

December 13, 2017

Safety Codes Council
1000, 10665 Jasper Avenue NW
Edmonton, AB T5J 3S9

Attention: Cristian Nadeau

Dear Sir:

**Re: Safety Codes Council Levy Audit
Audit Period January 1, 2016 to August 31, 2017**

In response to the Findings and Recommendations of the above noted audit, we advise the following:

Bylaw and Fee Schedules – Recommendation

- The auditors recommend that the Municipality update the Fee Schedule.

Parkland County has implemented the change of wording in our Fees Schedule to "Safety Codes Levy" as opposed to "Safety Codes Fee". The 2018 Fee Schedule has been approved and will reflect same.

Control Deficiencies – Permitting Process

- The Municipality will update the form in compliance with requirements specified in Quality Management Plan.

Parkland County has updated their Building Permit Application form to include a "Description of Project" field as per the UQMP.

Thank you.

Yours truly,



D. Lee Danchuk
Manager, Safety Codes Services/QMP Manager



Safety
Codes
Council

1000, 10665 Jasper Avenue
Edmonton, AB T5J 3S9
(780) 413-0099

SAFETY CODES COUNCIL
LEVY AUDIT

Findings Report

Parkland County

— AUDIT PERIOD: January 1, 2016 to August 31, 2017 —

Prepared as of November 1, 2017.

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The Findings Report should not be used for any other purpose or by anyone other than the Safety Codes Services within the Planning and Development Department of Parkland County.

Overview

ACCREDITED ORGANIZATION INFORMATION

Parkland County (Municipality) is a community of over 32,000 people, encompassing 238,800 hectares, and located west of Edmonton.

The Municipality is accredited in the building, electrical, plumbing, gas, and fire disciplines under the *Safety Codes Act*, Accreditation Orders 1534, 1533, 1531, 1532, and 615. The scope of this audit did not include the accreditation in the fire discipline.

BACKGROUND

When a municipality becomes accredited, it is authorized and responsible to administer the *Safety Codes Act* in accordance with its accreditation within its boundaries. The municipality may engage the services of an accredited agency through contract to provide safety codes services on behalf of the municipality which may also include the application, collection, and remittance of the municipality's fees and associated levies.

The administration of a permit includes all activities associated with the permit processes and ensuring that the terms and conditions of the permit are satisfied, including permit issuance, plans review, code advice, site inspection and associated reports, verification of compliance, orders, variances, and permit services reports. An accredited municipality may charge a fee, separately or in conjunction with a permit fee, for any safety codes service or administrative activity. The safety codes levy is applicable to all safety codes fees charged except those fees constituting a penalty.

The Quality Management Plan, under which all accredited municipalities operate, states that the accredited municipality will collect safety codes levies for each permit issued and remit those monies to the Safety Codes Council (Council).

To ensure consistent application of the *Safety Codes Act* and in the spirit of the "user pay" system, the Council requires all accredited municipalities and agencies to apply the safety codes levy to all fees associated with the administration of a permit issued under the authority of the *Safety Codes Act*.

OBJECTIVES

The purpose of this audit is to ensure the levies received from the Municipality for the period under review are complete and accurate to which the Council is entitled.

The report will present the key findings from the audit performed and will provide recommendations for the improvements.

SCOPE OF AUDIT

The following areas were reviewed and/or tested:

- The Municipality's permitting process, and
- The Council's levy collected and remitted by the Municipality.

Audit Procedures

MATERIALITY

The auditors determined the overall materiality in order to plan and perform the audit and to evaluate the effects of identified misstatements. The materiality requires judgement and is based on the size of the levy balance from the municipality.

The auditors determined the performance materiality from the overall materiality in order to assess the risk of material misstatement and extent of the audit procedures.

The auditors determined the Adjusting and Unadjusting Differences Posting Threshold in order to accumulate the misstatements identified during the audit.

For the current period, the following amounts have been determined:

Overall Materiality	Performance Materiality	Adjusting and Unadjusting Differences Posting Threshold
\$1,576	\$788	\$79

PERMITTING PROCESS REVIEW

The auditors performed the following procedures in order to identify and test key controls existing in the current permitting process within Safety Codes Services, Planning and Development Department:

- Interviewed management and permit issuers in order for the auditors to obtain and document the understanding of the permitting process.
- Reviewed the Municipality's policy and procedures including the permitting process mapping.
- Reviewed the level of competency and designation of powers of current safety codes officers and permit issuers.
- Reviewed the inspection scheduling process.
- Validated the permitting process through reviewing one closed file for building and private sewage, respectively.
- Identified the key controls and determined risk levels associated with each assertion associated with the Council levy – completeness, valuation (of the project), and accuracy.
- Performed key application controls testing on eSITE (the permitting application) to ensure they are operating effectively to process the permit application and the Council levy.

COUNCIL LEVY REVIEW

Based on the results of the testing performed over key controls, the auditors conducted the following substantive procedures:

- Reviewed the Municipality's Fee Schedule bylaw.
- Traced and verified any permit number gaps to ensure the levies remitted to the Council are complete.

- Conducted scanning analytic procedures to ensure the levies remitted to the Council are complete and include all activities associated to the administration of permits and services under the *Safety Codes Act*.
- Performed recalculation to ensure the permits fees and levies are charged correctly.
- Reconciled to the accounting record held by the Council in order to identify and assess the material misstatement.

Key Findings and Recommendations

BYLAW AND FEE SCHEDULES

The auditors reviewed the Municipality's current Bylaw and Fee Schedules to ensure they are up to date and properly approved.

Findings

The Council levy was named incorrectly, which should be "Safety Codes Levy."

Recommendations

The auditors recommend that the Municipality update the Fee Schedule.

Management Response

Agreed. The management has implemented the recommendation to amend the Fee Schedule.

CONTROL DEFICIENCIES - PERMITTING PROCESS

The auditors performed control testing on the permitting process including key application controls on eSITE to ensure the permitting process is operating effectively in meeting the service delivery standards of current Quality Management Plan.

Findings

The description of the project is missing in the Building Application form.

Recommendations

The Municipality will update the form in compliance with requirements specified in Quality Management Plan.

Management Response

Agreed. The management will update the application form.

COMPLETENESS OF THE COUNCIL LEVY

The auditors performed testing over the completeness of the permits issued for the period under audit combining both test of controls and substantive procedures, from which the auditors may conclude that the levies associated with the issued permits and remitted by the Municipality are complete and include all activities associated to the administration of permits issued under the authority of the *Safety Codes Act*.

Findings

Based on the results of the review, the auditors are satisfied that the levies remitted to the Council for the period under audit are complete.

ACCURACY OF THE COUNCIL LEVY

The auditors performed testing over the valuation and accuracy of the permit fees and levies for the period under audit combining both test of controls and substantive procedures, from which the auditors may conclude that the levies remitted by the Municipality are calculated accurately.

Findings

Based on the results of the review, the auditors are satisfied that the levies remitted to the Council for the period under audit are calculated accurately.

Misstatement

The auditors identified misstatements that are below established threshold and, therefore, remain uncorrected as illustrated Appendix 1.

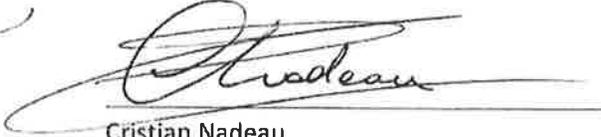
We greatly appreciate the assistance of management and staff in conducting the audit. We trust this findings report is of assistance to you and we look forward to working with you in the future.

Yours truly,

SAFETY CODES COUNCIL



Tyler Wightman
Director of Operations



Cristian Nadeau
Audit Manager

Appendix 1: Summary of Proposed Unadjusting and Adjusting Items

A. UNADJUSTING ITEMS

Description of Difference	Statement of Financial Position		Statement of Operations	
	Debit	Credit	Debit	Credit
To adjust the overstated Council Levy:				
Revenue - Permit Fee		\$258		
Accounts Payable - Council Levy			\$258	
Total Unadjusting Difference	-	\$258	\$258	-

B. ADJUSTING ITEMS

There were no adjusting items noted.