



Communications Branch

Your Strategic Partner

MEDIA CONTACT REPORT

DATE: April 5, 2018

REPORTER:

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SUBJECT: OPCD & IESO Market Accounts

QUESTIONS and RESPONSES:

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 its 2016 financial statements, 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.