



Office of the Provincial Controller Division

**2016-17 Public Accounts Planning
Briefing Deck**

DRAFT

May 31, 2017

Purpose

- To provide an overview of
 - Key Public Accounts deliverables
 - Consideration of other financial reporting products
 - Impact of BPS line-by-line presentation
 - Current accounting issues
 - Key dates and considerations
 - Planning timelines

Public Accounts Deliverables



1. 2016-17 Annual Financial Report, including

- Financial Statement Discussion and Analysis (FSD&A)
 - Discusses the Province's actual results against Budget, prior year and earlier years' actuals
 - Discusses indicators of financial condition and other information
- Audited consolidated financial statements (CFS)
- Management's Statement of Responsibility
 - Province's acknowledgement of responsibility for effectiveness of internal controls and the objectivity and integrity of the CFS and related notes
- Auditor General's Audit Opinion
 - The AG's opinion that the financial statements are fairly stated
 - Expect qualified opinion for recognition of OTTP/OPSEU pension assets and inclusion of IESO regulatory assets/liabilities in the Province's financial statements

2. Supplementary Volumes 1, 2, 3

- **Appendix 1** provides further details

3. Various Communication Products

- News release, Q and As, briefing binders (limited distribution)

Financial Statement Discussion & Analysis



- **Purpose** – Enhances users’ understanding of the government’s actual results compared to the approved Budget and prior years’ results
- **Process** –
 - Identification of potential themes consistent with other public documents
 - Drafting content of FSD&A with input from stakeholders
 - To circulate drafts/extracts of FSD&A for feedback and suggestions
 - Oversight to Public Accounts process (compilation, production, audit issues and communications) by a Public Accounts Steering Committee
 - TBS and MOF Ministers approval obtained on final version which is shared with PO
 - This year, we will follow a more streamlined distribution and sign-off process by communicating expectations and timelines well in advance.

Consideration of Other Financial Reporting Products



- Consistency of messaging and results between the Public Accounts and other financial reporting products is important, including:
 - **1st Quarter Economic Accounts (released by July 15)**
 - First public update on economy following Budget release
 - Previews messaging of 1st Quarter Finances (in-year outlook)
 - **1st Quarter Finances (released by August 15th)**
 - Signals governments performance against Budget plan
 - **Other**
 - 2017 Budget
 - Pre-Election Report

Impact of BPS Line-by-Line Presentation



- Presentation change only, which has no fiscal impact, i.e. no impact to annual deficit, net debt or accumulated deficit
- The revenues and expenses will be grossed up by the same amount of BPS third-party revenues
 - BPS direct receipt of federal transfers will be reported as revenue from Government of Canada
 - BPS fees, donations and other revenues will be reported as provincial revenue
 - Program spending of MOHLTC, EDU and MAESD will increase
 - Interest on debt (IOD) expense will increase by reflecting net interest expense on BPS debt

Impact of BPS Line-by-Line Presentation (cont'd)



- Impact to key financial indicators
 - No change to indicators related to the annual deficit, net debt or accumulated deficit
 - Favorable impact to debt charge to total revenue and net debt to total revenue
 - Program spending per capita will increase, but is expected to remain the lowest based on the restated interim results
- 2016 Budget and historical results have been restated reflecting line-by-line consolidation of BPS sectors.
- OPCD is stakeholdering with sector ministries and central agencies on the line-by-line variance analysis
 - See Appendix 2 additional details on line-by-line presentation

■ Pension:

- OPCD currently reviewing and refining adjustments related to pension plans (to impact annual deficit, opening balance sheet and net debt)
- Awaiting feedback from OAG on pension assumptions.
- AG has not accepted Province's position on net pension assets for OTPP and OPSEUPP and has advised that she will qualify her audit opinion for 2016-17 Public Accounts

■ Hydro Sector IFRS:

- OPG and H1 to be reported on an IFRS basis effective April 1/16 (AG supports)
- Change from US GAAP to IFRS will have an estimated transitional impact of \$1.1B on the Province's opening accumulated deficit, impacting net debt
- Change will also impact annual surplus/deficit in current and future years

Current Accounting Issues



- **Remedy:**
 - EDU update for AG planned for early June on status of negotiations
 - OPCD/EDU will monitor and track the status as potential subsequent event item
- **OMA Negotiations:**
 - MOHLTC will submit Arbitration Framework for TB approval indicating that there will be no retroactive adjustment/payout for services prior to April 1, 2017
 - OMA ratification of Arbitration Framework scheduled for mid-June 2017
 - Impact on 2016/17 Public Accounts unlikely – will continue to monitor
- **Contaminated Sites:**
 - AG VFM follow-up audit on-going
 - Grassy Narrows analysis from MOECC outstanding (AG briefing has occurred)

Key Dates & Considerations



- **Public Accounts Planning Meeting**
 - Meeting occurred between AG and Deputy Ministers of TBS and MOF to discuss audit plan and select issues (Mar. 24)
 - Updated Audit Planning Report received May 16

- **Ministers' Offices Briefings on Public Accounts – Early June**
 - To provide overview of Public Accounts process and timelines

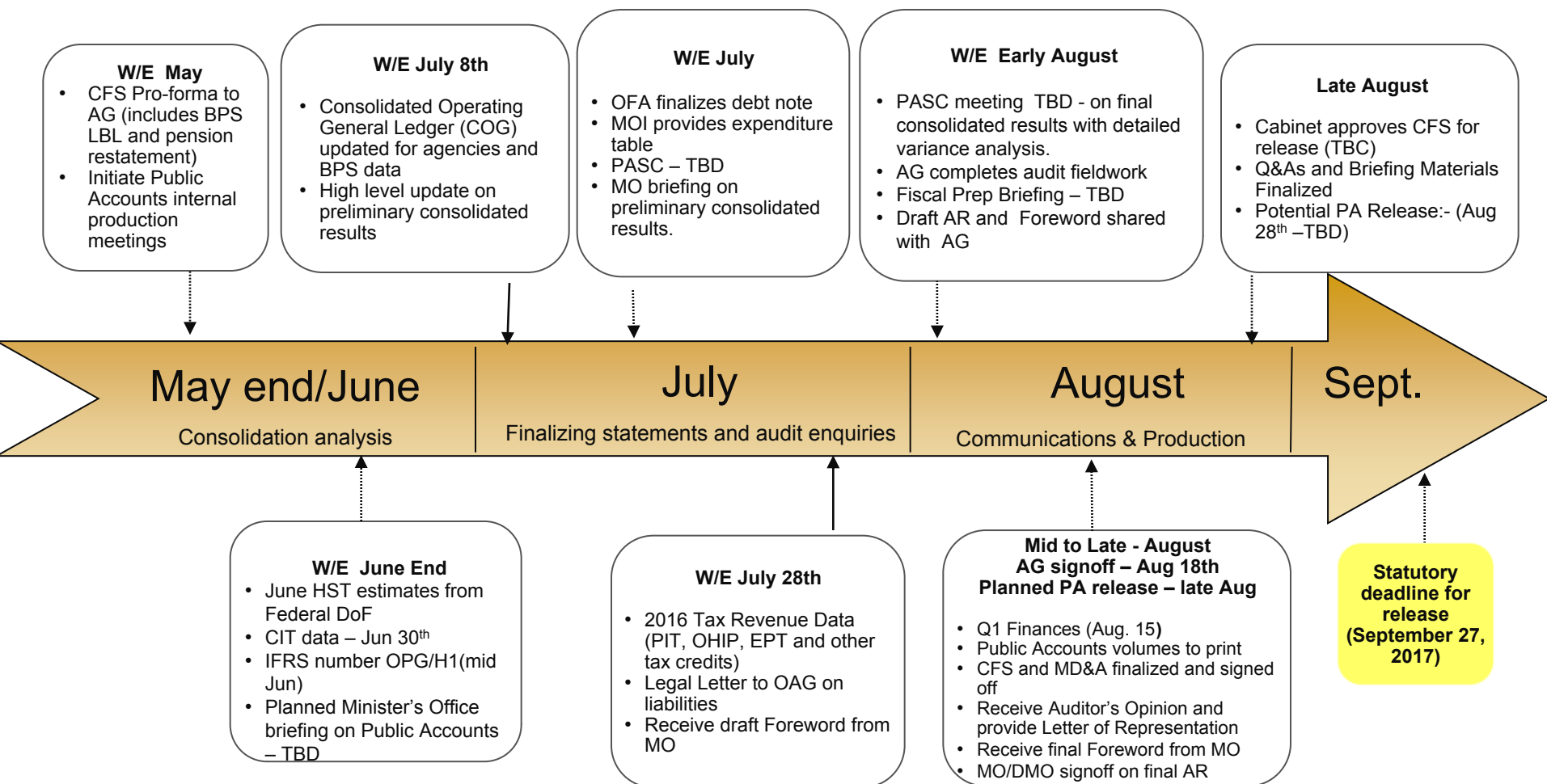
- **Public Accounts Steering Committee Meetings – (Jun-Aug)**
 - Kickoff meeting June 15th
 - Results meetings throughout July and early August
 - Refer to Appendix 2 for composition and role of the PAS Committee

Key Dates & Considerations (cont.)



- **Fiscal Prep Committee Briefing** – mid to late August (TBD)
 - Focus on consolidated results, including variance analysis
- **Expected audit opinion date** – August 18, 2017
 - Management Representation Letter (to be signed by DM)
 - Meeting between AG and Deputy Ministers to discuss audit findings and the AG's error summary (Summary of Unadjusted Differences) after which the signed audit opinion letter will be provided
- **Release date** - Late August
 - FAA legislated release within 180 days after the fiscal year-end (September 27, 2017)
 - 2015/16 release date (Audited version of PA- Oct 6, 2016)
 - 2016/17 - tentative date for planning purposes August 28, 2017

Draft Timeline



Updates on Financial Results



- **Two update points**
 - **Mid July** – Update on preliminary consolidated results, including:
 - Consolidated actuals and preliminary deficit range
 - Actual expense by ministry with placeholders for outstanding or unresolved matters
 - Revenue by source with placeholders for outstanding tax accruals
 - Ranges of variance identified to measure risk of changes in results, including potential impacts from unresolved reporting items
 - **Late July / Early August** – Update on preliminary consolidated results, including:
 - Final 2016-17 fiscal results and associated debt, net debt and accumulated deficit
 - Tax revenue numbers (PIT data Jul 28th)
 - Detailed analysis for significant variances
 - Final error summary (SUDS) for confirmation with OAG

Appendix 1: Supplementary Volumes to the Public Accounts



- **Volume 1:**

Consolidated Revenue Fund (CRF) schedules and ministry statements on an accrual basis

- **Volume 2:**

Financial statements of selected Crown Corporations, Boards, Commissions, and other miscellaneous statements

- **Volume 3:**

Details of transfer payments and vendor payments by ministry (including salary and benefit payments to non-government entities), statutory salaries of Ministers and Parliamentary Assistants, and travel expenses of Ministers, Deputy Ministers as well as specific individual ministry staff where expenses exceed threshold

Appendix 2: BPS Line-by-Line Impact



Appendix 3: Public Accounts Steering Committee



Legend

OTB – Office of the Treasury Board

OB - Office of the Budget

OEP – Office of Economic Policy

OAG – Office of the Auditor General

Public Accounts Steering Committee

- Includes ADMs from OTB, OEP, OB, Tax, Comms and others
- Chaired by OPCD ADM

Communications Matters

- Involvement of MO/DMO/OPCD/ Communications
- Collaboration between OTB, OB, OEP on Management Discussion and Analysis and briefing materials
- Consideration of Q1/ Economic Accounts /Public Accounts impacts and messaging

Accounting and Audit-related Issues

- Involvement of OPCD/Associate DM/ DM/OAG/respective ministries

Production-Related Issues

- Production Committee (OPCD/BudSec/ Communications)
- Updates to MO as required