloitte staff do not result in the expression of an opinion, or any other form of assurance, on ESA's financial statements or any part thereof, nor an opinion, or any other form of assurance, on ESA's internal control systems.
- Include an assessment or review of the appropriateness of the objects of the Administrative Authority or the Principles outlined in Schedule F of the Administrative Agreement.

Conclusion

Based on procedures performed (please refer to Appendix A) and evidence reviewed, we can reasonably conclude that ESA is in compliance, in all material respects, with the policy principles set forth in Schedule F of the Policy.

The following non-regulatory business services were reviewed:

- Regulatory services provided to non-regulated clients and installations (certain Continuous Safety Services (CSS) & Wiring services)
- Field evaluation services
- Training
- Licensing of Powerline Safety materials to utilities outside of Canada, specifically Queensland, Australia

Appendix A – Procedures Performed

- Obtained and reviewed profit and loss data/information used in the preparation, consolidation and reporting of audited financial results
- Identified sources of non-regulatory service revenue through consultation with ESA management and through review of financial data/information
- Leveraged 2018 internal audit files and conducted interviews (as required) with ESA management to understand non-regulatory business services delivered by ESA
- For all non-regulatory business services, obtained and reviewed evidence of ESA compliance with the four principles set out in the Policy and documented results accordingly
- Obtained and reviewed the attestation statement listing each existing non-regulatory business venture as submitted in December 2016 to the Minister and reviewed completeness relative to non-regulatory business services identified through review activities
- For all new ventures initiated by ESA during the scope period, reviewed compliance with applicable “Compliance” elements as outlined in the Policy



Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting, and financial advisory services. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

The information contained herein is not intended to substitute for competent professional advice.

© Deloitte LLP and affiliated entities.