

Message

Sent: 2018-04-05 10:59:50 AM
To: Susan Nicholson [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=f668e601bd2b4865a5c31dca531047c8-Susan Nicho]; Jordan Penic [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7d23bcd450594583bb40b447b35485da-Jordan Peni]
Subject: RE: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

Updated version below. I have a few Q's for Michael B on the engagement letters from 2017, so these may be updated further. Let me know if you have any questions/comments.

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The IESO competitively procured KPMG to conduct its financial audit services.

When the IESO began to review its accounting policies early in 2017, it engaged KPMG to provide accounting advisory services related to the understanding and application of Public Sector Accounting Standards (PSAS). Given the existing relationship, and that it is very common for auditors to provide advisory services to their clients, this work was not put out to tender.

In late April, the IESO engaged KPMG to provide accounting advisory services, this time in relation to the application of PSAS to the consolidation of a trust and to the recognition and de-recognition of a variance account in relation to the proposed Ontario Fair Hydro Plan. Given KPMG's understanding of the IESO's business, this work was not put out to tender.

Engaging KPMG to conduct analysis on the application of Public Sector Accounting Standards does not preclude KPMG from acting as the external auditor under applicable rules of professional conduct in Canada. KPMG's work related to the Fair Hydro Plan took place well after the IESO's 2016 financial statement audit was complete. Further, KPMG's lead partner for work related to the Fair Hydro Plan was different than its lead partner for work related to the IESO's financial audit services.

From: Jordan Penic
Sent: April 04, 2018 3:15 PM
To: Anthy Lovachis
Cc: John Cannella
Subject: FW: Media inquiry-- KPMG's consulting work on Fair Hydro Plan
Importance: High

Hi Anthy,

Would you mind drafting some responses to the questions below? There is no firm deadline, but it would be good if we could respond by the end of the week.

-Jordan

From: John Cannella
Sent: April 04, 2018 3:08 PM
To: Jordan Penic
Subject: Media inquiry-- KPMG's consulting work on Fair Hydro Plan
Importance: High

Jordan—see follow up Qs from Matthew.

I'll find out about a deadline.

John

From: McClearn, Matthew [<mailto:MMcClearn@globeandmail.com>]

Sent: April 04, 2018 3:04 PM

To: Media

Subject: KPMG's consulting work on Fair Hydro Plan

I have a few more questions regarding KPMG's consulting work on the Fair Hydro Plan.

- Was that consulting work ever put out to tender?
- If so, where can I find the related documents?
- If it wasn't put out to tender, what was the procurement process for these services, and where can I find the documentation?

Thanks and regards,

Matt.



Matthew McClearn | Data journalist, Enterprise Team

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