Office of the Provincial Controller Division

Accounting Updates

Briefing for the Secretary of Cabinet

January 19, 2018

CONFIDENTIAL DRAFT FOR PRE-BRIEF
FOR DISCUSSION PURPOSES ONLY

Topics for Discussion

1. Accounting Issues Update
2. Fair Hydro Plan
3. Scarborough Subway Extension
4. OPCD Internal Control Review

1. ACCOUNTING ISSUES UPDATE

4. OPCD INTERNAL CONTROL REVIEW

Current Situation

- In July OPCD issued a Request For Services to:
  1. Confirm the alignment of OPS Internal Control Framework with the COSO 2013 international standard, and;
  2. Review and assess OPCD controls over financial reporting processes including:
     - Certificate of Assurance
     - Consolidation activities
     - Pension reporting
     - Period Close processes
     - Post-Close activities
     - Provision of complex accounting advice.
- PwC has completed their assessment and have submitted their final report to OPCD.

Findings

1. Internal Control Framework Assessment
   - is based on widely adopted standards
   - has been thoroughly tested and widely understood
   - implementation plan is aggressive but OPCD has considered the need to maintain momentum and the size and complexity of the OPS
   - the inclusion of annual progress reports should help OPS manage timeline and assess if additional support is required
   - opportunity to continue building training programs to support knowledge and awareness

Findings

2. Review and assess OPCD controls over financial reporting
   - Documented business processes, risks and controls
   - Tested 41 identified controls
   - Overall found controls are in place to address key risks within the organization
   - Identified 21 improvement opportunities related to:
     - Providing additional review over control activity
     - Provide additional documentation to evidence presence of control activity
   - Identified one control not implemented effectively however noted that plans have been put in place to address this going forward.
   - Noted OPCD is addressing future process changes through identifying future control requirements (e.g. CHIRP implementation)

Next Steps

- Assess improvement opportunities
- Develop project plans and implement

5. PRE ELECTION REPORT - ATTESTATION

Current Situation

- As part of the development of the Pre-Election Report (PER) Treasury Board Secretariat and the Ministry of Finance will be required to provide a management representation letter to the Auditor General providing assurance that:
  - The report is in compliance with the Fiscal Transparency and Accountability Act, 2004.
  - All relevant information has been disclosed to the Auditor General.
  - All assumptions made are supportable and consistent with government policy decisions, economic forecasts and the government's anticipated actions over the coming three years.
- The letter will be signed by TBS and MOF Deputy Ministers, Associates, Chief Economist, Provincial Controller and the CEO of the Ontario Financing Authority.
- In support of the representation letter, TBS will be requesting each Ministry Deputy Minister and CAO provide supporting assurance with respect to their approach and assumptions made in their 2018-19 PRRT submissions.