

Re: AG call this aft

From: "Orsini, Steve (CAB)" <steve.orsini@ontario.ca>
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Date: Fri, 30 Sep 2016 17:44:25 -0400

Greg,

Thanks for the up date. I think the meeting with Ministers and the AG a good idea.

Steve

Steve Orsini

Sent from my BlackBerry Priv

On Sep 30, 2016 5:11 PM, "Orencsak, Greg (TBS)" <Greg.Orencsak@ontario.ca> wrote:
Scott and I spoke to the AG at 4 p.m. to discuss her comments received today on the Annual Report and financial statements that were submitted for her office's review yesterday afternoon.

In those comments, she recommended that the government restate the deficit and its financials for 2014-15 to reflect the impact of the accounting change she suggests, and also remove reference to legislated accounting in the notes to the financial statements. Instead, her notes just referred to a review having been completed this year and as result the expected future benefit of the pension asset was determined as nil.

We canvassed on the call whether she would be willing to not require a restatement of 2014-15. She expressed a strong preference to do so, citing the recent media attention for delaying Public Accounts as a reason, and because she thought it would benefit the presentation of the numbers for the government (smaller y-o-y increase in 2015-16).

We also asked whether she would be willing to re-introduce in the notes a reference to legislated accounting. She was uncomfortable with this and unwilling to do so. We noted that the government would want transparency on the use of the regulatory mechanism under the legislation. She expressed the concern – again – that she would want the government to agree with her interpretation under PSAB, not just legislation.

She was also concerned that the review of the accounting treatment that the government intends to undertake may take on an overtly public dimension soon after the Public Accounts. If a review were to challenge her audit opinion (even if it was an unqualified opinion, in the event that the government was able to agree with her interpretation of the appropriate accounting treatment), she noted that she may then withdraw her opinion, even after the Public Accounts have been issued. This was new information.

We told her that we are briefing Ministers on Sunday and that we would reconnect with her on Monday. We also noted that the Ministers may want to talk to her too, which she understood.

She also said that if we agreed with her changes to the draft Public Accounts, and her interpretation of the accounting, she would issue a positive news release to express her support for the government “doing the right thing”.

We will continue to work on the various products over the weekend and have briefings scheduled for Saturday/Sunday.

Greg

Greg Orencsak

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