TBS Media Calls - April 20

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Hi all,

Two media calls today from TBS.

Below are the details.

Have a good weekend.

Lawvin

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1. **Jennifer Yang – Toronto Star**

1. Do individual ministries track disciplinary suspensions? If so, what is the barrier to aggregating this information to get a sense of what's happening enterprise-wide?

The Ontario Public Service doesn't track disciplinary suspensions enterprise-wide, but each ministry does track information within. Each ministry is accountable for disciplinary matters involving its own employees and this confidential information is not aggregated – mainly due to the size, scope, and complexity of the Ontario Public Service.

2. Who at PSC is briefed on the 2016 evaluation?

The Public Service Commission is a governance body that provides enterprise-wide direction for the effective management of human resources in the Ontario Public Service. It consists of a group of deputy ministers and the Secretary of the Cabinet. More information about the Public Service Commission is publicly available here .

3. How are the results of the 2016 evaluation recorded? Is there a report generated?

The results of the 2016 evaluation were shared through a presentation to the Public Service Commission. The government is taking a more proactive approach by focusing on respectful workplaces and prevention (a key finding of the evaluation), as well as key updates to the policy stemming from the evaluation.

4. The RWP policy states that WDHP metrics must be reviewed and reported every year. Was there a 2017 evaluation and if so, how were those results recorded and

reported?

The Respectful Workplace Policy was updated October 1, 2017 and the program updates were included in the presentation to PSC (as above).

5. When was the last time the RWP (or its predecessor) was evaluated prior to 2016? How was that evaluation recorded and reported?

Consistent with Occupational Health and Safety Act requirements, the policy is reviewed annually. In some years, it is a more extensive review than others – typically there is a detailed evaluation approximately every 5 years. Comprehensive reviews were completed in 2010 and 2016. The results of these review were shared by way of presentations to the Public Service Commission.

2. **Matt McClearn – Globe and Mail**

Statement from Treasury Board

I'd like to share that I perceive that your frame on this story is incorrect. At the core of this issue is a technical issue about if the IESO is a rate regulated agency and should thus use rate regulated accounting. The IESO's predecessor, the OPA, used rate regulated accounting and the AG of the day approved that accounting process. When the IESO rolled into the OPA, they maintained the IESO's accounting structure instead of adopting that of the OPA's.

It came to the attention of Cindy Veinot, Provincial Controller, that the IESO - an agency whose books are consolidated onto that of the province - was keeping two separate sets of books. Concerned by this lack of transparency - which meant that $17 billion in transactions were not visible – the Controller requested that the IESO evaluate their processes. It is curious that the Auditor General is advocating for an accounting practice that shields $17 billion in transactions from public view. In accordance with her fiduciary duty, the Controller asked the necessary questions which led to decisions that in turn resulted in greater transparency about public sector finance in Ontario.

The policies and implementation process for the Fair Hydro Plan were designed and extensively reviewed by senior staff from the Ministry of Energy, Ministry of Finance, Treasury Board Secretariat, Office of the Provincial Controller, Cabinet Office, the Ontario Financial Authority, the Independent Electricity System Operator, and Ontario Power Generation, and work with third-party experts from firms such as KPMG, E&Y, and Deloitte. Through this work we considered a range of implementation options, and ensured due diligence was completed.

These are policy choices we made to ensure that we continue to have a clean, reliable affordable electricity system for the ratepayers of today, and the ratepayers of tomorrow. That's exactly what the Fair Hydro Plan has done, and what it will continue to do into the future.

In January 2017, at one of the initial meetings that the Provincial Controller attended to discuss Ontario's Fair Hydro Plan (OFHP or "the Fair Hydro Plan"), she became aware of the accounting for the market accounts at the Independent Electricity System Operator (IESO). At that point she requested that IESO management review the accounting for these accounts. While no specific timeframe was discussed during the conversation, the intention was to have this review completed before the Province's year-end of March 31, 2017.

At the time the request was made, the structure for the Global Adjustment Refinancing of the Fair Hydro Plan had not been determined.

The recognition of market accounts on IESO's books better reflects the financial position of the IESO-administered markets at year-end, and was supported by the IESO's audit committee, its board of directors, its independent external auditor (KPMG), and by the Office of the Provincial Controller. This accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015) in its financial statements

While the Provincial Controller became aware of the accounting for the market accounts of IESO at a meeting to discuss the Fair Hydro Plan, the request to review the accounting for the market accounts was not tied to or in anticipation of the structure of the Fair Hydro Plan.

The Statement of Responsibility for the 2016-17 financial statements (for the year ended March 31, 2017) of the Province was signed in August 2017. The only aspect of the Fair Hydro Plan that was reflected in the 2016-17 financial statements of the Province was the 8% rebate, which commenced in January 2017. The balance of the Fair Hydro Plan commenced in July 2017, and the last of the commercial agreements related to the Fair Hydro Plan was executed in December 2017. The Statement of Responsibility for the 2017-18 financial statements (for the year ended March 31, 2018), which will be signed in August 2018, will relate to financial statements that reflect all aspects of the Fair Hydro Plan, including the refinancing of the Global Adjustment, which is the aspect of the Fair Hydro Plan that the government and the Auditor General disagree on as it relates to the accounting.

In developing the Fair Hydro Plan, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed. The impact of the Fair Hydro Plan will be transparent in the financial statements of the IESO, Ontario Power Generation (OPG) and the consolidated financial statements of the Province. The Province's financial statements are prepared in accordance with Public Sector Accounting Standards (PSAS).

PSAS are principle based – they are not a set of specific prescriptive rules. Applying them requires the application of professional judgment.

Our professional staff exercise judgment in applying the standards and as necessary consult with external experts and advisors. They provide the Office of the Auditor General with their written analysis on all significant issues that impact the financial statements for the year being audited, and they discuss the issues with the Office of the Auditor General.

All Chartered Professional Accountants (CPAs), including those employed by the Ontario Public Service (OPS), are required to comply with the Code of Professional Conduct for CPAs. One of those rules is that they not be associated with false or misleading information. That means that if the professional accountants in the OPS do not agree with the judgment of the Ontario Auditor General, it is not as simple as agreeing to accept the interpretation of the Office of the Auditor General if they believe that interpretation would result in false or misleading financial statements. While we expect professional accountants to agree on the vast majority of issues, we acknowledge that they may not agree on everything and when that occurs, and the difference is material to the financial statements, the Office of the Auditor General can choose to issue a qualified audit opinion.

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