

Message

Sent: 2018-04-05 1:54:46 PM
To: Susan Nicholson [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=f668e601bd2b4865a5c31dca531047c8-Susan Nicho]; Anthy Lovachis [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=42a8bb25d4b341b6aa9c16b1ddbc0790-Anthy Lovac]
Subject: RE: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

Was the original procurement a public process? For example, was the procurement document posted publicly when we put it out to tender?

From: Susan Nicholson
Sent: April 05, 2018 1:49 PM
To: Jordan Penic; Anthy Lovachis
Subject: RE: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

I would think it would be commercially sensitive in that we will be going out with a competitive procurement in the next couple of years for audit services.

I would also suggest the original documents do not provide an answer to his question since it was regarding FHP but I am looking for advice on this as much as anything.

From: Jordan Penic
Sent: April 05, 2018 1:46 PM
To: Susan Nicholson; Anthy Lovachis
Subject: RE: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

i.e. is it confidential or commercially sensitive? I don't know the specific criteria. I suspect we would need to check with legal.

From: Susan Nicholson
Sent: April 05, 2018 1:38 PM
To: Jordan Penic; Anthy Lovachis
Subject: RE: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

What are the decision criteria for this?

From: Jordan Penic
Sent: April 05, 2018 1:33 PM
To: Anthy Lovachis; Susan Nicholson
Subject: RE: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

Are we able to release the engagement letters and the original procurement documents as he's requested?

From: Anthy Lovachis
Sent: April 05, 2018 11:26 AM
To: Susan Nicholson; Jordan Penic
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.

--

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). This work was not put out to tender, as it is very common for auditors to provide advisory services to their clients.

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 the existing relationship, and 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

p: 416.585.5487 | m: 416.705.6047 | e: mmcclearn@globeandmail.com