RE: Province's experience with clean audit opinions (since 1993/94)

From: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
To: "Orencsak, Greg (TBS)" <greg.orencsak@ontario.ca>
Cc: "MacIntyre, Kyle (TBS)" <kyle.macintyre@ontario.ca>, "DiMuzio, Sofie (TBS)" <sofie.dimuzio@ontario.ca>, "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Hughes, Karen (TBS)" <karen.hughes@ontario.ca>, "Chen, Raymond (TBS)" <raymond.chen@ontario.ca>, "Laughton, Patrick (TBS)" <patrick.laughton@ontario.ca>
Date: Fri, 23 Sep 2016 07:48:25 -0400

Greg,
We'll follow up on the items below. N

From: Orencsak, Greg (TBS)
Sent: September 23, 2016 7:36 AM
To: DiMuzio, Sofie (TBS); Petsche, Nadine (TBS); Veinot, Cindy (TBS); Hughes, Karen (TBS); Chen, Raymond (TBS); Laughton, Patrick (TBS)
Cc: MacIntyre, Kyle (TBS)
Subject: Re: Province's experience with clean audit opinions (since 1993/94)

A couple questions on this then:

- was the Province qualified 25 years ago (91/92)? No
- how far do we go back, and to the extent that we do, in how many years has the Province been qualified? (will follow up)
- can we say that since the province adopted PSAB standards (since 93/94) it has received unqualified opinions? (assume yes, but will follow up)
- was the cash accounting issue in 92/93 that cause the qualification due to a surplus in the plan, i.e. any resemblance to the current issue we are working through? (a simple review of the history shows that the assets were < liability, but there are other factors involved as well. Will advise this am).

Our other point of reference is 15 years, which resulted in some questions from the Minister yesterday that we agreed to clarify:

- is 15 years the time period during which we have had an asset on our books? If that's the case, what happened prior to that -- was there a liability? The current standards on pension accounting were implemented in 2001.
- how long have the relevant pension accounting standard been in place? If they haven't changed over the last 15 years, when was the last time that they did? The current version of PS 3250 has been in place since 2001. We will follow up on the history of pension related standards.

Greg

On Sep 22, 2016, at 5:59 PM, DiMuzio, Sofie (TBS) <Sofie.DiMuzio@ontario.ca> wrote:

> **From:** Petsche, Nadine (TBS)

Sent: September-22-16 11:54 AM
To: DiMuzio, Sofie (TBS); Morris, David (TBS)
Subject: Province's experience with clean audit opinions (since 1993/94)
Importance: High

Sofie/David,

With regards to the reference to the # of years that the Province has received unqualified audit opinions, the results of our research is as follows:

In the past 25 years, Ontario has received 24 clean audit opinions. The significance of 22 years: Ontario has had 22 consecutive years of clean opinions (since the PA of 1993-94).

Ontario's only qualified opinion during the last quarter century came in FY 1992-93 (Erik Peters' first year as AG).
The reason for the qualification in this 1992-93: the modified cash treatment of the Teachers' Pension Plan and the Public Service Pension Plan resulted resulting in a material misstatement for the period. Further to the qualification was the AG's recommendation that the province prepare its financial statements in accordance with PSAAB (now PSAB) for the 1993/94 Public Accounts.

The province accepted the AG recommendations in the following year and received the first of 2 consecutive clean audit opinions.

Please see the attached the Auditor's Reports for the three years mentioned above.

Nadine

<Public Accounts AG Opinions FY9192 - 9394.pdf>