The Government of Ontario Responsibilities

(excerpt from Final Audit Planning Report)

The Deputy Minister of Treasury Board, the Deputy Minister of Finance, and the Provincial Controller sign off on the Statement of Responsibility and the Management Representation Letter, indicating that they are equally and jointly responsible for ensuring objectivity and integrity of the Province's consolidated financial statements. They also are responsible for ensuring that the consolidated financial statements of the Province are prepared in accordance with the accounting principles for governments recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants (CPA) Canada.

Over the past few years, we have raised concerns regarding the government's introduction of legislated accounting. We have advised OPCD that when applied legislation overrides PSAB generally accepted accounting standards (GAAP), the annual fiscal or comparative results of the province may be significantly misstated as was the case with the government legislating the 2015/16 accounting treatment for pension assets in jointly sponsored pension plans which did not correct the prior year's comparative figures. We are reviewing the Fair Hydro Plan accounting for potential similar concerns.

The government of Ontario is responsible for:

a. ensuring management establishes and maintains systems of financial management and internal control to provide reasonable assurance that transactions recorded in the consolidated financial statements are within its statutory authority, assets are properly safeguarded and reliable information is available for the preparation of the consolidated financial statements and notes;
b. maintaining efforts to create a culture of openness with the questions of the Auditor General, honesty and ethical behaviour (and consider the potential for override of controls or other inappropriate influences over the financial reporting process);
c. providing us with and/or making available in a timely manner complete financial records and related data and any additional information that we may request for the purpose of the audit as well as unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence and, information regarding all related parties and related-party transactions;
d. determining the internal controls that management deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, and for designing, establishing, and maintaining internal controls that prevent and detect fraud and error;
e. identifying those areas where legislated accounting policies are being used;
f. assessing the risk that the consolidated financial statements may be materially misstated as a result of fraud and providing us with all facts relating to any known or probable instances of fraud or suspected fraud, including the intentional misrepresentation of information, non-compliance with legislative or regulatory requirements, and illegal or possibly illegal acts;
g. assessing the quantitative and qualitative impact of misstatements identified during the audit on the fair presentation of the consolidated financial statements;
h. providing us with a letter of representation confirming oral representations made to us and representations that are implied in the complete records and documentation given to us during our audit;
i. providing us with written representations from legal counsel about the status of any outstanding or pending legal claims;

j. accurately reproducing the consolidated financial statements and notes and the auditor's report in the annual report; and producing a French version of these documents as described in the sub- section 7.3 - French Translation; and

k. informing us in a timely manner of any significant matters or issues that could impact the province's consolidated financial statements such as new one-time transactions that will require detailed review, new accounting policies, new legislation that will impact the accounting of public accounts, identified risks in Ministries that have come to your attention, new entities to be consolidated, changes in the reporting framework of consolidated entities that do not follow the accounting standards recommended by the PSAB and the Accounting Standards Board (AcSB) of CPA Canada and any other accounting related matters.