Public Accounts – Communications Contingency Planning

Issue:

There is potential that the Auditor General will issue a qualified audit opinion on the 2015-16 Public Accounts of Ontario due to her position on PSAB's requirements for pension related accounting. A qualified opinion will indicate that based on her work, she feels that the financial results of the province are materially misstated and she will disclose that the 2015-16 would be $5.0 billion rather than $3.5 billion.

Scenario 1:

Government accepts a qualified audit opinion and reports the results based on its interpretation of Public Sector Accounting Standards. This means the financial actuals reported in Public Accounts, including the 2015-16 deficit of $3.5 billion remain the same. But, as noted above, the AG's opinion will disclose her estimate of the impact on the province's results (the overall deficit should be higher by $1.5Billion and that the currently reported pension assets ($10.6Billion) should be written off to the accumulated deficit.It is expected there will be strong media and opposition reaction.

Auditor General Reaction:

It is anticipated the Auditor General will publicly defend her position and advocate that her position is right, and that the government should adopt her interpretation of PSAB to present it's results fairly. .

Messaging:

For 22 years, Ontario has had a clean audit opinion on its Public Accounts from the Office of the Auditor General and has followed the same pension accounting treatment for pension asset reporting for the past 16 years.

No previous Auditor General of Ontario has raised the concerns being made by the current Auditor General.

We are disappointed that the Auditor General has not given us a clean audit opinion on the 2015-16 Public Accounts and we respectfully disagree with her position.

It is the opinion of Deputy Ministers and senior financial staff in the government that the government's interpretation and application of the accounting standards is reasonable, and that the Public Accounts are presented in a way that fairly presents the Province's financial position and results. – including its pension assets.

The AG's qualified audit opinion is in no way related to the funding status of the plans. Both the OTPP and the OPSEUPP to which her opinion relate are well funded and have a history of strong returns.

The government will continue to dialogue with the Auditor General to exchange information on this item, and will plan to provide input to the Public Sector Accounting Board in its upcoming project on pension accounting.

Tactics and products:

Use all of the existing communications materials being planned for the release of Public Accounts (News release, data visualization tools, etc.). Supplement existing messaging and products with messaging specifically on this issue (Qualification) for use in scrums as well as a statement to be issued by the Premier and/or Minister Sousa and Minister Sandals directly to the gallery.

Scenario 2:

The government cannot accept the Auditor's interpretation of PSABand must issue a regulation to adopt her proposed accounting interpretation. Government makes regulatory changes to address the Auditor General's concerns before the publication of the 2015-16 Public Accounts. This would still have the impact of increasing the provincial deficit to $5.0 billion in 2015-16. The Auditor General is opposed to legislated accounting. It is expected there will be strong opposition and media reaction.

Auditor General Reaction:

It is anticipated the Auditor General will publicly defend her position and comment negatively on the fact that the government has regulated accounting instead of accepting her opinion. She should be offered an opportunity to review and comment on the proposed regulation.

Messaging:

For 22 years, Ontario has had a clean audit opinion on its Public Accounts from the Office of the Auditor General.

Last year, the current Auditor General provided a clean audit on Ontario's Public Accounts which reflected consistent accounting policies which the government has been applying since 2001.

It is the opinion of Deputy Ministers and senior financial staff in the government that the Public Accounts are presented in a way that fosters a clear and transparent understanding of Ontario's finances – including its pension assets and costs.

While we are disappointed that the Auditor General has raised concerns with respect to how Ontario reports on its pension assets, we are moving quickly to put in place a new regulation in place to address her concerns and to allow us to reflect the results and balances of the Proivnce based on her interpretation of the standards.

The government will continue to dialogue with the Auditor General to exchange information on this item, and will plan to provide input to the Public Sector Accounting Board in its upcoming project on pension accounting.

Tactics and products:

Use all of the existing communications materials being planned for the release of Public Accounts (News release, data visualization tools, etc.). Supplement existing messaging and products with messaging specifically on this issue for use in scrums as well as a statement to be issued by the Premier and/or Minister Sousa and Minister Sandals directly to the gallery.

Scenario 3:

Government introduces legislation to allow it to publish the Public Accounts later than the current legislated deadline of September 27. This legislation would need to be introduced and given Royal Assent before September 27 (four sitting days) for the government to meet its legislated deadline. While this is possible, it is unlikely to happen, which means the government needs to be ready to explain why it is not meeting its legislated deadline. It is expected there will be strong opposition and media reaction to this once the rationale for it is discovered.

Auditor General Reaction:

It is anticipated the Auditor General will not support the need for a delay and suggest that the government could have done more to address the situation earlier during her audit. It is anticipated the Auditor General will not comment on the government's challenges to meet its legislated deadline and will view that as a problem for government. The Auditor General will want to be consulted on the proposed legislative changes to ensure they properly reflect the change she is advocating for.

Messaging:

For 22 years, Ontario has had a clean audit opinion on its Public Accounts from the Office of the Auditor General.

Last year, the current Auditor General provided a clean audit on Ontario's Public Accounts, which have used the same accounting standards that are broadly accepted throughout Canada, since 2001.

It is the opinion of Deputy Ministers and senior financial staff in the government that the Public Accounts are presented in a way that fosters a clear and transparent understanding of Ontario's finances – including its pension obligations.

While we are disappointed that the Auditor General has raised concerns with respect to how Ontario reports on its pension obligations, we are moving quickly to introduce new legislation that would address her concerns. We are asking for support from all sides of the House in passing this legislation as soon as possible. The Auditor General has been consulted on this proposed legislation.

If asked about missing the legislated deadline:

The government was tracking toward releasing the Public Accounts on September 22, but given the concerns of the Auditor General and the work needed to address them we were not in a position to release Public Accounts by September 27.

We are now taking the time we need to do the necessary due diligence to get the Public Accounts tabled as soon as possible.

The government will create a panel of independent accounting experts to provide advice on the best way to report on future pension obligations. The work of this panel is expected to be completed by XXX and its report will be made available to the public.

We will continue to work with the Auditor General of Ontario to resolve this issue.

Tactics and products:

Use all of the existing communications materials being planned for the release of Public Accounts (News release, data visualization tools, etc.). Supplement existing messaging and products with messaging specifically on this issue for use in scrums as well as a statement to be issued by the Premier and/or Minister Sousa and Minister Sandals directly to the gallery.