KPMG

Our proposal

Accounting Advisory Services

Treasury Board Secretariat, Office of the Provincial Controller

Complex Accounting Services related to Electricity Sector Entities RFS Number: TBS-OTB-OPCD-21

Technical Response

May 5, 2017

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At KPMG, we are passionate about earning your trust.

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We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our interactions with you.

Ultimately, we measure our success from the **only perspective that matters – yours.**

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, Ontario M5H 2S5
Canada

Telephone 416-777-8500
Fax 416-777-8818
Internet www.kpmg.ca

Nadine Petsche
Director, Accounting Policy and Financial Reporting Branch
Treasury Board Secretariat

Via email: Nadine.petsche@ontario.ca

May 5, 2017

Re: RFS No TBS-OTB-OPCD-21 — Complex Accounting Services related to Electricity Sector Entities

Dear Ms. Petsche,

Thank you for the opportunity to present our qualifications. We are very excited to have the opportunity to assist the Treasury Board Secretariat ("TBS"), Office of the Provincial Controller Division ("OPCD") with complex accounting advice in relation to a wide variety of accounting issues. Our proposal demonstrates why KPMG is the ideal choice for this project.

- **We are Canada's leading public sector advisory and audit firm**: Our experience serving the public sector is unparalleled. KPMG has a team of partners and professionals dedicated to providing accounting advisory services across the public sector, across Canada and around the world. Our in-depth knowledge and experience enables us to provide clients with insights firmly grounded in understanding the business challenges of the current economic environment.
- **Highly qualified, experienced team**: In assembling our team, we have selected two professionals for their relevant technical qualifications, strong public-sector and energy sector credentials, and successful track records advising on complex accounting matters, and collaborating with the Office of the Auditor General to support our client's financial reporting objectives.
- **Commitment to OPCD**: This is our commitment that we will be at your disposal whenever needed. You have already experienced this during Michel Picard's association with OPCD for over three years in connection with multiple projects. As you know, Michel is fully invested in his projects and is reachable 24/7. Michel and Bailey commit to providing the same level of commitment during this engagement as well.
- **Proven methodology and collaborative approach**: Our approach is grounded in a factual, analytical and transparent process, coupled with a commitment to working in close partnership with you every step of the way. We commit to provide you with our leading technical experts for each task under this standing arrangement. In addition, we will involve your people as appropriate, to help them deepen their understanding of the reasoning behind our recommendations and further enhance their own development.

In accordance with the requirements of the RFS, we have completed and separately submitted the Pricing Schedule (Schedule A). Thank you for this invitation to present our qualifications to you. If you have any questions about our proposal or require additional information, please contact me at the number provided below. We look forward to the next stage of the process.

Yours truly,

Michel Picard
Partner, Accounting Advisory
416-777-8414 | mpicard@kpmg.ca

Bailey Church
Partner, Accounting Advisory
613-212-3698 | bchurch@kpmg.ca

Rated Criteria

1. Understanding of the Deliverables

- Providing timely advice and guidance to the management of the Office of the Provincial Controller on complex accounting transactions with potential impact on the Provincial Budget or Annual Report of the Province or select policy decisions in support of specific ministry initiatives.
- Demonstrated experience in assessing and documenting sensitive issues related to the preparation and audit of the Province's consolidated financial statements prepared on a Public Sector Accounting Standards basis, including participation in discussions with the Auditor General on such matters.

KPMG is delighted to submit our response to the RFS for providing complex accounting advisory services to OPCD with respect to the energy sector. Your proposed KPMG team has recognized expertise in International Financial Reporting Standards (IFRS), US GAAP and Public Sector Accounting Standards (PSAB), and we are passionate about delivering client service excellence to your team under this specific engagement.

Our Understanding of the Deliverables

We understand from the RFS that the OPCD requires the accounting advisory services of a public accounting firm with expertise in IFRS, US GAAP and PSAB to assist with the evaluation of time-sensitive and confidential advice to Cabinet related to potential future transactions.

The Government of Ontario is committed to fostering the development of a clean, modern and reliable electricity system with a diverse supply mix. The Government is also committed to removing barriers to and promoting opportunities for renewable and clean energy projects. Decades of under-investment in the electricity system resulted in the need to invest more than $50 billion in generation, transmission and distribution assets to ensure the system is clean and reliable. These investments, and potential structural changes and restructurings that the government may pursue, will have very significant impacts on the Government of Ontario's financial reporting, as well as its policy structure and funding mechanisms for the energy sector for many years to come. The OPCD requires real-time access to responsive and dedicated subject matter experts in IFRS, US GAAP and PSAB to advise them on these implications.

In addition to collaborating with OPCD to assess and identify the appropriate accounting treatment and fiscal impacts associated with the potential future transactions, we understand that KPMG may be requested to provide a formal opinion on the appropriate accounting for a particular recommendation(s) and/or support Treasury Board Secretariat in internal or external communications on the accounting and fiscal impact (including potential discussions with the Auditor General). We understand that a key objective of our advice to the OPCD under this engagement will be to effectively mitigate risk of potential disagreements with the Office of the Auditor General which could result in qualification of the Province's Public Accounts.

Your proposed KPMG team will work side by side with management of OPCD's Accounting Policy and Financial Reporting Branch (APFR) to provide support for accounting analysis related to:

– Consolidation of the Province's electricity sector entities;

– Control assessments related to electricity sector entities;

– The impact of accounting changes by consolidated organizations on the Province's consolidated financial statements; and

– If required, the presentation of findings and analysis to the Office of the Auditor General in conjunction with the OPCD.

In providing advice under this statement of work, your proposed KPMG team members Michel Picard and Bailey Church commit to perform the following duties

– Developing issues notes summarizing the analysis and conclusions as input to the Province's financial accounting and reporting processes;

– Collaborating with OPCD and other stakeholders to gather and assess relevant information necessary to inform the analysis;

– Presenting issues paper to senior management; and

– Supporting OPCD in presentation of issues analysis and conclusions to the Office of the Auditor General.

We are confident in our understanding of your requirements under this RFS, given our extensive experience providing complex accounting advice to the OPCD, other provincial comptroller offices, and the Government of Canada.

Michel Picard understands the complexity of the electricity sector in Ontario and its ramifications. He has gained invaluable knowledge of the sector through his multiple assignments with the OPCD including the IPO of Hydro One; as a key advisor to the OEB on their IFRS consultations since 2008; with the IFRS/US GAAP transitions of Hydro One and many LDCs in Ontario; his involvement as a member of the IASB Consultative Group on Rate Regulation; and as a commercial member of the EDA Steering Committee. Bailey Church has invested his career in working as a strategic partner with the comptrollership functions of the Government of Canada, and many provinces across Canada. This is our passion, and we are keen to serve you. We understand that you not only need access to expert accounting resources, but you require a partnership to support you in discussions with the Office of the Auditor General, better enabling you to meet your financial reporting objectives. We also understand the intense public scrutiny the Province's financial reporting receives. Our team's success is measured by our ability to help you manage this scrutiny, and fulfill your reporting objectives.

Some examples of Michel's and Bailey's extensive experience – described in more depth in the following section.

Senior Consultant / Project Lead Michel Picard has served as an advisor to the OPCD extensively during the past few years. Each of these engagements has involved significant collaboration with stakeholders, including the engagement of the Office if the Auditor General to support key accounting and reporting positions:

– Michel currently serves as a lead advisor to the Independent Electricity System Operator and the OPCD, with respect to complex accounting and reporting matters regarding transactions being considered for the Ontario Fair Hydro Plan Act 2017.

– Michel provided accounting advisory services to determine the impact of Hydro One's IPO on the Province's financial reports, budgets and appropriations. The engagement included a control assessment as the Province reduced its ownership percentage in Hydro One.

– Michel provided accounting advisory services around interpretation, and applications of accounting standards related to Hydro One and OPG and to formulate strategies and arguments on appropriate treatment that reflect provincial financial reporting and financial management objectives.

Michel has deep knowledge and experience in accounting for the effect of rate regulation in the Power & Utilities sector under both IFRS and US GAAP frameworks, and is a recognized guru in accounting matters faced by the energy sector.

Intermediate Consultant / Senior Analyst Bailey Church has substantial experience advising federal and provincial comptrollers on complex accounting and reporting matters, including the successful engagement of the Office of the Auditor General to support government reporting objectives:

- Bailey led KPMG's engagement to provide advice to the Atomic Energy of Canada Limited (AECL) and the Government of Canada, with respect to the restructuring of AECL's Nuclear Laboratories division. As lead advisor, Bailey advised AECL and the Government of Canada on the execution of the financial transition plan. Bailey worked closely with senior representatives from the Office of the Comptroller General and the Office of the Auditor General to validate and support key reporting objectives, including the application of the control indicators in PS1300 to AECL's relationship with a special purpose entity, accounting for employee benefit obligations and inventory, and the accounting and reporting implications of different funding arrangements. With respect to the assessment of control, Bailey was responsible for collaborating on KPMG's recommendations with the Office of the Auditor General, resulting in their support and approval for our assessment.
- Bailey has served as the Engagement Partner advising the Province of New Brunswick's Office of the Comptroller on various complex accounting and reporting matters. In this respect, Bailey has worked closely with Comptroller Paul Martin to advise on matters including:
  - An assessment, for accounting purposes, of the indicators of control as per PS 1300, Government Reporting Entity, and a resulting opinion regarding the inclusion of New Brunswick not-for-profit nursing homes within the Province's government reporting entity. This engagement was performed in accordance with Section 7600, Reports on the application of accounting principles, and required Bailey's close coordination with provincial auditor general Kim MacPherson.
  - An assessment, for accounting purposes, of the Province's accounting for certain expenditures to implement cloud computing; and
  - An analysis of factors influencing the basis of accounting to be applied by the New Brunswick Research and Productivity Council based on the proposed revised Research and Productivity Council Act.
- Bailey has served as the Engagement Partner leading the KPMG team engaged by the Government of Nunavut Department of Finance (the "GN") to advise on various complex accounting and reporting matters for the Iqaluit International Airport Improvement Project – the Government's first public private partnership arrangement.

Michel and Bailey understand the challenges that senior government finance leaders face in balancing their financial reporting objectives with their appropriation authorities; scrutiny from Office of the Auditor General; and other regulations. Our experiences enable us to provide our clients with insights firmly grounded in understanding the challenges and strategies of your current environment.

The members of your KPMG team have worked on very controversial, complex transactions with some of the highest profile public entities in the country. We are comfortable in this environment.

Our Project Delivery Approach

Our approach begins at the top, with regular and ongoing communications between the senior leaders of your KPMG team and OPCD senior management. Michel Picard will be in regular and frequent contact with OPCD and the first point of contact to discuss how we can best address your needs it in a timely manner. Together with Bailey, Michel will ensure that KPMG is proactive, responsive, and flexible to the OPCD's requests. Michel has a very open, collaborative approach and communication style when working with clients; which you would have experienced as he has provided support to the OPCD over the past three years in connection with the Independent Electricity System Operator complex accounting for transactions being considered for the Ontario Fair Hydro Plan Act 2017, the Hydro One IPO, IFRS transition for Hydro One and OPG, and training on IFRS 14 Regulatory Deferral Accounts.

Michel and Bailey will be immediately available to serve you, regardless of location, and further supported by other Accounting Advisory professionals across the country where required to support or validate truly complex accounting issues. These resources are cited as back-up subject matter experts in this bid. Andrew Newman and Janet Allan will provide a challenge and quality function to all analysis performed under this engagement. We will provide our services at your convenience, not ours, and ensure you get a quality result within the timelines required. Our approach emphasizes:

- **Accessible subject matter advisors** – Our proposed KPMG team to serve OPCD includes professionals with deep experience with large public sector organizations and the complex accounting issues they deal with. These subject matter experts will have access to senior leaders across our firm and the associated technical topic teams respectively. These technical topic teams are comprised of Partners across Canada who have dedicated their practices to these matters on a daily basis. The technical topic teams meet on regularly to discuss complex implementation matters with the accounting standards, drawing upon our hands on experience with clients across Canada, as well as matters discussed by the international technical topics teams. The technical topic teams will be consulted as required by Michel and/or Bailey throughout this engagement, to ensure we are providing leading advice and analysis of complex accounting issues.
- **Knowledge transfer** – We are committed to helping you build in-house expertise. We will work collaboratively, meeting with your people as appropriate, to help them deepen their understanding of our research, and the reasoning behind our recommendations. We will proactively work with you to build and execute learning strategies to effectively ensure this knowledge is transferred to the OPCD team.
- **We maintain strong lines of communication** – Open two-way communication is essential to ensuring clients benefit from our expertise. Engagement Partner Michel Picard and Bailey Church will be available to meet with the OPCD on a moment's notice to discuss issues and required advice. Our approach also emphasizes proactive status reporting, to ensure that the OPCD is actively engaged on not only the progress of our work, but also any issues encountered.

KPMG will:

- Bring the best of our resources to you and make you a priority client
- Provide the level of quality, responsiveness and ideas you need to enhance stakeholder value
- Work with you to find pragmatic solutions that are best suited to your mandate
- Provide advice that is grounded in the context of your mission and goals
- Deliver our services at fees that are fair and reasonable.

The following is a high-level overview of our anticipated project management approach to support delivery of the services you will request from KPMG under the RFS:

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
We will identify a dedicated team of subject matter professionals that will act as a permanent point of contact for purposes of answering all questions you may have as part of their on-call service. When an inquiry is received, your points of contact will begin to address the question.	We will work with you to efficiently address the issue and make a joint decision on next steps including the need for additional expertise/ resources.	We will communicate to you the expected hours required to resolve the inquiry in the fashion agreed upon.	We will commit to providing return contact within 24 hours of your inquiry or request.	We will deliver the results of our work in the manner in which you prefer for each individual request. Our communications may be in the form of a conversation or could be in the form of a white paper or accounting memo based on your needs.

KPMG works with senior leadership and project teams to turn strategies into detailed action plans. We will achieve success by working side by side with the OPCD Project Sponsor(s)/Project Manager to get things done. We will create and sustain a sense of urgency, focus, and discipline necessary to deliver projects. Our demonstrated methodology and client interaction framework:

- Gets projects initiated quickly
- Expedites informed decision making
- Facilitates delivery within tight deadlines
- Enables us to deliver a portfolio of projects on time and within budget
- Allows us to transfer skills, knowledge and tools to our clients.

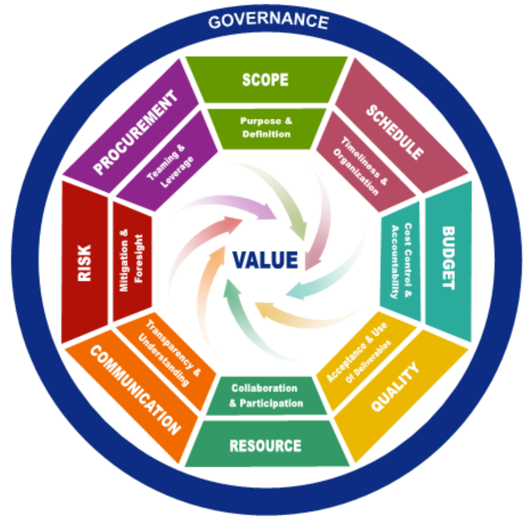
Project Management

KPMG applies a holistic, pragmatic and integrated approach to program and project management guidance. We have designed our PPM methodologies based on industry standards and our extensive experience in assisting our clients in operating similar projects successfully.

Our methodologies are designed to foster discipline, manage expectations, create transparency, manage risks and issues, leverage resources, and provide the tools, processes, and metrics that enable a productive program and project work environment. As Engagement leads Michel and Bailey will be focused on delivering on time, on budget and meeting the OPCD's goals.

Project governance: The process of planning, coordinating, and monitoring all aspects of a program or project to achieve targeted objectives, goals, and benefits while ensuring compliance with policies, procedures, and the organizational structure. Governance tools we use include stakeholder interview alignment and management templates, and project charters. In addition, providing clear roles and responsibilities to the team ensures accountability at all levels.

Scope management: The process used during a program to establish, monitor and control the work. It can be one of the most difficult areas to properly address. Techniques used for scope management include clearly documenting the scope in the initial phase followed by regular status meetings between the OPCD Project Leader and the KPMG's Senior Consultant to discuss the overall status of the project and any potential scope issues. We will never surprise you with undiscussed scope changes.



Schedule management (Project time line and Status): is the planning, co-ordination, and monitoring of a program schedule to achieve timely and proper completion of deliverables. Our tools include: work plans with tasks, resource allocations and key milestones, resource planning templates, and status reporting and project tracking templates.

Contract change management: The process of submitting, reviewing and as required approving requests to amend or change the engagement. It is closely linked with the Scope Management Process and will be managed jointly. Any changes to this engagement will be done in a similar manner as the execution of the initial engagement letter. If needed, KPMG has a Change Request Form Template that could be used to document contract changes.

Communications management: Activities required to ensure all stakeholders understand the program and their role in it. We have many stakeholder identification and communications plan templates that can be leveraged to fit the OPCD's needs for this engagement. Components of our communication plans typically include audience identification, the purpose of each communication, the message, the delivery channel and metrics to measure the success of the communication. Ongoing communications will include regular team meetings, Steering Committee meetings, and other stakeholder communications to both disperse and solicit information.

Issue management: The formal documenting, assigning for resolution, tracking and reporting of unresolved issues which require escalation. We have multiple Issue Management templates which can be customized to align with the OPCD's requirements. The KPMG project management resource will assist Michel with the timely resolution of issues.

Knowledge management and knowledge transfer: The management of the program intellectual capital and deliverables. Collaboration worksites, if used effectively, can help improve the project team's effectiveness by simplifying administrative tasks, and is typically essential for global programs. KPMG has an Internal Collaboration Site that can also be used for the OPCD project if desired. KPMG's team will work to enable the OPCD team allowing them to leverage the material created during the project in the future. A leading practice is to continually provide knowledge transfer to the project team. Knowledge transfer should not be conducted one time or be treated as an event, however, this should be factored in during each phase of a project and at key milestone opportunities.

Risk management: The activities undertaken to identify risks, assess the impact and where required develop mitigation plans. Ongoing management and monitoring of the risks is also included. KPMG has multiple risk management methodologies ranging from simple to very complex. We will work with you to build one which best aligns with your culture. We will work closely with you to identify and resolve any potential project risks. Proper management of the risks may mitigate the risk becoming an issue. A leading practice is to ensure every risk has one owner and detailed, actionable mitigation plan(s).

Quality management: is the establishment and implementation of standards that embed quality into every activity as a planned outcome, Part of our initial project set up will include jointly preparing Quality Management and Quality Review Plans utilizing our standard tools.

Budget (financial) management: is the planning (i.e., cost estimation), creation, coordination, and monitoring of the program budget. As part of their Scope Management discussions the KPMG and OPCD Project Sponsor will also review any budget variances.

Resource management: is the planning, management, and control of human resources on a program. We will manage our resources by ensuring that Michel and Bailey effectively bring their relevant experience, knowledge, and insight to serve OPCD.

We are able to adhere to your governance standards while leveraging PPM as the methodology and supporting guidance materials we designed and developed based on guidance from widely accepted industry groups such as the Project Management Institute. We believe our approach aligns with the objectives for this project.

Quality Control

Quality Assurance is “all those planned and systematic actions necessary to provide adequate confidence that a product or service will satisfy given requirements for Quality.” The objective of quality assurance is to establish and support an effective quality assurance program to ensure good quality in the performance of internally and externally produced project work elements and deliverables. Quality management methods and controls will be built into the work plans for this project. In particular, time and resources will be allowed for review of documents, and for subsequent amendment. It is essential to identify exactly who will sign off on each deliverable, and when.

KPMG will apply Quality Assurance procedures which address development practices/ reviews, features of deliverables, and document management/reviews. We will ensure that quality-building methods are used throughout each project, in accordance with the management and work plans. This involves:

- Setting up and maintaining control procedures
- Ensuring project team is aware of the quality-building methods to be used
- Leading the team in using them, and resolving differences of interpretation
- Encouraging and facilitating informal reviews when appropriate,
- Active consultation with our national and international technical topic teams.

KPMG also utilizes a formal Client Feedback Process. In this process, the OPCD will be formally and confidentially asked to provide written feedback at the end of this assignment. The data collection is administered by our Head Office to ensure that the process is administered in an objective manner.

Activity and/or Management Reporting

Over and above a robust methodology, KPMG applies a disciplined approach that requires everything to be managed as a project, using good project and risk management, communications, client interaction, and reporting methods and tools. We use rigorous methodologies to plan and manage projects. Working with the OPCD project sponsor we will identify key metrics that will define a successful project and monitor these through regular status reporting. Our project management methodology and team interface with OPCD will include a defined set of accountabilities, tools and templates to support implementation.

- For long term projects like this one, we will develop a detailed project plan which we will review and agree upon with the OPCD project sponsor and others as appropriate
- We will provide the OPCD Project Authority or other appropriate key Project stakeholder with bi-weekly (or weekly) status reports, and adapt these to your preferred format. These status reports will address, at a minimum
  - Tasks planned and completed

  - Tasks planned and not completed
  - Tasks completed and not planned
  - Expected date of completion
  - Description of any problems that may require involvement of subject matter advisors for resolution
  - Record of key decisions and,
  - Preliminary issues and observations.
- We will also utilize accounting change summaries which summarize the high level impact of key issues or topics, outline next steps and provide a level of effort rating
- We will monitor and communicate progress to identify and act on emerging issues and risks using a format and frequency which is preferred by you,
- We will also define the processes that govern provision of deliverables, management of change requests, presentation of content, and maintaining awareness among stakeholders.

Contingency Planning

Your proposed KPMG team members have substantial experience managing challenges and constraints that may arise during the course of a large project such as this. KPMG emphasizes up-front and honest communication with the client, and a no-surprise approach. Through our regular status reports and active, onsite involvement, the client team is aware in advance of challenges which may impact project budget or proposed completion timelines. These challenges can include revisions to the agreed-upon project scope, delays in receipt of critical supporting information from the client, or sudden and unanticipated absences of key project team members due to personal emergencies. The impact of any of these events are immediately discussed with the client team, with an emphasis on their impact on project budget and timelines. KPMG then actively works with the client to reach a mutually acceptable resolution to the challenges, which minimize impact on budget or completion timelines. This only arises in exceptional circumstances, but when it does our team is ready to manage the challenge.

KPMG believes that part of sound project management is the development of a contingency plan that demonstrates understanding of project risks and the implementation of actions to mitigate the risk of challenges and constraints to an acceptable level. In consideration of this, the table below presents a summary of some of the project risks, their potential consequences if not proactively, efficiently, and effectively managed, and KPMG's proposed mitigation/ contingency plan.

Potential Project Risks	Potential Consequences If Unmanaged	KPMG's Mitigation/ Contingency Plan
Lack of Knowledge - OPCD Staff and other applicable ministry representatives	– Insufficient buy-in, acceptance, support, and participation by OPCD and other applicable ministry representatives – Limited acceptance of project outcomes and recommendations – Compromised quality and/ or timeliness of information provided to KPMG – Project schedule slippage and/ or budget creep.	– Project Kick-Off Presentation and/ or Memo to broadly communicate project objectives, scope, approach, work plan, and staff involvement – Inclusion of relevant OPCD and other applicable ministry representatives and management in appropriate aspects of the project to ensure their perspectives are considered in the approach and findings, and to foster enhanced buy-in, support, and acceptance of the Project and Project outcomes – Development and implementation of continuous communication and training throughout the project and provision of practical advice based

		on KPMG's considerable experience, and best practice information – Active engagement of key stakeholders, such as OPCD senior leaders, and financial leaders from other applicable ministries, as well as the OAG where appropriate led by Michel or Bailey.
Lack of Knowledge - KPMG Staff	– Hindered credibility with OPCD/ management and staff, and key stakeholders – Compromised quality of Project results – Project inefficiency – Project ineffectiveness.	– A Project Team comprised of leading experts in PSAB, with deep energy sector experience – A Project Team with an established track record of completing similar projects – Active collaboration and support with the experienced members of KPMG's technical topic teams.
Non-Achievement of Milestones	– Project schedule slippage – Loss of Project momentum – Loss of Project credibility.	– Active Project tracking and reporting against the Project Plan and Project Schedule – Frequent Project Status Reports to communicate – Tasks completed – Tasks planned and not completed – Description of any problems that may require involvement of the OPCD Project Authority for resolution – Preliminary issues and observations.

2. Demonstrated Related Knowledge and Experience of the Supplier

a. Experience in assessing policy and reporting implications of complex accounting issues and PSAB accounting for complex financing transactions as related to Ontario's electricity sector.

b. Experience in providing advice in PSAB accounting for government business enterprises, capital investments, joint ventures and private-public partnerships

c. Experience in providing public and private sector accounting advice on acquisitions and divestments, taking into account IFRS and PSAS-related implications

d. Strong understanding and demonstrated experience in applying PSAB's criteria of control to assessing government control for government business enterprises

KPMG has a strong track record of successfully delivering and managing complex, large-scale efforts, which enables us to anticipate and address our clients' unique needs. We have the global scale and reach, enabling us to find the right experts to be locally available to serve OPCD.

KPMG's Experience

KPMG takes pride in providing our clients with the senior-level accounting advisory expertise they require when dealing with accounting and reporting considerations and/or possible transactions impacting the Province's Public Accounts. We have hands-on experience in providing the range of accounting advice and guidance required by OPCD and delivering such services to both the Ontario Government and other Canadian Governments.

Our Canadian Public Sector Practice is the largest in Canada. Our national Public Sector practice consists of a dedicated team of more than 250 professionals who provide services to all types of public-sector organizations, including provincial and federal government departments and Crown corporations. The sheer size of our practice means that we have the ability to provide the right advisers at the right time with complete access to the full resources of the entire KPMG organization.

250+
Partners and Managers in Canada

We have proposed a team to serve you that is truly ready to hit the ground running. KPMG, and our proposed team members, have many years of experience advising all levels of government on complex accounting matters. We have worked in the trenches with the Office of the Comptroller General of the Government of Canada advising on numerous accounting issues under different accounting frameworks. We have also worked closely with the Comptrollers of many provinces across Canada, including Ontario, as demonstrated in project descriptions. We have a unique appreciation for the challenges you face balancing your financial reporting demands with the diverse needs of provincial ministries and departments, as well as external stakeholders. We understand your regulatory pressures, and the need to reconcile financial reporting with your appropriation authorities.

Our understanding and experience assisting organizations with complex accounting issues particularly with large public sector entities is extensive. Our team members are thoroughly familiar with the accounting standards identified in the RFS, including:

– PSAB
– Accounting standards used by GBEs - IFRS and US GAAP
– IPSAS.

Your KPMG team has an impressive depth of knowledge, skills, experience and expertise with each of the areas addressed in the RFS. We have worked closely as a strategic partner with all levels of government for many years, advising them on:

– Policy and reporting implications of complex accounting issues and PSAB accounting for complex financing transactions as related to Ontario's electricity sector
– PSAB accounting for government business enterprises, capital investments, joint ventures and private-public partnerships
– Public and private sector accounting advice on acquisitions and divestments, taking into account IFRS and PSAS-related implications
– The application of PSAB's criteria of control to assessing government control for government business enterprises.

Your proposed KPMG team has advised the Province of Ontario on numerous potential structural transactions, including the Province of Ontario's partial divestment of Hydro One – this transaction was considered one of the most complex transactions by any level of Canadian government to date, requiring a significant breadth of specialist insight and depth of analysis specific to Ontario's energy sector. Your proposed KPMG team is also advising the IESO and the Province of Ontario on complex accounting and reporting matters, including the policy implications of potential transactions. Your KPMG team members also served as advisors to Ontario Power Generation, and the Government of Canada on its restructuring of Atomic Energy of Canada Limited – the largest restructuring of its kind in Canada in recent history.

KPMG's experience, as well as that of your proposed KPMG team members is highlighted below in selected project summaries. We have provided a cross reference of our project summaries and mapped them to your requirements. In addition, for each project summary we have described the role of your proposed KPMG team members to highlight their experience.

Project Name		Accounting Standards	RFP Requirements*
1.	Independent Electricity System Operator	PSAB, IFRS, US GAAP	a, b, d
2.	Atomic Energy Canada Limited	PSAB, IFRS	a, b, c. d
3.	Hydro One	US GAAP, PSAB	a, c
4.	Ontario Energy Board	IFRS, US GAAP	a
5.	PPP Canada	PSAB	a
6	The Canadian Museum of History	PSAB, GNPO	a, b
7.	Government of Nunavut	PSAB	a, b
8.	Province of New Brunswick	PSAB, GNPO	a, d

Project Name		Accounting Standards	RFP Requirements*
9.	Aboriginal Affairs and Northern Development Canada	PSAB	a
10.	Office of the Comptroller General, Treasury Board Canada	PSAB	a, b
11.	Transport Canada	PSAB, CDN GAAP, US GAAP, IFRS	a, b, c

RFP Requirements*

a. Experience in assessing policy and reporting implications of complex accounting issues and PSAB accounting for complex financing transactions as related to Ontario's electricity sector

b. Experience in providing advice in PSAB accounting for government business enterprises, capital investments, joint ventures and private-public partnerships

c. Experience in providing public and private sector accounting advice on acquisitions and divestments, taking into account IFRS and PSAS-related implications

d. Strong understanding and demonstrated experience in applying g PSAB's criteria of control to assessing government control for government business enterprises

Project Descriptions

The project descriptions are as follows:

<table>
<tr><th colspan="2">Project 1: Independent Electricity System Operator (“IESO”)</th></tr>
<tr><td>Engagement Detail and KPMG Experience</td><td>The IESO is a not-for-profit, non-taxable, corporation established pursuant to Part II of the Electricity Act, 1998 that prepares its financial statements in accordance with PSAS for consolidation by the Province of Ontario.

KPMG was engaged by IESO to issue an accounting opinion on the application of PSAS to the consolidation of a trust and to the recognition and derecognition of a variance account in relation to the proposed Ontario Fair Hydro Plan Act, 2017 (the “proposed Act”). Since mid-January 2017, we have assisted IESO, the Ministry of Energy and the OPCD with various accounting analysis including the following:
– Pros and cons of various alternatives identified for a structure to execute the contemplated transaction;
– Identification of a similar structure used in the USA for a securitization of a regulatory asset;
– Research as to how other ISOs in North America are reflecting the balances of market participants within their financial statements;
– Preparation of an analysis of whether the Province controls IESO;
– Preparation of an analysis of whether IESO meets the GBE classification;
– Assistance in the preparation of white papers related to the recognition of regulatory accounting under PSAB, the recognition and derecognition requirements of the regulatory asset related to the contemplated transaction;
– Preparation of an opinion addressing the following questions:
    – Can the IESO recognize a regulatory asset related to the variance account created by the proposed Act?
    – Is the trust to be established by OPG controlled by the IESO according to the guidance issued under PSAS 1300 Government Reporting Entity and therefore subject to consolidation by IESO?
    – What is the accounting treatment for derecognition of the regulatory asset by the IESO upon transfer of the variance account to the OPG Trust?

Our engagement included interactions with IESO’s Audit Committee, Premier’s Secretariat office, MOE, OPCD, OFA, OPG, OEB, OAG, EY, and lawyers.</td></tr>
<tr><td>Applicability of KPMG Experience to the Province of Ontario</td><td>This experience is relevant to how KPMG intends to assist the Province of Ontario under this initiative since:
– It demonstrates KPMG’s deep understanding of the Province of Ontario’s energy sector.
– It demonstrates the ability of KPMG’s accounting advisory professionals to work within a broader team of other professionals on a complex and high profile project;
– It demonstrates the depth of KPMG’s knowledge and expertise with respect to the accounting for a number of complex accounting and financial reporting matters in PSAS and Topic ASC 980 Regulated Operations of US GAAP;
– It demonstrates KPMG’s ability to liaise with several key stakeholder groups on the ultimately outcomes of our work;
– It demonstrates KPMG’s understanding of Government of Ontario financial reporting objectives.</td></tr>
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<table>
<tr><th colspan="2">Project 1: Independent Electricity System Operator (“IESO”)</th></tr>
<tr><td>Demonstrated Firm Experience</td><td>– Experience in assessing policy and reporting implications of complex accounting issues and PSAB accounting for complex financing transactions as related to Ontario’s electricity sector
– Experience in providing advice in PSAB accounting and US GAAP.
– Strong understanding and demonstrated experience in applying PSAB’s criteria of control to assessing government control for GBEs and OGOs.
– Ability to work under time pressure.</td></tr>
<tr><td>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</td><td>Currently, the IESO is subject to scrutiny by the Auditor General, and KPMG is providing advice and assistance to IESO to support and validate its financial reporting objectives and conclusions reached on accounting matters.</td></tr>
<tr><td>KPMG Team Members</td><td>Michel Picard – Partner – Michel has served as the lead engagement partner throughout this complex engagement. He has demonstrated his ability to bring innovative solutions to a complex financing structure.

Bailey Church – Engagement Quality Control Review Partner – Bailey has worked closely with Michel throughout this engagement, and has been responsible for validating and providing input into each KPMG deliverable on complex accounting matters. Bailey has been responsible to verify the technical accuracy of KPMG’s advice, and consistency with professional standards.</td></tr>
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<table>
<tr><th colspan="2">Project 2: Atomic Energy of Canada Limited</th></tr>
<tr><td>Engagement Detail and KPMG Experience</td><td>Atomic Energy of Canada Limited (AECL) is a Government of Canada Crown corporation that prepares its standalone financial statements based upon IFRS, and is currently transitioning to PSAS.

KPMG was engaged to serve as financial advisors to Natural Resources Canada (“NRCan”) on the ongoing restructuring of Atomic Energy of Canada Limited (AECL)’s Nuclear Laboratories division, including the transfer of the division to a private company through a services operating contract. The overall objective of KPMG’s contract with AECL and NRCan was to strengthen the financial management functions of AECL, and to advise on financial management implications of the restructuring, including complex accounting and reporting matters. A key implication of this restructuring is a transition to Canadian Public Sector Accounting Standards for the fiscal year ended March 31, 2017, based on AECL’s change of mandate.

To support AECL in meeting its financial reporting requirements, and sustaining an audit by the Office of the Auditor General through the transition process, KPMG assisted AECL in assessing the impact on its financial reporting of transitioning from IFRS to PSAS. To inform this assessment, KPMG performed a detailed gap analysis based on the financial accounting supporting a number of complex transactions under both PSA standards and IFRS, including:</td></tr>
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Project 2: Atomic Energy of Canada Limited	
	– Alternative options for the treatment of contributed capital on AECL's consolidated balance sheet – The accounting for third-party commercial transactions, including revenue recognition, and the treatment of deferred revenues – The measurement and reporting of AECL's decommissioning and waste management provision, totaling more than $7.5 billion – The accounting for employee benefit obligations – Cut off funding revenues recognized by AECL at each month end. KPMG also prepared a number of accounting policy position papers, analyzing complex accounting, and reporting matters under both IFRS and PSAS to support AECL's transition. Position papers researched and prepared by KPMG included: – An assessment of the impact of a potential new accounting standard on asset retirement obligations; – An assessment of the expected relationship between AECL and a special purpose entity, from the context of whether AECL would be required to consolidate the entity in its general-purpose financial statements, under PSA standards and IFRS; – An assessment of the most appropriate basis of accounting to be applied by AECL post restructuring; – The accounting for employee benefits under IFRS and PSA standards, including the treatment of accumulating but non-vested sick leave; and – The recognition of various types of revenues, including government funding and third party commercial revenues under both IFRS and PSAS. The KPMG team prepared both consolidated and non-consolidated financial statements for AECL and its special purpose entity, based on the system-generated trial balance, under PSA standards, to highlight the impact of the transition to PSAS. This engagement included a full assessment of the impact of the transition to PSAS on AECL's business processes. KPMG prepared detailed transaction workflows for each process, outlining specific accounting entries under IFRS and PSAS, as well as documenting required changes to the business process, as well as AECL's information systems. KPMG also advised on the impact of the restructuring, and the transition to PSAS, on parliamentary appropriations. KPMG advised NRCan and AECL on the optimal vote and funding model for AECL, based upon its financial reporting objectives and cash flow requirements of the special purpose entity Canadian Nuclear Laboratories. Effective knowledge sharing was a key objective of this engagement. In this respect, each member of the KPMG team was partnered with a member of AECL's accounting team to complete the business process review, transaction workflow documentation, and the development of detailed accounting policy position papers under IFRS and PSAS. The KPMG team worked onsite with AECL throughout this engagement, shoulder to shoulder throughout the transition. This partnership ensured that the knowledge of the KPMG team members was effectively transferred to AECL's staff. The project was also led by a joint steering committee of AECL senior management, and KPMG's project leads, to maximize knowledge sharing amongst the senior members of the team.
Applicability of KPMG Experience to the Province of Ontario	This experience is relevant to how KPMG will assist the Province of Ontario under this initiative since: – It demonstrates understanding of the energy sector, as this project entailed providing complex accounting advice on certain elements unique to this sector, such as the

Project 2: Atomic Energy of Canada Limited	
	accounting for funding and obligations related to the decommissioning and management of nuclear waste; revenues from the sale of nuclear energy; and accounting for unique capital and inventory elements for a nuclear energy facility. This project also involved the consideration of complex accounting and policy matters specific to the Ontario energy sector with respect to AECL facilities in this Province (such as Chalk River and the Port Hope Area Initiative); – It demonstrates the significant experience of your proposed KPMG team in applying PSAB's criteria of control to assess government control for government business enterprises. A key element of this project was the assessment of the expected relationship between AECL and a special purpose entity, from the context of whether AECL would be required to consolidate the entity in its general-purpose financial statements, under PSA standards and IFRS. KPMG performed a detailed assessment of the expected relationship between AECL and the special purpose entity under PS1300, and prepared a comprehensive position paper which supported the position that AECL did not have control the entity. KPMG also led the engagement of the OAG on this position, and successfully obtained their full support and concurrence. – It demonstrates the ability of KPMG's accounting advisory professionals to work within a broader team of other professionals on a complex and high profile project; – It demonstrates KPMG's knowledge and experience advising on significant and high profile government restructurings and divestments; – It demonstrates the depth of KPMG's knowledge and expertise with respect to the accounting for a number of complex accounting and financial reporting matters in both IFRS and PSAS; – It demonstrates KPMG's ability to effectively determine the OAG's primary concerns and implement a negotiation strategy that answers those concerns, to ultimately obtain the OAG's consensus with our recommended accounting positions; – It demonstrates KPMG's effectiveness at supporting the transfer of knowledge from our team members to the client; and – It demonstrates KPMG's understanding of Government of Canada financial reporting objectives, and Crown corporation reporting requirements.
Demonstrated Firm Experience	– Experience in assessing policy and reporting implications of complex accounting issues and PSAB accounting for complex financing transactions as related to Ontario's electricity sector. – Experience in providing advice in PSAB accounting for government business enterprises, capital investments, joint ventures and private-public partnerships. – Experience in providing public and private sector accounting advice on acquisitions and divestments, taking into account IFRS and PSAS-related implications. – Strong understanding and demonstrated experience in applying g PSAB's criteria of control to assessing government control for government business enterprises.
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	A significant component of this project was the provision of advice to NRCAN and AECL on how to handle the Office of the Auditor General. The OAG had multiple roles with respect to this transaction. First, they are the financial statement auditors of AECL. Second, the carve-out transaction would be a significant transaction for the Government of Canada. Lastly, the OAG would eventually be auditing the transaction to determine whether the Government received value-for-money. As this transaction had never been done in Canada, KPMG engaged our global resources to identify similar transactions in other countries and determine how they were accounted for

Project 2: Atomic Energy of Canada Limited	
	under IFRS and IPSASB. This was key to many accounting positions as it answered the industry-practice questions of the OAG—answers that could not be found in Canada. KPMG also developed and initiated a specific OAG engagement strategy, which included the timing of planned interactions, a consistent messaging approach and authorizing only the overall project leader, the CFO and the KPMG Partner to engage with the OAG. Based upon the strength of KPMG's position, and the thorough process employed, the OAG ultimately supported all of KPMG's proposed accounting policies for the transaction and the continuing entities post-transaction.
KPMG Team Members	**Bailey Church – Senior Financial Analyst** – Bailey served as the Senior Manager and Partner for KPMG's engagement to provide financial assistance to the Atomic Energy of Canada Limited (AECL). Bailey has advised AECL on the creation and execution of its financial transition work-plan, including an assessment of the appropriate basis for accounting for AECL, and the development of financial reporting processes and a chart of accounts for the restructured entity to meet Crown corporation central agency reporting requirements. Bailey has also advised AECL on transaction flows (including chart of account and manual JV's) for each significant process, cash and banking arrangements, funding requests, cash flow forecasts, and payroll and indirect tax regulatory filings related to the creation of a new Crown corporation. Bailey led the KPMG team in performing a detailed gap analysis based on the financial accounting supporting a number of complex transactions under both PSA standards and IFRS. Bailey also led the preparation of number of accounting policy position papers, analyzing complex accounting, and reporting matters under both IFRS and PSAS to support AECL's transition. Bailey was the lead for the development of the assessment of the expected relationship between AECL and a special purpose entity under PS1300, and also led the engagement and briefing of the OAG on KPMG's conclusions. Bailey has advised AECL on the development of its annual and quarterly financial statements since the commencement of this engagement. **Michel Picard – Senior Financial Analyst** – Michel has worked closely with Bailey throughout this engagement, and has been responsible for validating and providing input into our deliverables related to the IFRS component of the engagement. **Andrew Newman – Senior Financial Analyst**

Project 3: Hydro One	
Engagement Detail and KPMG Experience	The Government of Ontario formed a Provincial Restructuring Secretariat in late 2014 that was tasked at investigating alternate options to realize value from divesting government assets in order to recycle proceeds into greenfield infrastructure projects. Hydro One – Canada's largest regulated transmission utility was a focal point of this analysis. Over a one-year period, KPMG was engaged as the financial advisor to the Provincial Restructuring Secretariat responsible for Hydro One asset rationalization. During this period we led the valuation, modeling, tax and provincial fiscal advisory streams, analyzing several core rationalization scenarios looking at alternative scenarios for value realization from a divestiture Hydro One. During this process, we worked directly with the Secretariat, Ontario Finance Authority, Ontario Electricity Financial Corporation, Hydro One and IPO underwriters. The results of an analysis was material to key decision making at senior levels of the Provincial Government. The breadth of expertise and analysis required was significant. Our modeling of

Project 3: Hydro One	
	scenarios required the integration of market valuation, Hydro One US GAAP accounting, regulatory and statutory tax, OEB regulatory accounting and Provincial fiscal accounting issues in order to fully present the impacts of disposition scenarios to various stakeholders. Early on in this process, we conducted a comprehensive case study of past privatizations of major government owned utilities in similar jurisdictions by reaching out to the KPMG global Power & Utilities network. A key aspect of our work was supporting the Secretariat and other levels of Provincial government in the assessment of the potential fiscal impacts of various transaction scenarios being contemplated as measured under public sector accounting standards. **Outcome** Our work contributed to the selection of the preferred value realization process for Hydro One, the first step of which was an IPO of 15% of Hydro One in the fall of 2015 at an equity valuation of CAD 12.2 billion – the largest IPO in Canadian history.
Applicability of KPMG Experience to the Province of Ontario	This experience is relevant to how KPMG will assist the Province of Ontario under this initiative since: – It demonstrates the ability of KPMG's accounting advisory professionals to work within a broader team of other professionals on a complex and high profile project; – It demonstrates the depth of KPMG's knowledge and expertise with respect to the accounting for a number of complex accounting and financial reporting matters in IFRS and PSAS; – It demonstrates KPMG's ability to liaise with several key stakeholder groups on the ultimately outcomes of our work; – It demonstrates KPMG's effectiveness at supporting the transfer of knowledge from our team members to the client; and – It demonstrates KPMG's understanding of Government of Ontario financial reporting objectives.
Demonstrated Firm Experience	– Experience in assessing policy and reporting implications of complex accounting issues and PSAB accounting for complex financing transactions as related to Ontario's electricity sector. – Experience in providing public and private sector accounting advice on acquisitions and divestments, taking into account IFRS and PSAS-related implications
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	Hydro One was under the scrutiny of the Auditor General and others who were concerned with the impact of the Hydro One divestiture on the Province's Public Accounts, as well as their inability to have oversight of Hydro One once removed from the Province's reporting entity. KPMG developed a technical paper for "Consolidation under US GAAP and IFRS and PSAB - Guidance from Accounting Literature", which supported the Auditor General's oversight of the transaction.
KPMG Team Members	**Michel Picard – Partner** – Michel was responsible for providing technical accounting support to the Province of Ontario, including the preparation of various technical accounting papers under PSAS. **Bailey Church – Senior Manager** – Bailey led the development of various illustrative financial statement models for the Province of Ontario, to illustrate the impact of various divestment

Project 3: Hydro One	
	scenarios for Hydro One on the Public Accounts. Bailey developed various illustrative models, and documented a number of accounting matters which should be considered by the Province. Bailey's analysis formed the basis for KPMG's recommendations to the Province.

<table>
<tr><th colspan="2">Project 4: Ontario Energy Board</th></tr>
<tr><td>Engagement Detail and KPMG Experience</td><td>
On May 14, 2015, the Ontario Energy Board (OEB) initiated a consultation on rate-regulated utility pensions and other post-employment benefits (OPEBs) in the electricity and natural gas sectors.
Historically, the OEB has addressed pension and OPEB issues on a case-by-case basis. The objectives of the consultation were to develop standard principles to guide the OEB's review of pension and OPEB (P&OPEB) costs in the future, to establish specific information requirements for applications that would be incremental to current filing requirements, and to establish appropriate regulatory mechanisms for cost recovery which could be applied consistently across the gas and electricity sectors for rate-regulated entities.
KPMG was engaged by the OEB to provide assistance on technical issues with respect to P&OPEB obligations. Our report was prepared to respond to and specifically address the following assistance that has been requested of us by the OEB:

Review the regulatory practices for recovering P&OPEB costs by rate-regulating boards and commissions in other jurisdictions;
Identify methods of recovering P&OPEB costs and related Information Requirements that could be used to develop a proposed common principle-based framework relating to the regulatory treatment of P&OPEB costs by the OEB. The OEB would like to adopt a set of principles and requirements that will be used to address the regulatory treatment of P&OPEB costs in a consistent manner.
Identify the accounting requirements for P&OPEB costs in general purpose financial statements of regulated electricity and gas utilities in Ontario. Specifically, the OEB requested KPMG to provide guidance on accounting for P&OPEB costs under US GAAP, IFRS and Accounting Standards for Private Enterprises;
The OEB also requested that KPMG provide specific guidance on the accounting requirements for P&OPEB costs for regulated utilities that prepare their general purpose financial statements in accordance with US GAAP. The OEB wanted to understand whether regulatory assets could be recognized for differences between the cash basis for ratemaking purposes and accrual accounting. The guidance was to also identify opportunities in which the decision or actions of a regulator would influence whether the regulatory assets can be recognized in general purpose financial statements and, if there are circumstances in which the regulatory assets could be recognized, provide guidance on the maximum time period permitted under US GAAP for recovering any such recognized regulatory assets; and
Finally, the OEB requested KPMG identify alternatives for possible set-aside mechanisms that could be developed if accrual accounting is used to recover P&OPEBs costs in rates. We understand that the purpose of the set-aside mechanism would be to provide customers with 'value-for-money' on the revenue that is collected in advance of cash payments being made on the P&OPEB obligations (i.e. excess recoveries), while at the same time safeguarding customers' money that will be directed to settling the P&OPEB obligations in the future.

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	Subsequent to the issuance of our report, we participated in a stakeholder forum to present our report and respond to questions. The participants included a number of large gas and electric utilities, trade union associations and various consumer associations.
Applicability of KPMG Experience to the Province of Ontario	This experience is relevant to how KPMG will assist the Province of Ontario under this initiative since: – It demonstrates the depth of KPMG's knowledge and expertise with respect to pension and OPEB costs, one of the most complex accounting standard complex under both US GAAP and IFRS. – It demonstrates the depth of KPMG's knowledge and expertise with respect to US GAAP and IFRS for GBEs in Ontario. – It demonstrates our ability to obtain the buy-in from the majority of the stakeholders in a high profile engagement. – It demonstrates KPMG's effectiveness in supporting the transfer of knowledge from our team members to the OEB staff.
Demonstrated Firm Experience	– Experience in assessing policy and reporting the implications of complex accounting issues and PSAB accounting for complex financing transactions as related to Ontario's electricity sector.
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	This project was a result of pressure from various stakeholders including the Auditor General in regards to rate-regulated utility pensions and other post-employment benefits in the energy sector. Our report helped the OEB develop standard principles to guide the OEB's review of P&OPEB costs in the future, to establish specific information requirements for applications that may be incremental to current filing requirements and to determine whether appropriate regulatory mechanisms for recovery of P&OPEB costs can be developed and applied consistently across the gas and electricity sectors for rate-regulated utilities.
KPMG Team Members	**Michel Picard – Partner** – Michel was the lead engagement partner on this engagement.

Project 5: PPP Canada	
Engagement Detail and KPMG Experience	PPP Canada is a Government of Canada Crown corporation that prepares its standalone financial statements based upon PSAS. PPP Canada previously transitioned to PSAS. Between January 2011 and May 2013, KPMG assisted the Corporation with the implementation of Public Sector Accounting standards, including an assessment of the impact of the adoption of PSAS on the Corporation's financial reporting. KPMG also provided advice to PPP Canada on its accounting policies for complex transactions under the Public Sector Accounting standards. In conjunction with this project, KPMG performed accounting policy research and interpretation based upon PSAS to support the preparation of PPP Canada's financial statements. KPMG developed accounting policy position papers which were validated by the OAG to support PPP Canada's accounting policies with respect to contributions, employee future benefits, related party transactions, and financial instruments. KPMG also advised PPP Canada on its financial reporting process, including required amendments to the financial reporting process to meet Treasury Board of Canada quarterly reporting requirements.

Project 5: PPP Canada	
	Each member of the KPMG team was partnered with a member of PPP's accounting team to complete the business process review, and the development of detailed accounting policy position papers under PSAS. This partnership ensured that the knowledge of the KPMG team members was effectively transferred to PPP's staff. The project was also led by a joint steering committee of PPP senior management, and KPMG's project leads, to maximize knowledge sharing amongst the senior members of the team.
Applicability of KPMG Experience to the Province of Ontario	This experience is relevant to how KPMG will assist the Province of Ontario under this initiative since: – It demonstrates the depth of KPMG's knowledge and expertise with respect to the accounting for government transfers (which is area currently subject to intense scrutiny from the OAG); – It demonstrates KPMG's ability to effectively determine the OAG's primary concerns and implement a negotiation strategy that answers those concerns, to ultimately obtain the OAG's consensus with our recommended accounting positions; – It demonstrates KPMG's effectiveness in supporting the transfer of knowledge from our team members to the client; and – It demonstrates KPMG's understanding of Government of Canada financial reporting objectives, and Crown corporation reporting requirements.
Demonstrated Firm Knowledge, Skills and Expertise	– Experience in assessing policy and reporting implications of complex accounting issues and PSAB accounting for complex financing transactions as related to Ontario's electricity sector.
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	A significant component of this project was the provision of advice to PPP Canada with respect to its accounting for government transfers under PSAB. The accounting for government transfers, and in particular the deferral of appropriations or contributions remains a controversial accounting area and is under significant scrutiny by the Office of the Auditor Generals across Canada. KPMG led the development of an accounting position paper with respect to the accounting for appropriations received from Parliament for the P3 Canada Fund. The OAG's initial position on these appropriations was that they did not meet the criteria for deferral, since they did have stipulations which would meet the definition of a liability under PSAS. KPMG developed the accounting policy position paper supporting deferral of the P3 Canada Fund appropriations, based on the fact that the appropriations for the P3 Canada Fund were received through a separate and unique vote, and that PPP Canada had no discretion to avoid settling the obligation effectively created by this appropriation. KPMG reviewed all of the appropriations approved by Parliament and identified only three that contained the unique wording of the P3 Canada Fund appropriation. This was key to the argument for deferral as it answered one of the OAG's primary concerns that they would be setting a precedent for other deferrals of appropriations by other government organizations. This appropriation analysis allowed them to "draw a line" for use in future discussions with other entities. Also important to the discussion was KPMG's unique understanding of the intention of PSAB and the spirit of the standard, that there would be government transfers that qualified to be recorded as a liability. KPMG coordinated the discussion of the recommended accounting policy with the Office of the Auditor General. KPMG led a one-year negotiation process with the OAG, and escalated the discussion to the Auditor General of Canada. Based upon the strength of KPMG's position, and

Project 5: PPP Canada	
	the thorough consultation process employed, the OAG ultimately supported all of KPMG's proposed accounting policies, including the deferral of appropriations received from Parliament for the P3 Canada Fund. To our knowledge, this is the only government transfer that the OAG has allowed to be recorded as a liability.
KPMG Team Members	**Bailey Church – Senior Manager** – Bailey was the project leader for all advice provided to PPP Canada for the PSAB transition engagement. Bailey led the development of illustrative financial statements for PPP Canada under PSAB, and all accounting policy position papers. Bailey was responsible for leading all briefings to the CFO. Bailey developed the position paper on the accounting for government transfers, and was responsible for the engagement of the OAG and ultimately their support for our position. **Andrew Newman – Engagement Partner** **Janet Allan – Subject Matter Expert**

Project 6: The Canadian Museum of History	
Engagement Detail and KPMG Experience	Canadian Museum of History (CMH) is a Government of Canada Crown corporation that prepares its standalone financial statements based upon PSAS. CMH previously transitioned to PSAS for the year ended March 31, 2012. KPMG has been engaged to assist the Canadian Museum of History (previously the Canadian Museum of Civilization Corporation) with their quarterly and annual financial reporting, and complex accounting matters since 2011. KPMG was engaged to assist the CMH with their implementation of Canadian Public Sector Accounting standards for the fiscal year ended March 31, 2012. KPMG provided advice to CMH with respect to the consistency of their specific accounting policies with Public Sector Accounting requirements, as well as the implementation of Treasury Board quarterly reporting requirements for Crown corporations. KPMG has subsequently assisted CMH with the preparation of accounting policy position papers on several complex accounting matters under Canadian Public Sector Accounting standards. In conjunction with this project KPMG performed accounting policy research and interpretation based upon CPA Canada Public Sector Accounting Board standards for Government Not-for-Profit Organizations to support the preparation of CMH's financial statements. KPMG developed accounting policy position papers to analyze the CMH's accounting policies with respect to contributions, impaired investments, payments-in-lieu of taxes, employee future benefits, segment disclosures, financial instruments, the accounting treatment for a prior period error, the accounting for a joint venture, and the Museum's accounting for exhibition costs. KPMG also advised CMH's on its financial reporting process, including required amendments to the financial reporting process to meet Treasury Board of Canada quarterly reporting requirements. KPMG prepared illustrative statements for the CMH to highlight the significant impacts on financial statement presentation and note disclosure of the adoption of PSA standards for both the fiscal years ended March 31, 2010 and March 31, 2011. To this end, KPMG prepared financial statements for the fiscal years ended March 31, 2010 and 2011 based upon the trial balance details, in accordance with the PSA standards (including opening balance comparatives for the year of adoption). KPMG also led the preparation of financial statements

Project 6: The Canadian Museum of History	
	based upon the PSA standards for the first quarter ended June 30, 2011, and the year ended March 31, 2012. Each member of the KPMG team was partnered with a member of CMH's accounting team to complete the business process review, and the development of detailed accounting policy position papers under PSAS. This partnership ensured that the knowledge of the KPMG team members was effectively transferred to CMH's staff. The project was also led by a joint steering committee of CMH senior management, and KPMG's project leads, to maximize knowledge sharing amongst the senior members of the team.
Applicability of KPMG Experience to the Province of Ontario	This experience is relevant to how KPMG will assist the Province of Ontario under this initiative since: – It demonstrates the depth of KPMG's knowledge and expertise with respect to Public Sector Accounting Standards; – It demonstrates KPMG's ability to effectively obtain the OAG's consensus with our recommended accounting positions; – It demonstrates KPMG's effectiveness in supporting the transfer of knowledge from our team members to the client; and – It demonstrates KPMG's understanding of Government of Canada financial reporting objectives, and Crown corporation reporting requirements.
Demonstrated Firm Experience	– Experience in assessing policy and reporting implications of complex accounting issues and PSAB accounting for complex financing transactions – Experience in providing advice in PSAB accounting for government business enterprises, capital investments, joint ventures and private-public partnerships.
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	This project consists of the preparation of accounting position papers on issues identified by the OAG during their audit work, for new transactions entered into by the Museum and the implementation of new accounting standards. All of these items were under the scrutiny of the OAG during their financial statement audit. KPMG coordinated the discussions of the recommended accounting positions with the Office of the Auditor General. In all cases, OAG accepted the Museum's accounting position and obtained sufficient appropriate audit evidence to support the issuance of an unmodified audit opinion on the financial statements prepared in accordance with public sector accounting standards for not-for-profit organizations.
KPMG Team Members	**Bailey Church – Senior Manager/ Engagement Partner** - Bailey was the project leader and Partner for all advice provided to the Museum for the PSAB transition engagement. Bailey led the development of illustrative financial statements under PSAB, and all accounting policy position papers. Bailey was responsible for leading all briefings to the CFO. Bailey has assisted the Museum with various complex accounting matters under PSAB on an annual basis, including the accounting for a joint venture arrangement. **Andrew Newman – Engagement Partner/ Engagement Quality Control Review Partner** ***Note****: Andrew and Bailey have completed similar work for the other five national museums of Canada. In the interest of brevity, we have not included this work in our project descriptions*.

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<tr><th colspan="2">Project 7: Government of Nunavut – Iqaluit International Airport Improvement Project</th></tr>
<tr><td>Engagement detail and KPMG experience</td><td>KPMG was engaged by the Government of Nunavut Department of Finance (the “GN”) to provide advice with respect to complex accounting and reporting matters for this public private partnership arrangement – the first of its kind for the Territory. KPMG provided professional advice with respect to the accounting and reporting for all transactions to be recorded by the government over the 35 year life cycle of this arrangement. KPMG assisted in the development and documentation of an account coding manual for the Iqaluit International Airport Improvement Project, comprising accounting, control and reporting procedures including journal entries based upon PSAB. A key component of this project was the potential implications to the GN’s reporting of the Iqaluit International Airport Improvement Project of possible changes to the financial instruments section, and the introduction of a PSA standard for public private partnerships.

KPMG developed documentation supporting the implementation of:
– A comprehensive and functional account coding manual to support the recording of transactions over the course of the IIAIP’s project lifecycle, including control and reporting procedures (e.g., process charts, matrix of key roles & responsibilities, tasks, schedules, checklists, forms, etc.) with instructions (i.e., what, when, who, why, how) that are customized to meet the GN’s existing financial systems, policies, and requirements, and the needs of existing and future GN staff; and
– Sufficient and appropriate internal GN guidelines and procedures to guide financial reporting for the IIAIP each fiscal year, as well as at the conclusion of the project, for both the P3 proponent and GN elements of the arrangement. These guidelines and procedures will be developed based upon roles, responsibilities and contributions required of the GN and specified in the P3 agreement.

KPMG provided complex accounting advice to the Government of several complex matters under PSAB, including the accounting for a public private partnership arrangement and energy gainshare / painshare payments. KPMG also led the research of, and the development of accounting guidance for, embedded derivatives included within the Iqaluit International Airport Improvement Project Agreement. Bailey led the KPMG team in identifying embedded derivatives within the Project Agreement, and researching their accounting treatment and financial reporting based upon Public Sector Accounting Standards.</td></tr>
<tr><td>Applicability of KPMG Experience to the Province of Ontario</td><td>This experience is relevant to how KPMG will assist the Province of Ontario under this initiative since:
– It demonstrates the depth of KPMG’s knowledge and expertise with respect to the accounting for public private partnerships and financial instruments (both areas currently subject to intense scrutiny from the OAG);
– It demonstrates KPMG’s ability to obtain the OAG’s consensus with our recommended accounting positions;
– It demonstrates KPMG’s effectiveness at supporting the transfer of knowledge from our team members to the client; and
– It demonstrates KPMG’s understanding of a provincial government’s financial reporting objectives, and ability to serve as a strategic partner to the Comptroller on complex reporting matters.</td></tr>
<tr><td>Demonstrated Firm Experience</td><td>– Experience in assessing policy and reporting implications of complex accounting issues and PSAB accounting for complex financing transactions
– Experience in providing advice in PSAB accounting for government business enterprises, capital investments, joint ventures and private-public partnerships</td></tr>
<tr><td>Demonstrated Knowledge, Skills, Experience and</td><td>A significant component of this project was the provision of advice to the Comptroller of the GN with respect to accounting for financial instruments and public private partnerships under PSAB.</td></tr>
</table>

Project 7: Government of Nunavut – Iqaluit International Airport Improvement Project	
Expertise with Making Recommendations to a Ministry Pertaining to an Area Currently Being Scrutinized by the Auditor General's Office	KPMG led the development of an account coding manual and accompanying analysis which supported our recommended treatment under PSAS. Given the scrutiny by the Auditor General of financial instruments and public private partnerships, KPMG conducted thorough research supported by a benchmarking of other public private partnership arrangements across Canada. In this instance, the OAG's scrutiny was enhanced by additional scrutiny from the Treasury Board Secretariat of Canada, based on the significant amount of funding required for Nunavut's first ever P3 project. KPMG developed an effective communication strategy to engage the OAG, and to present our findings and recommended treatment. The OAG concluded by accepting all of our recommendations for the Iqaluit International Airport Improvement Project. KPMG also served as an effective liaison with the Treasury Board Secretariat, to communicate the status of our work and to enhance their confidence in the GN's Department of Finance.
KPMG Team Members	**Bailey Church – Engagement Partner** – Bailey was the leader for all complex accounting advice provided to the Government of Nunavut for this arrangement, and the preparation of the account coding manual. Bailey was the key liaison with the Comptroller on all work performed under this contract. **Andrew Newman – Engagement Quality Control Review Partner**

Project 8: Province of New Brunswick Complex Accounting Advice	
Engagement Detail and KPMG Experience	Through 2016, KPMG was engaged by the Province of New Brunswick's Office of the Controller to provide advice on several complex accounting matters under PSAB. KPMG was requested to advise the Comptroller of New Brunswick on various complex accounting and reporting matters, including: – An assessment, for accounting purposes, of the indicators of control as per PS 1300, Government Reporting Entity, and a resulting opinion regarding the inclusion of New Brunswick not-for-profit nursing homes within the Province's government reporting entity. This engagement was performed in accordance with Section 7600, Reports on the application of accounting principles, – An assessment, for accounting purposes, of the Province's accounting for certain expenditures to implement cloud computing; and – An analysis of factors influencing the basis of accounting to be applied by the New Brunswick Research and Productivity Council based on the proposed revised Research and Productivity Council Act.
Applicability of KPMG Experience to the Province of Ontario	This experience is relevant to how KPMG will assist the Province of Ontario under this initiative since: – It demonstrates the depth of KPMG's knowledge and expertise with respect to the accounting for complex matters such as the nature of the control relationship between a public sector entity and other related parties under PS1300 (which is an area currently subject to intense scrutiny from the OAG); – It demonstrates KPMG's ability to effectively negotiate with the OAG, and obtain their consensus with our recommended accounting positions; – It demonstrates KPMG's effectiveness at supporting the transfer of knowledge from our team members to the client; – It demonstrates KPMG's knowledge and experience at providing accounting opinions on matters subject to significant public scrutiny, which are subject to access to information requests;

Project 8: Province of New Brunswick Complex Accounting Advice	
	– It demonstrates KPMG's ability to develop accounting positions for unusual matters that are not covered by the Handbook; and – It demonstrates KPMG's understanding of a Province's financial reporting objectives, and the ability to balance Crown corporation reporting requirements.
Demonstrated Firm Experience	– Experience in assessing policy and reporting implications of complex accounting issues and PSAB accounting for complex financing transactions as related to Ontario's electricity sector – Strong understanding and demonstrated experience applying PSAB's criteria of control to the assessment of government control for government business enterprises.
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	This project involved the provision of advice to the Province's Office of the Controller with respect to complex accounting matters subject to significant scrutiny from the Office of the Auditor General. KPMG's accounting opinion on the Province's relationship with not for profit nursing homes was specifically requested by the Auditor General in her 2015 report. Based on the relationship established by KPMG with both the Auditor General and the Controller through this engagement, our advice was requested on subsequent complex matters such as the accounting for cloud computing costs, and the appropriate basis of accounting for the New Brunswick Research and Productivity Council in response to changes considered by Parliament to the New Brunswick Research and Productivity Council Act. KPMG led the development of an accounting opinion on the Province's relationship with not for profit nursing homes, and position papers on cloud computing costs and the basis of accounting for the New Brunswick Research and Productivity Council which were accepted by the Auditor General. KPMG's accounting opinion on nursing homes was based on substantial coordination with the Auditor General, including a discussion with both the Controller and the Auditor General regarding their interpretations of the nature of the relationship. KPMG established an effective relationship of trust with both the Controller and the Auditor General which supported mutual agreement on our recommended accounting positions.
KPMG Team Members	**Bailey Church – Engagement Partner** – Bailey was the lead advisor to the Controller on the complex accounting advice provided by KPMG. Bailey was responsible for performing all research, and documenting the accounting policy position papers and accounting opinions required by the Province. Bailey met with the Controller and his management team on a regular basis to provide updates on the status of our work, and the accounting positions to be rendered. Bailey was also responsible for the engagement of the OAG, and obtaining their support for our accounting positions. **Andrew Newman – Engagement Quality Control Review Partner**

Project 9: Aboriginal Affairs and Northern Development Canada Accounting Advisory	
Engagement Detail and KPMG Experience	Since January 2013, AANDC has engaged KPMG to advise the Department on complex accounting and reporting matters related to PS3260, Contaminated Sites. KPMG was engaged to assist the Department with the development of liability estimates for several remediation projects (including both the Faro and Giant Mine projects, which are estimated to each cost in excess of $1 billion), for the fiscal years ended March 31, 2013, 2014, 2015 and 2016. KPMG was also engaged to advise the Department on a more effective funding model for large, multi-year remediation projects which frequently encounter large variations from budgeted expenditures. In conjunction with this project, KPMG performed an independent review of the life cycle costs for the remediation of the Giant Mine site, to ensure compliance with the requirements of PS3260.

Project 9: Aboriginal Affairs and Northern Development Canada Accounting Advisory	
	Specifically, KPMG assisted AANDC with: – Future oriented financial information reporting based upon PSAS (In conjunction with the fiscal year 2014-15 Report on Plans and Priorities), through the review and validation of the methodology used to forecast the future obligations for 2014 and 2015 for each of the Northern contaminated sites based upon PS3260, Contaminated Sites. KPMG recommended improvements to the Department's forecasting methodology, and led the preparation of forecasted obligations for each of the Northern sites; and – The measurement of the liabilities reported by the Northern and Southern Contaminated Sites Program for various contaminated sites for the fiscal years ending March 31, 2013, 2014, 2015, 2016 and 2017. KPMG reviewed AANDC's accounting for the contaminated sites relative to the requirements of PS3260, including the review of the nature of remediation costs and the reasonability of inflation and discount rates applied. KPMG assisted AANDC with all supporting working papers, and responses to queries from the Office of the Auditor General, to support the auditability of the liability estimates. KPMG also performed an independent review of total project costs for the Giant Mine Remediation Project, to consider its appropriateness and defensibility under PS3260, including: – A review of relevant financial data and project cost estimates to identify and document the chronology of changes in cost estimates and any available information on the reasons for the changes; – A review of the elements included by AANDC in the total Giant Mine Remediation Project costs, based on the various project plans, phased work plans and the work breakdown structure for phases 2b and 2c, to consider the completeness of the cost estimate based on the requirements of PS3260. This review was based on the understanding of each of these elements as provided to KPMG by the Giant Mine project team, and the various professional engineering consultants retained on behalf of the Department; – Development of an analysis of the rationale for changes in key total project cost estimates provided by AANDC over the Giant Mine Remediation Project's life span; – Identify, review and analysis of the key assumptions and changes in key assumptions made by the Department, with consideration for their internal consistency in application in determining project costs; – Development of a high level communication strategy to document/explain changes in the total project cost estimates to key stakeholders; – Development of a funding model better suited to the unpredictable multi-year expenditures of the project; and – The nature of high level differences between the Department's total projected remediation costs for the GMRP based on recent Treasury Board submissions, and the financial statement liability recorded in the Department's financial statements. This required an analysis of the appropriateness of the liability recorded for the Giant Mine Remediation Project, relative to Treasury Board Accounting Standards, and the Public Sector Accounting Standards. KPMG has also advised the CFO on a full review of environmental liability accounting policies, to ensure consistency with PSAB requirements. A key component of this project was the coordination with the Office of Auditor General, and the Office of the Comptroller General to validate AANDC's liability estimates, and the appropriateness of the liability measurement under PSAS. In addition, the Giant and Faro Mines are critical issues to the Government from both a financial and public safety perspective. Therefore, this project had significant public profile including the attention of the Prime Minister's Office (PMO).

Project 9: Aboriginal Affairs and Northern Development Canada Accounting Advisory	
Applicability of KPMG Experience to the Province of Ontario	This experience is relevant to how KPMG will assist the Province of Ontario under this initiative since: – It demonstrates the depth of KPMG's knowledge and expertise with respect to the accounting for complex matters under PSAB; – It demonstrates KPMG's effectiveness at supporting the transfer of knowledge from our team members to the client; and – It demonstrates KPMG's knowledge and experience at providing accounting positions on matters subject to significant public scrutiny, which are subject to access to information requests.
Demonstrated Firm Experience	– Experience in assessing policy and reporting implications of complex accounting issues under PSAB
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	The Office of the Auditor General audited the contaminated sites liability estimates for a number of contaminated sites, including the Giant and Faro mines. KPMG participated in the discussions with the Office of the Auditor General on these matters, and responded to all of the OAG's audit queries. In every year that KPMG has advised AANDC on these estimates, the OAG has had a maximum of seven audit queries which were cleared in one interaction. As a result, the OAG has accepted AANDC's liability estimates without adjustment.
KPMG Team Members	**Bailey Church – Senior Manager/ Engagement Partner** – Bailey has served as the lead advisor to the CFO and the financial management team throughout this engagement on complex accounting matters; the costing for the remediation of contaminated sites; and the assessment of policy impacts based on recommendations provided. Bailey has also served as the lead for the engagement of the OAG, and the Office of the Comptroller General for the Government of Canada to obtain their support for our recommended accounting positions. **Andrew Newman - Engagement Partner/ Engagement Quality Control Review Partner**

Project 10: Office of the Comptroller General, Treasury Board of Canada	
Engagement Detail and KPMG Experience	The Office of the Comptroller General (OCG) is responsible for government-wide direction and leadership for financial management, internal audit, federal assets and acquired services. The Comptroller General also supports capacity building and professional development in each of these areas. Between April 2005 and March 2010, KPMG assisted the OCG with the development and implementation of Treasury Board Accounting Standards to be used by all government departments and agencies. Treasury Board Accounting Standards (TBAS) are consistent with Public Sector Accounting Standards, and provide guidance for areas that are unique to departments and agencies that are not explicitly addressed in PSAB. The purpose of TBAS is to promote consistency in external financial reporting by all federal government departments and agencies. There are currently eight TBAS, including specific guidance on materiality, capital assets, transfer payments, inventories and contingent liabilities. In addition, TBAS provides the presentation and disclosure standards for departmental financial statements including the

Project 10: Office of the Comptroller General, Treasury Board of Canada	
	recognition and disclosure of inter-departmental transactions, recording of amounts due from the consolidated revenue fund, and a mandatory reconciliation between the accrual, appropriation and cash bases of accounting that all departments must do. Federal government departments continue to prepare their general-purpose financial statements using TBAS. The federal OAG has performed audits of financial statements prepared in accordance with TBAS. KPMG's involvement in the creation, approval and implementation of TBAS was extensive. KPMG professionals wrote most of the TBAS content, created financial statement templates, developed and facilitated training courses, guided many departments and agencies through their TBAS adoption and reviewed departmental financial statements on behalf of the OCG to assess compliance. KPMG professionals also worked with officials from the Office of the Auditor General (OAG) to obtain their support for TBAS.
Applicability of KPMG Experience to the Province of Ontario	This experience is relevant to how KPMG will assist the Province of Ontario under this initiative since: – It demonstrates KPMG's ability to develop accounting policies for unusual transactions that are not covered by the Handbook; – It demonstrates KPMG's effectiveness in obtaining government accounting community buy-in to a significant accounting and reporting change; – It demonstrates KPMG's effectiveness at supporting the transfer of knowledge from our team members to the client, which in this case included the OCG and the departments/agencies; and – It demonstrates KPMG's understanding of overall government financial reporting objectives and our ability to bring them to the departmental or agency level.
Demonstrated Firm Knowledge, Skills and Expertise	– Experience in assessing policy and reporting implications of complex accounting issues under PSAB
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	A significant component of this project was assisting the OCG in communicating with the Office of the Auditor General, in order to maintain their general support of TBAS for government departments and agencies. In addition, OAG approval of the TBAS accounting position for new areas not covered in PSAB, such as the reporting of amounts receivable from the Consolidated Revenue Fund, the reconciliations between accrual, cash and appropriations and the reporting of services provided without charge by other government departments was crucial to the success of PSAB. KPMG led the discussions with the Office of the Auditor General on these matters. The OAG ultimately supported all of KPMG's proposals for TBAS. In fact, subsequent to the issuance of TBAS, the OAG separately engaged KPMG to assist with the preparation of their first set of general purpose financial statements.
KPMG Team Members	**Bailey Church – Senior Manager** – Bailey provided advice to the Office of the Comptroller General on various complex accounting matters under PSAB, including the accounting for capital assets (and the bundling approach versus componentization); transfer payments; the recognition and disclosure of inter-departmental transactions; recording of amounts due from the consolidated revenue fund; and the reconciliation between the accrual, appropriation and cash bases of accounting. **Andrew Newman – Senior Manager / Engagement Partner**

Project 11: Transport Canada	
Engagement Detail and KPMG Experience	Transport Canada is a Government of Canada department that prepares its standalone financial statements based upon PSAS. Transport Canada issued its first departmental financial statements in 2004, and KPMG was the project manager for this project which included managing the identification and measurement of assets and liabilities, preparing the financial statements and dealing with Office of the Comptroller General. Between 2002 and 2008, KPMG assisted Transport Canada with a number of complex accounting issues relating to very unique transactions and activities administered by Transport Canada on behalf of the Government of Canada, including: – Transfers of airport lands and chattels to the newly-created Airport Authorities – Estimation of liabilities for contaminated sites managed by Transport Canada – Construction of transportation infrastructure (roads, ports, airports) in Northern Canada – Conditional Loans and Repayable Grants – Specified Purpose Accounts, such as the Ship Source Pollution Fund (set up with fines levied on shipping companies to be used to combat future spills) – Investments in Crown corporations such as VIA Rail and the Port Authorities – Accounting for the construction, financing and operation of the Confederation Bridge (one of the first, and largest public-private partnerships in Canada) – The appropriation of the Pickering Lands by the Government for a potential international airport, including owner-exit agreements and vacated buildings – Rotable assets/inventory/parts relating to the Government's airplane/helicopter fleet (including military assets managed by Transport Canada). This project also included preparing reports and making presentations to Departmental management up to the Deputy Minister level, due to the governmental-wide impact and the political sensitivities relating to these transactions and activities. These reports went beyond the technical accounting aspects of the issues, but also provided recommendations on processes to be followed to control and report on these issues going forward into the future. We also provided training to accountants and non-accountants on the processes related to these issues.
Applicability of KPMG Experience to the Province of Ontario	This experience is relevant to how KPMG will assist the Province of Ontario under this initiative since: – It demonstrates the depth of KPMG's national and international knowledge and expertise with respect to government accounting issues; – It demonstrates KPMG's effectiveness at supporting the transfer of knowledge from our team members to the client; and – It demonstrates KPMG's ability to build workable accounting solutions, accepted by all stakeholders, for unique transactions and activities for which there is minimal, or no, guidance within Canadian generally accepted accounting principles.
Demonstrated Firm Knowledge, Skills and Expertise	– Experience in assessing policy and reporting implications of complex accounting issues under PSAB – Experience in providing advice in PSAB accounting for government business enterprises, capital investments, joint ventures and private-public partnerships – Experience in providing public and private sector accounting advice on acquisitions and divestments, taking into account IFRS and PSAS-related implications.

Project 11: Transport Canada	
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	As described above, this project included building accounting positions for very unique transactions for which little, if any, explicit accounting guidance was available. Because of the political sensitivity of the transactions, the materiality of the transactions on the Government of Canada's financial statements and the complexity of the accounting, the OAG was scrutinizing these transactions, and their accounting implications, very carefully. KPMG coordinated the discussions with the OAG and made sure that the OAG was brought in early to the issue, so that they would fully appreciate the complexity and lack of guidance; and in some cases, provide advice on possible governmental precedents that they were aware of nationally and internationally. Through this consultation process, the OAG ultimately supported all of KPMG's proposed accounting positions. They even commented that they enjoyed the KPMG approach of working together to build agreement on these very difficult issues.
KPMG Team Members	**Bailey Church – Senior Manager** – Bailey was the Project Manager for all advice provided to the Department under this engagement. Bailey led the assessment of the Department's readiness to undergo an audit under Canadian Auditing Standards, and subsequently led the development of position papers to support several complex accounting matters by the Department. **Andrew Newman – Senior Manager & Engagement Partner**

3. Qualifications and Experience of Vendor Personnel to Undertake the Specified Deliverables

We have proposed a team to serve you that is truly ready to hit the ground running. KPMG, and our proposed team members, have many years of experience advising all levels of government on complex accounting matters.

A brief description of the role, and a summary of the experience of each of your proposed KPMG team members follows. In addition, we request that the Province reference the project summaries provided above in the Supplier Experience section, and specifically the role of proposed KPMG team members in evaluating this section.

The proposed team members are as follows:

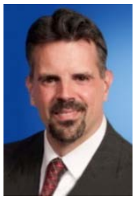
Core Team

Michel Picard
Senior Consultant

416-777-8414 | mpicard@kpmg.ca

Role: In his role as Senior Consultant, Michel will have overall responsibility for the quality and timeliness of our work. He will attend all key meetings. He will be dedicated to ensuring that the OPCD receives prompt responses on all technical accounting, financial reporting, or regulatory questions or issues you have. Michel will serve as the Province's senior expert resource on complex accounting matters related to IFRS, US GAAP and PSAS. Michel will also serve as an expert resource on accounting matters related to rate-regulated accounting and other specific topics, including asset retirement obligations, pension and OPEB obligations, business combinations, joint arrangements, leases, property, plant and equipment, revenue from contracts with customers.

Why chosen: Michel is a Partner in the Accounting Advisory practice of KPMG in Toronto and is the KPMG's Power & Utilities National leader in Accounting Advisory Services practice. Michel's expertise on accounting matters in the Power & Utilities sector is second to none. He has 35 years of audit and advisory experience, and has provided IFRS conversion services to more than 20 utilities in Ontario. He has also provided technical accounting advice on IFRS conversion projects for numerous Power & Utility organizations across the country, including Emera, Gas Metro, Hydro Québec, Manitoba Hydro and New Brunswick Power as well as the Ontario Energy Board (OEB). Michel is a member of the IASB Consultative Group on Rate Regulation. Over the past three years, he has provided technical accounting support to the OPCD with three key projects: the Ontario Fair Hydro Plan Act, 2017, Hydro One's IPO and IFRS conversion of Hydro One and Ontario Power Generation.



Bailey Church
Intermediate Consultant

613-212-3698 | bchurch@kpmg.ca

Role: Bailey will work closely with Michel to provide complex accounting advice to the OPCD throughout this engagement. Bailey will perform research on accounting matters requested by the Province, and will lead the development of accounting policy position papers or accounting opinions. Bailey will be flexible and responsive to the Province's requests, and will be available to meet with the OPCD team in Toronto any time. Bailey will work closely with Michel in presenting our findings to the OPCD. Bailey will also work with Michel to effectively engage the Office of the Auditor General and other key stakeholders to obtain their support for our positions.

Why chosen: Bailey is passionate about this opportunity to work with the OPCD, and will be an eager presence around your Toronto office throughout this project. Bailey is the national co-leader of KPMG's Public Sector Accounting Advisory Services and a key member of KPMG Canada's Public Sector Practice Group. Bailey has more than 15 years of experience serving, or working in the public sector, including significant experience advising on accounting policies and accounting for complex transactions, including in depth experience with current and emerging issues such as government transfers, financial instruments and hedge accounting, contaminated sites and asset retirement obligations, and public private partnerships. Bailey also brings experience with the Public Sector Accounting standard setting process. Most importantly, Bailey has substantial experience working closely with the Office of the Auditor General to obtain their support for proposed accounting positions on various complex accounting matters. Bailey also has a strong understanding of the Ontario energy sector, from his roles on KPMG's accounting advisory engagements with IESO, Hydro One, and Atomic Energy of Canada Limited.

Back-up Team

Andrew Newman
Senior Consultant

613-212-2877 | andrewnewman@kpmg.ca

Andrew has more than 20 years of experience in performing financial statement, compliance, and internal control audits, and in providing advice on operations, control processes, and financial reporting matters, for government departments and agencies, and public sector organizations.

Andrew has been entrusted with Audit Partner responsibilities on some of the most sensitive, highest profile files in the federal government. For example, Andrew is currently the External Auditor of the Senate of Canada and the Canada Student Loans Program; has been the Partner responsible for the valuation of the federal government's liability with respect to the Giant Mine and Faro Mine contamination; and the lead partner for financial reporting issues related to the outsourcing of AECL's responsibilities for federal nuclear sites.

Andrew is currently KPMG Canada's National Leader for Public Sector Audit. He recently completed a four-year term as the National Leader of our Education Practice (Universities, Colleges and School Boards) and as KPMG Canada's member on the Executive Committee of KPMG's Global Centre for Excellence in Education located in London, U.K. Andrew is also a Special Advisor to the Auditor General of Canada on accounting and auditing matters.

Janet Allan
Intermediate Consultant

905-687-3275 | jlallan@kpmg.ca

Janet is a Partner in KPMG's St. Catharines office, part of the Hamilton/Niagara Cluster. She is a partner in KPMG's Department of Professional Practice.

Janet has over thirty years of experience in public accounting, serving a broad range of clientele including local government, education, and not-for-profit organizations. She has provided audit and advisory advice to such clients as District School Board of Niagara, Hamilton-Wentworth District School Board, Halton Catholic District School Board, Niagara College of Applied Arts and Technology, Brock University, Region of Niagara, Town of Lincoln, and various not-for-profit entities.

Janet is also the National leader of the KPMG Technical Topic Team for Not-For-Profit GAAP and Government Accounting. This role includes the following with respect to accounting for Not-for-profit and PSAB:

- Monitoring standards and regulatory developments
- Responding to Invitations to Comment and Exposure Drafts
- Developing and maintaining appropriate practice and training materials
- Establishing, supporting and maintaining practice groups
- Developing communications and publications
- Providing consultation support to partners in the firm
- Sharing best practices throughout the firm

Submission Requirements

Supplement B - Submission Form

Request for Services Number: **TBS-OTB-OPCD-21**

To: HER MAJESTY THE QUEEN in right of Ontario as represented by President of Treasury Board

1. Vendor Information

(a) The full legal name of the Vendor is: **KPMG LLP**

(b) Please identify any other relevant name under which the Vendor conducts business:

KPMG Enterprise™	The trademark under which KPMG LLP provides services to private companies in Canada
KPMG Inc.	A subsidiary of KPMG LLP acting as restructuring and insolvency advisers and fiduciaries in insolvency proceedings
KPMG Corporate Finance Inc./ Financement corporatif KPMG inc.	A subsidiary of KPMG LLP that assists companies in finding new sources of capital
KPMG Forensic Inc./Juricompabilité KPMG inc.	A subsidiary of KPMG LLP specializing in the delivery of forensic accounting services
KPMG Forest Certification Services Inc./Services de certification en Aménagement Forestier KPMG inc.	A subsidiary of KPMG LLP that certifies forest products companies to national and international standards
KPMG Performance Registrar Inc./ Registraire de la performance KPMG inc.,	A subsidiary of KPMG LLP that certifies organizations to national and international quality assurance standards
IT/NET Group	A subsidiary of KPMG LLP that focuses on IT management consulting and public service transformation.

*Administrative and infrastructure services are provided by KPMG Management Services LP

(c) The Vendor's address, telephone and facsimile numbers are:

333 Bay Street, Suite 4600, Toronto, Ontario M5H 2S5

Telephone: 416-777-8500 Facsimile: 416-777-8818

(d) The name and title of the Vendor's Representative:

Michel Picard, Partner

(e) The mailing address, phone number and e-mail address of the Vendor's Representative:

333 Bay Street, Suite 4600, Toronto, Ontario M5H 2S5

Telephone: 416-777-8414 Email: mpicard@kpmg.ca

(f) State the name, address, telephone and facsimile numbers and e-mail address of the Company Security Officer (CSO) for the Vendor:

Renzo Francescutti, Chief Security Officer

333 Bay Street, Suite 4600, Toronto, Ontario M5H 2S5

Telephone: 416-777-8599 Facsimile: 418-777-8518 Email: rfrancescutti@kpmg.ca

(g) State the name and title of each of the individuals that the Vendor is proposing for this Project:

Michel Picard – Senior Consultant

Bailey Church – Intermediate Consultant

Andrew Newman – Back-up/ Subject Matter Expert

Janet Allen – Back-up/ Subject Matter Expert

2. Submission Requirements and Accuracy of Information

The Vendor accepts the terms and conditions set out in the RFS. While this submission is provided for evaluation purposes only and is not legally binding before the execution of a SOW, I confirm that the information provided is accurate.

3. Certificate(s) of Insurance

As required in Article 32.4 – Proof of Insurance in the Master Agreement, please identify the status of the Vendor's Certificate(s) of Insurance by placing a check mark (√) in one (1) of the following three (3) boxes:

☑ a) the Vendor has previously submitted a Certificate of Insurance to MGCS, which has been approved

☐ b) the Vendor has included its Certificate of Insurance with this RFS submission (that will be subject to approval by MGCS) prior to the Client issuing a SOW

☐ c) the Vendor agrees to submit a Certificate of Insurance (that will be subject to approval by MGCS) prior to the Client issuing a SOW

As required in the Request for Services, the Vendor agrees to submit a Certificate of Insurance (that will be subject to approval by the Client) prior to the Client issuing the SOW to evidence the additional insurance and/or the additional coverage required by the Client.

4. Conflict of Interest

The Vendor must complete the following:

(a) If the box below is left blank, the Vendor will be deemed to declare that: (1) there was no Conflict of Interest in preparing its submission; and (2) there is no foreseeable Conflict of Interest in the Vendor or any of its Personnel performing the contractual obligations contemplated in the Request for Services.

(b) Otherwise, if the statement below applies, check the box.

☐ **The Vendor declares that there is an actual or potential Conflict of Interest relating to the preparation of its submission, and/or the Vendor foresees an actual or potential Conflict of Interest in it and/or its Personnel performing the contractual obligations contemplated in the Request for Services.**

(c) If the Vendor declares an actual or potential Conflict of Interest by marking the box above, the Vendor must set out below details of the actual or potential Conflict of Interest:

____

(d) The following individuals, as employees, advisors, or in any other capacity (i) participated in the preparation of our submission; **AND** (ii were employees of the Ontario Public Service ("OPS") and have ceased that employment prior to the Requested Submission Date:

Name of Individual:

Job Classification (of last position with OPS):

Ministry/Agency/office of an officer of the Legislature of Ontario (where last employed with OPS):

Last Date of Employment with OPS:

Name of Last Supervisor with OPS:

Brief Description of Individual's Job Functions (at last position with OPS):

Brief Description of Nature of Individual's Participation in Preparation of Submission:

(Repeat above boxed information for each identified individual)

(e) The following are individuals that: (i) are proposed to be assigned by the Vendor to perform work under the SOW; **AND** (ii) were employees of the Ontario Public Service ("OPS") and have ceased that employment prior to the Requested Submission Date:

Name of Individual:

Job Classification (of last position with OPS):

Ministry/Agency/office of an officer of the Legislature of Ontario (where last employed with OPS):

Last Date of Employment with OPS:

Name of Last Supervisor with OPS:

Brief Description of Individual's Job Functions (at last position with OPS):

(Repeat above boxed information for each identified individual)

(f) We agree that, upon request, we shall provide the Client with a Conflict of Interest Declaration from each individual identified above in the form prescribed by the Client.

5. Schedules

This submission includes the following Schedules:

Schedule A (Pricing Schedule) – Submitted separately as per the RFS
Schedule B (Resumes and References)

KPMG LLP

I acknowledge that providing my name on the line below in electronic form will constitute a signature for the purposes of the *Electronic Commerce Act, 2000*, S.O. 2000, c. 17.
I have authority to bind the Vendor.

Per:	
Signature:	Michel Picard
Name:	Michel Picard
Title	Partner, Accounting advisory Services
Date:	May 5, 2017

Pricing Schedule (Schedule A)

Please find the “Pricing Schedule” in a separate document.

Resumes and References (Schedule B)

Consultant Name	Skill / Experience					
	PSAB	IFRS	IPSAS	US GAAP	Energy Sector	Assessment of Control Of GBE's Under PS1300
Michel Picard	X	X		X	X	X
Bailey Church	X	X	X		X	X
Andrew Newman (*back up*)	X	X	X		X	X
Janet Allan (*back up*)	X				X	X

Michel Picard

Partner, Accounting Advisory

KPMG LLP
333 Bay Street, Suite 4600
Bay Adelaide Centre
Toronto, ON M5H 2S5
Canada

Tel: 416-777-8414
Cell: 416-560-2569
mpicard@kpmg.ca

Languages

English, French

Education, licences & certifications

- CPA, CA in Ontario and Quebec
- B.A. in Economics, Université du Québec à Montréal

Background

Michel Picard is a Partner in the Accounting Advisory practice of KPMG in Toronto and is the Power & Utilities leader in KPMG's Accounting Advisory Services practice

He has 35 years of experience, including 24 years of experience in the Middle East, Africa and Western & Eastern Europe, encompassing 18 years of audit and advisory experience in countries reporting under IFRS.

Professional and industry experience

Office of the Provincial Controller Division

- Currently providing accounting advisory services to IESO, Ministry of Energy and the OPCD related to the Ontario Fair Hydro Plan Act, 2017. The engagement includes the preparation of technical papers and an accounting opinion on the application of PSAS to the consolidation of a trust and to the recognition and derecognition of a regulatory assets.
- Recently provided accounting advisory services to Hydro One and the OPCD on a control assessment of the Affordable Trust Fund established by Hydro One
- Provided accounting advisory services to staff and management to determine the impact of Hydro One's IPO on the Province's financial reports, budgets and appropriations. The engagement included a control assessment as the Province reduce its ownership percentage in Hydro One
- Provided accounting advisory services to staff and management around interpretation, and applications of IFRS related to Hydro One and OPG and to formulate strategies and arguments on appropriate treatment that reflect provincial financial reporting and financial management objectives
- Provided a training session to the Treasury Secretariat (Ontario) staff on the new accounting standard IFRS 14 *Regulatory Deferral Accounts*

Rate-regulated accounting

- Developed deep knowledge and experience in accounting for the effect of rate regulation in the Power & Utilities sector under both IFRS and US GAAP frameworks
- Led IFRS projects for a number of Power & Utilities entities in Ontario, including Enersource, Horizon Utilities, Hydro One, New Brunswick Power, Peterborough Utilities, PowerStream, Toronto Hydro and many smaller local distribution companies in Ontario.
- Technical accounting partner on a number of IFRS conversion projects for Power & Utilities entities across the country, including Emera, Gaz Metro, Hydro Quebec, Manitoba Hydro, Power Commission of city of Saint-John
- As a member of the IASB Consultative Group on Rate Regulation representing the KPMG Global Network of independent member firms, has been deeply involved in the review of the various drafts of the accounting standard IFRS 14 *Regulatory Deferral Accounts*
- Held monthly Share Forums with the Coalition of Large Distributors in Ontario
- Provided regular updates and training on accounting and regulatory matters to the utilities, Canadian Electricity Association (CEA), Electricity Distribution Association

of Ontario (EDA), Coalition of Large Distributors in Ontario, Canadian Association of Members of Public Utility Tribunals and OEB

– Prepared a technical paper for Power Commission of the City of St-John in connection with the Amendment of the Pension Benefits Act, chapter P-5.1 of the Acts of New Brunswick, 1987 with the objective of determining whether the new share risks pension plan was a defined benefit plan or defined contribution plan
– Ontario Energy Board (OEB): serves as key adviser on their IFRS consultations since inception
– Led the OEB's industry-wide project to initially identify and assess the impact of the impending transition to IFRS on the regulation of rates levied under the cost of service regulatory model
– Subsequent to the initial project, KPMG was engaged to prepare a report on the impacts of IFRS on regulated utilities in Ontario. The report identified accounting differences that would arise upon transition to IFRS and the range of alternatives available to utilities and the OEB to address these differences. The report then assessed the implications of the alternatives on ratepayers, utilities, and the rate making process. The report also considered how other regulators around the world have responded to the accounting issues brought about by the adoption of IFRS. The report was tabled as part of the OEB's formal industry consultation and helped inform OEB policy setting on this issue
– Led the project to re-write the OEB's Accounting Procedures Handbook following the adoption of IFRS by Ontario's rate regulated entities
– The OEB sought to identify principles and develop associated guidance for addressing the rate-regulatory treatment of Pension and Other Post-Employment Benefit ("P&OPEB") costs for the electricity and gas utilities in Ontario. KPMG was engaged by the OEB to prepare an expert report on these issues. The report also assessed how other regulators in Canada and around the world had responded to issues relating to P&OPEB. The report is currently being used by the OEB as part of a formal industry consultation on this issue
– Prepared a report on the treatment of non- capital tax losses carry forward for rate setting purposes for Grimsby Power Inc. and presented as an expert witness

Other

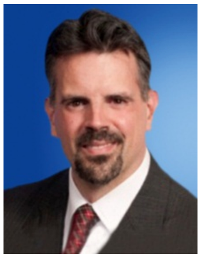
– Provided technical accounting support (PSAS for NPO) to Group Media TFO
– Provided technical accounting support to Pension Plan sector for their infrastructure projects around the world, including airports, highways, Power & Utilities projects

Other professional activities

– Commercial Member of the EDA Steering Committee
– Member of the CEA
– Treasurer of the Canadian Foundation for Infectious Diseases
– Member of the Audit Committee of Macaulay Child Development Centre
– (Former) member of the Audit Committee of YouthLink

References

Name:	Samir Chhelavda
Title:	Director, Corporate Accounting & Reporting
Organization:	Hydro One Limited
Phone:	(416) 345-5517
Name:	Kim Marshall
Title:	VP, Corporate Services & CFO
Organization:	IESO
Phone:	(416) 969-6232



Bailey Church, CPA, CA, CIA

Partner, Accounting Advisory

KPMG LLP
150 Elgin Street, Suite 1800
Ottawa, ON K2P 2P8

Tel: (613)-212-3698
bchurch@kpmg.ca

Languages

English, French

Education, licences & certifications

- Certified Internal Auditor (CIA), The Institute of Internal Auditors, 2004
- Chartered Accountant, Institute of Chartered Accountants of Ontario, 1999
- BComm, Queens University - 1996

Education, licences & certifications

- Secret, #95435745, expires May 14, 2025

Background

Bailey is the Co-Leader of KPMG's national Public Sector Accounting Advisory service line. Bailey has substantial experience in financial, accounting, and related services within the public sector environment, including significant experience with respect to the energy sector.

Bailey is a well-known speaker at seminars and conferences of the Government Financial Officers Association, Financial Management Institute (FMI), the CCAF and the OAG, and Infonex.

Professional and industry experience

Experience with Ontario's Energy Sector

– In August and September 2014, Bailey served as a Senior Manager of the KPMG team that advised the Province of Ontario on the divestment of Hydro One. Bailey led the development of various illustrative financial statement models for the Province of Ontario, to illustrate the impact of various divestment scenarios for Hydro One on the Public Accounts. Bailey developed various illustrative models, and documented a number of accounting matters which should be considered by the Province.

– Bailey is presently serving as the Engagement Quality Control Review Partner of the KPMG team advising the IESO and the Province of Ontario on complex accounting and reporting matters regarding transactions being considered for the Ontario Fair Hydro Plan Act 2017.

– Since 2015, Bailey has served as the Senior Manager and now Engagement Partner of the KPMG team advising Atomic Energy of Canada Limited on various complex accounting matters under PSAB and IFRS with respect the restructuring of the nuclear laboratories division, and the transition to PSAB. During this engagement, Bailey advised AECL on a number of matters specific to the energy sector for their Ontario sites, such as funding and accounting for decommissioning and nuclear waste management obligations, and the accounting for energy revenues.

Experience with Public Sector Accounting Standards

Throughout his more than 15 years of experience serving, or working in the public sector, Bailey has advised all levels of government on financial reporting matters, providing him an in-depth understanding of all aspects of their financial reporting objectives, and deep experience advising on complex accounting matters under PSAS:

– Between 2006 and 2014, Bailey led audit readiness and financial statement auditability initiatives for more than 7 of the top 21 large federal government departments, providing services to enhance their readiness to sustain a controls-based audit of their financial statements. The objective of each project was to assess the Department's ability to respond to an audit of its financial statements, conducted in accordance with Canadian generally accepted auditing standards, and to advise departmental CFO's on implementing action plans to effectively achieve their financial reporting objectives. The audit readiness projects required a thorough understanding of all matters impacting each Department's financial reporting, and strategic, expert advice enabling each department to meet the Government of Canada's financial reporting objectives. Throughout this period of time Bailey has also worked closely with the Government of

Canada's Office of the Comptroller General to resolve complex accounting matters under PSAS, based on an understanding of the government's financial reporting objectives.

– During the past five years, Bailey has advised the Provinces of Ontario and New Brunswick, and the Territory of Nunavut on several complex accounting and reporting matters. The strategic advice provided by Bailey has included how the Province accounts for and reports related parties controlled by the government, requiring an in-depth understanding of the financial reporting objectives

– Bailey has advised at least ten municipal governments across Canada on their accounting for contaminated site obligations, and a further four municipalities on their asset management planning and long term financial plans. This required an extensive understanding of each municipality's financial reporting objectives.

– Bailey is a nationally recognized guru with respect to PSAS, drawing upon several years of experience with the application of the standards.

In the last five years, Bailey led the development of accounting policy position papers under PSAB for federal, provincial and municipal governments and Crown corporations on matters including, but not limited to:

– Accounting for financial instruments including derivatives, and foreign exchange translation

– Accounting for expenditures to implement cloud computing

– Accounting for the development costs of land for a transportation logistics hub

– Accounting for capital expenditures and tangible capital assets, including the application of PsG-2, leased tangible capital assets

– Accounting for contaminated sites and asset retirement obligations

– Application of PS1000, Financial Statement Concepts to identify assets, liabilities, revenues and expenses

– Accounting and reporting for related party transactions

– First time adoption of the PSA standards

– Application of the GAAP hierarchy to determine the most appropriate guidance for complex transactions not otherwise addressed in the PSA standards

– Determination of the government reporting entity, including the application of the control indicators in PS1300 to related parties

– Accounting for joint venture and partnership arrangements.

– Through 2016, Bailey has served as the Engagement Partner advising the Province of New Brunswick's Office of the Comptroller on various complex accounting and reporting matters. In this respect, Bailey has worked closely with Comptroller Paul Martin to advise on matters including:

  – An assessment, for accounting purposes, of the indicators of control as per PS 1300, Government Reporting Entity, and a resulting opinion regarding the inclusion of New Brunswick not-for-profit nursing homes within the Province's government reporting entity. This engagement was performed in accordance with Section 7600, Reports on the application of accounting principles,

  - An assessment, for accounting purposes, of the Province's accounting for certain expenditures to implement cloud computing; and
  - An analysis of factors influencing the basis of accounting to be applied by the New Brunswick Research and Productivity Council based on the proposed revised Research and Productivity Council Act.

- Since September 2016, Bailey has advised the Government of Bermuda on complex accounting and reporting matters related to its proposed public private partnership structure for L.F. Wade International Airport.

- Since November 2015, Bailey has served as the Engagement Partner leading the KPMG team engaged by the Government of Nunavut Department of Finance (the "GN") to provide professional services to assist in the development and documentation of an account coding manual for the Iqaluit International Airport Improvement Project, comprising accounting, control and reporting procedures including journal entries. A key element of this engagement was the research of, and the development of accounting guidance for, embedded derivatives included within the Iqaluit International Airport Improvement Project Agreement. Bailey led the KPMG team in identifying embedded derivatives within the Project Agreement, and researching their accounting treatment and financial reporting based upon Public Sector Accounting Standards.

- In 2015, Bailey assisted the National Capital Commission with its examination of the accounting for certain types of capital expenditures, in compliance with Canadian Public Sector Accounting Standards and other good practices across the public sector. Bailey assessed and developed accounting policies under PSAS for complex transaction types, including property demolition costs; costs related to studies and assessments (such as feasibility studies and geotechnical studies); grounds and landscaping; infrastructure; and building rehabilitation and restoration.

- In 2015, Bailey was as the Senior Manager on the KPMG team advising the Province of Ontario on the divestiture of Hydro One. In conjunction with this project, Bailey developed an assessment of accounting and reporting implications for the Province of Ontario under PSAB based on various divestiture arrangements.

- During 2015 and 2016, Bailey was the Senior Manager and Partner leading KPMG's engagement to provide advice to the Atomic Energy of Canada Limited (AECL), with respect to the restructuring of its Nuclear Laboratories division. Bailey has led the preparation of PSA policy position papers on the application of the control indicators in PS1300 to AECL's relationship with a special purpose entity, accounting for employee benefit obligations and inventory, and the accounting and reporting implications of different funding arrangements. From 2016 to present, Bailey has also advised AECL on its transition to PSAB, including the preparation of annual and quarterly financial statements, and the resolution of complex accounting matters under PSAB each reporting period.

- Since December 2015 Bailey has been the Engagement Partner leading the KPMG team advising the Office of the Superintendent of Financial Institutions (OSFI) on its transition from IFRS to PSAB. In conjunction with this engagement, Bailey has assessed OSFI's accounting policies for various complex transactions types under PSAB, including various sources of revenues, employee future benefits, property, plant and equipment, and foreign currency transactions.

– Since 2014, Bailey has been the Senior Manager and Engagement Partner leading the KPMG team advising the Windsor Detroit Bridge Authority on accounting and financial reporting matters under PSAB as a newly formed Government of Canada Crown corporation, including an assessment of complex transaction types between the Government of Canada, and the public private partnership responsible for the design, construction, operation and maintenance of the new bridge between Windsor, Ontario and Detroit, Michigan. Bailey advised on accounting implications of capital asset components owned by both the Windsor Detroit Bridge Authority and the public private partnership under PSAB. Bailey has also advised on the accounting for land leased by the WDBA from the State of Michigan, and the appropriate accounting for environmental liabilities on those lands.

– Between 2011 and 2013, Bailey was the Senior Manager of the KPMG team assisting PPP Canada with their project to implement PSA standards. Bailey led the preparation of Illustrative statements for the corporation to highlight the significant impacts on financial statement presentation and note disclosure of the adoption of PSA standards. Bailey also assisted management in developing an action plan for their conversion to the PSA standards, including the preparation of accounting policy position papers for complex matters such as government transfers. A significant component of this project was the development of an accounting position paper with respect to the accounting for appropriations received from Parliament for the P3 Canada Fund. Bailey led the development of the accounting policy position paper arguing for deferral of the P3 Canada Fund appropriations, and then coordinated the discussion of the recommended accounting policy with the Office of the Auditor General. Bailey coordinated the validation of the recommended accounting policy through to the Auditor General of Canada, resulting in the OAG's change of opinion to ultimately support KPMG's accounting policy for deferral.

– Bailey has significant experience advising Government Not for Profit Organizations on complex accounting matters under PSAS. In 2011 and 2012, Bailey served as Project Manager on KPMG's engagements to support numerous Crown corporations in their adoption PSA standards in their financial statements, including: the Canadian Museum of History (previously the Canadian Museum of Civilization Corporation), the National Gallery of Canada, the Canadian Museum of Science and Technology Corporation, the Canadian Museum of Nature, the Canadian Museum of Immigration at Pier 21, the Canadian Race Relations Foundation, and the Canadian Museum of Human Rights. Each of these Crown corporations is classified as a Government Not for Profit Organization, and reports under the Public Sector Accounting Standards for Government Not-for-Profit Organizations.

– Bailey has continued to lead KPMG's provision of financial reporting assistance to the Canadian Museum of Immigration at Pier 21, the Canadian Museum of Human Rights and the Canadian Museum of History, including the development of accounting position papers, and assistance with the preparation of quarterly and annual financial statements under PSA standards. Bailey has also advised other GNPO's, such as Health Shared Services Saskatchewan on complex accounting and reporting matters.

- Bailey has led the development of accounting policy position papers for these Government Not for Profit Organizations which address a number of complex accounting and reporting matters under PSAB, including:
  - Financial instruments and foreign currency transactions
  - The accounting for costs to develop and implement an Enterprise Resource Planning system
  - Recognition of contributions, and deferred contributions
  - Endowment accounting policies and procedures
  - Accounting for joint ventures
  - Related party transactions
  - Prior period errors
  - Employee future benefits, including adjustments for sick leave and accounting for pension plan amendments and curtailments
  - Accounting for payments in lieu of taxes
  - Accounting for assets under construction, and various exhibit costs
  - Segmented disclosures
  - For each of his GNPO clients, Bailey advised them on their response to challenges and queries from the Office of the Auditor General, supporting the OAG's acceptance of proposed accounting treatment.
- Bailey is a recognized national guru on the Public Sector Accounting Standards, and has advised the federal government, as well as provinces and municipalities coast to coast on complex accounting matters such as government transfers, contaminated sites, and financial instruments. During 2011, Bailey served as a lead member of KPMG's national training team for the development and delivery of full-day course on PSA standards for KPMG professionals across Canada. Bailey led the development of all course material, and co-delivered the course.
- Bailey's experience with PSAB's standard setting process has provided him extensive familiarity with public sector stakeholders:
- Since March 2016, Bailey has served as the Public Sector Accounting Board Task Force Chair of CPA Canada's task force on public-private partnerships. In 2009, Bailey served as a Public Sector Accounting Board Task Force Member of the Canadian Institute of Chartered Accountant's task force on financial reporting for government organizations. This has given Bailey significant experience managing and interpreting the input of public sector stakeholders, and reconciling often diverse and conflicting views to develop an effective accounting standards.
- As KPMG's Public Sector Accounting Advisory leader, Bailey has provided input into the Firm's numerous responses to Exposure Drafts and Statements of Principle issued by PSAB, including employee future benefits, financial instruments and foreign exchange translation. Bailey has also advised his clients on their responses to Exposure Drafts and Statements of Principle issued by PSAB, and has been engaged by clients to prepare responses on their behalf. This has provided Bailey with a strong

understanding of PSAB's process for engaging stakeholders and soliciting input on proposed new standards.

Experience with International Financial Reporting Standards

Bailey has extensive experience advising public sector entities on various complex accounting and reporting matters under IFRS:

– Bailey is presently serving as the Engagement Partner advising numerous Crown corporations on the implementation of IFRS 15, revenue from contracts with customers, including CATSA and Defence Construction Canada.

– In 2016 Bailey served as the Engagement Partner of the KPMG team that advised CATSA on the accounting for commuted value top up payments for its pension plan under IFRS, in reference to IAS 19, IAS 37, and IAS39.

– Since December 2015 Bailey has been the Engagement Partner leading the KPMG team advising the Office of the Superintendent of Financial Institutions (OSFI) on its transition from IFRS to PSAB. In conjunction with this engagement, Bailey has assessed OSFI’s accounting policies for various complex transactions types under both basis of accounting, including various sources of revenues, employee future benefits, property, plant and equipment, and foreign currency transactions. In conjunction with this engagement, Bailey analyzed OSFI’s accounting for grants and appropriations, and user fee and base fee assessments applied to regulated institutions under IAS 18.

– Bailey is the Engagement Partner of the KPMG team advising Canada Mortgage and Housing Corporation on the implementation of IFRS 17, insurance contracts.

– During 2016 Bailey served as the Engagement Partner leading the KPMG team in advising the Bank of Canada on accounting and reporting matters related to a bilateral currency swap arrangement, based upon the application of IAS 32 and IAS 39.

– During 2015 and 2016, Bailey was the Senior Manager and Partner leading KPMG’s engagement to provide advice to the Atomic Energy of Canada Limited (AECL), with respect to the restructuring of its Nuclear Laboratories division. The restructuring of AECL’s Nuclear Laboratories division through a government-owned, contractor-operated model was the first such restructuring of its kind attempted in Canada, creating a significant layer of government oversight and technical complexity. A key component of this engagement was the development of position papers on the accounting and financial reporting under IFRS by AECL of various complex transactions types, including the measurement and reporting of AECL’s decommissioning and waste management provision, totaling more than $7.5 billion; employee future benefits; and the accounting for third-party commercial transactions, including revenue recognition, and the treatment of deferred revenues. This included an assessment under IAS 18 to determine how AECL should account for both government funding, and various types of commercial contract revenues received, with consideration of the impact of the future application of IFRS 15. Bailey also developed a position paper to assess whether, under IAS 18, AECL and its site operating company Canadian Nuclear Laboratories had a principal/agent relationship with respect to third party Heavy Water revenues.

Experience Assessing Control of GBE's Under PSAB

– During 2011 and 2012, Bailey was the Senior Manager serving as an expert resource for complex accounting and reporting matters related to significant infrastructure and restructuring projects for the Province of Ontario. Bailey led the KPMG team advising a provincial government department on a major infrastructure project by providing professional advice with respect to the accounting and reporting implications of the public private partnership model under PSAB. Bailey led the development of an accounting policy position paper to assess how the government would account for the public private partnership, based on proposed terms and conditions. This included an assessment of the structure and governance aspects of the Province's investment in the private public partnership, to evaluate whether the terms and conditions of the investment would result in the Province being deemed to have control of the public private partnership under PS1300; and elements of the proposed structure of the government partnership.

– Since 2012 Bailey has advised several government entities on the development of position papers to support their entity classification based upon an assessment of whether they (or their subsidiaries) are considered to be controlled by the government based upon PS1300, including the National Gallery of Canada, the National Arts Centre, and the Saskatchewan Health Research Foundation.

– During 2013-14, Bailey served as a professional practice resource for the KPMG audit team for the Metropolitan Toronto Convention Centre Corporation, to validate the most appropriate basis of accounting for this Province of Ontario Crown Corporation based on its entity type. This assessment was based on whether the government was considered to control MTCC based upon PS1300.

– Between 2013 and 2015, Bailey served as a professional practice resource for the KPMG audit team for the New Brunswick Investment Management Corporation, to validate the most appropriate basis of accounting for this Province of New Brunswick Crown Corporation based on its entity type, and to advise on various complex accounting and reporting matters. This assessment was based on whether the government was considered to control NBIMC based upon PS1300.

– During 2015 and 2016, Bailey was the Senior Manager and Partner leading KPMG's engagement to provide advice to the Atomic Energy of Canada Limited (AECL), with respect to the restructuring of its Nuclear Laboratories division. Bailey led the preparation of accounting policy position papers on the application of the control indicators in PS1300 to AECL's relationship with a special purpose entity. Bailey also performed an assessment of AECL's relationship with the special purpose entity under IFRS. Bailey was responsible for collaborating on KPMG's recommendations with the Office of the Auditor General, resulting in their support and approval for our assessment.

Experience with International Public Sector Accounting Standards ("IPSAS")

– Bailey has led various projects requiring the benchmarking of Canadian accounting standards with IPSAS. During the past year Bailey has led the provision of advice to Employment and Social Development Canada regarding the most appropriate basis of accounting for the Canada Pension Plan. A key element of this assessment was the impact of the accounting for financial instruments and derivatives under various basis of accounting, including IPSAS and IFRS.

As the Chair of PSAB's task force on public private partnerships, Bailey has been deeply involved in the benchmarking of applicable IPSAS guidance which may influence the development of a Canadian accounting standard.

Reference

Name:	Paul Martin
Title:	Comptroller, Office of the Comptroller, Department of Finance
Organization:	Province of New Brunswick
Phone:	(506) 457-4959

Name:	David Smith
Title:	VP Business Operation, Chief Financial Officer
Organization:	Atomic Energy of Canada Limited
Phone:	(613) 589-2085 Ext.10208

Andrew Newman, CPA, CA

Partner, Audit

KPMG LLP
150 Elgin Street, Suite 1800
Ottawa, ON, K2P 2P8
Tel: (613) 212-2877
andrewnewman@kpmg.ca

Function and specialization

22 years of experience performing financial statement audits, compliance audits and internal control audits, and audit readiness assignments for federal government departments and agencies, and public sector organizations.

Languages

English, French

Education, licences & certifications

- Licenced Public Accountant, Ontario
- Chartered Professional Accountant, CPA Ontario
- BComm (Hons), Queen's University - 1992

Professional associations

- Member, CPA Canada
- Member, CPA Ontario
- Vice-Chair, Public Sector Accounting Board of Canada
- Chair, Public Sector Accounting Discussion Group
- Board Member, Canada Mining Innovation Council
- Member, HM Tory Society, Carleton University

Security clearance

- Canada: Secret Level II #94020919, expiry August 9, 2024
- NATO: Secret, expiry August 9, 2024

Background

Andrew has more than 20 years of experience in performing financial statement, compliance, and internal control audits, and in providing advice on operations, control processes, and financial reporting matters, for government departments and agencies, and public sector organizations.

Andrew has been entrusted with Audit Partner responsibilities on some of the most sensitive, highest profile files in the federal government. For example, Andrew is currently the External Auditor of the Senate of Canada and the Canada Student Loans Program; has been the Partner responsible for the valuation of the federal government's liability with respect to the Giant Mine and Faro Mine contamination; and the lead partner for financial reporting issues related to the outsourcing of AECL's responsibilities for federal nuclear sites.

Andrew is currently KPMG Canada's National Leader for Public Sector Audit. He recently completed a four-year term as the National Leader of our Education Practice (Universities, Colleges and School Boards) and as KPMG Canada's member on the Executive Committee of KPMG's Global Centre for Excellence in Education located in London, U.K.

Andrew is also a Special Advisor to the Auditor General of Canada on accounting and auditing matters.

Professional and industry experience

Experience with Public Sector Accounting Standards

- Andrew is currently Vice-Chair of the **Public Sector Accounting Board of Canada (PSAB)**, which sets the accounting standards for governments and government organizations in Canada. Andrew has served on PSAB for the past eight years. Andrew is also the inaugural Chair of the **Public Sector Accounting Discussion Group** of PSAB, which includes representatives from governments across Canada. In his PSAB role, Andrew has spoken at the CPA Canada Public Sector Accounting Conference in each of the last five years. Andrew has also presented on two CPA Canada webinars on public sector accounting standards, the most recent of these attracted over 4,600 registered participants.
- **Justice Canada** (February 2006 to March 2008) - Partner and Project Leader responsible for the financial statement audit readiness assessment of Justice Canada. The objective of this project was to assess whether the Department could sustain an audit conducted under generally accepted auditing standards of its departmental financial statements prepared in accordance with Treasury Board Accounting Standards, which are based on Public Sector Accounting Standards.

  In Phase 1 of this project, Andrew reviewed the process documentation and internal controls in key financial and operational processes including legal services revenue, family orders enforcement, grants and contributions, procurement, human resources/payroll, receivables and capital assets. Andrew also considered accounting and reporting issues related to the Department's contingent liabilities. Andrew prepared the readiness assessment report and presented the findings to departmental upper management.

  During Phase 2 of this project, Andrew was the Partner responsible for a team of KPMG professionals that documented the key control procedures at Justice Canada's national and regional offices, in support of the department's financial statements. Information technology general and application controls were also documented. Andrew was the Audit Partner for the audit of the opening balances of assets and liabilities for Justice Canada in accordance with S5805 (now CAS805). As well, Andrew was the engagement partner responsible for a "pilot audit" of selected internal controls over financial reporting and provided a deliverable in accordance with Section 9110 of the CICA Handbook-Assurance. Phase 2 was completed as part of Justice Canada's preparation for their first audit of their financial statements by the OAG. The OAG relied on KPMG's audit reports with respect to opening balances and internal controls over financial reporting, and issued a clean audit opinion on Justice Canada's 2007-08 financial statements, making Justice Canada the only major, federal government department to issue audited financial statement in accordance with Public Sector Accounting Standards.

- **Aboriginal Affairs and Northern Development Canada** (February 2013 - Present) - AANDC engaged KPMG to assist the Northern Contaminated Sites Program with the accounting and financial reporting for several contaminated sites under the new Contaminated Sites standard under PSAS. Andrew served as the Engagement Partner of the KPMG team assisting AANDC through this statement of work. In this role, Andrew reviewed accounting policies and procedures, assisted with financial reporting, and supported Treasury Board Submissions. Andrew led the KPMG team assisting the Northern Contaminated Sites Program with the preparation of future oriented financial information for their sites for the 2014 and 2015 fiscal years. In conjunction with this engagement, KPMG analyzed the appropriateness of reserve estimates for several large contaminated sites, including both the Giant and Faro Mine liabilities (with total project costs in excess of $1 billion).
- **Environment Canada** (December 2013 to May 2014) - KPMG was engaged to provide advice and support to Environment Canada with respect to accounting policies and procedures related to the Department's capital assets. Environment Canada prepares its departmental financial statements in accordance with Treasury Board Accounting Standards, which are based on Public Sector Accounting Standards. Andrew was the Engagement Partner of the KPMG team which developed: (1) a written report containing recommendations on documentation requirement in order to sustain an audit of capital assets; and (2) a written report based on information provided by the Asset Count Team, containing advice and recommendations on the planned asset count procedures, accounting methodology, procedures and documentation requirements in order to sustain an audit of capital assets.
- **Department of Foreign Affairs and International Trade** (November 2006 to August 2008) - Engagement Partner leading the KPMG audit team performing the audit readiness assessment of the Department of Foreign Affairs and International Trade. Andrew was also the Engagement Partner of a project to assist DFAIT with the preparation of its public account plates, and financial statements for the fiscal year ended March 31, 2007, as well as the development and documentation of their financial reporting function. This included the identification and assessment of key controls over financial reporting, and the development of recommendations to senior management. Andrew led the development of the Department's financial statements and public accounts to ensure consistency with the PSA standards, and served as the key liaison with the Treasury Board and the Office of the Auditor General on complex accounting and presentation matters.
- **Transport Canada** (2002 to 2009) - Provided guidance to Transport Canada in the development of its first set of external accrual departmental financial statements for the year ending March 31, 2002. This project included developing financial statement

presentation and disclosures for capital and infrastructure assets, leases to airport authorities, conditional loans, consolidated specified purpose accounts, investments in Crown Corporations, and other more common financial statement items. During this project, a report on the assessment and application of materiality at Transport Canada is also being developed. This project also included making a presentation to Departmental management on their role and responsibilities for the preparation of external financial statements. Andrew provided on-going accounting and reporting advice to Transport Canada on an as-requested basis. Andrew's projects have included developing accounting policies for inventory, rotable assets, the Confederation Bridge, and deferrals of rent for local airport authorities.

- **Government of Nunavut** (January 2013 to February 2013) - Engagement Partner for KPMG's engagement to develop and deliver a Public Sector Accounting and Financial Reporting Training Session to Government of Nunavut finance staff in February 2013.
- Between 2006 and 2014, Andrew was the engagement partner for the departmental audit readiness and financial statement auditability initiatives for **more than 7 of the top 21 large federal government departments,** providing services to enhance their readiness to sustain a controls-based audit of their financial statements. The objective of each project was to assess the Department's ability to respond to an audit of its financial statements, conducted in accordance with Canadian generally accepted auditing standards, and to advise departmental CFO's on implementing action plans to effectively achieve their financial reporting objectives. The audit readiness projects required a thorough understanding of all matters impacting each Department's financial reporting, and strategic, expert advice enabling each department to meet the Government of Canada's financial reporting objectives. Throughout this period of time Andrew has also worked closely with the Office of the Comptroller General and the Office of the Auditor General to resolve complex accounting matters under PSAS, based on an understanding of the government's financial reporting objectives.
- **Public Works and Government Services Canada (PWGSC):** Completed a research report on the relative merits of accounting for buildings and infrastructure assets under the whole asset method or component based approach under public sector accounting standards. The report also included guidance on the identification, valuation and accounting for betterments. For this project, Andrew researched Canadian and international professional standards, accounting recommendations and management practices relating to buildings and infrastructure. During this project, Andrew worked with members of PWGSC's Financial Policy Division, Real Property Services (RPS) and reviewed the RPS database.

  Andrew also worked closely with the **Chief Appraiser of the Government of Canada** and reviewed the Appraiser's "Book Value Calculator", which provides an original cost, net book value and remaining useful life of building and infrastructure assets based on asset condition, historical indices and accounting records. The book value calculator was ultimately approved by the OAG for use by all federal department departments in determining their opening book value of building and infrastructure assets. Andrew was involved in the OAG's initial verification process of the Book Value Calculator as one of his client departments was used as the primary test site. The Book Value Calculator has subsequently used by provincial and municipal governments in recording their initial asset values including by the Province of Ontario for their school boards. (1999-2000)
- **Treasury Board Secretariat:** (April 2005 – March 2010) Andrew provided advice to the Government Accounting Policy Directorate of the Office of the Comptroller General of Canada with respect to writing and subsequently revising the eight (8) Treasury Board Accounting Standards (TBAS) relating to the preparation of audited department

financial statements using accrual accounting based on Public Sector Accounting Standards. Included in TBAS are mandatory reconciliations between net cost of operations, appropriations, and cash, which Andrew developed and proved through his work with numerous departments. Federal government departments continue to prepare their general-purpose financial statements using TBAS. The federal OAG has performed audits of financial statements prepared in accordance with TBAS.

- **Canadian Comprehensive Auditing Foundation** (September 2007 to December 2010) - Engagement Partner for KPMG's engagement to develop and deliver a course on updates in accounting and auditing standards in the public sector. The course was targeted at all members of the Office of the Auditor General of Canada, the provincial offices of the Auditor General and government accounting officials of all federal, provincial and territorial governments across Canada. Working with the federal OAG's professional practice office, Andrew was the lead developer of the program including assessing the distinct training requirements across the country and developing a training program to address these requirements. Andrew also delivered the training program for the federal OAG, five provincial OAGs and for the Government of Nunavut.
- Andrew is also currently the audit partner responsible for the financial statement audits of the following entities that report under PSAS: **The Senate of Canada, FINTRAC, Passport Canada, Ottawa-Carleton District School Board, Catholic District School Board of Eastern Ontario and the Upper Canada District School Board**.

Experience with Accounting Standards for Government Not for Profit Organizations

- Andrew has significant experience advising Government Not for Profit Organizations on complex accounting matters under PSAS. In 2011 and 2012, Andrew was the engagement partner for engagements to support numerous Crown corporations in their adoption PSA standards in their financial statements, including: the C**anadian Museum of History (previously the Canadian Museum of Civilization Corporation), the National Gallery of Canada, the Canadian Museum of Science and Technology Corporation, the Canadian Museum of Nature, the Canadian Museum of Immigration at Pier 21, the Canadian Race Relations Foundation, and the Canadian Museum of Human Rights**. Each of these Crown corporations is classified as a Government Not for Profit Organization, and reports under the Public Sector Accounting Standards for Government Not-for-Profit Organizations.
- Andrew is also currently the audit partner responsible for the financial statement audits of **seven (7) Ontario Hospitals** including The Ottawa Hospital and the Children's Hospital of Eastern Ontario, that report under PSAS for Government Not-for-Profit organizations.

Experience with Accounting Standards for Government Business Enterprises

- During 2014 and 2015, Andrew was the Partner leading KPMG's engagement to provide advice to **Natural Resources Canada** and **Atomic Energy of Canada Limited** (AECL), with respect to the restructuring of AECL's Nuclear Laboratories division. The restructuring of AECL's Nuclear Laboratories division through a government-owned, contractor-operated model was the first such restructuring of its kind attempted in Canada, creating a significant layer of government oversight and technical complexity.
- Andrew led the KPMG/AECL team through the creation and execution of its financial transition work-plan, including an assessment of the appropriate basis for accounting for AECL, and the development of financial reporting processes and a chart of accounts for the restructured entity to meet Crown corporation central agency reporting

requirements. KPMG also advised AECL on transaction flows (including chart of account and manual JV's) for each significant process, cash and banking arrangements, funding requests, cash flow forecasts, and payroll and indirect tax regulatory filings related to the creation of a new Crown corporation.

A key component of this transactional engagement was the development of accounting position papers under IFRS by AECL of various complex transactions types, including the measurement and reporting of AECL's decommissioning and waste management provision, totaling more than $7.5 billion; employee future benefits; and the accounting for third-party commercial transactions, including revenue recognition, and the treatment of deferred revenues. This included an assessment under IAS 18 to determine how AECL should account for both government funding, and various types of commercial contract revenues received, with consideration of the impact of the future application of IFRS 15; as well as a position paper assessing whether, under IAS 18, AECL and its site operating company Canadian Nuclear Laboratories had a principal/agent relationship with respect to third party Heavy Water revenues.

Andrew's key individual responsibility for this project was discussing and negotiating with **Treasury Board and the Office of the Auditor General of Canada** on accounting and financial reporting matters throughout the project. Through Andrew's efforts, all of AECL's accounting policies and positions were accepted by the Auditor General.

- In 2008-2011, ,for the **Office of the Auditor General of Canada**, Andrew was the lead developer of KPMG's IFRS Baseline course provided to the federal and provincial Offices of the Auditor General to their auditors of Crown corporations. In this lead role, Andrew worked closely with the Office of the Auditor General of Canada to confirm their specific training requirements for each session, including the scope, format and logistics of delivery, as well as customization of the material to help maximize relevance and effectiveness. Andrew facilitated this course for the federal Office of the Auditor General, and the provincial Offices of the Auditor General of Ontario, New Brunswick, Nova Scotia and Newfoundland.

Experience with International Public Sector Accounting Standards ("IPSAS")

- Andrew has served as Partner for various projects requiring the benchmarking of Canadian accounting standards to IPSAS. During the past two years, Andrew has served as the subject matter expert for the provision of advice to **Employment and Social Development Canada** regarding the most appropriate basis of accounting for the Canada Pension Plan. A key element of this assessment was the impact of the accounting for financial instruments and derivatives under various basis of accounting, including IPSAS and IFRS.

As Board Member and Vice-Chair of PSAB over the past eight years, Andrew has received more than 30 updates on the status of IPSAS projects, and has met with the Director, Accounting Standards of IPSASB. Andrew is also a member of the KPMG global committee that develops KPMG's responses to IPSASB's invitations to comment and exposure drafts.

Reference

Name:	David Smith
Title:	Vice-President, Business Operations, Chief Financial Officer
Organization:	Atomic Energy Canada Limited
Phone:	(613) 589-2085 Ext. 10208

Janet Allan, FCPA, FCA

Partner

KPMG LLP
Direct Line
(905) 687-3275
E-mail jlallan@kpmg.ca

Professional qualifications and education

- Honours B. Math, Co-op, University of Waterloo, 1980
- Chartered Accountant, Ontario, 1981
- Fellow Chartered Professional Accountant, Ontario, 2013

Background

Janet is a Partner in KPMG's St. Catharines office, part of the Hamilton/Niagara Cluster. She is a partner in KPMG's Department of Professional Practice.

Janet has over thirty years of experience in public accounting, serving a broad range of clientele including local government, education, and not-for-profit organizations. She has provided audit and advisory advice to such clients as District School Board of Niagara, Hamilton-Wentworth District School Board, Halton Catholic District School Board, Niagara College of Applied Arts and Technology, Brock University, Region of Niagara, Town of Lincoln, and various not-for-profit entities.

Janet is also the National leader of the KPMG Technical Topic Team for Not-For-Profit GAAP and Government Accounting. This role includes the following with respect to accounting for Not-for-profit and PSAB:

- Monitoring standards and regulatory developments
- Responding to Invitations to Comment and Exposure Drafts
- Developing and maintaining appropriate practice and training materials
- Establishing, supporting and maintaining practice groups
- Developing communications and publications
- Providing consultation support to partners in the firm and
- Sharing best practices throughout the firm

Professional and industry experience

Relevant experience, in addition to financial statement audits, includes the following assignments:

- **Ministry of Education, Ontario**
  - Member of a Reporting Entity Workgroup to provide assistance and input to the Reporting Entity Team with respect to the consolidation of the school boards into the Province's annual financial statements.
  - Member of the subgroup to the Reporting Entity Workgroup; accounting and assurance services. The focus of this subgroup was based on the difference year end (August 31) of the School Board compared to that of the Province (March 31) and the methodology to provide information to enable the Ministry to consolidate this information without requiring separate audited financial statements for both year ends.
  - Assistance with development of policies to record capital assets in School Boards for purposes of consolidation within the Provinces financial statements.
  - Provided training to school boards on behalf of the Ministry on initial conversion to PSAB
- **Colleges and Universities**
  - Audit of expenditures under the Facilities Renewal and Major Capital Support Programs for the Ministry of Training, Colleges and Universities.
  - Audit of enrolment and Ontario Student Assistance Program (OSAP)
- **Local Municipalities**
  - Audit of final project costs for items eligible for provincial contribution for a long-term care facility for the Ministry of Health and Long-term Care.

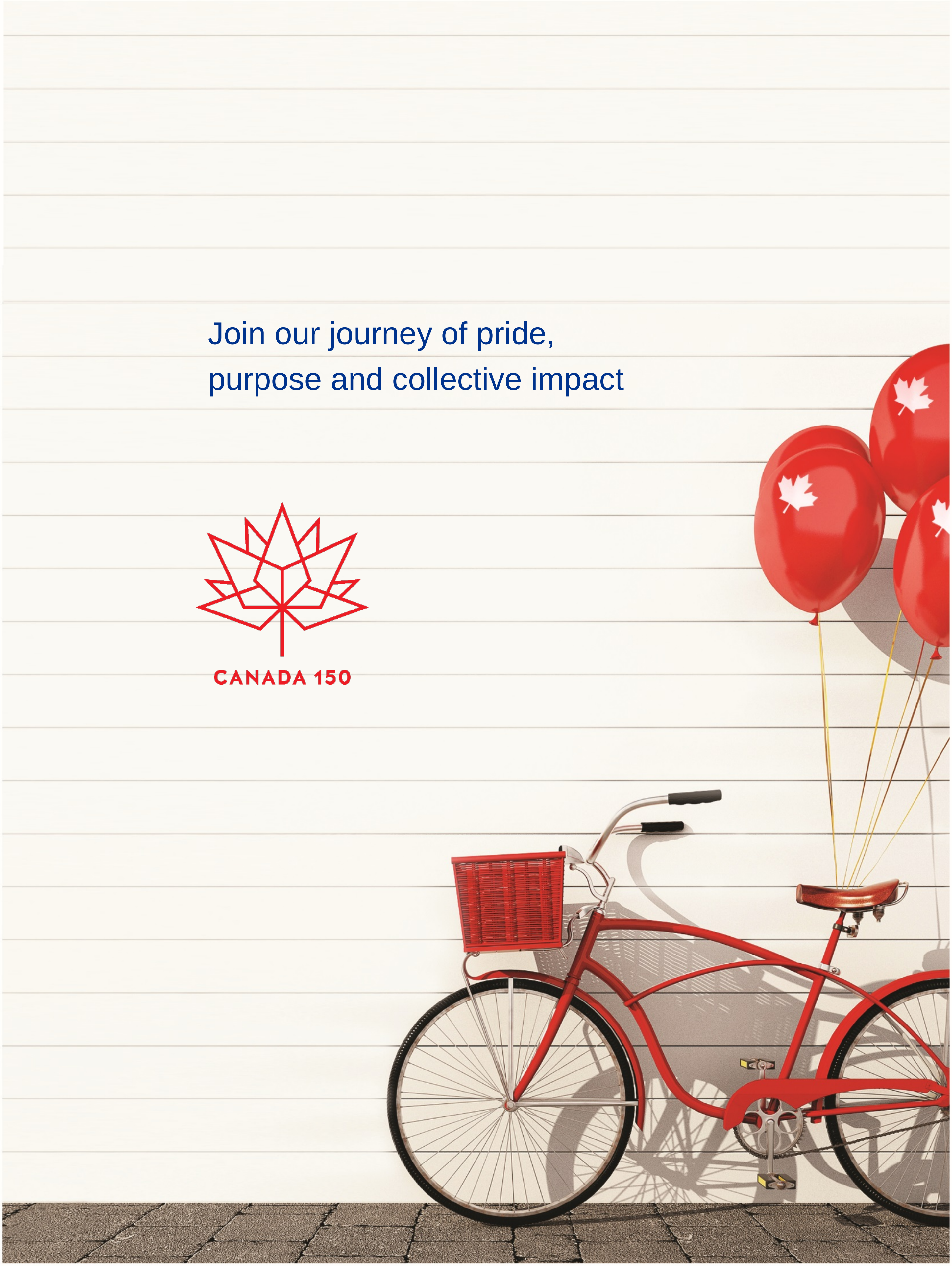
  - Audit of annual program expenditures including Health and Long-term Care facilities programs for the Ministry of Health and Long-term Care.
  - Review of ownership options for facilities planning and financial implications thereon.
  - Review of controls and systems for various departmental areas of municipalities including assisting with cash management policies and providing fraud awareness and cash controls training.
  - Review of controls over social assistance program including recommendations for internal processes.
  - Assistance with pilot to develop historical information in the process to record capital assets on the municipal financial statements.
- **District School Boards**
  - Report on the results of applying specified auditing procedures issued under s9100 of the CICA handbook for the Ministry of Education relating to revenues and expenditures earned and incurred by the school board.
  - Audit of revenue and expenditure for the Literacy and Basic Skills program for the Ministry of Training, Colleges and Universities.
- **Other not-for-profit clients**
  - Audit of programs for funding by Services Canada (formerly Human Resources Development Canada) and the Ontario Ministry of Economic Development and Trade.

Specialized Skills and Other Involvements

- Former member of the Joint AcSB PSAB Joint Not-For-Profit Task Force
- Chair of KPMG Ontario School Board Group
- Chair of KPMG Higher Education Group
- Member of KPMG's Southwestern Ontario Local Government Service Group
- Instructor for KPMG's annual update for municipalities, school boards and not-for-profit organizations

Reference

Name:	Anthony Yeung
Title:	Manager, Financial Reporting Unit
Organization:	Ontario Ministry of Education
Phone:	(416) 314-0790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