EXAMPLE

RESPONSE TABLE

Issue/Consideration	Strategy	Key Messages
Pension Asset Accounting: Auditor General's qualified opinion	Confirm that the province will continue to follow PSAS, as always, and seek appropriate expert guidance where PSAS is silent. Highlight supporting perspectives from external consultants.	The government continues to move forward and present the province's finances fairly and accurately and in accordance with Canadian Public Sector Accounting Standards (PSAS). The government respectfully disagrees with the Auditor General's interpretation of the accounting standards, as PSAS neither requires unilateral control to record an asset, nor does it include a requirement to obtain a letter from the co-sponsor of the plan agreeing to reduce further contributions within 12 months. The government is open to continue to discuss the matter in hopes of resolving this matter.
IESO Accounting: 1) **Market Asset Accounts** 2) **Rate-Regulated Accounting** 3) **AG to audit IESO's 2017 statements** 4) OPG/IESO "inappropriate expenses" 5) Peripheral: OPG Executive Compensation	Confirm that the province will continue to follow PSAS, as always, and seek appropriate expert guidance where PSAS is silent. Re-iterate government's appreciation of the Auditor General's independent review and the IESO's recent unqualified audit record.	The government welcomes the Auditor General's independent review and remains committed to assisting her office in providing its views to the Legislative Assembly. The IESO's change of accounting policy provides more transparency into the value of transactions that flow through Ontario's $17 billion electricity market and reflect the economic substance of certain types of expenses that may not be directly recovered through normal revenue requirement models, and instead are recovered through rate regulation. IESO's recent accounting changes are supported by IESO's audit committee, board of directors, its independent external auditor and by the Office of the Provincial Controller. The IESO prepares its financial statements in accordance with PSAS, and received an unqualified, or clean, audit opinion on its 2016 financial statements.
Fair Hydro Plan	Highlight due diligence	The province will continue to prepare its

Commented [KL1]: May be able to mention 2017 audit results at this point.

Commented [HS(2]: Can IESO fact check this section.

Make any edits and/or additional content as necessary.

Accounting: "convenient/inappropriate accounting"	included in OFHP decision making, and that the accounting structure is still being finalized. Refuse to speculate about AG's potential future audit opinion. Emphasize that the province will continue to follow PSAS, as always, and seek appropriate expert guidance where PSAS is silent.	consolidated financial statements in accordance with Public Sector Accounting Standards (PSAS). The proposed accounting for the Ontario Fair Hydro Plan (OFHP) reflects the economic substance of the transaction by differentiating costs borne by taxpayers versus those borne by ratepayers. PSAS is silent on a key accounting issue regarding the OFHP – the standards neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities. In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards. The professional staff has appropriately applied this guidance in assessing the accounting for the Ontario Fair Hydro Plan.
Pre-Election Report: "government should publicly communicate if and when"	Re-iterate the government's commitment to working with the Office of the Auditor General. Confirm that the government will, as always, continue to follow the relevant legislation.	Under the *Fiscal Transparency and Accountability Act, 2004*, the government may file a regulation that would require it to release a Pre-Election Report on Ontario's Finances. Should the government file such a regulation, the Auditor General would be required to issue a statement based on a prompt review following the release of such a Pre-Election Report. The government remains committed to meeting the legislative requirements of the Act, and working constructively with the Auditor General.
Debt Reduction Plan: "Ontario has the highest sub-sovereign debt in the world"	Re-iterate government's track record of responsible fiscal management and provide high-level overview of debt reduction plan.	The government's long-term infrastructure plan to invest about $190 billion over 13 years, starting in 2014-15, will contribute to the growth of the economy. The Centre for Spatial Economics found that for every $1 spent on public infrastructure, GDP increases by up to $6, on average, in the long term.
"Legislated Accounting"	Emphasize that the province will continue to follow PSAS, as always, and seek appropriate expert guidance where PSAS is silent.	The *Ontario Fair Hydro Plan Act, 2017* and its related regulations do not create accounting rules or legislate the accounting. It is important to distinguish legislating the accounting from legislating the right of the government to recover amounts from specified ratepayers in the future,

	Provide example of the only time legislated accounting was used; explain how OFHP does not legislate accounting.	which in the absence of legislation, would have been collected from specified ratepayers as the costs were incurred. The province, as always, will prepare its consolidated financial statements in accordance with PSAS, including the transactions resulting from Ontario's Fair Hydro Plan.
Use of External Advisors: Perception that the government looks to external advisors to circumvent the Auditor General	Confirm that the province seeks external expertise when appropriate as a normal course of business.	The government's use of external expertise for accounting and financial reporting matters supplements its own resources on complex or emerging accounting and reporting matters. External advisors are generally engaged to provide advice and guidance to supplement internal analysis, and in the normal course of business.