Fw: Cindy Veinot's instructions to IESO

From: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Donaldson, Mark (TBS)" <mark.donaldson@ontario.ca>
Date: Thu, 05 Apr 2018 09:52:30 -0400

Just FYI - hopefully this is the end of this line of questioning. MO approved response below

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Tharani, Alisha (TBS) <Alisha.Tharani@ontario.ca>
Sent: Thursday, April 5, 2018 9:29 AM
To: Ue, Allison (TBS); Nelson, Dane (TBS); Walsh, Laura M. (TBS); Liu, Mary (TBS)
Cc: DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Miller, Amanda (TBS); Laughton, Patrick (TBS); Hosick, Sarah (TBS)
Subject: FW: Cindy Veinot's instructions to IESO

Hi all,

Please see below for the final proposed response for this media request.

MO has shared this with PO and Energy's MO.

I will now share this with our Energy comms counterparts, as well as CO issues, for review and to advise of any concerns they may have.

Lawvin is hoping to send this response back to the reporter by EOD today.

Please let me know if you have any questions or concerns,

Alisha

Alisha Tharani
Senior Issues & Media Advisor | Treasury Board Secretariat
416-327-3803 | Alisha.Tharani@ontario.ca

Questions:
1) On what date did Ms. Veinot ask the IESO to "look at" the issue of market accounts on the IESO's financial statements?
2) What form did this request take? (Letter, memo, personal conversation, etc.)
3) To whom at IESO did Ms. Veinot direct this request?
4) Did Ms. Veinot indicate to the IESO a time frame in which her instructions were to be executed? If so, what was that timeframe?
Response:
During the week of January 16, 2017, Cindy Veinot, Assistant Deputy Minister and Provincial Controller had a conversation with Kim Marshall, Vice President, Corporate

Services and Chief Financial Officer regarding IESO's financial reporting of market accounts. She requested IESO take a closer look at the accounting for market accounts on their financial statements. While no specific timeframe was discussed during the conversation, the intention of the request was to have this review completed before the province's year-end of March 31, 2017.

Background:

In 2016, the Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in its financial results. IESO has chosen to recognize these market accounts on its books for transparency reasons, as it better reflects the financial position of the IESO-administered markets at year-end.

This change was supported by the IESO's audit committee, its independent external auditor (KPMG), and by the Office of the Provincial Controller.

As standard practice, the financial statements of the IESO for the year-ended December 31, 2016 were subject to an external audit by KPMG. KPMG issued an unqualified (or clean) opinion stating that the financial statements of the IESO were fairly presented, in all material respects, in accordance with Public Sector Accounting Standards (PSAS). 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, which was not subject to qualification from the Office of the Auditor General at that time.

The Office of the Provincial Controller is responsible for the integrity of the government's public financial reporting, including consolidation of all organizations within the reporting entity, as presented within the Public Accounts of Ontario. The province's consolidated financial statements, including the entities it controls and consolidates (such as the IESO), are presented in accordance with PSAS and the government's internal reporting policies. Each consolidated entity (such as the IESO) produces its own stand-alone financial statements and is subject to its own financial statement audit.

From: Hadisi, Lawvin (TBS)
Sent: March 23, 2018 10:08 AM
To: Sullivan, Bryant (TBS); Tharani, Alisha (TBS); Vrancart, Kate (TBS); DiMuzio, Sofie (TBS)
Cc: Gallant, Gabrielle (TBS); Rubin, Jack (TBS)
Subject: FW: Cindy Veinot's instructions to IESO

Hi all,

After speaking with Energy we have decided that TBS will be the lead on this request.

I will follow up with the reporter and ask him for his deadline. In the meantime can we work on a response.

Thank you.

Lawvin

From: McClearn, Matthew [mailto:MMcClearn@globeandmail.com]
Sent: March 22, 2018 3:26 PM
To: Hadisi, Lawvin (TBS)
Subject: Cindy Veinot's instructions to IESO

Lawvin:

It's McClearn here again.

Before the Public Accounts Committee on Feb. 28, 2017, provincial controller Cindy Veinot testified to the following:

There are two different issues. One is the reflection of market accounts in the financial statements of the IESO. As the provincial controller, I actually asked the IESO to look at that issue. When I first heard about the fact that the IESO had a second set of accounts that was not reflected in their financial statements, I asked them to consider whether or not that was the appropriate accounting treatment.

She also said:

The issue that the Auditor General qualified the statements on, the inclusion of market accounts, is something that I directed them, I asked them to look at, because I didn't think the accounting that they were doing, which was not showing any of the $17 billion in the transactions that they settled for the market—I didn't think it was appropriate.

Before the same committee, IESO CFO Kim Marshall testified:

We fast-forward a couple of years and we have some conversations with a new provincial controller. At that time, there are questions about, "But why do you do what you do?" So we undertook some processes to go, first of all, right back to the beginning of the IESO and see what was some of the advice that was presented at that point in time…

My questions:

1) On what date did Ms. Veinot ask the IESO to "look at" the issue of market accounts on the IESO's financial statements?

2) What form did this request take? (Letter, memo, personal conversation, etc.)

3) To whom at IESO did Ms. Veinot direct this request?

4) Did Ms. Veinot indicate to the IESO a time frame in which her instructions were to be executed? If so, what was that timeframe?

Thanks for considering my questions. Best regards,

Matt.

[cid:5114D3B1-1410-4891-8833-0259441E2F64]
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