Matt Colley, CPA, CA

Senior Manager
Assurance and Advisory

Profile

Matt is a Senior Manager in the Audit Advisory Practice in Toronto, which focuses on Accounting Advisory, Transaction Consultation, Finance Transformation, and Audit Analytic services. Matt has over 11 years of public accounting experience and has been exposed to a variety of engagements and cross functional teams. Matt joined Deloitte in 2004 and spent the majority of his initial years with the firm performing attest services mainly in the public sector organizations. Matt currently advises Public Sector and Private Sector organizations on complex accounting matters, as well as systems and process improvements. From 2012 to 2014, Matt was seconded to Deloitte's National Office to assist audit practitioners with complex accounting issues and to audit practitioners prepare their clients for new accounting standards that were being developed under IFRS, ASPE, Accounting Standards for Not for Profit Organizations and Public Sector Accounting Standards, including helping many clients with the adoptions of PS 3450.

Through his experience in auditing and advising many different types of public sector organizations, Matt has been exposed to various public sector accounting and regulatory issues. In addition to providing complex accounting advice to public sector organizations, Matt is currently supports clients in finance transformation initiatives and helping organizations elevate the profile and efficiency of their finance function.

Relevant Experience

Provincial Ministry of Finance Complex Accounting Support: 2015 - Current: Matt is Deloitte's lead senior manager on engagement to advise management on a large complex transaction on a Government Business Enterprise. This engagement required Deloitte to work with the client to understand the transaction being proposed and to provide guidance to relevant stakeholders on the accounting implications of the transaction. Deloitte worked with management and various professional advisors to inform decision makers about the implications of the proposed transaction and to help the client document their analysis and conclusions. Deloitte also assisted the client in presenting the client's analysis and views to the Auditor General. This engagement required extensive research across all parts of the CPA Canada Handbook (Not-for-Profit, Public Sector, Private Company, and Public Reporting Issuers) to support the conclusions reached by management.

Provincial Review of the Implementation of a New Accounting Standard (PS 3260) - 2015: Deloitte was engaged to advise the internal audit function within a Provincial government on the complexities of implementing a new accounting standard on contaminated sites. Matt was the lead senior manager on the engagement which involved helping internal audit provide recommendations to identified ministries and a central agency on how to deal with complex issues associated with implementing the accounting standard and providing support to various ministries on how to improve their internal controls and documentation around the implementation of the accounting standard. The engagement also involved assisting management and internal audit in developing a position paper on how to treat certain complex issues resulting from the implementation of PS 3260 that was used in discussions with the auditor general.

Provincial Government Business Enterprise Complex Accounting Support - 2013- Current: Matt is the lead senior manager on a Deloitte engagement to advise Provincial Government Business Enterprise on complex accounting issues resulting from new transactions, and challenges with adopting new accounting standards under IFRS around employee benefits, revenue, and leases. Deloitte supports this client by providing updates on changes in accounting standards and by working with the client to develop analysis on the impact of new standards and proposed transactions.

Community involvement

- Board Member and Finance Committee Member – 2015: The Meighen Health Centre
- Finance Committee Member – 2009 – 2015: The Change Foundation
- Board Member and Treasurer– 2003 – 2009: Intrada Brass

Education / Professional designations / Industry Conferences

- Bachelor of Business Administration, University of Toronto (2004)
- Chartered Professional Accountant, Chartered Accountant (2007)

Clair Grindley, CPA, CA, ACA

Partner
National Office

Profile

Clair Grindley is a Partner in Deloitte's National Office and is focused on the application and interpretation of technical accounting guidance both in Canada and on a global level. She is the firm's technical accounting leader on employee benefit issues and works closely with our Firm actuarial experts on this area. Clair is involved in the development of technical accounting publications for the Canadian Firm and globally. She is also involved in the development and delivery of technical accounting learning to Deloitte practitioners and to Deloitte clients.

Clair has been with the Firm for 20 years including 5 years with Deloitte in the United Kingdom. Prior to joining National office she worked in the audit and assurance sector and subsequently in Deloitte's accounting advisory services group.

Professional and Community Affairs

- Member of Deloitte's Global Employee Benefits Subject Matter Group
- Member of CPA Canada's EFB ASPE (Section 3462) Briefing Taskforce (project now completed)
- Former Member of the Accounting Standards Boards IFRS Discussion Group (since inception)
- Former Member of the Accounting Standards Boards IFRS Advisory Committee (now replaced by IFRS Discussion Group)

Education and professional designations

- Bachelor of Accounting and French (Joint Honours) (Southampton, 1995)
- CPA, CA, ACA

Max Bazile, FCIA, FSA

Senior Manager – Audit & Advisory
Actuarial, Rewards and Analytics

Profile

Max is a Senior Manager in our Audit Advisory practice in Toronto. He joined Deloitte after spending 13 years in in the Retirement Consulting industry. He is a fully qualified Actuary who has signed off on a number of regulatory and accounting valuations. In addition, he has lead a number of clients through a wide array of projects, such as Plan Design, Governance and De-risking.

Max is leading the Toronto Retirement Practice and is responsible for developing Deloitte's Retirement consulting offering.

Max served as a trusted advisor for clients on general retirement plan and actuarial issues in both a Defined Benefit and a Defined Contribution context. His strong communication and interpersonal skills help him convey complex topics in a simple terms to colleagues, clients and plan members.

Professional Affiliations and Certifications

- Fellow of the Society of Actuaries
- Fellow of the Canadian Institute of Actuaries

Education

Max graduated with a Bachelor of Science in Mathematics (with a specialization in Actuarial Mathematics) from Concordia University in 2002.

Other Activities

- Member of editorial panel for "Beyond Risk" – a CIA (Canadian Institute of Actuaries) publication since 2013
- Member of the SOA (Society of Actuaries) Design and Pricing exam sort committee since 2012

Schedule C – Similar projects and working with Governments

Each Vendor should provide in its proposal:

- A description of the proponent's current or past experience with similar projects, with examples of successful outcomes, anticipated challenges, and corresponding mitigation strategies that the Vendor would employ.
- Provide a description of the proponent's experience and previous pension accounting initiatives with the Ontario Government or other senior Canadian Governments and provide specific examples of how that experience would assist the proponent with the deliverables of this initiative.

Similar projects

Number of similar projects were performed by Deloitte over recent years that covered many complex accounting issues. Some of these have already been described in the Schedule B of team members to show their expertise. A summary of some examples for both PSAS and IFRS / ASPE is described below.

Under PSAS for one client, Martin and Deloitte provided various accounting advice over many years. Success was measured in that the client was satisfied and so was the Auditor General. Work was performed on accounting standards compliant basis and we did find practical approaches to prepare some elements of accounting calculation in an environment of multiple plans. Challenge was mostly around getting some harmonized approach to the multiple plans that were present (more than 40 at some point). Determining the main goals, identifying the material elements were crucial and helped mitigate the multiple plans situation. We were able to focus on the main ones that represented the biggest piece of the obligation. The other challenge was the level of knowledge of the various parties relating to accounting requirement. To overcome this, Martin was involved in number of training sessions to really provide a solid basis for the different key persons that would be involved. Throughout the years of engagement, Martin also used his communication skills and illustrative approach to help the client and the Auditor General to get familiar with the pension accounting and get a comprehensive understanding of the calculations performed. On every occasion, he found a way to increase the appreciation of the accounting standards and the required work. Complex elements that came up and needed to be explained and dealt with included; asset ceiling calculation and its non-intuitive effect, market-related value of asset methodology, discount rate for non funded plans, use of the available information to determine how to make some available results accounting compliant (time and cost savings).

Under IFRS, for 3 main clients of Deloitte, we did have asset ceiling consideration this year due mainly to the plans being closed to new entrants. Asset ceiling is a very complex application under IFRS that encompass minimum funding requirement calculations and determination of economic future benefits. Letters of credit could also be used to avoid minimum funding requirement effect. So a large number of pieces come into play in the calculations performed. Success of our work was measured by raising issues around the asset presented on the balance sheet, making the clients aware of the complexity of this and getting them understanding our approach and therefore limits on balance sheet asset. The main challenge we had was to get the actuaries to view the arguments we had on this issue and have them agree at least to some extent to our views. In order to overcome this challenge, we held some calls with the actuarial firm and we did have the client also listening to these calls, and provide their inputs. Having all interested parties included in the discussion proved to be a good way to mitigate that and avoid simple back and forth emails from actuary to actuary. We also did validate some of our position elements with other colleagues in various firms (actuarial and accounting) to understand the practice for some components of asset ceiling and get a broader view of the flexibility that exists and boundaries applied.

One other main success we can mention is how we work in the audit mandates either with our own Deloitte auditors, the firm clients or with Auditor Generals. Being specialists of pension, actuarial calculations and accounting standards, we do provide significant value to auditors and clients. We even get great comments from actuarial firms that we work with, even if we can be seen at some point as counterparties to them. The success we think can be measured in different ways. The main things we can mention are: we understand the benefits offered, we know how they are calculated, we know how accounting results are determined. We work efficiently in identifying the main issues, getting the appropriate questions out and preparing a documentation that will answer the objectives that are set out. When an event occurs that need special accounting treatments (past service costs, curtailments, settlement, annuity purchase, asset ceiling calculation,...) we know what information is important and what is needed to support a file. As such, we find that success comes with a complete documentation, an effective approach, avoid unnecessary questions to clients / actuaries. We sometimes have challenge in dealing with actuaries as they may see us as competing with them to find an accounting answer and maybe reviewing calculations that they perform and thus being the ones that are looking for their errors. In order to mitigate this kind of feeling and ensure orderly communications with the actuaries, we do adopt an approach of collaboration. We always make the communications with actuaries very professional and in good faith on both sides. We keep our mind opened to evolving approaches but maintaining the accounting compliance as a main goal. We also discuss openly on adhoc basis with accounting specialists in all major actuarial firms to exchange views and keep transparent on new issues and evolving practices. So far the communication has been great for most cases even when significant issues have come up.

Working with Governments

We have been working with governments both on very specific pension issues but also on many other occasions for non pension elements. Deloitte being a provider of a vast array of professional services, we do have a number of initiatives that were specifically performed with Ontario.

From a pension specific perspective, we have been involved highly with the Québec municipal Ministry to apply the PS3250 and PS3255 accounting standards to municipalities since 1997 when it was first adopted. In Québec, contrary to other major provinces in Canada, the pension plans are direct responsibility of the municipalities. There is no one single plan like OMERS or BC Municipal. So there are a large number of plans and some cover a large number of members. In applying the standards, a number of issues came up and needed the Ministry to look at the effect on municipalities but also define some guidelines to apply the standards. Martin and Deloitte have been involved since 1997 with the Ministry to discuss numerous issues and help the Ministry to provide recommendations on complex accounting elements. We can note the following:

- Identify key accounting provisions that apply to pension plans
- Review the impact on the municipalities financial statements of transition
- Identify some relief options to manage taxation level for number of accounting events
- Discuss the impact of the 2008 crisis on municipalities and identify the options / treatments to offer some tax management relief to the municipalities
- Look more recently at the major changes in pension legislation that affected municipalities and identify the appropriate accounting treatment
- Asset ceiling, market-related value of assets, discount rate selection, mortality changes, presentation in financial statements ...

In this implication with the Quebec Ministry, we did get exposure to a very large number of accounting issues and we did have to provide support from the very specific accounting literature (key paragraphs). Since this was applied to very large public employers, it also had a significant impact on the practice in general and how actuaries were calculating results under PSAS. We believe that all these make us very well positioned to support the OPCD on complex issues that will come up. The large number of plans for Québec municipalities do provide us with a large exposure to situations that have come up and prepares us to the needs that OPCD will have.

In another work with the Québec government, Deloitte has been providing support to compare the accounting practice in Canada of various governments on how they select the discount rate and what valuation methodology they used. A review of the valuation results presented in the notes or annual report of the main plans was also looked at. In performing this work, we did have to prepare reporting in specific format that could be used by interested parties at government level. As such, we needed to be sure the explanation was appropriate, to the point and accessible to a non-familiar reader. We believe that this experience, above the fact that it provided us a good view of the Canadian public sector plans in Canada, will also help us define the appropriate communication needs and format that OPCD will be able to use.

We also did work with the NB Government on the preparation of a white paper on Shared Risk Plan accounting. This new type of plan is highly complex and also is not totally contemplated by the PS3250 that is more based on traditional plan structures (either DB or DC). Plans with conditional benefits are more addressed under IFRS, although there is also some grey area in this standard. We did provide support to the Government to define an approach to account for these plans. In doing this we needed to educate some people on accounting, we needed to review standards and we needed again to report on a complex issue to non-familiar individuals. We think that this is something that will be helpful to support the OPCD in the upcoming challenges of complex accounting issues.

Schedule D – Knowledge and experience with specific activities

Each Vendor should provide in its proposal:

- Provide a description of the proponent's demonstrated knowledge, skills, experience and expertise with the following activities:
  a. Interviewing representatives according to an agreed upon format [e.g. focus groups, questionnaire, etc.] to assess perspectives/experiences. Describe past successes and different formats used in previous experiences.
  b. Using document review methods, which are relevant to this kind of assignment, e.g., public documents, agreements, annual reports, etc.
  c. Providing complex advice to Sr. Management within the Ontario Government or other senior Canadian governments.

Interviewing representatives

Through the work of Martin as a member of the CPA Task Force on review of PS3250 and PS325, he has been identified as a direct contact to some members of the Advisory group that supports the Task Force. In its role, Martin is directly responsible to gather feedbacks on documents prepared, exchange with the members of the Advisory group and report to the Task Force on those discussions. Once the comments are all at the Task Force level, the members have to discuss the issues and identify the needed changes to the documentation prepared. In this collaborative exercise, we achieve success of gathering large number of views and having direct contact to get more detail on the views express. Communication is clear and this avoids back and forth. Although the Task Force is just starting its mandate, so far it has proven to be a good approach and also ended up with the Advisory group members feeling more involved in the process by this direct way of doing things. So we think such approach provided success.

Deloitte was engaged to support and advise the internal audit function on the complexities of implementing a new accounting standard on contaminated sites. The engagement involved Deloitte to visit with various ministries and interview key management around their implementation of PS 3260 and providing that feedback to Ontario Internal Audit and the OPCD, along with suggestions on how to address the issues arising. Deloitte worked with internal audit, the office of the provincial controller, and 4 select ministries that were deemed high risk, to assist in the navigation of issues and documentation required to adopt the standard. Deloitte was also able to discuss in a confidential manner implementation with other Provinces and big 4 accounting firms to help OPCD determine whether the issues being examined were common around the country. The engagement also involved assisting management and internal audit in developing a position paper on how to treat certain complex issues resulting from the implementation of PS 3260, which supported management's assessment to the auditor general's office. This project highlights Deloitte's experience and expertise in financial accounting frameworks (PSAS) and our ability to understand issues and communicate effectively through interviewing and communicating through focus groups (OPCD, OIA, MEDEI on an implementation issue). This project also demonstrated Deloitte's ability to develop successful outcomes and mitigation strategies to appropriately deal with the implementation of PS 3260, which faced scrutiny in the forum of a separate section of the auditor general's report and was identified as an area of high risk. This engagement also demonstrates Deloitte's understanding and ability to meet the confidentiality protocols of the Ontario Government.

Also, in order to keep up with changes in practice and develop our skills and expertise, we are always looking at getting more insights on pension accounting. As such, we often use the approach of performing informal interviews with the various actuarial and audit firms to exchange on different subjects. We cover assumptions, methodologies, changes in legislation, changes in accounting standards, and new models used in valuation. We find that performing these interviews with other professionals provide us with many advantages:

- We obtain a comprehensive view of the information out there
- We keep up to date on most recent trends
- We keep good relations with some high-level experts in this area
- We build trust in having the communication both ways
- We are better tooled to answer questions that come up on the topic
- We can test ideas and get immediate feedback
- We can find supporting people to changes we want to propose

So again, we believe that this is a really positive experience that has helped grow the understanding and expertise in this area.

Using document review method

For pension plans, we are often directed to look at a number of documents available to gather pieces of information that are needed to perform the work. Pension plans are highly technical, so is the accounting for it, and we often need to look at:

- Plan texts to identify provisions applicable to benefit calculations and provisions for early retirement, indexing, death benefits, ...
- Valuation reports of different nature, going-concern, solvency, accounting, extrapolation reports
- Annual report of pension plans to identify different elements such as investment returns and distribution, plan membership, evolution of assets
- Collective bargaining agreement to look at the pension section and identifies any particular provision that may affect the value of benefits, also to identify if some benefits are missing from the valuation (sick leave, retiring allowance, ...)
- Funding and benefit policy may serve to identify elements that need to be factored into obligation calculations such as benefits that may not be contractually promised but provided on regular basis and other benefits conditional on plan situation
- Pension legislation and regulations available often on the web to ensure proper calculations of benefits and application of minimum provisions required. This also applies to the use of the Income Tax Act that is often needed to be used as reference document in some cases for high benefits and maximum funding valuations
- Various accounting standards applicable to employee benefits with the basis for conclusions and any interpretation guidance that is available
- White papers or formal document available such as supporting document on the selection of assumptions by the employer for accounting

Also from an employer perspective, we are often looking at the employer financial statements to identify key components of the employee benefit notes that may serve to update results, prepare extrapolations or some high-level analysis / comparisons. Description of accounting policy positions is also available in a section of the financial statements that may help us understand the selection of options made by the employer when options are available. Similar information is found in governments annual reports that we can access to identify again accounting results but also compare the governments and their approach taken on assumptions or methodologies. Also, we find that some very large plans do present their pension plan annual reports on the internet which provides us with other information basis to make comparison or gather data for analysis needed.

Complex Advice to Senior Management of Government

Deloitte has a variety of experiences for providing complex advice to Management. You will find below a summary of 2 recent mandates that were performed with success is such area.

Deloitte was engaged to provide a crown corporation with ad hoc accounting analysis and support in adopting new accounting standards and accounting for significant transactions. This engagement involved providing regular accounting updates under IFRS, specifically relating to changes on IAS 19R (Employee Benefits).This engagement also involved analysis of complex transactions for management review and support in presenting material to the auditor general. Additionally Deloitte worked with management to assess the impact of adopting new standards and the impact of new public sector standards that would impact their reporting of results to Treasury Board on consolidation. This project demonstrates Deloitte's experience providing complex advice to Senior Management within a Crown Corporation following IFRS and PSAS. It highlights Deloitte's experience and expertise in financial accounting frameworks (IFRS and PSAS), and using that knowledge to ensure that financial policies are in accordance with the appropriate framework.

Deloitte was engaged to provide a provincially owned crown corporation with ad hoc accounting analysis and support in adopting new accounting standards and accounting for significant transactions. This engagement involved providing regular accounting updates under IFRS. In supporting management to the transition to IAS 19R, Deloitte worked with management's actuary and the auditor general to work through changes as they adopted IAS 19R.This engagement also involved analysis of complex transactions for management review and support in presenting material to the auditor general and senior management. Additionally Deloitte worked with management to assess the impact of adopting new standards well in advance of the implementation date to help the Provincial Government fully understand the impact of transition. This project demonstrates Deloitte's experience providing complex advice to Senior Management within a Crown Corporation following IFRS. It highlights Deloitte's experience and expertise in financial accounting frameworks (IFRS) and knowledge of IAS 19R, and using that knowledge to ensure that financial policies are in accordance with the appropriate framework.

Schedule E – Reports for public pension initiative

Each Vendor should provide in its proposal:

- Describe the proponent's demonstrated knowledge, skills, experience and expertise with developing reports with an executive summary that presents findings and analysis of the information collected both from the qualitative and quantitative of a public pension related initiative and any recommendation made as part of the report.

Audit report to our auditors and Auditor Generals

As indicated in a previous section, our pension actuarial group performs more than 150 pension audit supports annually, among which 15 to 20 relate to public pension. These are used for Deloitte audits but also for supporting Auditor Generals. In performing our work, we do prepare formal reports and working papers. These documents need to be orderly prepared and contain the necessary requirements to support the audit. The usual documentation includes:

- background section
- tailored executive summary portion
- section detailing our approach
- section with the findings for each of our tests (methodologies, assumptions, events, expense, asset ceiling, ...)
- section with the list of professionals that were involved
- finally, a list of detailed working papers is also included

We prepare the structure of our reporting in order to maximize the understanding of the work performed and the findings. We have found by use with auditors and Auditor Generals that this answers the need for documentation. We specifically received great feedbacks from working with external stakeholders on how the information communicated was complete, to the point and easily accessible. We believe that we have shown expertise in preparing these documents over the last few years and we will use this to ensure optimal communication with OPCD and the stakeholders.

Government analysis of accounting approach

We did perform a pension review of the major public pension plans in Canada for the Quebec government. This document was meant to cover main plan provisions, main assumptions used, accounting results and methodologies. We did perform the analysis, summarized the information received and prepare the necessary report. Reporting to a Government, we did structure our report again to have a succinct but complete executive summary. The document needed to cover all steps of the work and really tie to the objectives that were set out initially. We did work this in a collaborative approach with the Government representatives and therefore ended doing some back and forth iterations to incorporate both our views of what made it a successful document that would answer the stated objectives but also include the Government views about what wording might be more appropriate to some stakeholders. We still had the ultimate responsibility to define the structure based on the work we were performing and findings in the course of the mandate. We also think that this shows our experience in this type of communication and will help us ensure high-quality work to OPCD.

Shared risk plan white paper

Another example of reporting on public pension plan is the work we did with the Government of NB to define the accounting treatment for transition of a traditional DB plan to a Shared Risk Plan model. This work required us to really cover a highly complex accounting issue but also having legislative and actuarial complexities. We performed the analysis of the legislation and the accounting and prepared a report with our findings. An executive summary was needed to ensure the conclusion of our analysis was highlighted appropriately and the main elements leading to it were also summarized. As this is a complex issue, numerous subsections covering the plan details, the legislation considerations, the valuation reports, the funding and benefit policy, and the accounting standards were also included in the reporting. This work shows that we do have the expertise to translate complex issues into accessible documentation and provide with a summary that adequately covers the issue, the process and our conclusions.

Schedule F – Recommendation for area scrutinized by Auditor General

Each Vendor should provide in its proposal:

- Describe the proponent's demonstrated knowledge, skills, experience and expertise with making recommendations to a ministry pertaining to an area currently being scrutinized by the Auditor General's Office. Cite examples to demonstrate experience and describe results achieved.

Quebec municipalities Ministry for application of PS3250 and PS3255 standards

Through the implication with the Québec municipalities Ministry Deloitte has provided a number of recommendations on accounting treatment of some events / issues that are closely looked at by the Auditor Generals. We have been involved in the treatment of special events like asset ceiling and the accounting treatment. PS3250 has extreme volatility consequence for asset ceiling while IAS19 has some self-correcting mechanisms that help alleviate this extreme fluctuation. At some point, this element did become a sensitive issue for some municipalities' pension plans. We were involved with the Ministry to define a possible recommendation of how this would be applied and eventually determine some recommendation to mitigate the taxation impact for municipalities.

Similar element came up in recent years when mortality study of the Canadian Institute of Actuaries (CIA) came up and shown improvement in life expectancy. The Public sector table became a guidance for many municipalities but looking more into the components in the study, it was found out that it was not necessarily adequate to apply directly to all municipal employees. We had discussions with the Ministry on different approaches that were used by the entities (and their actuaries) to prepare their financial statements. We looked at what seemed to be acceptable approach to set up the assumptions, including a separate study performed on the experience of the specific Québec municipal sector into different classes of employees.

Finally, recently, a recent change in pension legislation for municipal pension plans lead to some reduction of past service benefits, share of future service cost with employees and period of negotiation to determine the appropriate changes to apply. Deloitte was involved with the Ministry to identify recommendation on key issues to consider from this legislation change, how to apply it, what the accounting consequence is and how to disclose in financial statements. We ended up providing advice and recommendations and even worked on the disclosure notes that were provided by the Ministry as templates for all municipalities to use. All this work ended up ensuring that auditors and Auditor Generals were comfortable with the treatment proposed and the disclosures.

Experience with the Auditor Generals

Deloitte has been involved with a number of Auditor Generals on pension and benefit accounting work. We have worked with a number of large municipal Auditor Generals in particular in Québec where large municipalities do have audit firm working on the financial statements but also Auditor General looking at the work. We have been either supporting the Auditor General review (as a support expert to the AG) or in communication with the Auditor General (as the auditor of the municipalities) for most of the large municipalities:

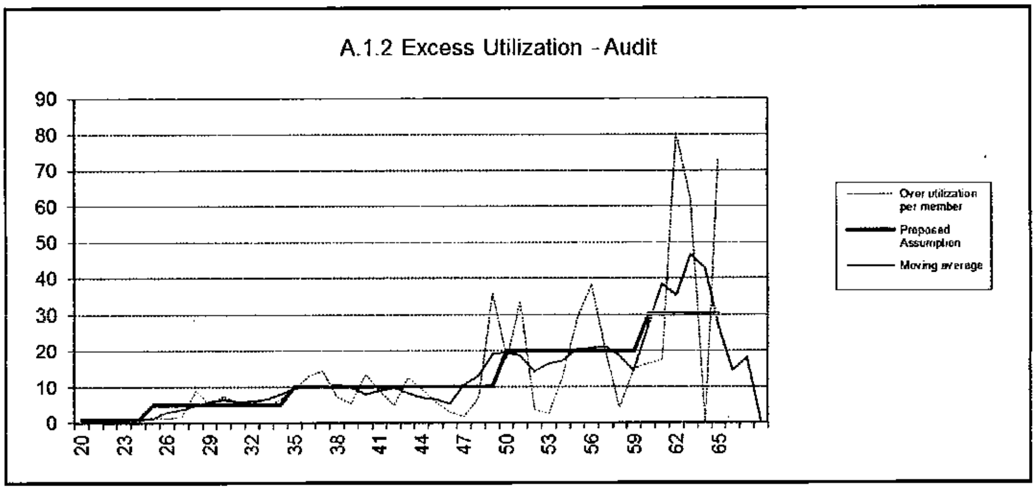
- City of Montréal and Transport Commission
- City of Laval
- City of Longueuil
- City of Gatineau
- City of Terrebonne

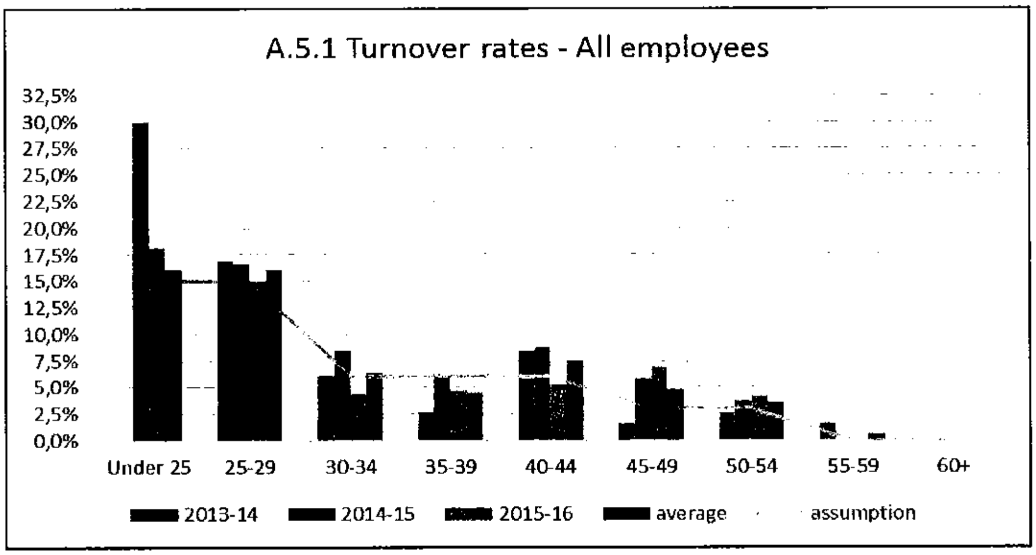
Through these mandates, we have performed all the work we have identified previously in our regular audit supports; methodologies, assumptions, gains and losses, expense and balance sheet, asset ceiling, disclosures. We also provided advice throughout these mandates to ensure the Auditor General would improve the understanding and also become aware of good practices for documentation as well as testing to perform. This provided some knowledge transfer opportunity for Deloitte to make our contacts better professionals in an area they are usually less familiar.

We also provided similar support to the OAG (Canada) in their review of a number of Crown corporations. Over the last 2 years, we were involved in 5 of those mandates as experts to the OAG. In all our mandates, we did get good feedback from our OAG contacts. We did also ensure that formal communication would be through an external report that has a structure to facilitate the review of conclusions and the reading of the document. We reached our objective since all our contacts did confirm that they were impressed with our documentation process and the working papers we provided.

We also did work on recommendation to the OAG (Canada) for specific expertise around asset value measurement under PS3250. Deloitte was engaged by Office of the Auditor General to provide advice on interpreting the definition of plan assets under PS 3250. The engagement involved reviewing position papers and researching the definition of plan assets under different accounting frameworks, including PSAS, IPSAB, and IFRS. The engagement involved providing commentary and advice and interpretation over the phone on the acceptable views that could exist under PS 3250

Finally, we have helped one client to perform actuarial valuation of sick leave benefits and document adequately the valuation and results. Understanding that assumption selection is one key area that auditors look for, we recommended providing a better structure for their assumption support documents, especially for sick leave utilization and turnover rates that are supported by plan specific experience. It therefore reduced the number of questions from the Auditor General in an area that is highly look at. It resulted in a more efficient approach that was time and cost saving. We have provided visual support in order to help all the parties understand the behavior from an historical point of view and the assumption setting process. We also performed back testing of the assumption to show that assumption was reasonable with the experience of the plan. We find that valuation reports and assumption selection is often not sufficiently documented and using this as a visual support provided with the argument for the selection. You will find below 2 examples of the supporting graphs that were used.





Specific Ontario recommendation

You will find below 2 examples where Deloitte provided specific recommendation to Ontario on complex issues that have impact on the financial statements. This shows that Deloitte is involved with the Government of Ontario and is highly familiar with the approach to take in these kind of mandates. We will leveraged from experience in these mandates to ensure optimal delivery of our recommendations on complex pension issues that may come up.

Deloitte was engaged by the Office of the Provincial Controller to advice and guidance to the Province on significant transactions and advice on the implications of these transactions under Public Sector Accounting Standards. The engagement involved strong analytical skills to examine issues, and used various methods of research, including completing jurisdictional scans through searching across Deloitte's global network to identify jurisdictions with similar transactions, as well as examination of accounting frameworks that would be applied internationally, in the United States, or in the Private Sector in Canada. Deloitte worked with the OPCD to analyze the transaction and present its conclusion to an independent stakeholder. The engagement required deliverables in the form of memorandums that addressed complex issues and the proposed recommendation on how the Province would address or resolve the issues identified. Deloitte also supported the OPCD in attending presentations to relevant stakeholders and by preparing presentations for management on key issues that needed further communication within the Treasury Board Secretariat.

This project demonstrates Deloitte's experience in delivering work to the Ontario Government. This engagement also demonstrates Deloitte's strong analytical and project management skills that were used to support management decision making. It also demonstrates our outstanding relationship management skills, and demonstrates our ability to discuss and effectively present proposed recommendations on complex issues with senior management within the Provincial government. It highlights our familiarity with PSAS, as well as IFRS, and our ability to use document review methods to search through annual reports and public documents in order to find the best possible solution. It also highlights our ability to make recommendations to a ministry pertaining to an area currently being scrutinized by the Auditor General's Office.

Deloitte was engaged by the Office of the Provincial Controller to research and provide advice on the impact of changes in reporting frameworks in Government Business Enterprises and their impact on the Government as a controlling shareholder. The engagement involved understanding major differences between frameworks being considered by the Government Business Enterprise and working with the Controller's office to understand the impacts of transition and the ongoing impacts to the Public Accounts moving forward. The engagement involved strong analytical skills to examine issues, and used various methods of research, including understanding deep complex issues on Employee Benefits (IAS 19) and Asset Retirement Obligations (IAS 37). Deloitte worked with the OPCD to analyze and interpret the accounting differences that were being formulated by the GBE's and assisted in developing briefing material to communicate to management the impact of a GBE adopting a new framework.

This project demonstrates Deloitte's experience in delivering work to the Ontario Government. This engagement also demonstrates Deloitte's strong analytical and project management skills that were used to support management decision making. It also demonstrates our outstanding relationship management skills, and demonstrates our ability to communicate thoughts and recommendations on proposed complex issues with senior management within the Provincial government. It highlights our familiarity with PSAS, as well as IFRS, and our ability to use document review methods to find alternatives. It also highlights our ability to make recommendations to a ministry pertaining to an area currently being scrutinized by the Auditor General's Office.

Schedule G – Methodology and implementation plan

Each Vendor should provide in its proposal:

- The proponent shall describe the methodology and implementation plan they will use to deliver the Client's Requirements as described in Section 1.5 of this RFS.

From Section 1.5 of the RFS

- Provide advice and guidance on complex accounting and reporting matters related to accounting for pensions on the Province's consolidated financiai statements.
- Provide advice on accounting and reporting considerations related to the Province's accounting for pensions taking into account public sector accounting principles
- Partlcipate in meetings as necessary to support the engagement objectives
- Work with management of OPCD's Accounting Pollcy and Financial Reporting Branch (APFR), the provider of compiex accounting services related to the following possible areas:
  - Develop discussion and anaiysis material
  - Develop draft input/briefing materials/option papers
  - Provide accounting advice and guidance reiated to the accounting for pensions on the Province's financiai statements
  - Participate in discussions with internal and external stakeholders, as required
- As part of this engagement, the consultant(s) would be expected to provide professional accounting expertise in assessing actuarial assessments for specified plans in relation to applying the ceiling test to the accrued pension benefit assets in accordance with PS3250 (3250.050 to PS3250.059).

Implementation – start of mandate

In order to start the mandate on a solid basis, we believe that a first initial meeting between Deloitte and OPCD would be the best first step. Since Matt is highly familiar in working with OPCD, we suggest that he joins Martin and Trevor to ensure that the mandate starts on the right track and uses most optimal approach.

With this initial meeting, many elements of process and basic information will be covered like:

- Identify the key personnel on both sides and define their expected role
- Review the list of pension plans that are to be covered
- Identify the documents that are to be made available (valuation reports, plan texts, internal procedures, financial statement notes, assumption selection documents)
- Identify the list of issues that are currently foreseen
- Discuss the other elements that may be of concerned based on our experience
- Agree to the communication procedures for information
- Define the expected process for any formal advice / recommendation prepared
- Billing procedures also will be defined

Although the scope of work description under 1.5 of the RFS does not clearly identify tangible deliverables or definite milestones and delivery dates, we have identified below how we would proceed to get the main activities to a conclusion. These activities are identified as follows:

- Advice and guidance on complex accounting and reporting under PSAS
- Participate in meetings
- Work with OPCD on discussion and analysis documents, draft papers, discussion with stakeholders
- Provide expertise on asset ceiling

Advice and guidance on complex accounting and reporting under PSAS

This activity covers most of what our work is likely to focus on. This is where our expertise comes into play and where we can provide solutions to the issues that come up. This will usually follow a structured process, although the documentation of it will likely depend on the user. Still, some general basis should apply to any of our communication.

Step	Description
Initial discussion with the OPCD	Identify the issue that is to be looked at Identify why the issue came up (request from Auditor General?) Identify the plans that are affected Identify how it has been treated in the past and why Get initial reaction from OPCD Determine the objective of the document and its format
Obtain the necessary documents	Request received, if any Actuarial valuation available Initial analysis that exists at OPCD
Review of plan document	Review documents provided to ensure all necessary information is obtained Identify any constraints or missing information that needs to be requested
Review the accounting standard	Identify the key paragraphs of PS3250 that relates to the issue Identify from expertise the general practice for the elements to cover Determine the main questions that may come up from the standard analysis
Prepare the high-level analysis document	Summary of the situation Identification of the issue Main paragraphs referred and included in appendix Define the options if there are different views / interpretations (pros / cons) Determine the most likely advice / guidance to the issue
Discuss the analysis internally	Get some informal sound boarding feedbacks from other Deloitte professionals Make adjustments as needed
Discuss the analysis with OPCD	Send the high-level analysis document to OPCD Run through the main elements of the analysis performed and the conclusion Discuss the options available if possible views exist Agree to the appropriate approach to use
Prepare formal communication	Depending on the needs, could take the form of a revised high-level analysis or more formal document to be used with Auditor General or other external stakeholders