

Virani, Shyrose (TBS)

From: Veinot, Cindy (TBS)
Sent: April 16, 2018 1:12 PM
To: Donaldson, Mark (TBS)
Cc: Hosick, Sarah (TBS)
Subject: FW: AG letter re: Fair Hydro Plan accounting & audit firms
Attachments: Letter to PAC Members from Auditor General.pdf; Attachment 1 - Signed Auditor Report.pdf; Attachment 2 - IESO - 2017annualreport inc 2017 financial statements.pdf; Attachment 3 - Management Letter for IESO.pdf

fyi

From: Kwamena, Boafoa (CAB)
Sent: April 16, 2018 1:08 PM
To: Orsini, Steve (CAB)
Cc: Imbrogno, Serge (ENERGY); Davidson, Steven (CAB); Bromm, William (CAB); Schlaepfer, Martin (ENERGY); Hughes, Karen (TBS); Skoberne, Vivienne (TBS); Veinot, Cindy (TBS)
Subject: FW: AG letter re: Fair Hydro Plan accounting & audit firms

FYI

From: Colford, Jonathan (CAB)
Sent: April 16, 2018 12:57 PM
To: McMichael, Rhonda (CAB); Kwamena, Boafoa (CAB); Bromm, William (CAB); Farrow, Alicia (CAB); Pontikis, Maria (CAB); Heitshu, Tania (CAB); Evans, Kirsten (CAB); Brown, Kyle (CAB)
Cc: @CAB-Issues
Subject: AG letter re: Fair Hydro Plan accounting & audit firms

Good afternoon,

You're likely already aware of this letter, but today in the House and in a release ([below](#)) the PCs accused Minister Thibeault of lying to the House about audit firms' opinions of the accounting of the Fair Hydro Plan, citing the attached letter from the Auditor General.

In it, the AG notes that "Deloitte LLP and Ernst & Young LLP have confirmed to us that they provided no formal opinions approving the accounting for the Fair Hydro Plan that the government planned to use for its consolidated financial statements" and "KPMG told us that it has not provided an opinion on the accounting for the Fair Hydro Plan in the government's consolidated financial statements." The PCs highlighted those statements in their release.

In pages 2-3 of the letter, the AG says the sum of the work she highlights that the firms did "does not equate to approval of the accounting in the consolidated financial statements of the Province of Ontario."

She says the information and an updated status will be provided in Chapter 2 of Volume 1 of her 2018 annual report (e.g. usually this is her report on Public Accounts).

The letter was provided to the committee last Wednesday. Committee met in closed session for report-writing. SCOPA meets this Wednesday – also in closed session for report-writing.

Also:

- Attachment 1 is the AG's final Independent Auditor's Report on her special financial statement audit of IESO.
- Attachment 2 is the IESO's annual report. This was posted publicly on April 5. There has been no media coverage of its contents.
- Attachment 3 is an updated copy of the AG's management letter reflecting the IESO's updated responses to the AG's recommendations.

-Jonathan

AUDITOR GENERAL CONTRADICTS MINISTER GLENN THIBEAULT'S STATEMENTS ON LIBERALS' HYDRO SCHEME ACCOUNTING

Published on April 16, 2018

Ontario PCs accuse Thibeault of lying to the House

This morning, Ontario PC Energy Critic Todd Smith accused Energy Minister Glenn Thibeault of lying to the House.

In a letter to the Standing Committee on Public Accounts sent on April 11, 2018, the Auditor General wrote:

"Deloitte LLP and Ernst & Young LLP have confirmed to us that they provided no formal opinions approving the accounting for the Fair Hydro Plan that the government planned to use for its consolidated financial statements."

"KPMG told us that it has not provided an opinion on the accounting for the Fair Hydro Plan in the government's consolidated financial statements."

This contradicts a number of statements Glenn Thibeault has made to the House in the past several months:

"KPMG and Deloitte, worked on the accounting related to the fair hydro plan. They, along with the Office of the Provincial Controller, ensured that this plan was in accordance with public sector accounting." – Glenn Thibeault, Ontario Hansard, March 27, 2018

"Officials from the Treasury Board, finance, OPG, the IESO, the Ontario Financing Authority, along with external advisers that include Ernst and Young, KPMG and Deloitte, worked on the accounting related to the fair hydro plan. They, along with the Office of the Provincial Controller, ensured that this plan was in accordance with public sector accounting." – Glenn Thibeault, Ontario Hansard, March 26, 2018

"While the Auditor General is welcome to her opinion, our plan has been approved by her peers at some of Canada's top accounting firms, like KPMG, E and Y, and Deloitte." – Glenn Thibeault, Ontario Hansard, October 19, 2017

"Of course, we've worked with KPMG; we've worked with EY; we've worked with Deloitte; we've worked with the provincial controller. All of them agree that the accounting standards are accurate." – Glenn Thibeault, Ontario Hansard, October 18, 2017

"Our plan has been approved by her [the Auditor General's] peers at some of Canada's top accounting firms, including Ernst and Young, KPMG and Deloitte." – Glenn Thibeault, Ontario Hansard, October 18, 2017

"The Auditor General just contradicted many of the Ministers statements," said Smith. "Was Minister Thibeault lying to the house?"

