

The background features a large, stylized blue triangle on the left side. The rest of the background is a grid of puzzle pieces. One puzzle piece in the center-right is highlighted in a darker blue and contains a white silhouette of a person in a suit. A hand is shown at the bottom right, placing this puzzle piece into the grid. The overall design is modern and professional, with a focus on human elements and safety.

# ANNUAL REPORT

2020

**TECHNICAL SAFETY AUTHORITY OF  
SASKATCHEWAN**

Inspiring and Shaping Excellence in Public Safety

 **Technical  
Safety Authority**  
of Saskatchewan





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# CHAIR'S MESSAGE



**Tom Robinson**

Chair of the Board

On behalf of the Board of Directors of the Technical Safety Authority of Saskatchewan (TSASK), it is my pleasure to introduce the Company's annual report for the 2019-20 fiscal year.

I want to begin by congratulating the TSASK team for a year of significant progress and success. Over the past number of years, our management team and a committed group of employees have undertaken the challenge of preparing TSASK for the future. As we embark upon a new era and expanding responsibilities, we do so with tremendous confidence, based on the proven ability of our people to adapt to the evolving needs of our customers, the province and the public. TSASK will continue to embrace change without compromising service levels and safety excellence.

The accomplishments of the TSASK team were achieved with the full support of our Board of Directors. I want to thank my fellow directors for their commitment and service. I would also like to welcome Madeleine Robertson, Q.C., as a director. You can learn more about our directors on pages 27-29 of this report.

Finally, I would like to thank all of TSASK's customers and the growing list of industry participants that support our organization as we strive to inspire and shape excellence in public safety. Through its mandate, TSASK performs important work that contributes to the economic prosperity of the province. We look forward to working on your behalf to deliver on our vision, mission and values for 2020-21 and beyond.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Robinson'.

Tom Robinson, Chair of the Board

# VISION, MISSION, VALUES



## VISION

Recognized as a leading safety authority - a Saskatchewan service provider, inspiring and shaping excellence in public safety.

## MISSION

In collaboration with owners, operators and the industry, TSASK provides professional safety, educational and regulatory services that instill a high level of confidence in our public safety system.

## VALUES

**SAFETY IS PARAMOUNT** - We practice uncompromised safety in and through the services we deliver.

**ACCOUNTABILITY** - We are committed to responsible, consistent, and dependable actions.

**INTEGRITY** - We are open, honest, ethical, and transparent in our conduct.

**TEAMWORK** - We believe in the strength of our collaborative efforts.

**RESPECT** - We treat colleagues, customers, and stakeholders with respect.

**RECOGNITION** - We value and acknowledge the work, ideas, initiatives, and contributions of our colleagues and customers.

**PROFESSIONAL SERVICE** - We add value to our customers through excellence in everything we do.

**CONTINUOUS LEARNING** - We invest in our employees' learning, growth, and transfer of knowledge to support continuous improvement.



# LETTER FROM THE CEO

## **William J. Scott**

Chief Executive Officer

I am pleased to provide this report on the performance of the Technical Safety Authority of Saskatchewan for the 2019-20 fiscal year.

A fundamental premise in the field of safety is to expect the unexpected. Suffice to say, the past 12 months tested our ability to operate in some of the most unexpected conditions we have ever seen. I am grateful to our people, our customers, and our stakeholders for demonstrating an unrelenting commitment to public safety in a year of unprecedented challenges.

We entered 2019-20 preparing for change as we awaited final approval from the Government of Saskatchewan on the transition of responsibility for licensing, permitting and inspection services for gas, electrical and plumbing to TSASK. It is a significant expansion to TSASK's operating mandate – one that

**“Like businesses around the world, we were required to adjust in real time and to find ways to deliver our core services in an environment that no one had previously experienced.”**

we embrace as we believe it will further improve public safety in the province.

Amid this transition planning, the global pandemic caused by COVID-19 threw an unexpected wrench into existing operating practices and added an additional layer of uncertainty into the timing of the proposed expansion of TSASK's mandate. Like businesses around the world, we were required to adjust in real-time and to find ways to deliver our core services in an environment that no one had previously experienced.

**“The intent is for TSASK to become a one-stop shop for licensing, permitting and inspections – improving efficiency and transparency in these vitally important areas.”**

Through this unpredictable year, TSASK functioned as it has in the past: delivering on our commitments to industry; operating efficiently to meet our existing responsibilities; and, significantly, moving forward on initiatives that address the future needs of the people and businesses of Saskatchewan.

### **Preparing for Transformational Change**

Among the most significant objectives for TSASK in this fiscal year was to prepare our organization – operationally, administratively and financially – for the integration of new responsibilities and new people into our organization.

The transition of gas and electrical licensing (previously under the Ministry of Government Relations), gas and electrical permitting and inspections (from SaskPower); and plumbing permitting and inspections, (from Saskatchewan Health Authority) will bring greater consistency to safety-related oversight in Saskatchewan. The intent is for TSASK to become a one-stop-shop for licensing, permitting and inspections – improving efficiency and transparency in these vitally important areas.

The legal shift of responsibilities required amendments to legislation by the Government of Saskatchewan, which could not be achieved before the legislature was adjourned due to COVID-19. While TSASK continued to plan for the change, we could not execute on this transition until the passage of Bill 180. The Bill eventually received third reading in the shortened sitting of the legislature in June 2020, which will enable us to proceed with our transition plan in 2020-21. The transfer of gas and electrical licensing services was scheduled to begin on August 4, 2020, with the other services to shift to TSASK in February 2021.

This will bring significant changes to TSASK, essentially tripling the number of employees and requiring a major expansion of our infrastructure. Fortunately, TSASK is no stranger to transformational change. From our inception in 2010 to present day, our leadership and front-line workers have found ways to innovate and lead on the delivery of services to support public safety.

In December 2019, we brought together managers from TSASK and SaskPower, as well as a number of board members, to discuss our strategic plan to integrate new people and responsibilities into our organization. While there are many challenges to be addressed in the months and years ahead, we emerged with a clear understanding of the common vision that binds us together: a commitment to public safety.

We are moving forward with tremendous confidence that this shared objective will help us overcome the inevitable – and sometimes unexpected – issues related to integration.

### **Financial Stability for the Future**

TSASK's ability to proactively prepare for new responsibilities is tied to a long history of prudent financial management. While we do not operate with profit as a motivator, we do recognize our responsibility to deliver our services in an efficient yet sustainable manner. This approach enabled TSASK to build the financial strength to invest in planning, infrastructure, and people to support our expansion without requiring additional investment by the province.

With a belief that Bill 180 would pass and amalgamation would happen, we began building the necessary systems during 2019-20. We drew upon our financial reserves to finance the many expected needs of expansion, including leasehold improvements on a new long-term office in Saskatoon and the continued development of cloud-based infrastructure. We invested in additional support where necessary to ensure TSASK would be ready for our new responsibilities.

Over this same period of necessary investment, the impact of COVID-19 affected the plans of industry and TSASK's ability to deliver services. Few major projects were launched during the year and a number of service areas experienced a slow-down in requests. In addition, we curtailed the delivery of exams for two months to ensure the safety of students and our staff.

On a year over year basis, TSASK revenue declined from \$9.22 million to \$8.85 million, while expenses grew from \$8.95 million to \$9.56 million. As a result, TSASK experienced a net loss of \$709 thousand in this fiscal year. We were prepared for this necessary investment in our future and exited the year with net assets at \$4.59 million, compared to \$5.30 million at the end of 2018-19.

Our history of fiscal responsibility supported the investment needed for expansion, and we expect a significant increase in revenues will follow additional responsibilities. Still, we know that our ability to continue to deliver cost-efficient reliable services will make it necessary to evaluate the appropriate cost model for our new areas of operations. There is a great deal of work to be done in untangling the financial relationships between the previous providers of these services and TSASK, which will be delivering them in the future.

Our goal, as it has always been in the past, will be to do the right thing – in terms of public safety, efficient service to industry, and the long-term health of TSASK.





### **The Path Forward**

There is an old adage that states “the more things change, the more they remain the same.” That has a very positive connotation in any discussion of TSASK’s performance in 2019-20, and our plans for the future.

As we tackle the expansion of our services – bringing on new people, systems, and areas of responsibility – we remain focused on the four pillars of our business: people, customer service, safety, and operational excellence. As we integrate new people and manage the evolution of our internal culture, we know that everyone involved with TSASK shares a commitment to improving public safety. We will continue to look for new ways to deliver on this mandate in our traditional areas and our new ones.

I would be remiss to not recognize the performance of our team in addressing the unexpected challenges created by COVID-19. As a safety-focused organization, we have an obligation to demonstrate leadership in our approach to dealing with a public health crisis. At the earliest signs of the significance of this pandemic, our people identified ways to shift our services from central offices to home-based delivery. Then they went home and they delivered, supporting industry’s ability to continue to function safely.

Heading into this time of transition, we will continue to expect the unexpected. With the participation and support of industry and the Ministry of Government Relations, we will expand our reach and extend our commitment to safety across Saskatchewan.

Sincerely,

Bill Scott  
Chief Executive Officer



# MANAGEMENT'S DISCUSSION OF FINANCIAL AND OPERATIONAL PERFORMANCE

The purpose of Management's Discussion of Financial and Operational Performance is to enhance stakeholders' understanding of the industry trends that drive TSASK's priorities as an organization. It also provides financial and operational context to support the disclosures contained in the 2019-20 audited financial statements.

## **Organizational Overview**

The Technical Safety Authority of Saskatchewan (TSASK) is a not-for-profit organization established on July 1, 2010, through *The Technical Safety Authority of Saskatchewan Act*. TSASK was created from the Licensing and Inspections Branch of the Ministry of Corrections, Public Safety and Policing with a mandate of delivering safety programs related to pressure equipment, elevating devices, and amusement rides in the province. TSASK's relationship with government now resides with the Ministry of Government Relations.

TSASK's registration, inspection, certification and licensing programs and services operate on a fee-for-service basis. These fees are charged to the sectors that design, manufacture,



install, operate, and own potentially hazardous equipment. TSASK administers and enforces the provisions of the following legislation and related regulations:

- *The Boiler and Pressure Vessel Act, 1999;*
- *The Passenger and Freight Elevator Act;*
- *The Amusement Ride Safety Act.*

TSASK operates at arms-length from the provincial government, under the terms of a Safety Standards Agreement (SSA).

The Government of Saskatchewan, through the Ministry of Government Relations, continues to be responsible for the legislative and regulatory requirements governing the safe operation of boilers, pressure vessels, elevators, and amusement rides. The government continues to be responsible for establishing safety standards and policies, as well as legislative and regulatory requirements related to public safety.

### **Corporate Mandate**

The Technical Safety Authority of Saskatchewan is responsible for the administration and enforcement of legislation and regulations on behalf of government.

Our professional team provides a full range of programs and services including:

- licensing and permitting;
- assessing regulated equipment design;
- overseeing the fabrication and installation of regulated equipment;
- assessing and certifying knowledge and quality practices within registered organizations;
- testing, certifying, and licensing of industry personnel;
- inspecting regulated equipment;
- educating and informing industry;
- contributing to the advancement of safety standards;
- enforcing standards and legislative compliance; and
- investigating reported accidents.

These services are provided to individuals and organizations that design, manufacture, install, operate, or own any equipment that falls within our area of responsibility.

In late 2018, the provincial government announced a plan to extend TSASK's areas of responsibility to create a more comprehensive single safety services agency for the province. TSASK is now moving to incorporate a method and strategy to effectively assume responsibility for:



- gas and electrical licensing, which was previously under the Ministry of Government Relations;
- gas and electrical permitting and inspections, currently under SaskPower; and
- plumbing permitting and inspections, currently under the Saskatchewan Health Authority.

These areas of expanded responsibility required amendments to the TSASK Act that were passed by the Government of Saskatchewan in June 2020. TSASK prepared to take responsibility for licensing in August 2020 and is scheduled to assume responsibility for gas and electrical inspections and permitting in February 2021. Plumbing inspections and permitting will transition at a later date.

### **Fiscal 2019-20 Review of Financial Performance**

TSASK's ability to operate as a financially sustainable enterprise is the foundation of our ability to provide the oversight and licensing required by industry and the Province of Saskatchewan. TSASK strives to deliver these services in a cost-effective way for industry while ensuring that we recover expenses and generate sufficient earnings to fund the future needs of our entity.

The primary revenue stream for TSASK is the licensing of boilers, pressure vessels, and elevators across the province. These are stationary items with long lifespans, which provides a degree of stability and predictability in our baseline revenue. Challenging economic conditions can affect other TSASK revenue streams, and regular reviews are undertaken to ensure the financial model is appropriate to serve industry and prepare TSASK to meet the future needs of the province.

New areas of responsibility will support future revenues but did not contribute to 2019-20 revenue. These planned changes, however, did have an impact on financial performance as TSASK invested in necessary planning and infrastructure in preparation for these expanded duties.

### **Revenues**

TSASK revenues for fiscal 2019-20 were \$8.849 million, approximately 4 percent lower than the \$9.223 million of the previous year. The decline reflects fewer major construction projects across the province, as large-scale projects typically have a greater need for priority design applications (which carry a cost premium) and require greater additional inspections, audits, and oversight during fabrication and installation.

From a revenue recognition and cash flow perspective, TSASK operates with a measure of foresight and predictability into revenue trends, with a core base of stable, dependable revenues generated by licensing. Fees from licensing are collected in advance and are recognized as revenue over a one- to five-year period, depending on the type and term of the licence.

#### *Boiler and Pressure Vessel Revenue*

Activity related to boiler and pressure vessels generated \$6.984 million for the year. This is a decrease of \$411 thousand from the previous year's total of \$7.395 million. The decrease was largely caused by a decline in large-scale capital projects, which resulted in fewer requests for design reviews; construction and installation inspections; and audits, permits, and operator licences. This was magnified by the impact of fewer expedited requests that are delivered at a premium cost. In

addition, a number of administrative changes were implemented that improved efficiency for industry and for TSASK, allowing for service delivery with lower costs.

Design registration for boilers and pressure vessels generated \$700 thousand, which is 3.5 percent (\$25 thousand) lower than the previous year. The harmonization of Canadian Registration Numbers (CRNs) across provincial borders reduced the number of designs requiring initial review by TSASK in Saskatchewan. Permit requests declined from 4,149 in 2018-19 to 3,859 in 2019-20, which caused permit revenue to fall from \$411 thousand in the previous year to \$377 thousand this year.

Inspection revenue declined \$104 thousand, from \$768 thousand in 2018-19 to \$664 thousand in 2019-20. As part of our regular assessment of fees and services, TSASK discontinued a surcharge on boiler pressure vessels that required more frequent inspections after weighing the value of the additional administrative costs to customers and TSASK. TSASK stopped charging for routine inspections on January 1, 2020, resulting in a \$110 thousand decline in revenue compared to the previous year. In addition, revenue from in-service

inspections was \$16 thousand lower, and shop inspections \$10 thousand lower.

Licensing for boiler and pressure vessel equipment remained the largest revenue category and contributed \$3.831 million to total revenues. This is \$46 thousand (1.2 percent) higher than the previous year and consistent with activity levels across the province.

Exams, tests, certification and licensing for welders, power engineers, and equipment inspectors remained an important part of TSASK's mandate, and generated \$1.111 million in revenue, which is \$245 thousand less than the previous year. With industry restricting capital projects, there was less demand for pressure welders and a decrease in the demand for pressure welder licences, coupons, and tests. This change, combined with the disruption caused by COVID-19, resulted in a decline in the number of exams written by power engineers.



### *Elevating Device Revenue*

Elevating device revenue increased to \$1.644 million for 2019-20. This is \$47 thousand higher than the previous year's amount of \$1.597 million. This increase is due to a \$26 thousand increase in equipment licensing costs and a \$25 thousand increase in inspection revenue.

### *Amusement Rides Revenue*

Amusement rides revenues were significantly impacted by COVID-19, as many exhibitions and events were canceled and a number of annual licenses were refunded. As a result, revenue of \$33 thousand in this category was \$44 thousand less than in 2018-19. TSASK received 16 amusement ride design submissions in 2019-20, which compared to 90 the previous year.

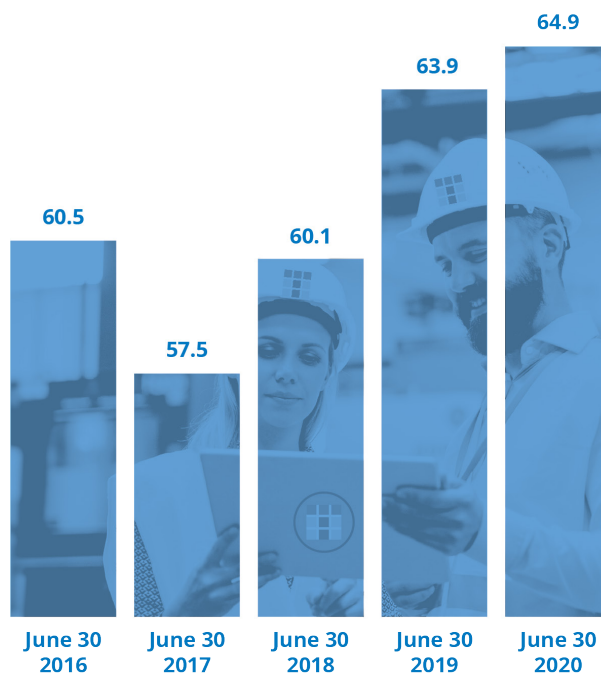
## **Expenses**

As industries across Saskatchewan are operating in a highly competitive market environment, TSASK has made it a priority to monitor expenses to ensure the ability to provide the required service without compromising safety practices or leadership. TSASK's budgets and plans are developed with a long-term view, as the aim is to reduce the long-term cost of delivering our services while investing in the people and technology required to advance excellence in public safety.

In 2019-20, TSASK continued to prepare for new responsibilities for gas and electrical licensing, gas and electrical permitting and inspections, and plumbing permitting and inspections. This required investment in people, planning, and infrastructure to ensure an efficient and effective transition that minimizes any risk to public safety or disruptions to industry.

Total expenses for fiscal 2019-20 were \$9.558 million, which compared to \$8.954 million the prior year and \$8.683 million two years ago. The largest component of the \$604 thousand increase was a \$478 thousand increase in salaries and benefits, driven by the settlement of a collective bargaining agreement and incremental increases for out-of-scope workers. These increases were aligned with TSASK's expanding mandate, as we continue the process of building an organization capable of delivering more services in more areas. Salaries and benefits represented TSASK's largest expense at \$6.821 million, which was more than the \$6.343 million expended the previous year. At June 30, 2020, TSASK had 64.9 full-time employees, an increase of one from 63.9 people the prior year, and we will continue to assess the staffing needs of our evolving enterprise.

## **FTE COUNT**



The need to prepare for the addition of new people and responsibilities required further investment in staff training and development, management consulting, reference materials, office space, and other business-related items. The total amount for financial, legal, management consulting, and insurance premiums was \$406 thousand, an increase from \$220 thousand the previous year. An additional \$44 thousand was spent in support of improvements to information technology systems and \$13 thousand on software in preparation for the expansion. Travel expenses increased to \$501 thousand from \$493 thousand the prior year as a result of higher costs for transportation and accommodations for inspectors in the field.

Board and committee expenses increased to \$86 thousand from \$79 thousand due to the addition of one board member and the need for one additional board and committee meeting. TSASK's amortization expense of \$278 thousand is less than the \$403 thousand of the previous year due to some assets being completely amortized. Administration expenses were consistent with 2018-19 at \$222 thousand.

### **Net Earnings**

TSASK generated a net loss of \$709 thousand in fiscal 2019-20, which compared to earnings of \$269 thousand the previous year. Through prudent financial management in previous years, TSASK was fiscally prepared to make the necessary investments in people and infrastructure, including technology, required to support additional responsibilities in the future. Even with the decrease in business activity caused by COVID-19 and economic conditions, TSASK continues to operate with a stable financial base.

### **Capital Expenditures**

Total capital expenditures for the year were \$442 thousand, which compared to \$29 thousand in 2018-19. This reflected the initial development of the internal infrastructure system to support TSASK's expansion, the ongoing development of a new database for welders, and the replacement of some existing computer hardware.

### **Net Assets**

TSASK's total net asset position as of fiscal 2020 was \$4.589 million compared to \$5.298 million as of June 30, 2019, a decrease of 13 percent. The net asset position is comprised of an investment in capital assets, an operating reserve, as well as an externally restricted operating reserve. The Safety Standards Agreement (SSA) provides that TSASK must achieve and maintain a surplus or reserve that is not less than the operating costs of TSASK for a period of four months. The surplus may be comprised of a net asset account containing a minimum of \$600 thousand and the remainder of the reserve is to be funded through short-term and long-term deferred revenues. As of June 30, 2020, TSASK was in compliance.

### **Review of Operational Performance**

TSASK has been delegated by government to administer and enforce public safety provisions of legislation and regulations related to boilers and pressure vessels, elevating devices, and amusement rides. Operations and administration staff provide a full range of programs and services to individuals and organizations that design, manufacture, install, operate, or own any equipment that falls under the legislation. These responsibilities will expand in the 2020-21 fiscal year.



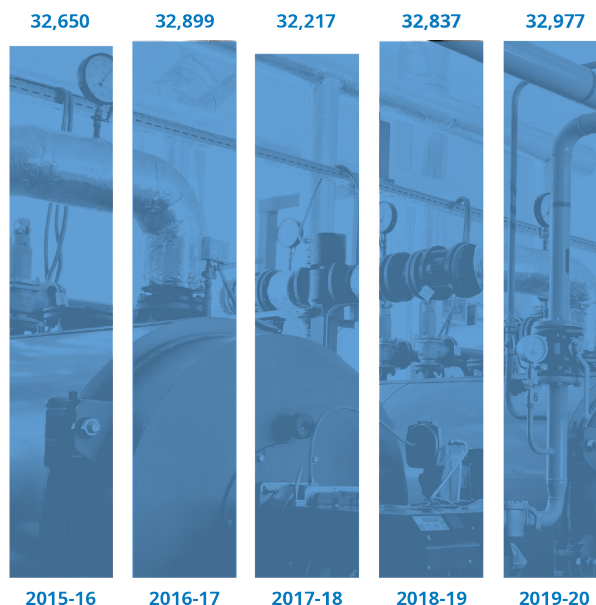
Operational performance in 2019-20 was affected by the global pandemic, as TSASK took a proactive approach to public safety and to protecting office staff, inspectors, and customers after COVID-19 appeared in the province. The TSASK office was closed in the interest of public health and safety on March 23, and power engineering and pressure welder exams were cancelled during our closure. (Following our re-opening on May 22, we temporarily increased the number of power-engineering exams to allow greater physical distancing in half-capacity classrooms.) We provided additional personal protective equipment to inspection staff and communicated with industry to ensure awareness of services that we continued to provide, including license renewals, certification of transfers from other provinces, and, in urgent cases, permit-level upgrades for power engineers. TSASK negotiated with the Ministry of Government Relations to provide license extensions where necessary. In accordance with the Re-open Saskatchewan Plan, TSASK began to offer regular services on a limited basis on May 19 and we continue to move forward in a deliberate manner that considers public policy and public safety.

### Equipment Inventory

TSASK is responsible for inspecting and licensing pressure vessel equipment, elevating devices, and amusement rides.

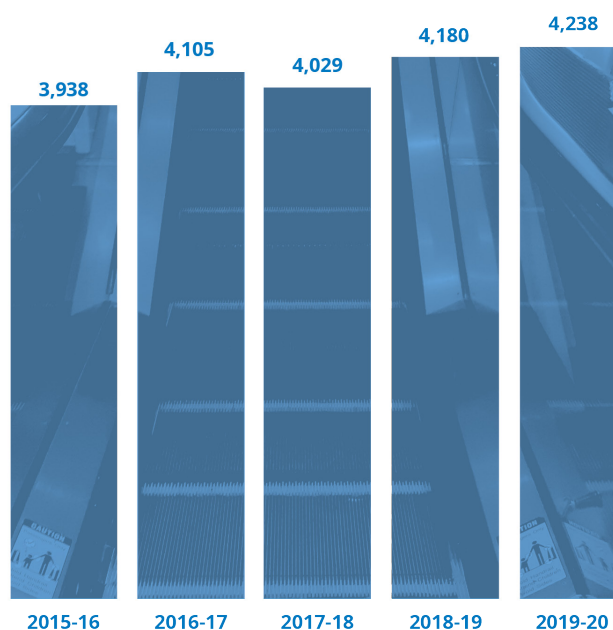
The number of licensed pressure equipment items in Saskatchewan increased to 32,977 in 2019-20 – relatively flat when compared to the 32,837 licensed items in 2018-19. The total reflected stability in industry across the province, despite few major capital projects and concerns related to COVID-19.

### LICENSED PRESSURE EQUIPMENT



Licensed elevating device inventory includes passenger and freight elevators, dumbwaiters, lifts for the physically disabled, construction personnel lifts, and ski lifts. The number of licensed elevating devices increased to 4,238 in 2019-20, compared to 4,180 in 2018-19. The number of devices typically

### LICENSED ELEVATING DEVICES





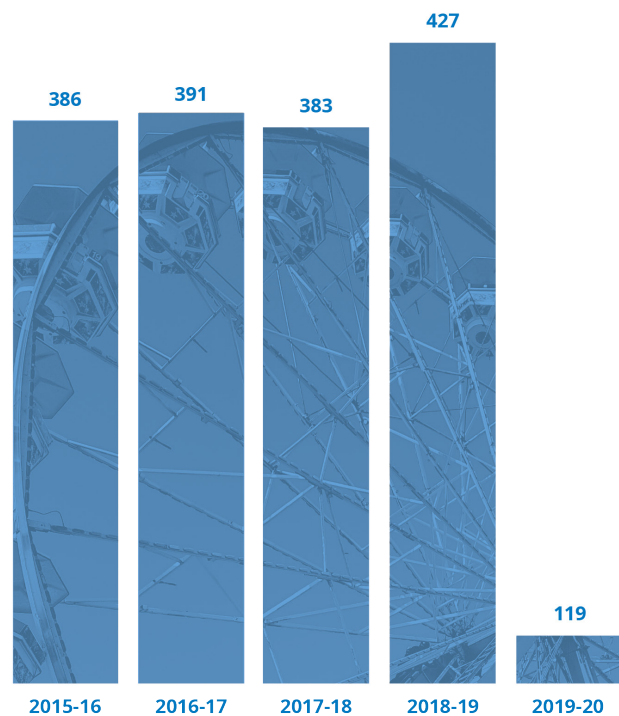
grows as new elevators become active in new buildings, while a decline reflects buildings being demolished or lifts for the physically disabled no longer being required.

Initially, and on a calendar-year basis, the number of amusement rides licensed to operate in Saskatchewan actually rose to 444 in 2019 compared to 427 during the previous year. However, with the cancellation of traveling fairs and exhibitions (as well as a decline in the number of inflatable rides set up during the summer season) because of COVID-19, a sharp decline was evident in the latter half of TSASK's fiscal year, with 119 licenses issued as of June 30, 2020. In addition, 58 rides that had paid for licenses prior to the mandatory shut down received refunds for their license fees.

### Quality Management Systems

Quality Management Systems (QMS) are available to companies who are able to illustrate their commitment to safety and demonstrate increased

### AMUSEMENT RIDES & DEVICES



internal accountability and quality control. Owners or insurers of pressure equipment establish a documented inspection program. The owners, who are primarily larger customers, employ qualified

inspection personnel who are required to perform recognized, periodic inspections on equipment they own or insure. TSASK approves and audits those programs to ensure compliance.

The number of companies operating under a QMS increased to 15, compared to 14 the previous year and 11 two years ago. This includes one company using an inspection company to implement its internal program. One additional company initiated its application process. The continued growth of this program is material as the new companies operating under a QMS system are among the top 25 equipment owners in the province. As a result, approximately 31.8 percent of licensed inventory is now operated by companies committed to a QMS.

Significantly, four inspection companies that initiated applications in 2018-19 completed the process and earned their QMS designation in 2019-20. Inspection companies function as third-party contract inspectors and undergo reviews of their quality systems, employ licensed inspectors, and provide technical support and inspection resources. This makes it possible for companies not large enough to independently operate a QMS program to participate in this process. Smaller companies still require their own QMS program that ensures their commitment and accountability. Access to QMS-designated third-party inspection companies enables the expansion of this program.

The total number of inspector licenses, which are valid for a five-year period, declined from 228 to 174 over the course of the year. This includes a number of licenses that were extended as COVID-19 prevented the delivery of recertification exams. TSASK is committed to educating industry and

encouraging industry to increase its involvement in the QMS program and licensing. To promote knowledge of safety legislation and adopted codes, TSASK provided inspectors interested in certification or re-certification, a scaled-down test related to administrative and regulatory requirements as part of Pressure Equipment Safety Legislation (PESL) seminars offered throughout the year. These seminars covered key information areas in greater detail than is typically available through self-study and attracted an average of 26 participants compared to 12 the previous year. A total of 57 certification and four recertification exams were taken to renew or initiate a licence and 84 new or renewed licenses were issued. With restrictions that followed the outbreak of COVID-19, a number of PESL seminars were cancelled and 27 registration fees were refunded.

### **Inspection Services**

Inspection services are integral to TSASK's mandate. They ensure that effective and efficient safety programs are in place to support the growth of the provincial economy. They also confirm continued compliance by various Saskatchewan industry participants who are contributing to the province.

Overall across all three technologies, TSASK performed 14,708 inspections in fiscal 2019-20, an increase of 1.6 percent from the 14,480 inspections completed the previous year, driven by an increase in pressure equipment inspections.

For pressure equipment, the 3,785 equipment installation acceptances were consistent with the 3,789 of the previous year, while the number of in-service inspections rose 8.2 percent to 7,911 from 7,312. COVID-19 impacted the type and location of

## TSASK & QMS Inspection Services

	2018-19 Actual	2019-20 Actual	% Increase/ Decrease Over Last Year	% of Inventory
In-service pressure equipment	7,312	7,911	8.2%	35.2%
Pressure equipment installation acceptances	3,789	3,785	0.0%	16.8%
In-service elevating devices	2,868	2,593	-9.6%	61.2%
Elevating device modification, modernization and installation	166	177	6.6%	4.2%
Amusement ride initial set-up	345	242	-29.9%	23.4%
<b>Total TSASK Inspections</b>	<b>14,480</b>	<b>14,708</b>	<b>1.6%</b>	<b>55.0%</b>
Quality Management System Inspections	1,835	1,240	-32.4%	11.8%
<b>Total Provincial Inspections</b>	<b>16,315</b>	<b>15,948</b>	<b>-2.2%</b>	<b>42.8%</b>

the inspections, with more emphasis on pressure vessels versus boilers due to limited access to many buildings across the province.

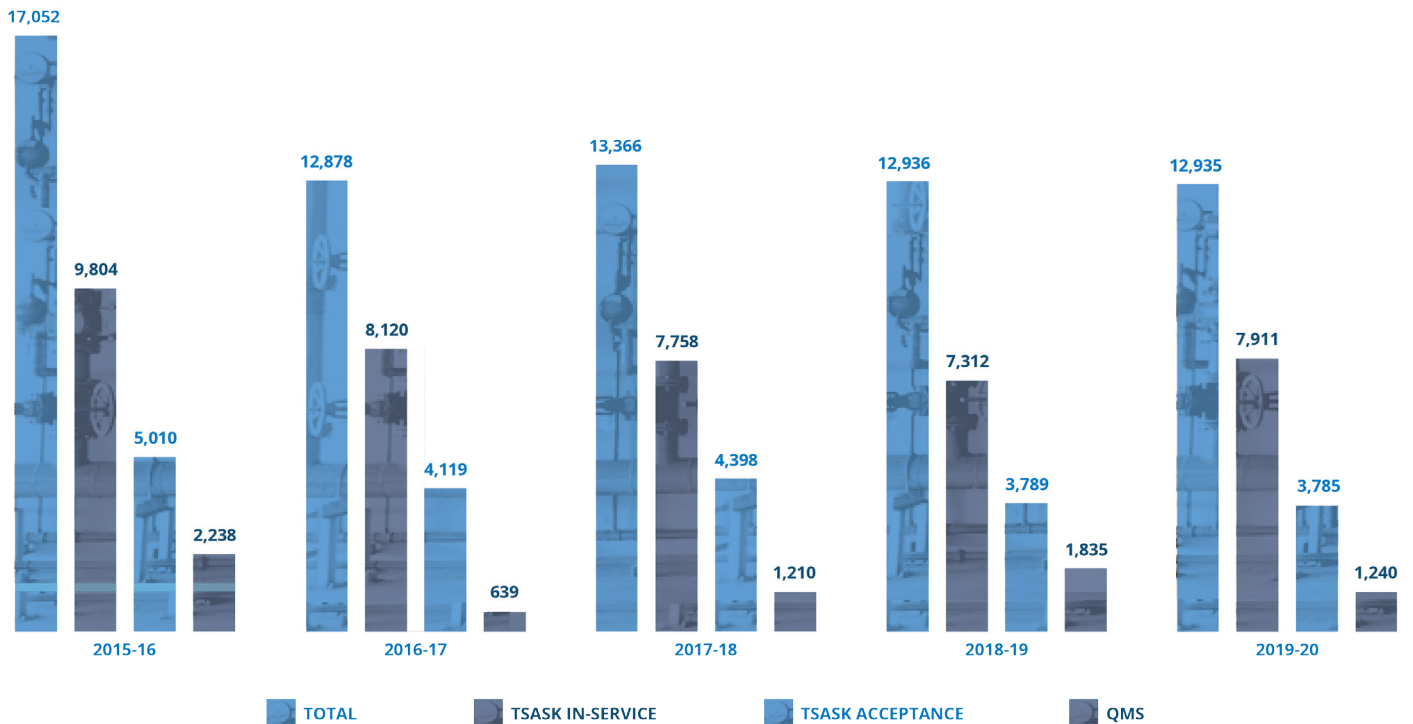
In addition, a total of 1,240 QMS inspections were completed prior to COVID-19, which compared to 1,835 the previous year. This year's total was incomplete as QMS companies provide semi-annual reports (in April and October) and we will not gain a full understanding of the impact of COVID-19 in this category until later in 2020. TSASK continued to communicate with industry about QMS inspections and worked with industry to improve participation and reporting.

The number of outstanding inspections of non-QMS equipment rose to 3 percent compared to 2 percent the previous year. The increase is an expected fluctuation that reflects inspection intervals that vary from one, two or five years depending on equipment type but was further affected by the limited access to some equipment and facilities because of COVID-19.

TSASK in-service inspections of elevating devices (including inspections of escalators and sheave jammers), fell 9.6 percent to 2,593 from 2,868 the prior year, largely because of COVID-19 impacts. Many buildings were less accessible for inspections and, in many instances, the inspection process required additional time to address safety protocols. As a result, the inspection rate of 61.2 percent fell below the 66.7 percent standard set out in TSASK's inspection interval policy – an anomaly that reflected the challenges created by COVID-19.

The number of acceptance inspections related to modification, modernization, or installation increased by 11 over the previous year to a total of 177. The increase in this unusual year reflects the growing familiarity with TSASK's Basebridge system for electronic data management, which is an important step forward as devices in this category are subject to significant wear and tear and can be at greater risk of failure. A total of 30 elevating devices were taken out of service during the year because of unacceptable risk related to the condition of equipment, which will require repair or improvement by its owners.

## TSASK & QMS BOILER & PRESSURE VESSEL INSPECTIONS



TSASK continued to gather information with pressure equipment and elevating device inspections informing of equipment risk. This information will be utilized in future upgrades to the inspection data management systems to implement the risk-informed inspection plan for inspection intervals.

All amusement rides that are operated in the province are inspected annually. The total of 242 inspections is greater than the 119 active licenses issued during this fiscal year, as a number of inspections were completed in July and August of 2019 on licenses issued during the prior fiscal year. The number of inspections can vary from year to year based on the timing of amusement rides arriving in the province and undergoing an inspection, as the typical season for amusement rides does not align with TSASK's reporting calendar.

Significantly, this category provided a platform to increase inter-jurisdictional co-operation that brings efficiency and improves safety. In 2019, TSASK – in co-operation with our counterparts in Alberta – sent inspectors to Edmonton's Klondike Days to conduct pre-inspection reviews and assessments. Those were followed by installation/erection inspections when equipment was set up in Saskatchewan. This practice provided more timely feedback and approvals to operators and allowed for greater focus on public safety in Saskatchewan.

### Pressure Equipment Competency Certifications

Public safety is a shared responsibility, and TSASK provides programs to ensure companies and people responsible for pressure equipment meet a defined standard of competency. In fiscal 2020, TSASK issued 113 Certificates of Authorization to

companies having demonstrated quality control systems for the installation, repair, alteration, and/or manufacture of pressure equipment. The total number of certificates is down from 138 the previous year, which is a result of the timing of certification cycles.

Certificates are valid for three-year periods before mandatory review and re-certification. There are 346 Certificates of Authorization currently issued, which are supported by 1,075 qualification licences issued this year to pressure welders. During fiscal 2020, TSASK administered 537 physical demonstration tests of welders and also assessed the qualifications of welders licensed by other provinces or authorized testing companies. The number of tests is down from 776 in 2018-19, reflecting the impact of COVID-19, the absence of major new construction projects, a decline in oil and gas activity, and delays or deferrals on shutdowns and turnarounds. As a result, there remains a total of 1,341 valid qualification licenses, as licenses remain valid for two years or, for out-of-province transfers, at the expiration date in the province of origin.

### **Design Survey**

TSASK reviews designs for pressure equipment and elevating devices that are to be operated in Saskatchewan to determine that the design complies with provincial legislation as well as relevant codes and standards.

TSASK registered 1,419 pressure equipment designs in fiscal 2020, up from 1,303 the prior year. Significantly, TSASK established itself as a national leader in implementing the Canadian

Registration Number (CRN) harmonization initiative approved as part of the Regulatory Reconciliation and Co-operation Table (RCT) implemented through the Canadian Free Trade Agreement. TSASK's longstanding commitment to process improvements and technology made it possible to move quickly on accepting inter-provincial approvals and registrations for pressure equipment systems, improving efficiency for industry in the province.

The number of elevating device plans registered declined from 148 in fiscal 2018-19 to 124, reflecting the interrupted activity across the province in 2019-20.

### **Power Engineering**

The number of valid power engineering licences for boilers and refrigeration plants operating in the province decreased to 9,090, which compared to 11,088 valid licences the previous year, while the number of renewals fell to 2,565 from 3,020 in 2018-19. Power engineering licences have one- and five-year validation options, so changes in renewal numbers reflect the cyclicity of the renewal process rather than the number of active power engineers licensed in the province. COVID-19 also had an impact on licence renewals, with some past licence holders opting to minimize expenses in light of changes to process operations, construction plans, or their personal employment situation.

Certification levels are an important step to improving public safety and TSASK conducted 1,698 exams for people working toward new or upgraded certificate levels, which compared to 2,445

conducted the prior year. The number of exams was affected by COVID-19, as all exams were cancelled between March 23 and May 22. Even after TSASK began to once again administer exams, capacity was limited in Regina, and examination times were delayed in Saskatoon. Despite the challenges of keeping pace with demand, TSASK rigidly adhered to its expectations for safety and integrity across the industry, and exam penalties were applied to 33 power engineers during the year.

### **Accidents**

TSASK's commitment to eliminate accidents, fatalities, and injuries is paramount and remains a priority. There were no fatalities associated with equipment failure in fiscal 2019-20. Eight accidents were reported – four involving boiler pressure vessels, two elevators, and two amusement ride

devices – and all were investigated for cause. In addition, TSASK followed up on 29 reported incidents or complaints. A determination was then made with respect to the need for targeted or general industry awareness or corrective actions. TSASK continues to issue directives for escalator maintenance and testing, including processes for reporting maintenance and testing information by industry.

### **Appeals**

The Boiler and Pressure Vessel Safety Board, an initiative established within The Boiler and Pressure Vessel Act, 1999, hears appeals against the decisions of the Chief Inspector. The Board has the authority to review decisions related to the cancellation or suspension of a licence, the refusal to register or de-register a design, and the cancellation or suspension of an Inspection



Certificate, a Certificate of Authorization, or a Certificate of Qualification.

The Boiler and Pressure Vessel Safety Board received one appeal in 2019-20. The application was incomplete and further information was not provided by the applicant when requested. As a result, the appeal was dismissed.

### **Status of Acts and Regulations**

Safety is a process of continuous improvement, and TSASK worked closely with the Government of Saskatchewan on a number of fronts to ensure proper legislation, processes, and oversight are applied in all areas of responsibility. While TSASK operates at arm's length from the provincial government, the Ministry of Government Relations remains responsible for establishing public policy and amendment of all associated acts and regulations.

As part of the continuing evolution of safety standards, TSASK and the Ministry of Government Relations advocated for harmonization of Canadian Registration Numbers (CRNs) and signed on to a Reconciliation Agreement for Canadian Registration Numbers for Pressure Equipment. Provincial Premiers from across Canada have supported regulatory reconciliation and cooperation under the Canadian Free Trade Agreement (CFTA), placing a priority on removing barriers related to reviews of pressure equipment. Saskatchewan signed this agreement in June 2019 and was among the first to implement the approval of CRNs on January 1, 2020. TSASK provided consultation to Government through the Ministry of Government Relations, and

as a participating member of the National Public Safety Advisory Committee (NPSAC).

In recent years, TSASK has established infrastructure systems to support the recommendations of the Reconciliation Cooperation Table (RCT), including the adoption of CRNs. As a result, companies that receive approval and a design registration number in one province can use that CRN in multiple locations, eliminating the time and cost of redundant approval processes. We view this as a first step toward increased collaboration with safety authorities in other jurisdictions, leading to more efficient service to customers, increased opportunities for industry, and ultimately, improvements to public safety through the sharing of knowledge and information.

### **Industry Associations**

TSASK was integral in the creation and continues to support the ongoing operation of the Saskatchewan Integrity Association (SIA). SIA is an owner association of pressure equipment inspectors and company integrity management inspectors who are focused on continuously improving and optimizing safety, reliability, and integrity of pressure equipment within Saskatchewan facilities. During fiscal 2019-20, there were 17 member companies that represent 38.4 percent of the equipment in the province.

TSASK enjoys strategic and collaborative relationships and shares complementary objectives with a number of industry groups that are connected to safety. Our industry partners include SIA, the Chief Power Engineers Association (CPEA), and the Canadian Propane Association



(Saskatchewan Chapter). Together with industry partners, TSASK works to assess and develop policies in areas including pressure piping design registration, QMS reporting, incident reporting definitions, power engineer operating policies, and propane relief device recertification.

TSASK's commitment to encouraging ongoing training and certification for power engineers included taking a leadership position in support of the second annual CPEA Education Conference, which was held in Saskatoon in November 2019. TSASK helped plan, sponsored, and presented at the event, which brought together technical expertise with representatives from industry and government.

Our history of working with industry associations and peers was vitally important to our response to COVID-19. TSASK held COVID-specific meetings with CPEA and SIA to discuss our approach to dealing with the situation safely and to understand the needs and expectations of industry. As the province continued to monitor re-opening practices, TSASK maintained ongoing communications with industry members, customers, and inspectors to create the safest possible environment for all stakeholders.

TSASK also continued to build relationships with safety authorities from other jurisdictions. This included inviting and hosting the Technical Manager of Technical Safety BC at the Saskatchewan Parks and Recreation Association Annual Conference. TSASK and Technical Safety BC co-presented on provincial regulatory requirements, refrigeration safety, and the Fernie Memorial Arena Incident Investigation Report.

## **Participation in the Standard Development Process and Liaison with Industry and Other Regulators**

TSASK continues to contribute to, and participate in, national and international standards development. As members of the Canadian Standards Association (CSA), the National Board of Boiler and Pressure Vessel Inspectors (NBBI), and the American Society of Mechanical Engineers (ASME), TSASK personnel continue to participate on the following technical committees related to codes and standards adopted under provincial legislation:

- CSA B51 - Boiler, Pressure Vessel and Pressure Piping Code;
- CSA B52 - Mechanical Refrigeration Code;
- CSA B44 - Elevating Devices;
- ASME Boiler and Pressure Vessel Code;
- Association of Chief Boiler and Pressure Vessel Inspectors (ACI);
- Association of Provincial Chief Elevator Inspectors (APCEI); and
- Standardization of Power Engineers Examinations Committee (SOPEEC).

TSASK is committed to ensuring that it maintains effective liaisons with other regulators and industry by attending and participating in the following associations and committees:

- Saskatchewan Integrity Association (SIA);
- Upstream Chief Inspectors Association (UCIA);
- International Pressure Equipment Integrity Association (IPEIA);
- Saskatchewan Power Engineers Technology Program Advisory Committee;
- The National Public Safety Advisory Committee (a Federal/Provincial/Territorial advisory committee);

- Electrical Liaison Council;
- Saskatchewan Chief Power Engineers Association; and
- Canadian Propane Association – Saskatchewan Chapter.

TSASK worked collaboratively with safety authorities in other provinces about aquamation devices, which are pressure vessels that use alkaline solutions as a more environmentally friendly alternative to traditional cremation. An explosion involving an aquamation device in Quebec led to an investigation by the Technical Standards and Safety Authority (TSSA) in Ontario. A manufacturing flaw was discovered and the information shared with other provincial bodies. TSASK surveyed funeral homes in Saskatchewan and discovered one flawed device in Saskatchewan, which has since been altered to eliminate the risk.

### **Public Education and Information Sessions**

As a means to identify and meet the needs of those that have an interest in Saskatchewan's public safety systems, TSASK continues to develop and deliver public education and information sessions.

TSASK once again sponsored and presented at the International Pressure Equipment Integrity Association (IPIEA) meetings and, in 2020, is chair of the IPIEA Steering Committee. Additionally, TSASK has continued the practice of delivering a presentation on legislation and how it affects the certification and licensing of power engineers as part of every entry-level limited power engineering examination.

TSASK continued to offer two-day seminars on Saskatchewan pressure equipment safety legislation to ensure industry members are current on the standards required by TSASK and the province. A seminar scheduled for spring 2020 was cancelled due to COVID-19.



# BOARD OF DIRECTORS

The Technical Safety Authority of Saskatchewan's Board is comprised of five to 10 members, with representation from industry and business. Two positions are appointed through Order-in-Council by the Government of Saskatchewan. Mr. Ken Acton and Ms. Madeleine Robertson were the government appointees for fiscal 2019-20.



## **Tom Robinson - Chair**

*Ex-Officio:* Governance and HR Committee; Audit and Finance Committee; Technical Committee

Tom Robinson was a Regional Managing Partner for KPMG LLP as well as the Managing Partner for the Regina office for a number of years. He provided audit, business advisory and consulting services to large and medium sized organizations in the private and public sectors for 39 years.

Tom has been committed to active community service for many years. Some of these roles included: President of the Saskatchewan Roughrider Football Club, President of SaskSport, Chairman and President of the 1987 Western Canada Summer Games, Vice President of Sponsorship for the 1995 Grey Cup, and Chairman and Governor of the Board of Governors of the Canadian Football League.

Tom has received several awards and recognition for his various roles including being awarded a Fellow Chartered Professional Accountant designation (FCPA, FCA); being inducted into the Saskatchewan Roughrider Plaza of Honour; receiving the CFL's Commissioner's Award; receiving the Institute of Chartered Accountants of Saskatchewan's Distinguished Community Service Award and receiving the University of Regina's Distinguished Alumnus Award.

Tom joined the Board of Directors in November 2015 and became Chair of the Board in February of 2017. He lives in Regina.



## **Norm Beug - Vice Chair**

*Chair:* Technical Committee  
*Member:* Audit and Finance Committee

Norm Beug is the former Sr. Vice President, Potash Operations for Mosaic Company, having

retired in 2013. Norm was a member of the Mosaic senior leadership team. He had overall responsibility for Mosaic's six potash mining operations in Canada and the USA.

A native of Saskatchewan, Norm earned his Bachelor's degree in Mechanical Engineering from the University of Saskatchewan in 1974. He is the former Chairperson of the Canadian Fertilizer Institute and is currently the Chair of the Board of Tourism Saskatchewan. He is a former member of the SaskEnergy Board, the Regina Symphony Orchestra Board, the Board for the Hospitals of Regina Foundation and the past honorary chair of the Saskatchewan Roughriders Centennial Advisory Committee. Norm is Past President of the Saskatchewan Mining Association and the Past Chair of the Saskatchewan Potash Producers Association.

In 2002, Norm was named as one of the 10 most influential businessmen in Saskatchewan for his work as a Business Ambassador. In 2005, Norm

was honoured with a Centennial Medal from the Government of Saskatchewan. Norm joined the TSASK Board in May, 2016. He lives in Regina.



**Ken Acton - Director**

*Member:* Governance and HR Committee; Technical Committee

Ken Acton has been a Director since 2016, appointed by the Saskatchewan Lieutenant Governor in Council.

Ken spent over 28 years in the Saskatchewan Public Service before retiring at the end of September 2016. He held numerous senior leadership roles including Assistant Deputy Minister of Courts and Civil Justice with the Ministry of Justice and Attorney General, Deputy Minister of Social Services, and completed his career with the Public Service as Special Advisory to the Deputy Minister of Social Services. Ken joined the Johnson Shoyama Graduate School of Public Policy at the University of Regina as an Executive-in-Residence in October 2016. Ken served as Chair of the Public and Private Rights Board of Saskatchewan from

1990 to 2011, a member of the Saskatchewan Legal Aid Commission from 2008 to 2013 and was a Director of the Saskatchewan Housing Corporation serving on the Board from 2012 to 2017. He joined the Board in December, 2016. He lives in Moose Jaw.



**Shelley Lipon - Director**

*Member:* Audit and Finance Committee; Governance and HR Committee

Shelley Lipon is a Fellowship Chartered Accountant who has served in various senior executive roles both in the public and non-profit sectors over the last 30 years including operating as a CEO of a Saskatchewan Treasury Board Crown Corporation. She is currently working with an International company leading their global customer services area.

Shelley has also been involved with a local executive search company recruiting and mentoring our future leaders.

Shelley was the President of the Saskatchewan Association of Chartered Accountants, Chaired the Finance and Audit

Committee for the Saskatchewan Research Council and is currently also serving as Director on the Hospitals of Regina Foundation Board. She joined the Board in March, 2019. She lives in Regina.



**Greg Mrazek - Director**

*Chair:* Audit and Finance Committee;

*Member:* Technical Committee

Greg Mrazek obtained his Chartered Accountant designation in 1977 and has 34 years of work experience in Alberta and Saskatchewan. Greg spent six years in public accounting in Calgary providing audit assurance and financial consulting services to clients in industries such as oil and gas, real estate development, manufacturing, and agriculture. In 1981, he moved to Regina as the Controller for Crown Investments Corporation, the holding company for Saskatchewan's commercial Crown Corporations. Greg was the Controller for SaskEnergy Incorporated, Saskatchewan's natural gas utility, from 1991 to 1997 and Vice President Finance from 1997 to 2009.

As Vice President Finance he was responsible for strategic planning, financial planning, financial reporting, treasury and administrative functions.

Greg was SaskEnergy's representative on the Canadian Gas Association's Corporate Affairs Committee from 1992 to 2005. He was also a speaker at Crown Corporation Governance conferences organized by the Federated Press and The Canadian Institute. He joined the Board in November, 2015. He lives in Regina.



**Madeleine Robertson - Director**

*Member:* Audit and Finance Committee; Governance and HR Committee

Madeleine Robertson has been a Director since 2019, appointed by the Saskatchewan Lieutenant Governor in Council.

Madeleine Robertson, Q.C., is a retired lawyer. She practiced in a small firm for a short time, and subsequently, with the Ministry of Justice for Saskatchewan, where she practised law for over 25 years. Madeleine worked in the Legislative Services Branch and had responsibility for law reform initiatives, from the idea

phase to implementation, of a wide range of legal topics, including condominium property, limitations, corrections, summary offences and human rights. She retired in 2010. Madeleine was a seminar teacher for the Legislative Processes course for public servants at the Johnson Shoyama Graduate School of Public Policy from 2012 to 2017. She currently serves as a public representative on the Insurance Council of Saskatchewan, and has served as a public representative on the Life Insurance Council since 2012.

Madeleine is active in community associations and volunteer work and is a recipient of the Sovereign's Medal for Volunteers. She joined the Board in December, 2019. She lives in Regina.



**Colleen Vancha - Director**

*Chair:* Governance and HR Committee  
*Member:* Technical Committee

Colleen Vancha, President of Creative Advantage Consulting Ltd., is a strategic communications, investor relations and capital markets specialist serving clients throughout Canada. In 2011,

Colleen retired from her global role as Viterra's Senior Vice-President of Investor Relations and Corporate Affairs where she provided executive leadership in capital market strategies, corporate communications and investor relations, public affairs, continuous disclosure, stakeholder relationships, brand and risk management, governance and social responsibility. She managed teams in Regina and Calgary, Canada and in Adelaide, Australia and oversaw public affairs, branding and shareholder relations globally.

Colleen currently serves on the Certification Governance Committee with the Canadian Investor Relation Institute, the national association for investor relations professionals in Canada. She previously served as Board Chair and co-chaired the Resource and Education and Membership Committees. She has served on the Board and the Executive Committee of the Saskatchewan Chamber of Commerce as Second Vice President and co-chaired their Finance Committee for many years. She is a Canadian Investor Relations Institute Fellow and received the CIRI Lifetime Achievement and Award of Excellence for Investor Relations in 2013. She joined the TSASK Board of Directors in September 2017. She lives in Regina.

# MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

To the Board of Directors:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit & Finance Committee are composed entirely of Directors who are neither management nor employees of Technical Safety Authority of Saskatchewan. The Audit & Finance Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for recommending approval of the financial statements to the Board. The Audit & Finance Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit & Finance Committee is also responsible for recommending the appointment of the Authority's external auditors.

KPMG LLP, is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the committee and management to discuss their audit findings.

September 3, 2020



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William J Scott  
Chief Executive Officer



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Kim Dumelie  
Vice President, Corporate Services

# INDEPENDENT AUDITORS' REPORT

To the Directors of the Technical Safety Authority of Saskatchewan:

## *Opinion*

We have audited the financial statements of the Technical Safety Authority of Saskatchewan (“the Entity”) which comprise:

- the statement of financial position as at June 30, 2020
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Other Matter – Comparative Information*

The financial statements for the year ended June 30, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 23, 2019.

## *Other Information*

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors’ report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Report document as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

**KPMG LLP**

Regina, Canada

September 3, 2020

# FINANCIAL STATEMENTS

## TECHNICAL SAFETY AUTHORITY OF SASKATCHEWAN STATEMENT OF FINANCIAL POSITION As of June 30, 2020

	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,196,179	\$ 703,622
Accounts receivable (note 3)	305,537	290,031
Prepaid expenses	154,205	137,347
Short-term investments (note 4)	7,598,724	9,183,203
	9,254,645	10,314,203
<b>Tangible capital assets (note 5)</b>	698,070	510,697
<b>Intangible capital assets (note 6)</b>	175,616	198,983
	<b>\$ 10,128,331</b>	<b>\$ 11,023,883</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 8)	\$ 711,652	\$ 460,198
Deferred revenue (note 9)	4,113,182	4,504,181
Deferred tenant allowance (note 10)	31,383	35,383
	4,856,217	4,999,762
<b>Deferred revenue (note 9)</b>	625,602	638,807
<b>Deferred tenant allowance (note 10)</b>	57,537	87,587
	5,539,356	5,726,156
<b>Net Assets (note 11)</b>		
Invested in capital assets	873,686	709,680
Externally restricted - safety standards agreement	600,000	600,000
Operating reserve	3,115,289	3,988,047
	4,588,975	5,297,727
	<b>\$ 10,128,331</b>	<b>\$ 11,023,883</b>

Commitments (note 12)

Subsequent events (note 16)

See accompanying notes to the financial statements.

Approved by the Board:



Director



Director

# FINANCIAL STATEMENTS

## TECHNICAL SAFETY AUTHORITY OF SASKATCHEWAN STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS For the year ended June 30, 2020

	2020		2019	
<b>REVENUES</b>				
Boiler and pressure vessel safety	\$	6,984,115	\$	7,395,056
Elevator safety		1,644,031		1,596,620
Amusement ride safety		32,287		76,282
Other		188,776		155,335
		8,849,209		9,223,293
<b>EXPENSES</b>				
Salaries and benefits	\$	6,820,921	\$	6,342,584
Rent, space and equipment		890,998		818,000
Travel		501,341		492,700
Legal, accounting and other services		406,138		219,583
Other business expenses		352,575		376,910
Amortization		278,038		403,088
Administrative		221,949		221,908
Board and committees		86,001		79,088
		9,557,961		8,953,861
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$</b>	<b>(708,752)</b>	<b>\$</b>	<b>269,432</b>
Net Assets, beginning of year		5,297,727		5,028,295
<b>NET ASSETS, END OF YEAR</b>	<b>\$</b>	<b>4,588,975</b>	<b>\$</b>	<b>5,297,727</b>

See accompanying notes to the financial statements.

# FINANCIAL STATEMENTS

## TECHNICAL SAFETY AUTHORITY OF SASKATCHEWAN STATEMENT OF CASH FLOWS For the year ended June 30, 2020

	2020		2019	
<b>CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES</b>				
(Deficiency) excess of revenue over expenses	\$	(708,752)	\$	269,432
Items not affecting cash				
Amortization of tangible capital assets		213,306		208,375
Amortization of intangible capital assets		64,732		194,713
Amortization of tenant allowance		(34,050)		(35,384)
		(464,764)		637,136
Net change in non-cash working capital				
Accounts receivable		(15,506)		58,306
Prepaid expenses		(16,858)		6,035
Short-term investments		1,584,479		(2,377,585)
Accounts payable and accrued liabilities		251,454		37,010
Deferred revenue		(404,204)		513,645
		934,601		(1,125,453)
<b>INVESTING ACTIVITIES</b>				
Additions to tangible and intangible capital assets		(442,044)		(28,646)
<b>INCREASE (DECREASE) IN CASH</b>				
		<b>492,557</b>		<b>(1,154,099)</b>
<b>CASH, BEGINNING OF YEAR</b>				
		703,622		1,857,721
<b>CASH, END OF YEAR</b>				
	\$	<b>1,196,179</b>	\$	<b>703,622</b>

See accompanying notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. NATURE OF BUSINESS

The Technical Safety Authority of Saskatchewan (TSASK) is a not-for-profit organization which was established July 1, 2010 through the passage of *The Technical Safety Authority of Saskatchewan Act* (TSASK Act). TSASK was created from the Licensing and Inspections Branch of the Ministry of Corrections, Public Safety and Policing with a mandate of delivering safety programs related to pressure equipment, elevating devices and amusement rides. TSASK reports to the Ministry of Government Relations.

Under its initial mandate, TSASK's registration, inspection, certification and licensing programs and services operate on a fee-for-service basis. These fees are charged to the sectors designing, manufacturing, installing, operating and owning potentially hazardous equipment in the industries TSASK regulates. TSASK presently administers and enforces the provisions of the following legislation and related regulations:

- The Boiler and Pressure Vessel Act, 1999;
- The Passenger and Freight Elevator Act;
- The Amusement Ride Safety Act.

The COVID-19 outbreak was declared a pandemic by the World Health Organization during the fiscal year. This has resulted in governments worldwide, including the Canadian and Saskatchewan governments, enacting emergency measures to combat the spread of the virus. The pandemic has also caused unprecedented volatility in investment markets. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on TSASK's operating results and financial position both in the current year and in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on TSASK is not known at this time.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

TSASK's financial statements are prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

### (b) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. In particular, accounts receivable are stated after an evaluation to determine collectability is conducted and an appropriate allowance for doubtful accounts is provided where considered necessary. Estimates are also used to determine amortization which is based on the estimated useful lives of the assets. Estimates are based on management's knowledge of current events and actions TSASK may undertake in the future. These estimates and assumptions are reviewed periodically and adjusted for as required.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Revenue Recognition

TSASK follows the deferral method of accounting for contributions. When a fee covers a specific period, revenues are recognized evenly over that period. Where the fee does not cover a specific period and is earned over a period of time, estimates are used to determine the period over which revenue is recognized, based on past history. Fees collected in advance are classified as deferred revenue. All other revenues are recorded when services are performed and are recorded on the accrual basis if the amount to be received can be reasonably estimated and collection reasonably assured.

### (d) Corporate Income Taxes

TSASK is incorporated as a not-for-profit organization and is exempt from federal and provincial income taxes.

### (e) Cash

Cash is comprised of balances with the bank and is recognized at fair value.

### (f) Investments

Investments consist of term deposits and are carried at fair value.

### (g) Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization of property and equipment commences when it is brought into service and is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and equipment	7 years
Computer hardware	3 - 5 years
Leasehold improvements	term of the lease - 10 years

### (h) Intangible Capital Assets

Direct costs attributed to the purchase and customization of third party software are capitalized and are recorded at cost. Costs to support or service software are expensed in the period incurred. Amortization of software commences when it is brought in to service and is provided on a straight-line basis over the estimated useful life of the asset (3 - 5 years).

### (i) Financial Asset Impairment

TSASK assesses impairment of all its financial assets measured at cost or amortized cost. TSASK groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty and/or whether there has been a breach in contract, in determining whether objective evidence of impairment exists. Where there is an indication of impairment, TSASK determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, TSASK reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; and the amount that could be realized by selling the assets. Any impairment, which is not considered temporary, is included in current year earnings.

TSASK reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Deferred Tenant Allowance

Deferred tenant allowance includes amounts received in lease agreements related to leasehold improvements. Amortization of the deferred tenant allowance is recognized over the length of the lease on a straight-line basis.

### (k) Financial Instruments

Financial instruments are recognized when TSASK becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value. Financial assets and liabilities originated and issued in related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Part II, Section 3840 Related Party Transactions.

At initial recognition, TSASK may irrevocably elect to subsequently measure any financial instrument at fair value. TSASK has elected to measure investments at fair value.

TSASK subsequently measures all other financial instruments at cost or amortized cost.

## 3. ACCOUNTS RECEIVABLE

	2020		2019	
Trade	\$	341,465	\$	276,370
Other receivables		4,876		24,161
Allowance for doubtful accounts		(40,804)		(10,500)
	\$	<b>305,537</b>	\$	<b>290,031</b>

## 4. INVESTMENTS

Short-term investments consist of term deposits of \$7,598,724 (2019 – \$9,183,203) with yields between .56% and 1.80%, maturing prior to February 25, 2021 (2019 - yields between 1.87% and 2.43% maturing prior to June 29, 2020).

## 5. TANGIBLE CAPITAL ASSETS

	Cost 2020		Accumulated Amortization 2020		Cost 2019		Accumulated Amortization 2019	
Furniture and equipment	\$	1,063,197	\$	982,226	\$	1,052,353	\$	873,377
Leasehold improvements		1,290,915		673,816		901,080		569,359
		2,354,112	\$	1,656,042		1,953,433	\$	1,442,736
Accumulated amortization		(1,656,042)				(1,442,736)		
<b>Net book value</b>	\$	<b>698,070</b>	\$	<b>510,697</b>				

# NOTES TO THE FINANCIAL STATEMENTS

## 6. INTANGIBLE CAPITAL ASSETS

	Cost 2020	Accumulated Amortization 2020	Cost 2019	Accumulated Amortization 2019
Software	\$ 1,110,484	\$ 934,868	\$ 1,069,119	\$ 870,136
Accumulated amortization	(934,868)		(870,136)	
<b>Net book value</b>	<b>\$ 175,616</b>		<b>\$ 198,983</b>	

## 7. DEMAND OPERATING FACILITY AGREEMENT

TSASK has a Demand Operating Facility Agreement providing for a revolving line of credit for loans and overdrafts not to exceed \$250,000. The interest rate is set at prime rate + 0.5% per annum. Bank Security under the agreement consists of a first charge to acquired personal property and guarantee. During the year, TSASK continually had a positive cash balance and at no point was the line of credit accessed (2019 - \$nil).

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade payables	\$ 196,202	\$ 75,679
Accrued liabilities	148,369	79,678
Employment insurance payable	2,872	2,963
Canada pension plan payable	6,715	6,781
Employee income tax payable	37,755	38,221
Payroll employer liabilities	314,331	253,633
Provincial sales tax and goods and services tax payable	5,408	3,243
	<b>\$ 711,652</b>	<b>\$ 460,198</b>

## 9. DEFERRED REVENUE

	2020	2019
Deferred elevator licensing	\$ 627,177	\$ 618,900
Deferred boiler and pressure vessel licensing	4,111,607	4,524,088
Total deferred revenue	\$ 4,738,784	\$ 5,142,988
<b>Current portion</b>	<b>\$ 4,113,182</b>	<b>\$ 4,504,181</b>
<b>Long-term</b>	<b>\$ 625,602</b>	<b>\$ 638,807</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 10. DEFERRED TENANT ALLOWANCE

	2020		2019	
Deferred tenant allowance, beginning of year	\$	122,970	\$	158,354
Amortization of tenant allowance		(34,050)		(35,384)
Deferred tenant allowance, end of year	\$	88,920	\$	122,970
<b>Current portion</b>	<b>\$</b>	<b>31,383</b>	<b>\$</b>	<b>35,383</b>
<b>Long-term</b>	<b>\$</b>	<b>57,537</b>	<b>\$</b>	<b>87,587</b>

## 11. NET ASSETS

### (a) Invested in capital assets

Net assets invested in capital assets of \$873,686 (2019 - \$709,680) represent the amount of net assets that are not available for other purposes due to investment in long-term assets.

### (b) Externally restricted - safety standards agreement

The Safety Standards Agreement requires TSASK to maintain adequate reserves to protect the organization from unforeseen circumstances that would affect the viability of TSASK. The amount of the reserve must cover operating costs of four months and be comprised of a restricted net asset of \$600,000 and the remainder be funded through deferred revenue. The Board of Directors had restricted \$600,000 for this purpose and deferred revenues total \$4,738,784 (2019 - \$5,142,988) meeting the funding requirements.

### (c) Operating reserve

The operating reserve represents all accumulated reserve from boiler pressure vessel operations and elevator and amusement ride operations. This amount can be used to fund future operating initiatives and is unrestricted.

	Invested in Capital Assets	Operating Reserve	Externally Restricted - Safety Standards Agreement	Total 2020	Total 2019
Net assets, beginning of the year	\$ 709,680	\$ 3,988,047	\$ 600,000	\$ 5,297,727	\$ 5,028,295
(Deficiency) excess of revenues over expenses	-	(708,752)	-	(708,752)	269,432
Purchase of capital assets	442,044	(442,044)	-	-	-
Amortization of capital assets	(278,038)	278,038	-	-	-
<b>Net assets, end of the year</b>	<b>\$ 873,686</b>	<b>\$ 3,115,289</b>	<b>\$ 600,000</b>	<b>\$ 4,588,975</b>	<b>\$ 5,297,727</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 12. COMMITMENTS

TSASK has entered into various lease agreements with minimum annual payments as follows:

2021	474,712
2022	474,712
2023	366,291
2024	149,284
2025	128,882
Thereafter	707,303
	<b>\$ 2,301,184</b>

## 13. FINANCIAL INSTRUMENTS

### (a) Fair Value

TSASK's financial instruments consist of cash, accounts receivable, investments, accounts payable, and accrued liabilities. The carrying amount of TSASK's financial instruments approximates fair value, due to relatively short-term maturities.

### (b) Credit Risk

TSASK is exposed to credit risk of its trade receivables. TSASK manages this credit risk through monitoring of credit balances and active collection activity. In the event that an account is deemed uncollectible, the account is written off as a bad debt.

### (c) Liquidity Risk

Liquidity risk is the risk that TSASK will not be able to meet its financial obligations as they fall due. TSASK's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow generated from operations to fund the operations and settle debt and liabilities when due. TSASK also maintains an operating reserve to mitigate this risk (note 11). Contractual obligations and payments related to financial liabilities as of June 30, 2020 are all expected to be paid by June 30, 2021.

## 14. PENSION PLAN

TSASK participates in the Public Employees Pension Plan (PEPP), a defined contribution pension plan. TSASK's obligations to PEPP increased from 7.6% to 9.6% for the period January 19, 2020 to April 25, 2020 for all SGEU employees, and reduced to 8.6% effective April 25, 2020. The Out-of-Scope pension contribution increased from 7.6% to 8.6% effective April 1, 2020. During the year, TSASK contributed \$453,243 (2019 - \$400,440) to PEPP, which is recorded in salaries and benefits.

## 15. TRANSACTIONS WITH GOVERNMENT

TSASK has routine operating transactions with the Government of Saskatchewan which are recorded at the rates charged by the Government of Saskatchewan and are settled on normal trade terms. Included in expenses are transactions with the Government of Saskatchewan amounting to \$367,230 (2019 - \$321,084) of which \$59,448 (2019 - \$39,946) was payable at June 30, 2020.

## 16. SUBSEQUENT EVENT

Subsequent to year end, the Ministry of Government Relations transferred gas and electrical licensing services to TSASK. The impact to TSASK is unknown at this time, but is expected to have a significant impact on its future operations.

## 17. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform to the current year's presentation.





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