Minutes of Special Meeting

of the Audit Committee

of the Independent Electricity System Operator

March 22, 2017, 4:00 p.m.
16th Floor Boardroom, 120 Adelaide Street West, Toronto, Ontario
Teleconference

Attendees

Carole Workman *(Chair)*
Tim O'Neill
Bruce Campbell
Cynthia Chaplin
Susanna Han
Christopher Henderson
Deborah Whale
Margaret Kelch

Regrets

Members of Staff in Attendance

Kimberly Marshall
John Rattray
Susan Nicholson
Natalie Schaus
Julia McNally

By Invitation

Matthew Betik, KPMG

Minutes

Ms. Carole Workman chaired the meeting and Mr. John Rattray acted as Secretary.

Constitution of the Meeting

The Chair noted that due notice of the meeting had been given, a quorum of members of the Audit Committee ("Committee") were present, and that, accordingly, the meeting was duly and properly constituted. The Chair welcomed the attendance of Board member Ms. Margaret Kelch.

Conflicts

The Chair enquired whether any Committee member had a conflict of interest to report. No conflict was reported.

Approval of the Proposed Agenda

The Chair reviewed the Agenda with the Committee, which was found to be satisfactory. On motion duly made and seconded, the following resolution was unanimously carried,

BE IT RESOLVED THAT the Agenda of items for consideration at this meeting of the Committee is hereby approved.

Approval of 2016 Audited Financial Statements

An Agenda Item Summary titled "Approval of 2016 Audited Financial Statements" dated March 22; a Management Report titled "Management's Responsibility for Financial Reporting", dated March 22, 2017; a KPMG Independent Auditors' Report dated March 22, 2017; a document titled "Independent Electricity System Operator Statements of Financial Position" and accompanying notes for 2016; a KPMG document titled "Independent Electricity System Operator: Addendum to the Audit Findings Report Presented on February 28, 2017; a KPMG document titled "Independent Electricity System Operator Audit Findings Report For the year ended December 31, 2016"; and letter from Bruce Campbell and Kim Marshall to KPMG LLP, dated March 22, 2017 regarding IESO'S Financial Statements for the period ended December 31, 2016, had been provided to the Committee for review prior to the meeting.

The Chair summarized the Committee's prior consideration and approval, on behalf of the Board, of proposed revisions to the IESO's accounting policies. The Chair advised that following the approval of the revisions to the IESO's accounting policies, management and the auditors, KPMG, revised the draft 2016 Audited Financial Statements as previously presented to the Committee on March 15, 2017 to incorporate the revisions to the IESO's accounting policies.

Ms. Susan Nicholson, and the Auditor, Mr. Matthew Betik of KPMG, reviewed the revisions to the draft 2016 Audited Financial Statements and highlights of the Addendum to the Audit Findings Report Presented on February 28, 2017. Mr. Betik described the additional field work undertaken and advised that the test items and samples were clean with no differences being identified. He noted in particular the cooperation and assistance of IESO staff in completing the additional field work. Mr. Betik summarized the changes to the financial notes to fully disclose the changes to accounting policies in a clear and transparent manner. The Committee questioned Mr. Betik regarding the use of a conservative materiality threshold and details of the financial notes.

The Chair enquired whether Committee would like to meet in-camera with the Auditor. Following discussion it was agreed that it was not necessary to meet in-camera given the Committee's prior in-camera discussion with the Auditor regarding the draft 2016 Audited Financial Statements and the full discussion of the nature of the changes to them to reflect the changes to accounting policies.

Following discussion, the Committee indicated that it was satisfied with the recommendations before it and, on motion duly made and seconded, the following resolution was unanimously carried,

BE IT RESOLVED THAT the financial statements of the Independent Electricity System Operator for the fiscal year ended December 31, 2016, together with the auditor's report, be approved and that the Chair of the Board of Directors and the Chair of the Audit Committee be authorized to sign the balance sheet.

Other Business

There was no other business brought before the Committee.

Conclusion

There being no further business, the meeting was concluded.

Approved by the Committee on the 11th day of April 2017.

Chair	Secretary