

Treasury Board Secretariat

Office of the Provincial Controller Division
Accounting Policy & Financial Reporting Branch
Frost Building South, 2nd Floor
7 Queen's Park Crescent
Toronto ON M7A 1Y7

Memo



May 29, 2017

MEMORANDUM TO:

Karen Hughes
Associate Deputy Minister of Finance
Treasury Board Secretariat

FROM:

Nadine Petsche
Director, Accounting Policy and Financial Reporting
Office of the Provincial Controller Division

SUBJECT:

Memo to Award Contract for Complex Accounting Services

With this memo, I am updating you on my decision to proceed with awarding a Statement of Work to KPMG LLP with a ceiling price of \$299,000 plus HST.

As you are aware, earlier this year a Request for Services (RFS) was issued for Complex Accounting Services. As part of the competitive process, an RFS was issued to five vendors on the Management Consulting Services VOR for complex accounting support which covered the following support for accounting analysis related to Ontario's energy sector:

- Consolidation of the Province's electricity sector entities,
- Control assessments related to electricity sector entities,
- The impact of accounting changes by consolidated organizations on the Province's consolidated financial statements.

Three submissions were received in response to the RFS process. The three submissions were reviewed independently by myself and a Manager in the APFR section against the criteria outlined in the RFS document, which included experience and qualifications, and pricing.

Based on the results of the assessments, KPMG LLP had the highest overall ranking in both assessments. I will be engaging KPMG LLP to provide actuarial support services to the Office of the Provincial Controller, pending your written agreement.

KPMG's team will be well positioned to support OPCD on energy sector related accounting matters. Their extensive experience includes:

- Experience in preparing technical papers and accounting opinion on the application of PSAB standards related to engagement on advisory services related to the Ontario Fair Hydro Plan Act, 2017

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- Advisory services around interpretation, and application of IFRS related to Hydro One and OPG
- Provided training on the new accounting IFRS 14 *Regulatory Deferral Accounts*
- Deep knowledge in accounting for the effect of rate regulation in the Power and Utilities sector under both IFRS and US GAAP frameworks
- Control assessment related to Hydro One under PSAB standards
- Extensive experience in control assessment under PSAB standards as related to GBEs, government restructuring, crown organizations types and reporting for senior governments including Ontario, Saskatchewan, New Brunswick, and the Government of Canada.
- Experience and knowledge with IPSASB standards.

The attached draft Statement of Work has been drafted to reflect the deliverables and timing associated with the complex accounting services being provided under the Statement of Work.

As per the TBS FDOA for Consulting Services Agreements valued at or above \$100,000, prior written approval from the Deputy Head on the selected vendor and the proposed Agreement is required before the proposed Agreement is signed. In TBS for Consulting Services Agreements valued at or above \$100,000 and up to \$750,000, the Deputy Minister has delegated this authority to the individual who granted the spending authority for the contract, which is the Associate Deputy Minister.

As the Statement of Work is estimated to be less than \$299,999 only my approval is required to award the Statement of Work. With this memorandum, I am advising you of my decision and request that you sign this document as evidence of agreement with the vendor selection.

Recommendation:

As the Statement of Work is estimated at \$299,000 (tax excluded), I will be awarding the Statement of Work to KPMG LLP for a period of 15 months (June 1, 2017 to August 30, 2018) with a 4 month extension option in favour of the ministry with no increase in Maximum Price.

Regards,

Nadine Petsche

Director, Accounting Policy and Financial Reporting
Office of the Provincial Controller Division

I agree with the vendor selection:

Karen Hughes
Associate Deputy Minister

c. Patrick Laughton