Globe and Mail – QA Timeline

Date Received	Reporter's Questions	OPCD-Approved Response	Date Response sent to Reporter	Response sent to Reporter
February 28, 2018 (pt 1) March 1, 2018 (Pt 2)	**Part 1:** "Who were the senior decision-makers at Treasury Board responsible for the accounting/financial structure with the Fair Hydro Plan? And what were their roles in establishing the accounting/financial structure?" **Part 2:** "The Hansard of the proceedings of the Standing Committee on Estimates on Oct. 24, 2017 indicates Ms. Sophie Kiwala said the following: Our plan has been approved by the peers of the Auditor General at some of Canada's top accounting firms, including Ernst and Young, KPMG and Deloitte. In the development of the fair hydro plan, we also consulted with numerous third-party advisers in the application of accounting standards. IESO's management, IESO's audit committee, IESO's board of directors, IESO's external auditor and the Office of the Provincial Controller all support this accounting treatment. Who at the Office of the Provincial Controller signed off on the financial/accounting structure of the Fair Hydro Plan? What form did that approval take?"	**Response sent to MO March 7:** The Treasury Board Secretariat (TBS) was not responsible for developing the financial structure for Ontario's Fair Hydro Plan (OFHP). Senior TBS officials and their staff worked with officials from the Ministries of Finance and Energy, Ontario Power Generation, Independent Electricity System Operator and Ontario Financing Authority, as well as their external advisors, to understand the structure of OFHP proposed by the Ministry of Energy and assess the accounting treatment of OFHP in the consolidated financial statements of the Province. The consolidated financial statements of the Province are prepared in accordance with Public Sector Accounting Standards. In developing Ontario's Fair Hydro Plan, the government considered a range of implementation options and consulted with external third-party experts to provide advice and ensure due diligence was completed. OFHP operates under a financial and accounting framework that is appropriate for the intended purpose. In order to meet the need for accountability in government reporting and decision making, for the legislature and the public, it is essential that public sector financial statements reflect the economic substance of the government's activities, and the accounting is in accordance with Public Sector Accounting Standards.	March 12 (ENERGY)	Extract: Ontario's Fair Hydro Plan, a plan that lowers electricity prices for all Ontarians on average by 25% was developed by the Ministry of Energy. Officials from Treasury Board, Finance, OPG, IESO and the Ontario Financing Authority along with external advisors that included Ernst and Young, KPMG and Deloitte worked on the accounting related to the Fair Hydro Plan. They along with the Office of the Provincial Controller ensured that this plan was in accordance with Public Sector Accounting Standards. It's also important to note that the accounting treatment used in this plan is used in jurisdictions across North America including Alberta, New England, New York, Minnesota and Texas. OFHP_Media Contact Report_March 12, 201

March 22, 2018	Before the Public Accounts Committee on Feb. 28, 2017, provincial controller Cindy Veinot testified to the following: > There are two different issues. One is the reflection of market accounts in the financial statements of the IESO. As the provincial controller, I actually asked the IESO to look at that issue. When I first heard about the fact that the IESO had a second set of accounts that was not reflected in their financial statements, I asked them to consider whether or not that was the appropriate accounting treatment. She also said: > The issue that the Auditor General qualified the statements on, the inclusion of market accounts, is something that I directed them, I asked them to look at, because I didn't think the accounting that they were doing, which was not showing any of the $17 billion in the transactions that they settled for the market—I didn't think it was appropriate. Before the same committee, IESO CFO Kim Marshall testified:	**Response:** During the week of January 16, 2017, Cindy Veinot, Assistant Deputy Minister and Provincial Controller had a conversation with Kim Marshall, Vice President, Corporate Services and Chief Financial Officer regarding IESO's financial reporting of market accounts. She requested IESO take a closer look at the accounting for market accounts on their financial statements, which are consolidated with the financial statements of the province. While no specific timeframe was discussed during the conversation, the intention of the request was to have this review completed before the province's year-end of March 31, 2017. **Background:** In 2016, the Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in its financial results. IESO has chosen to recognize these market accounts on its books for transparency reasons, as it better reflects the financial position of the IESO-administered markets at year-end. This change was supported by the IESO's audit committee, its independent external auditor (KPMG), and by the Office of the Provincial Controller. This change has no impact to the province's annual deficit, net debt or accumulated deficit. IESO prepares its financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS).The financial statements of the IESO for the year-ended December 31, 2016 were subject to an external audit by KPMG, who issued an unqualified (or clean) opinion stating that the financial statements of the IESO were fairly presented, in all material respects, in accordance with PSAS. This accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.	April 5, 2018	**Response:** During the week of January 16, 2017, Cindy Veinot, Assistant Deputy Minister and Provincial Controller had a conversation with Kim Marshall, Vice President, Corporate Services and Chief Financial Officer regarding IESO's financial reporting of market accounts. She requested IESO take a closer look at the accounting for market accounts on their financial statements. While no specific timeframe was discussed during the conversation, the intention of the request was to have this review completed before the province's year-end of March 31, 2017. **Background:** In its 2016 financial statements, the Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in its financial results. IESO has chosen to recognize these market accounts on its books for transparency reasons, as it better reflects the financial position of the IESO-administered markets at year-end. This change was supported by the IESO's audit committee, its independent external auditor (KPMG), and by the Office of the Provincial Controller. As standard practice, the financial statements of the IESO for the year-ended December 31, 2016 were subject to an external audit by KPMG. KPMG issued an unqualified (or clean) opinion stating that the financial statements of the IESO were fairly presented, in all material respects, in accordance with Public Sector Accounting Standards (PSAS). This accounting is consistent with the presentation used previously by the Ontario Power Authority (which was

	We fast-forward a couple of years and we have some conversations with a new provincial controller. At that time, there are questions about, “But why do you do what you do?” So we undertook some processes to go, first of all, right back to the beginning of the IESO and see what was some of the advice that was presented at that point in time… My questions: 1) On what date did Ms. Veinot ask the IESO to “look at” the issue of market accounts on the IESO’s financial statements? 2) What form did this request take? (Letter, memo, personal conversation, etc.) 3) To whom at IESO did Ms. Veinot direct this request? 4) Did Ms. Veinot indicate to the IESO a time frame in which her instructions were to be executed? If so, what was that timeframe?	The Office of the Provincial Controller is responsible for the integrity of the government’s public financial reporting, including consolidation of all organizations within the reporting entity, as presented within the Public Accounts of Ontario . The province’s consolidated financial statements, including the entities it controls and consolidates (such as the IESO), are presented in accordance with Public Sector Accounting Standards (PSAS) and the government’s internal reporting policies. Each consolidated entity (e.g., IESO) produces its own stand-alone financial statements and is subject to its own financial statement audit.		merged with the IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time. The Office of the Provincial Controller is responsible for the integrity of the government’s public financial reporting, including consolidation of all organizations within the reporting entity, as presented within the Public Accounts of Ontario. The province’s consolidated financial statements, including the entities it controls and consolidates (such as the IESO), are presented in accordance with PSAS and the government’s internal reporting policies. Each consolidated entity (such as the IESO) produces its own stand-alone financial statements and is subject to its own financial statement audit.
April 16	I’ve got a few more questions about the Public Accounts. As you may know, in the private sector in Canada, CEOs and CFOs of public companies are required to personally certify that (among other things) their company’s financial statements do not contain any misrepresentations or omit to state any material facts. These requirements arose indirectly from the U.S. Sarbanes-Oxley	Ontario’s Public Accounts include a Statement of Responsibility, which is signed by the deputy ministers of Finance and Treasury Board Secretariat, as well as the Provincial Controller. Part of the statement includes that the consolidated financial statements are prepared in accordance with public sector accounting standards (PSAS). It also includes that the government is responsible for maintaining systems of financial management and internal control to provide reasonable assurance that transactions recorded in the Consolidated Financial Statements are within statutory authority, assets are properly	April 17	MOF responded (see below)

	Act and the corporate scandals that preceded it. My questions: · Are there any such requirements on the individuals whose signatures appear in Ontario's Public Accounts? Why or why not? · If anyone does "sign off" on Ontario's books, who does that, and what responsibilities accompany their signatures? · What enforcement mechanisms exist to hold those individuals accountable?	safeguarded, and reliable financial information is available for preparation of the consolidated financial statements. It is a requirement of PSAS that the financial statements of a government should be clearly identified and should include or be accompanied by an acknowledgement of the government's responsibility for their preparation (see PS 1201 – General Reporting Principles, excerpt below). **GENERAL REPORTING PRINCIPLES** .004 The function of financial statements is to communicate information to users that is relevant to the needs of those for whom the statements are prepared, reliable, comparable, understandable and clearly presented in a manner that maximizes its usefulness. These general reporting principles provide guidance on the reporting of information in financial statements to fulfill that function. .005 *The financial statements of a government should be clearly identified and should include or be accompanied by an acknowledgment of the government's responsibility for their preparation.* [APRIL 2005] .006 The financial statements prepared to report on a government's financial position, results of operations, remeasurement gains and losses, change in net debt and cash flow need to be clearly identified. If included in the Public Accounts or other document, the financial statements, and the notes and schedules integral to them, would be presented together. The financial statements must include an acknowledgment of the government's responsibility for their preparation to ensure that users are aware of who is responsible for their preparation and that the government has approved them. Such an acknowledgment could be expressed in narrative form signed by the appropriate minister or elected official, or a delegated government official.		

April 16(TBC)	Interview Request: Cindy Veinot			We don't traditionally offer civil servants for interviews. We're happy to continue to work with you to provide answers to your questions.
April 17	The Ministry of Finance is indicating that its signature on the Public Accounts is limited. (See below.) This suggests that Ms. Angus and Ms. Veinot carry greater responsibility for the financial statements. I didn't realize that. Can you please confirm the Finance Ministry's understanding? Why do they assume greater responsibility than Mr. Thompson? In any case, I request an interview with Ms. Angus about her role in the accounting and financial structure of the Fair Hydro Plan and its impact on the Public Accounts. And I wanted to check in on the status of my request with Ms. Veinot.	While the authority under the Financial Administration Act for directing the preparation of the Public Accounts has been assigned to both the Minister of Finance and the President of Treasury Board, Treasury Board Secretariat (TBS) also assumed sole responsibility for certain functions relating to the Public Accounts (e.g. presenting them to Cabinet) when it was created. The Ministry of Finance (MOF) continues to play a key role in the Public Accounts process, which is reflected by the Deputy Minister of Finance's signature on the Statement of Responsibility in the Public Accounts, along with the signatures of the Deputy Minister of Treasury Board Secretariat and the Provincial Controller.		MOF Resposne: I understand you were in contact with my counterparts at Treasury Board Secretariat with regards to my emailed response to you, yesterday – and I am hoping that this will clarify my response. Ontario's Public Accounts include a Statement of Responsibility, which – as I have said in my previous email - is signed by the deputy ministers of Finance and Treasury Board Secretariat (TBS), as well as the Provincial Controller. All of them sign the same oath, and assume and undertake equal responsibility when signing Ontario's Public Accounts. Although Public Accounts is under the scope of all three parties involved (Ministry of Finance, TBS, Provincial Controller), the lead Ministry is TBS – as it is responsible for the process of tabling and assembling the document. All inquiries related to Public Accounts should be directed to TBS – and I have copied my counterparts Alisha Tharani and Kate Vrancourt who will be able to help you, should you have further questions. The Ministry of Finance continues to play a key role in the Public Accounts process, which is reflected by the Deputy Minister of Finance's signature on the Statement of Responsibility in the Public Accounts, alongside the signatures of the Deputy Minister of TBS and the Provincial Controller.

April 18	Fact Check: Cindy was on the FHP team at the same time she asked IESO to look at the issue of market accounts.	In January 2017, at one of the initial meetings that the Provincial Controller attended to discuss the Fair Hydro Plan, she became aware of the accounting for the market accounts at the IESO, and requested management of IESO to review the accounting for these accounts. At the time the request was made, the structure for the Global Adjustment Refinancing of the Fair Hydro Plan had not been determined.		
April 18	Please let Ms. Veinot know that the story will explore her instruction to the IESO to consider changing its accounting policies. It's my understanding that at the time, Ms. Veinot was already involved with the team that was designing the Fair Hydro Plan's financial and accounting structure. Ms. Veinot later signed the Statement of Responsibility on the Province's financial statements, notwithstanding the Auditor General's warnings that the IESO was using improper accounting that might result in future misstatements on Ontario's public accounts. We'll be reporting the government's assertions that the IESO's decision to change its accounting policies was unrelated to the Fair Hydro Plan, and noting that those accounting policies were put to immediate use with the Fair Hydro Plan, and that the Auditor General insists those two developments were directly related. We'll be noting that Ms. Veinot declined our interview request.		April 20	G&M - Interview Requests and IESO M