1. **Accept Prior Years' Accounting Treatment for 2015-16 without Qualification**

   After reviewing and considering the evidence presented to you in its totality, including the external accounting opinion from Deloitte and the government's offer to provide supplementary disclosure on the impacts under your interpretation of the standard, you may decide to issue an unqualified opinion on the Province's financial statements, consistent with the last 15 years, while we jointly signal the need for a review.

   The Province would be willing to support and work together with your Office on such a review, along with the engagement of other experts. As you know, PSAB has also struck a task force as part of its review of employment benefits, including PS 3250 and PS 3255, and the review is ongoing. Together with the task force, an advisory group to provide broader experience and perspectives on the issues has also been engaged by PSAB, which may be of use to both your Office and the Province to look at this issue further.

2. Opine on Legislated Accounting (1 year) Treatment which reflects Prior Year's Accounting Treatment

   To signal a need to further assess the interpretation and application of PS 3250 to the Province's financial reports, and to allow for finalization of the Public Accounts, the Province may consider introducing time limited legislation which retains the accounting treatment followed by the Province for the past 15 years. The government would plan to supplemented the legislated accounting treatment by providing additional disclosure of the restated fiscal impacts under an alternative interpretation of the standards. The one year effective period for the standard would reflect the anticipated duration to collaborate with your Office and external experts on t this material and complex matter.

   With a shared objective of ensuring the Province's accounting treatment supports fair presentation of the government's financial results, the government and the Auditor General would jointly engage an external panel of representatives from public accounting firms to review the facts associated with the OTPP and OPSEUPP and considerations for applying PS 3250. Input would also be provided to PSAB's Task Force on Employee Future Benefits to support the review of the current standard.

   Such a panel would be a novel approach and unprecedented in the recent memory of preparing the Province's Public Accounts. However, given the complexity and significance of this issue, we would be prepared to take this extraordinary measure. We recognize that this would delay the tabling of Public Accounts as the panel would need to opine prior to you issuing an audit opinion.

   Alternatively, the Province is also willing to consider other ways of engaging external advice, including but not limited to broadening participation on a panel to include other experts, such as former Auditors General or members of the PSAB task force or Advisory Group supporting the current Employee Future Benefits Task Force.

Commented [np1]: Would include 10 year historical impacts and enhanced disclosure on measurement uncertainty. Could also include additional disclosure in the Management Letter of Rep.

Commented [np2]: Alternative wording vs. review of DT opinion. LSB currently reviewing DT engagement to see if such a review would be possibly. Limited ability for the Province to disclose name of firm providing advice, and opinion may not definitively support the Province's position of 100% recognition.

Commented [np3]: Lengthy delay an issue per Gadi. Alternative suggests 1 year legislated accounting solution supplemented by additional disclosures.

~~**3. Jointly Seek External Review to Confirm Accounting Treatment**~~

~~In our telephone conversation on the afternoon of September 15, 2016 you had suggested that you would be willing to have the conclusions of the Deloitte opinion be jointly reviewed by a panel of the national accounting practice leaders of PwC, KPMG and EY. If the panel were to agree with the Province's interpretation as supported by Deloitte, you would then issue an unqualified opinion on the Province's financial statements.~~

~~Based on the review of the information provided to you, if you still feel that the issue at hand would benefit from an external panel's view, we would be prepared to jointly approach Deloitte and the three other firms with you to seek their participation on a panel. It is conceivable that not all firms noted above would participate for their own reasons that they may or may not justify, in which case we would be prepared to consider adding to the panel senior representatives of one or more of the other major accounting firms active in Canada, subject to our joint agreement. We have also notified you that PwC is also looking at this issue for the Province and thus they may decide that they are unable to participate in the panel. We are prepared to share with you any advice that PwC provides to the Province.~~

~~Such a panel would be a novel approach and unprecedented in the recent memory of preparing the Province's Public Accounts. However, given the complexity and significance of this issue, we would be prepared to take this extraordinary measure. We recognize that this would delay the tabling of Public Accounts as the panel would need to opine prior to you issuing an audit opinion.~~

~~Alternatively, the Province is also willing to consider other ways of engaging external advice, including but not limited to broadening participation on a panel to include other experts, such as former Auditors General or members of the PSAB task force or advisory group referenced above.~~

[NTD: other option to potentially consider:

4. *Adjust the Province's position on accounting treatment based on outcome of Deloitte opinion – remove this option if Deloitte/PwC finds that Province's accounting treatment is reasonable]*

Commented [np4]: Likely need more time to discuss PSAB interpretation and an alternative approach (if appropriate) to valuing the Province's pension asset that would be 'acceptable' under PSAB. Given the amount of time involved and uncertainty w.r.t. the AG's willingness to support timely resolution, alternative 2 above is proposed.