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Office of the Treasury Board
TBS
Approval Form

New Item: x   **Revised Version:** ☐

Date: Nov 22, 2016   **Due Date:**

OCMS #: **MGS3036IT-2016-576**

Receipt/Approval Required: Karen Hughes, Associate Deputy Minister, Office of the Treasury Board
Helen Angus, Deputy Minister, Treasury Board/Secretary of Treasury Board and Management Board of Cabinet
Hon. Liz Sandals, President of the Treasury Board

Synopsis: TBS Exemption Request - PwC to be the report writer for the panel

Author/Contact: Nadine Petsche

Phone: 416 325 8027

Reviewed By: *(complete this section where appropriate)*

Division/Branch	Name	Signature	Date In	Date Out	Written Comments Yes	Written Comments No
Director (Branch)	Nadine Petsche	N. Petsche	Nov 22/16	Nov 22/16	–	–
ADM (Division)	Cindy Veinot	Excluded*				

Approved By: *(complete this section)*

Approving Officials (as appropriate)	Name	Signature	Date In	Date Out	Written Comments Yes	Written Comments No
Associate Deputy Minister, Office of the Treasury Board	Karen Hughes	Karen Hughes		Nov. 24/16	–	–
CAO	Melanie Fraser	see attached		Nov. 28/16		x
Deputy Minister Treasury Board/Secretary of Treasury Board and Management Board of Cabinet	Helen Angus	[signature]		Nov 29, 2016		
President of the Treasury Board	Hon. Liz Sandals	Liz Sandals		Dec 5/16		

*Excluded as noted on briefing note – potential conflict advisory.

Deputy Minister and Minister to approve an exemption to non-competitively procuring Consulting Services from Pricewaterhousecoopers (PWC) LLP to provide assistance to the Pension Asset Expert Advisory Panel.

Details from the Program Area	
Request	Deputy Minister and Minister approval is requested for an exemption to the requirements of the OPS Procurement Directive that states non-competitive procurements must align with at least one of the allowable exceptions listed in the Procurement Directive. To non-competitively procure consulting services from Pricewaterhousecoopers (PWC) LLP to provide assistance to the Pension Asset Expert Advisory Panel. The procurement does not meet with any of the allowable exceptions.
Type or Procurement	Consulting services
Procurement Method	Non-competitive
Proposed Vendor	Pricewaterhousecoopers LLP
Contract Value	$65,000 not including HST
Term	4.5 months up to March 31, 2017
Current Status	On October 5, 2016 Treasury Board/Management Board of Cabinet (TB/MBC) approved the draft Terms of Reference for the Pension Asset Expert Advisory Panel (the 'Panel') to review the application of the Public Sector Accounting Standards (PSAS) to accounting for pension assets on the Province's consolidated financial statements, and to provide advice to government. On Thursday November 10th, 2016, the Province issued a news release with details about the Expert Advisory Panel and expectations that the Panel's report to government will be delivered by the end of December, 2016. The Pension Asset Expert Advisory Panel is expected to commence its deliberations the week of November 14, on the complex and high risk pension reporting matter. The Chair of the Pension Asset Expert Advisory Panel has requested that OPCD assist with engaging a professional to provide assistance to the Panel with regards to summarizing and documenting the Panel's deliberations/position and recommendations. After considering the options of a competitive tender process, the timing, and evaluating the capabilities of several accounting firms to deliver on the project, the Chair identified PWC LLP as the vendor of choice, familiar with the terms of the Ontario Teachers' Pension Plan and complex public sector accounting standards for pension plans. PWC is familiar with key aspects of OTPP's constating documents, has expertise in public sector accounting standards for pensions; and can synthesize substantial, complex information into a concise, reader-friendly product. The consultant will provide written analysis, as well as in-person participation in dialogues with the Panel, potential discussions with Treasury Board Secretariat, Ministry of Finance (e.g. ISPPD), line ministries (EDU, MGS, MOHLTC, TCU), and pension plan Administrators and/or Boards. Written deliverables are expected to include a summary of the Panel's analysis and recommendations and possible input to a summary. The services of PWC was non-competitively procured in September 2016 to provide complex accounting services. The procurement received DM and Minister approvals
Compliance Review and Recommendations per this Request	
Mandatory Compliance Requirements	A non-competitive procurement is only permitted if it meets with at least one of the allowable exceptions listed in section 4.4.4.2 of the Procurement Directive. Where no allowable exception exists, it must be noted in the business case that the Procurement is an exemption from the Directive and the business case must identify the requirement(s) from which it seeks to be exempted As the proposed non-competitive procurement does not align with any of the

	allowable exceptions listed in the Procurement Directive, an exemption is requested to non-competitively procure consulting services from PWC LLP for a period of 4.5 months
TBS FDOA Requirements	Non-competitive procurement of Consulting Services requires Deputy Minister and Minister approval
Risk	Re-curring non-competitive procurement of consulting services from the same vendor could be negatively viewed by the vendor community. Efforts must be made to use a competitive process to minimize reliance on the same vendor
Recommendations	Deputy Minister and Minister approve the request for an exemption to the requirements of the OPS Procurement Directive that states non-competitive procurements must align with at least one of the allowable exceptions listed in the Directive. Approve the non-competitive procurement of consulting services (with no allowable exception) from Pricewaterhousecoopers (PWC) LLP to provide assistance to the Pension Asset Expert Advisory Panel.

Prepared by: Belinda Monteiro
Senior Controllership Analyst
Business Planning and Financial Mgt.

Date: November 28, 2016

Approved by:

Clara Cheung, Controller (A)

Approved by:

Anna Di Misa, Director BPFM (A)

CAUTION – THIS FILE RELATES TO A MATTER IN WHICH CINDY VEINOT MAY HAVE HAD A CONFLICT OF INTEREST IN THE PERIOD BEFORE SHE BECAME A PUBLIC SERVANT

THIS FILE MUST NOT BE SHOWN TO OR DISCUSSED WITH CINDY VEINOT

TBS

Briefing Note

Office of the Provincial Controller Division
Accounting Policy and Financial Reporting Branch

Title

Issue:

Deputy Minister and Minister approval is requested for an exemption to the requirements of the OPS Procurement Directive that states non-competitive procurements must align with at least one of the allowable exceptions listed in the Directive.

The Chair of the Pension Asset Expert Advisory Panel has requested that Treasury Board Secretariat assist with engaging a professional from PricewaterhouseCoopers LLP (PWC) to provide assistance to the Panel in summarizing and documenting the Panel's deliberations/position and recommendations.

Current Status:

The Pension Asset Expert Advisory Panel has recently commenced its deliberations on the complex and high risk pension-related reporting matter. The Chair of the Panel has identified PWC LLP as the vendor of choice to provide assistance to the Panel. The firm is familiar with the terms of the Ontario Teachers' Pension Plan and complex public sector accounting standards for pension plans to provide assistance to the Panel.

Given the Chair's expressed preference and the fact that the Panel's work has already commenced, it is important that the resource be available on a timely basis in order to support the Panel's success. It is also important to ensure compliance with procurement policies and directives. Since the intended procurement does not align with any of the allowable exceptions listed in the Procurement Directive, an exemption is being requested to allow for a non-competitively procurement of consulting services from PWC for a period ending March 31, 2017 with an approximate ceiling value not exceeding $65,000 (including $25,000 as contingency).

Background:

On October 5, 2016 Treasury Board/Management Board of Cabinet (TB/MBC) approved the draft Terms of Reference for the Pension Asset Expert Advisory Panel (the 'Panel') to review the application of the Public Sector Accounting Standards (PSAS) to accounting for pension assets on the Province's consolidated financial statements, and to provide advice to government.

On Thursday November 10th, 2016, the Province issued a news release with details about the Expert Advisory Panel and expectations that the Panel's report to government will be delivered by the end of the calendar year. In order to meet this deadline, it is expected that the Panel commenced its review during the week of November 14th. The Panel will be supported by staff in Treasury Board Secretariat, including support for procurement-related matters.

During the initial discussion with the Chair of the Panel regarding logistics, the Chair expressed a preference to use the services of a vendor knowledgeable on the subject matter to assist with summarizing and documenting the Panel's work. The work of the Expert Advisory Panel will address a fiscally significant, high-profile accounting issue raised by the Auditor General during the 2015-16 Public Accounts audit. The issue has received attention from the media, the opposition and other stakeholders. The outcome of the Panel's deliberations could materially impact the Province's future fiscal plans and credit rating.

After considering the option of a competitive tender process and timing, the Chair expressed a preference that Treasury Board Secretariat assist the Panel by procuring the services of PWC to assist the Panel. Having provided complex accounting advisory services to the Office of the Provincial Controller Division during the 2015/16 the Public Accounts process, PWC has become familiar with key aspects of OTPP's constating documents and has expertise in public sector accounting standards for pensions. PWC will also be supporting PSAB's current project on Employment Future Benefits and has demonstrated experience in synthesizing substantial, complex information into a concise, reader-friendly product.

In addition to the documentation of the Panel's full report with recommendations, it is envisioned that a summary document may also be compiled for purposes of sharing the Panel's recommendations with the public. For this latter deliverable, TBS Communications is expected to be heavily involved.

The maximum price of the contract would be $ 65,000.00, not including HST, reflecting:

(1) the Fixed Price of $40,000.00 (which includes a total of 25 consultant work days); plus

(2) the amount for any consultant work days exceeding 25, to also be charged on a Per Diem basis at a maximum rate of $1,600 per day per consultant

Other service providers were considered by the Chair of the Panel but assessed as sub-optimal as they were not as fully versed on the specific pension-related accounting issues to be assessed by the Panel which would have reduced their ability to support the Panel as effectively in the short time frame over which the Panel's work is expected to be completed.

Business Case

As noted above, and consistent with the Chair's direction, Treasury Board Secretariat confirms that there is a business case to support the procurement of PWC to support the success of the Expert Advisory Panel.

In order to engage the services of PWC to support the Panel starting as soon as possible, the Office of the Provincial Controller (OPCD) of Treasury Board Secretariat, on behalf of the Expert Advisory Panel, is seeking approval for an exemption to the OPS Procurement Directive. Specifically, OPCD is seeking an exemption from the requirement that non-competitive procurements must align with at least one of the allowable exceptions listed in the Procurement Directive.

As noted above, PWC was engaged in September, 2016 by OPCD to provide complex accounting advisory services in regards to the 2015/16 Public Accounts process. The services involved advice and guidance related to the complex pension accounting issue that is the focus of the Expert Advisory Panel. No formal written report was issued in relation to the recent engagement which is substantively complete as at the date of this submission. Due to extremely tight timelines involved, and related technical knowledge of the subject matter, the services of the professional from PWC were procured under a single sourced contract. Appropriate approvals from the Deputy Minister and Minister to single source PWC were obtained for the services of PWC on the pension asset file in relation to the 2015/16 Public Accounts. The related Statement of Work was signed effective September 16, 2016.

Under, Section 4.4.5 of the OPS Procurement Directive the following information also applies to this request:

a) A description of the potential pool of vendors that might have responded to a competitive Procurement, where appropriate, and an assessment of all potential vendor complaints and how the ministry would respond and manage these complaints.

Other potential vendors might have included: Ernst and Young, Deloitte LLP, Grant Thornton and BDO LLP. One firm, Deloitte LLP, was engaged by the Province to provide an accounting opinion related to the issue under consideration, so a perceived conflict may have existed. . The other firms would not have been able to meet the needs of the Panel as effectively based on the time constraints and lack of familiarity with the subject matter (OTPP). In the case of Deloitte LLP which was engaged to provide an accounting opinion related to the issue under assessment, there may have also been a perceived conflict of interest.

b) A description of how the Ministry will ensure it will comply with the principles of this Directive, particularly value for money.

Value for money will be achieved by selecting a consultant well-versed in the subject matter and able to capture key Panel deliberations and recommendations in the documented report and recommendations.

c) Any alternatives considered.

Consideration was given to engaging alternative service providers including writers without the depth of subject matter expertise or accountants without specific knowledge of the subject matter being addressed by the Panel. These alternatives were considered inferior options given the tight timelines (lack of lead time) available to enable an alternative service provider to familiarize themselves with details regarding OTPP and specifics of the accounting issues under consideration

d) The impact on the business requirements if the non-competitive Procurement is not approved.

If the non-competitive procurement is not approved, the requested support will not be available to support the Panel on a timely basis, and the ability to support timely and accurate documentation of the Panel's deliberations and recommendations will be impacted.

e) If appropriate, a description of how the Ministry will meet these business requirements, in the future, using a competitive procurement process.

The work of the Panel is unique and this type of engagement is not envisioned to recur in the future.

f) Any other matters considered relevant.

None

Procurement Process

In a support capacity to the Expert Advisory Panel, the Office of the Provincial Controller Division of Treasury Board Secretariat is seeking an Exemption from the OPS Procurement Directive that states non-competitive procurements must align with at least one of the allowable exceptions listed in the Directive.

Budget Allocation and Time Frame

The cost of this engagement will be covered by the procurement budget reflected in the TB/MBC Report Back on the Pension Asset Expert Advisory Panel (see Report to TB/MBC dated October 18, 2016).

TBS FDOA Requirements

An exemption for consulting services with a procurement value of $0 up to $500,000 requires both Deputy Minister and Minister approval.

Recommendation:

It is recommended that the Deputy Minister and Minister approve an exemption from the OPS Procurement Directive as outlined above to enable OPCD to engage PWC to assist the Expert Advisory Panel as requested by the Chair.

Prepared by: Nadine Petsche
Director, Accounting Policy and Financial Reporting
416 325 8027

Approved by:	Name:	Date Approved:
Director, Accounting Policy and Financial Reporting	Nadine Petsche	Nov. 22
Associate Deputy Minister	Karen Hughes	Nov. 24
Assistant Deputy Minister and Chief Administrative Officer	Melanie Fraser	Nov. 28
Deputy Minister, Treasury Board Secretariat	Helen Angus	
Minister, Treasury Board Secretariat	Liz Sandals	