Appendix B

Incorporating KPMG's In-year Forecasting Recommendations into Management Analysis and Reporting

- KPMG's recommendations, outlined in detail in Appendix C, require very significant changes to the Printed Estimates, IFIS, Consolidations and elimination of BOG and COG.

- This has far reaching impacts to stakeholders such as the Auditor General, TBS (PEMD, OCMR, Capital, Treasury Board) all ministries, consolidated entities and the legislature.

- Given the magnitude of these impacts, the implementation of recommendations and the benefits derived from them may not be completed/realized for several year.

- OCMR has analyzed the recommendations and developed a process to produce in-year financial results that are representative of consolidated results, which can be available 25 days after the quarter end.
    - Process does not require changes to Estimates, Public Accounts consolidation processes or any changes to IFIS.
    - The process and changes are effected in Hyperion Financial Management, in a secure sandbox within Central Agency Cluster (CAC).

- Relying on and refining the work of KPMG, we adjusted IFIS revenues and expenses for known and predictable differences and came within ½ of 1% of the actual results in Public Accounts, with fewer than 20 adjustments.

(In millions)	FY 2010-11	FY 2011-12	FY 2012-13	FY2013-14
IFIS Y/E Revenues	**$101,441**	**$104,402**	**$108,381**	**$109,779**
KPMG Adjustments:				
Power Supply Contract Recoveries	$1,385	$1,351	$1,262	$1,274
Independent Electricity System Operator	$149	$140	$120	$120
Net Reduction of Power Purchase Contracts	$339	$317	$263	$243
Personal Income Tax - Federal Administered	$0	$0	$0	$1,000
Electricity Payments-In-Lieu of Taxes	$481	$532	$555	$366
Ontario Lottery and Gaming Corporation	$200	$100	$48	$100
Liquor Control Board of Ontario-Net Profits	$200	$100	$48	$100
HO1,OPG	$150	$150	$75	$150
Ontario Power Generation Inc.	$150	$150	$75	$150
Other Fees, Licenses, Permits budget	$284	$307	$332	$342
General Sales, and Rentals	$882	$834	$878	$893
Other Non-Specified Revenue	$300	$375	$375	$400
Electricity Debt Retirement Charge	$916	$931	$946	$957
Consolidated* Total Revenues (C)	**$106,877**	**$109,689**	**$113,358**	**$115,874**
Revenues as per Public Accounts (D)	**$106,658**	**$109,773**	**$113,369**	**$115,911**
Variance Between Public Accounts and Estimated Total Revenues (D - C)	**($218)** **-0.20%**	**$84** **0.08%**	**$11** **0.01%**	**$38** **0.03%**

(In millions)	FY 2010-11	FY 2011-12	FY 2012-13	FY2013-14
IFIS Y/E Expenses	**$129,634**	**$123,284**	**$124,933**	**$125,898**
KPMG Adjustments:				
Teacher Pension adjustment			($1,296)	
Classified - Normal Pay	$300	$375	$375	$400
Amortization - Consolidations	$2,200	$2,540	$2,650	$2,750
Other Transaction Payments	$1,385	$1,351	$1,262	$1,274
Capital Transfer Payments to Acquire Assets	($12,500)	($4,550)	($4,250)	($3,972)
Consolidated* Total Expense (A)	**$121,019**	**$123,000**	**$123,674**	**$126,350**
Expense as per Public Accounts (B)	**$120,669**	**$122,741**	**$122,589**	**$126,364**
Variance Between Public Accounts and Estimated Total Expenses (B-A)	**($350)** **-0.29%**	**($259)** **-0.21%**	**($1,085)** **-0.88%**	**$14** **0.01%**

* "Consolidated" means results are representative of consolidated financial statements.

- This has been done by OCMR staff working in isolation, without the benefit of discussing issues and anomalies with stakeholders
- If this were done on an ongoing basis, then anomalies such as the difference in the 12/13 expenses would have been identified during the year

Recommended Next Steps for Quarterly Management Analysis and Reporting

1. Review with PEMD and CPD to seek their input and comments and to show how this can support their process to manage the fiscal plan

2. Conduct a pilot with EDU, MOF and MNR. This would allow further refinement of the process, and test the methodology using current in year data, as opposed to historical data

3. Obtain quarterly data, on an ongoing basis, from about 25 entities to analyze for the purpose of identifying and validating known and predictable differences that would impact consolidated results.
    - Greater accuracy and reliability of results
    - Better understanding of sector spending and issues
    - Facilitates improved TP oversight