KEY MESSAGES

Contents

ROLE OF THE SECRETARY OF THE CABINET

Topic	**Government Decision-Making/Advice Provided/Personal Opinion**
Key Messages	• As the head of the Ontario Public Service, it is my role to provide my best advice to the Premier to help deliver on the government's mandate. • To this end, I rely on the expertise of the province's professional staff to ensure due diligence in providing objective advice to support government decision-making. • I would add the point here that this professional advice takes a number of forms – legal, accounting, etc. • Due diligence includes completing internal analysis, building prudence into financial forecasts, looking to other jurisdictions or external advisors to supplement our own analysis, and always bringing our best professional judgment to the table. • If the public service has provided its objective advice based on this due diligence, and if the decisions made are constitutional, and the effects of the policy are accounted for transparently, then we have fulfilled our role as public servants. • As you can appreciate, as the Secretary of the Cabinet, it is not my role to provide advice based on my opinions – it is my role to provide my advice based on objective evaluation of the policy options. • I, and my colleagues in the Ontario Public Service, will continue to ensure our due diligence to support decision-making for this policy decision and any others.
Handover	• For more information on the processes surrounding specific policy decisions, I will pass it over to: ○ Deputy Angus

Topic	**Relationship with the Office of the Auditor General**
Key Messages	• I speak for myself and my colleagues when I say that the public service has the utmost respect for all independent officers of the legislature, and we value the important and necessary perspective they bring. • Our professional staff will continue to take a proactive approach to raising issues with the Office of the Auditor General. • I know, for example, that the Office of the Provincial Controller works closely with the Office of the Auditor General to identify audit issues early and to ensure that stakeholders are engaged in discussions regarding risks and resolution. • As public servants, we will continue to ensure due diligence and provide our best, objective advice to support decision-making. In addition, we will continue to work with all officers of the legislature to keep them informed and engage constructively on considerations and approaches.
Handover	• For further details on recent collaborations with the Office of the Auditor General on the topic of the preparation of Public Accounts, I will pass it over to: o Deputy Angus

PENSION ASSET ACCOUNTING

Topic	**Pension Asset Accounting**
Key Messages	• The province continues to move forward and present the province's finances fairly and accurately and in accordance with Canadian Public Sector Accounting Standards. • The province's interpretation of the accounting standards on this matter is that Public Sector Accounting Standards neither require unilateral control to record an asset, nor does it include a requirement to obtain a letter from the co-sponsor of the plan agreeing to reduce further contributions within 12 months. • Our professional staff will evaluate the need for a valuation allowance annually. • The province is open to continue to discuss the matter with the Office of the Auditor General in the hopes of resolving this matter.
Handover	• For further information regarding pension asset accounting, I will pass it over to: o Deputy Angus

IESO ACCOUNTING

Topic	**IESO Accounting Changes – Market Accounts**
Key Messages	• The province consolidates the entities it controls, in accordance with Public Sector Accounting Standards (PSAS) and its internal reporting policies. • In 2016, the Independent Electricity System Operator (IESO) changed the accounting for the market accounts and recognized these balances on its financial statements. • The financial statements of the IESO for the year-ended December 31, 2016 were subject to an external audit and received an unqualified (or clean) opinion. • The government supports this enhanced reporting and greater transparency for the economic activities of the IESO resulting from the recognition of the market accounts. • The change to include market account assets and liabilities in the financial statements provides increased transparency with respect to the value of transactions that flow through Ontario's electricity market, that otherwise would go unreported in IESO's financial statements. • The province is open to continue to discuss the issue in the hopes of resolving this matter.

Handover	• For further details on the province's decision to accept IESO market accounts on the province's consolidated financial statements, I will pass it over to:
	  o Deputy Angus
	• For further details on the IESO's decision to adopt market accounts, I will pass it over to:
	  o Deputy Imbrogno

Topic	**IESO Accounting Changes – Rate-Regulated Accounting**

Key Messages	• The Independent Electricity System Operator (IESO) prepares its financial statements in accordance with Public Sector Accounting Standards. • The province consolidates the entities it controls, in accordance with Public Sector Accounting Standards and its internal reporting policies. • Rate-regulated accounting better reflects the economic substance of certain types of IESO expenses that may not be directly recovered through normal revenue requirement models, and instead are recovered through rate regulation. • This change is in line with accounting practices followed by six out of eight other independent system operators in North America. • The change also provides IESO financial statement users greater transparency into the substance of the variance accounts it holds and its right to collect an amount in the future. • The province is open to continue to discuss the issue in the hopes of resolving this matter.

Handover	• For further details on the province's decision to accept IESO rate-regulated accounting on the province's consolidated financial statements, I will pass it over to:
	    o Deputy Angus
	• For further details on the IESO's decision to adopt rate-regulated accounting, I will pass it over to:
	    o Deputy Imbrogno

Last updated: February 14, 2018
Has not yet been reviewed by program area

ONTARIO FAIR HYDRO PLAN

Topic	**OFHP Decision-Making**
Key Messages	• As public servants, it is our role to provide our best, objective advice to support government decision-making. • For this policy matter, like any other, our professional staff ensured the proper due diligence was completed in providing their advice. • In developing Ontario's Fair Hydro Plan, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure this due diligence was completed. • External advisors are generally engaged to provide advice and guidance to supplement internal analysis, and are in the normal course of business. • The proposed accounting for the Ontario Fair Hydro Plan reflects the economic substance of the transaction by differentiating costs borne by taxpayers versus those borne by ratepayers. • The province will continue to prepare its consolidated financial statements in accordance with Public Sector Accounting Standards (PSAS). • The province's professional staff have appropriately applied PSAS guidance in assessing the accounting for the Ontario Fair Hydro Plan. • The province has a strong track record of producing high-quality financial reports on a timely basis, and will continue to move forward and present the province's finances fairly, accurately and in accordance with PSAS.
Handover	• For further details on that due diligence, including the consideration of a range of implementation options and consultations with legal, accounting, financial, and energy sector experts, I will pass it over to: ○ Deputy Imbrogno

Last updated: February 14, 2018
Has not yet been reviewed by program area

PRE-ELECTION REPORT

Topic	**Pre-Election Report**
Key Messages	*If release is unknown:* • The province takes the Auditor General's recommendations seriously. • The government continues to deliberate on whether and when to release a Pre-Election report. • All officers of the legislature are being kept informed and engaged constructively on considerations and approaches to ensure the people of Ontario are provided with an independent review of the province's fiscal position in advance of the election. *If release is known:* • The government has assured us that they will provide the people of Ontario with an overview of the province's fiscal position in advance of a writ of election being issued on May 9, 2018. • To this end, the Treasury Board Secretariat, in partnership with the Ministry of Finance, is in the process of drafting the Pre-Election Report. • This report will present the province's estimated future revenue and expense, and other details of its fiscal planning processes, before the provincial election scheduled for June 7, 2018.
Handover	• For further details on the Pre-Election Report, and how the province has been working with the Office of the Auditor General, I will pass it over to: o Deputy Angus; and, o Deputy Thompson

PROVINCE'S FISCAL SITUATION

Topic	**Debt**
Key Messages	• The province has a strong track record of producing high-quality financial reports on a timely basis and continues to present the province's finances fairly and accurately and in accordance with Canadian Public Sector Accounting Standards. • The government is projecting a balanced budget in 2017-18. • The Ministry of Finance is committed to a responsible fiscal plan and they build prudence into our forecasts.
Handover	• For further details, I will pass it over to: o Deputy Thompson

Commented [TA(1]: MOF – Do you have any messaging you can add?

PREPARATION OF PUBLIC ACCOUNTS

Topic	**Future/Adverse Audit Opinions**
Key Messages	• It would be inappropriate for me to speculate on how the Auditor General may issue an opinion for the next Public Accounts. • What I can say is that the province has a strong track record of producing high-quality financial reports on a timely basis. • We will continue to present the province's finances fairly and accurately and in accordance with Canadian Public Sector Accounting Standards and ensure due diligence through our internal analysis, looking to other jurisdictions or external advisors to supplement our own analysis, and by always bringing our best, objective professional judgment to the table. • We will continue to work constructively with the Office of the Auditor General and, at the appropriate times, keep all independent officers of the legislature informed.

Handover	• If you would like further details on the preparation of Public Accounts and the province's work with the Office of the Auditor General, I would be happy to pass it over to:
	  ○ Deputy Angus
	• If you would like further details on the province's fiscal management, I would be pleased to pass it over to:
	  ○ Deputy Thompson

Topic	**External Advisors**
Key Messages	• We will continue to ensure appropriate due diligence is completed in all objective advice that we provide to support government decision-making. • This includes completing our own internal analysis, building prudence into financial forecasts, looking to other jurisdictions or external advisors to supplement our own analysis, and always bringing our best professional judgment to the table. This is particularly important for complex or emerging matters. • Our professional staff will continue to take a proactive approach to raising items with the Office of the Auditor General. • We remain committed to working with the Office of the Auditor General to discuss items as they arise.
Handover	• For further details on how we use external expertise to support our own internal analysis, I will pass it over to: ○ Deputy Angus

Topic	**Timeline of Finalization of Financial Statements**
Key Messages	• The Treasury Board Secretariat and the Ministry of Finance are supportive of the timely delivery of Public Accounts. • The Office of the Provincial Controller works closely with the Office of the Auditor General to identify audit issues early and to ensure that stakeholders are engaged in discussions regarding risks and resolution. • Planning discussions for the 2017-18 Public Accounts have already begun between the Office of the Provincial Controller and the Office of the Auditor General. • As well, the Office of Economic Policy has been engaged in discussions on risk considerations related to economic models used to estimate personal and corporate tax revenues. • We remain committed to working constructively with the Office of the Auditor General.
Handover	• For further details, I will pass it over to: ○ Deputy Angus

OTHER TOPICS

Topic	**Records Disclosure**
Key Messages	• As public servants, it is our role to provide our best advice and conduct our due diligence to inform government decision-making. • Part of this process includes information gathering, questioning and deliberating. • The specific record you are referring to is likely part of that discussion process, where we as public servants engage in deliberations and explore the options to formulate our best advice. • It is important to keep in mind that an individual email, or trail of emails, represents a point in time discussion. • Statements contained within them are not necessarily representative of the final advice put forward or an endorsement of what the public service has identified as the best approach. • The records must be considered in the context of broader discussion and deliberation, as an exercise in due diligence, and not necessarily as a final endorsement of any particular option or approach. • As always, we are committed to working constructively with the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.
Handover	• For further details, I will pass it over to: ○ Deputy Angus

Topic	**Out of Scope**
Key Messages	• Thank you for your question. • I'm not sure that I can speak to the specifics of your question, but would be happy to pass it over to my colleague, Deputy ____, who may know more. • If we don't have the information with us today we will make every effort to get the Committee as much information as we can.
Handover	• For further details, I will pass it over to: ○ Deputy Angus ○ Deputy Imbrogno ○ Deputy Thompson

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