FW: Estimates Briefing Book

From: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Mon, 23 Apr 2018 09:36:37 -0400

Hi Cindy

We've received some comments from Comms on our briefing book language. Specifically they want to keep the language on the accounting changes broad, and what we used in previous briefings, and not reference FHP.

So instead of:

~~In 2017-18, the Auditor General issued two qualifications related to the results published in the 2016-2017 Public Accounts of Ontario, specifically related to pension accounting for the province's jointly sponsored pension plans and the inclusion of the market accounts reported by the Independent Electricity System Operator (IESO).~~

~~The government introduced the Ontario Fair Hydro Plan in 2017-18, and has determined through its research that the concepts of rate-regulated accounting are applicable under Public Sector Accounting Standards. The 2017-18 Public Accounts will include the rate-regulated assets reported by the IESO related to the Ontario Fair Hydro Plan.~~

Would be:

When preparing the 2016-17 Public Accounts of Ontario, Ontario's professional accounting staff adopted a number of changes to further enhance accountability and transparency in its financial reporting. These changes include:

- * The presentation of third party revenues for hospitals, school boards and colleges.
  - * The Office of the Auditor General is supportive of this change.

- * The adoption of International Financial Reporting Standards as the basis for accounting for government business enterprises in the energy sector.
  - * The Office of the Auditor General is supportive of this change.

- * Accounting for market accounts by the Independent Electricity System Operator, also known as the IESO. The IESO is now recognizing its market accounts assets and liabilities in its financial results, and has adopted rate-regulated accounting.
  - * A qualified opinion was issued by the Office of the Auditor General on the 2016-17 Public Accounts of Ontario regarding this change.

- * And finally, reporting net pension assets for jointly sponsored pension plans. This is in line with Public Sector Accounting Board standards, as well as the recommendations of the independent Pension Asset Expert Advisory Panel.
  - * A qualified opinion was issued by the Office of the Auditor General on the 2016-17 Public Accounts of Ontario with respect to this issue.

We can discuss after your meetings this morning if any concerns.

Thanks
Sarah

From: Donaldson, Mark (TBS)
Sent: April 23, 2018 9:29 AM
To: Hosick, Sarah (TBS)
Cc: Bernard, Dena (TBS)
Subject: RE: Estimates Briefing Book

Yes, those were the comments I was thinking of.

From: Hosick, Sarah (TBS)
Sent: April 23, 2018 9:18 AM
To: Donaldson, Mark (TBS)
Cc: Bernard, Dena (TBS)
Subject: RE: Estimates Briefing Book

Hi Mark

Pulled up our tech briefing deck, we didn't highlight the qualifications in the bulleted list, but did on the issue-specific slides. So I've pulled the following together, let me know if any issues:

When preparing the 2016-17 Public Accounts of Ontario, Ontario's professional accounting staff adopted a number of changes to further enhance accountability and transparency in its financial reporting. These changes include:

- * The presentation of third party revenues for hospitals, school boards and colleges.
  - * The Office of the Auditor General is supportive of this change.

- * The adoption of International Financial Reporting Standards as the basis for accounting for government business enterprises in the energy sector.
  - * The Office of the Auditor General is supportive of this change.

- * Accounting for market accounts by the Independent Electricity System Operator, also known as the IESO. The IESO is now recognizing its market accounts assets and liabilities in its financial results, and has adopted rate-regulated accounting.
  - * A qualified opinion was issued by the Office of the Auditor General on the 2016-17 Public Accounts of Ontario regarding this change.

- * And finally, reporting net pension assets for jointly sponsored pension plans. This is in line with Public Sector Accounting Board standards, as well as the recommendations of the independent Pension Asset Expert Advisory Panel.
  - * A qualified opinion was issued by the Office of the Auditor General on the 2016-17 Public Accounts of Ontario with respect to this issue.

From: Donaldson, Mark (TBS)
Sent: April 23, 2018 9:04 AM
To: Hosick, Sarah (TBS)
Cc: Bernard, Dena (TBS)
Subject: RE: Estimates Briefing Book

I'm not opposed to Erin's suggestion to include all the changes, but I don't know that you cannot mention somewhere that two of the changes have not been accepted by the Auditor General. As we did in our technical briefing, can we add to each bullet which the AG supports and which she has issued a qualification on?

From: Hosick, Sarah (TBS)
Sent: April 20, 2018 4:42 PM
To: Donaldson, Mark (TBS)
Cc: Bernard, Dena (TBS)
Subject: FW: Estimates Briefing Book

Here is the wording I mentioned Comms wants to change in the briefing book—any concerns?

From: Ovenden, Erin (TBS)
Sent: April 20, 2018 11:34 AM
To: Hosick, Sarah (TBS)
Subject: RE: Estimates Briefing Book

Hi Sarah-

I received OTB's edits to the Estimates Briefing Book. For the section I identified last week on page 13, I saw that the following edit was inserted:

In 2017-18, the Auditor General issued two qualifications related to the results published in the 2016-2017 Public Accounts of Ontario, specifically related to pension accounting for the province's jointly sponsored pension plans and the inclusion of the market accounts reported by the Independent Electricity System Operator (IESO).

The government introduced the Ontario Fair Hydro Plan in 2017-18, and has determined through its research that the concepts of rate-regulated accounting are applicable under Public Sector Accounting Standards. The 2017-18 Public Accounts will include the rate-regulated assets reported by the IESO related to the Ontario Fair Hydro Plan.

I'm not sure I agree that we should mention FHP or make a point of discussing the AG's qualified opinion in our briefing book. I was hoping to get an idea from you as to the thinking behind this edit.

Alternatively, I'm recommending we consider using the following that was prepared for SCOPA and is already on the record. It's more high-level and neutral:

When preparing the 2016-17 Public Accounts of Ontario, Ontario's professional accounting staff adopted a number of changes to further enhance accountability and transparency in its financial reporting. These changes include:

- * The presentation of third party revenues for hospitals, school boards and colleges. The Office of the Auditor General is supportive of this change.
- * The adoption of International Financial Reporting Standards as the basis for accounting for government business enterprises in the energy sector, of which the Office of the Auditor General is also supportive.
- * Accounting for market accounts by the Independent Electricity System Operator, also known as the IESO. The IESO is now recognizing its market accounts assets and liabilities in its financial results, and has adopted rate-regulated accounting.
- * And finally, reporting net pension assets for jointly sponsored pension plans. This is in line with Public Sector Accounting Board standards, as well as the recommendations of the independent Pension Asset Expert Advisory Panel.

Erin Ovenden
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647-535-0299 (TODAY ONLY)

From: Ovenden, Erin (TBS)
Sent: April-13-18 11:39 AM
To: Hosick, Sarah (TBS) < Sarah.Hosick@ontario.ca >
Subject: Estimates Briefing Book

Heya-

I'm reviewing the draft Estimates Briefing Book prepared by CSD (Business Planning & Financial Management Branch) and I was wondering if they'd reached out to OPCD for content. If not, I'm officially putting this on your radar. There's a few mentions of Public Accounts that raised my eyebrows. For example, on page 13:

Public Accounts of Ontario, a major accountability document for the Government of Ontario, presents the audited financial results of the province. It is released within 180 days after March 31, the province's fiscal year end, and includes financial highlights of the past fiscal year and reports on performance against the goals set out in the Ontario Budget.

The Auditor General concluded the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Province of Ontario as at March 31, 2017, except for the effects of the two matters by which she qualified her opinion, related to pension accounting for the province's jointly sponsored pension plans and the inclusion of the market accounts reported by the Independent Electricity System Operator (IESO).

In response to the Auditor General's qualified opinion, the government:

- Established an independent Pension Asset Expert Advisory Panel to further analyze and confirm the appropriate accounting policy for the Province's jointly sponsored pension plans.
- Determined through its research that the concepts of rate-regulated accounting are applicable under Public Sector Accounting Standards. The 2017-18 Public Accounts will include the rate-regulated assets reported by the IESO related to the Ontario Fair Hydro Plan.

I'm proposing the following replace this. I pulled the material from SCOPA materials.

Public Accounts of Ontario, a major accountability document for the government, presents the government's consolidated financial statements which are prepared in accordance with Canadian Public Sector Accounting Standards. It is released within 180 days after March 31, the province's fiscal year end, and gives Ontarians an overview of how the province's finances were managed over the last fiscal year as compared to the Budget.

When preparing the 2016-17 Public Accounts of Ontario, Ontario's professional accounting staff adopted a number of changes to further enhance accountability and transparency in its financial reporting. These changes include:

- * The presentation of third party revenues for hospitals, school boards and colleges. The Office of the Auditor General is supportive of this change.
- * The adoption of International Financial Reporting Standards as the basis for accounting for government business enterprises in the energy sector, of which the Office of the Auditor General is also supportive.
- * Accounting for market accounts by the Independent Electricity System Operator, also known as the IESO. The IESO is now recognizing its market accounts assets and liabilities in its

financial results, and has adopted rate-regulated accounting.
- * And finally, reporting net pension assets for jointly sponsored pension plans. This is in line with Public Sector Accounting Board standards, as well as the recommendations of the independent Pension Asset Expert Advisory Panel.

I’m going through the document with a fine toothed comb and will continue updating any other references I come across. I’d love to chat with you about how to move ahead with review and approvals of the edits. Let me know what your schedule is like.

Thanks,

Erin Ovenden
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