Treasury Board Secretariat

Office of the President

Minister Responsible for
Digital Government

99 Wellesley Street West
Room 4320, Whitney Block
Toronto, ON M7A 1W3

Tel.: 416-327-2333
Fax: 416-327-3790

Secrétariat du Conseil du Trésor

Bureau de la présidente

Ministre responsable du
Gouvernement numérique

99, rue Wellesley Ouest
Édifice Whitney, bureau 4320
Toronto (Ontario) M7A 1W3

Tél. : 416 327-2333
Téléc. : 416 327-3790

Ontario

Sessional Paper No. Q-17

17: Mr. Fedeli, MPP - Would the President of the Treasury Board state whether the government is in possession of an opinion from KPMG or E&Y on how the Fair Hydro Plan transaction should be recorded in the government's Consolidated Financial Statements, and further state precisely where they disagree with the Auditor General. (Tabled March 21, 2018)

Response

The government has engaged external accounting advisors to assist in the review of appropriate accounting standards for the recognition of rate regulated assets to supplement the accounting standards as issued by the Public Sector Accounting Board, which are silent on this matter. Where Public Sector Accounting Standards (PSAS) are silent, standard accounting practice dictates that an entity should consult other accounting standards to determine the proper public financial reporting under generally accepted accounting principles. This guidance for PSAS is included in Section PS 1150.07 of the Canadian Public Sector Accounting Handbook. The province's use of external expertise for accounting and financial reporting matters supplements its own resources on complex or emerging accounting and reporting matters.

The financial statements of the Independent Electricity System Operator (IESO) are audited by KPMG, a firm of independent external auditors whose responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with PSAS. In the 2016 IESO Annual Report, KPMG expressed its opinion publicly that the IESO reporting of rate regulated assets and market accounts is appropriate and in accordance with the conceptual framework of PSAS; the IESO's 2016 financial statements were not subject to any audit qualification.

The professional accounting staff of the Office of the Provincial Controller agree with this position and will be presenting its position paper to the Office of the Auditor General outlining the supporting rationale for this accounting treatment.

Commented [SB(1]: Is this accurate? Haven't heard this before

Eleanor McMahon
President of the Treasury Board
Minister Responsible for Digital Government