

Message

From: Jordan Penic [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7D23BCD450594583BB40B447B35485DA-JORDAN PENI]
Sent: 2018-04-13 12:47:45 PM
To: Anthony 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

Ok, thanks. You can share that with Terry.

From: Anthony Lovachis
Sent: April 13, 2018 12:38 PM
To: Jordan Penic
Subject: RE: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

Final response below to include Terry's edits (highlighted):

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The IESO competitively procured KPMG to conduct its financial audit services in late 2009. The contract was for a five year period, with an option for an extension of up to five additional years. In 2014, prior to the merger of the IESO and OPA, the IESO agreed to extend the existing agreement for five more years. In addition to services related to the annual audits, the scope of work contemplated other services, including advice and educational information on general accounting, auditing and taxation.

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). In late April 2017, the IESO engaged KPMG to provide accounting advisory services 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. The IESO engaged KPMG to conduct this work under its existing contract.

Engaging KPMG to conduct analysis on the application of PSAS does not preclude KPMG from acting as the external auditor under applicable rules of professional conduct in Canada. As noted above, KPMG's work related to the Fair Hydro Plan began in April 2017, 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.

With respect to the procurement documents, the original RFP was put out to market as confidential and proponents were required to sign a non-disclosure agreement for access.

From: Anthony Lovachis
Sent: April 13, 2018 12:32 PM
To: Jordan Penic
Subject: FW: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

From: Kim Marshall
Sent: April 13, 2018 12:13 PM

To: Anthy Lovachis
Cc: Megan Filey
Subject: RE: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

thanks

Kimberly Marshall | VP, Corporate Services & CFO
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Corporate Services collaborates with you to deliver solutions and expertise that enable the IESO to achieve its goals.

Conservation: www.saveONenergy.ca | Twitter: [saveONenergyOnt](https://twitter.com/saveONenergyOnt) | LinkedIn: [saveONenergy](https://www.linkedin.com/company/saveONenergy)

From: Anthy Lovachis
Sent: April 13, 2018 11:44 AM
To: Kim Marshall
Cc: Megan Filey
Subject: FW: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

Hey there:

An updated response to the questions regarding the consulting work that was done is below. I've just sent the green part to Megan for confirmation, but wanted to share with you in the interest of time.

I believe we're looking to respond by EOD.

Thanks,
Anthy

The IESO competitively procured KPMG to conduct its financial audit services. The contract was for a five year period, with an option for an extension of up to five additional years. In addition to services related to the annual audits, the scope of work contemplated other services, including advice and educational information on general accounting, auditing and taxation.

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). In late April 2017, the IESO engaged KPMG to provide accounting advisory services 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. The IESO engaged KPMG to conduct this work under its existing contract.

Engaging KPMG to conduct analysis on the application of PSAS does not preclude KPMG from acting as the external auditor under applicable rules of professional conduct in Canada. As noted above, KPMG's work related to the Fair Hydro Plan began in April 2017, 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.

With respect to the procurement documents, the original RFP was put out to market as confidential and proponents were required to sign a non-disclosure agreement for access.

From: Anthy Lovachis
Sent: April 13, 2018 11:09 AM
To: Megan Filey
Subject: FW: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

Hey there,

Jordan provided some further edits below in red. He's also asked that I add in the engagement from January 2017.

Can you let me know if my additional edits (in green) work? From our conversation, I thought you had said that the January engagement was not covered under the existing contract. But when I reviewed your edits to the response, it says that it was contemplated. Can you confirm?

If it's easier to give me a call, please do! Ext. 4935

Thanks,
Anthy

From: Jordan Penic
Sent: April 13, 2018 8:26 AM
To: Anthy Lovachis
Subject: RE: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

Hi Anthy,

I have some edits included below. However, I have an additional question to discuss with you when you get in this morning.

Cheers,

Jordan

From: Anthy Lovachis
Sent: April 12, 2018 7:43 PM
To: Jordan Penic
Subject: Re: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

Updated response below - let me know if you have any additions edits before I share this with Kim for the okay.

The IESO competitively procured KPMG to conduct its financial audit services in late 2009. The contract was for a five year period, commencing with the 2010 fiscal year, with an option for an extension of up to five additional years. In 2014, the IESO agreed to extend the existing agreement for the years ending December 31, 2015 to December 31, 2019. In addition to services related to the annual audits, the scope of work contemplated other services, including advice on taxation matters and educational information and presentations on general accounting, auditing and taxation.

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). In late April 2017, the IESO engaged KPMG to provide accounting advisory services 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. The IESO engaged KPMG to conduct this work under its existing contract.

Engaging KPMG to conduct analysis on the application of PSAS does not preclude KPMG from acting as the external auditor under applicable rules of professional conduct in Canada. As noted above, KPMG's work related to the Fair Hydro Plan began in April 2017, 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.

With respect to the procurement documents, the original RFP was put out to market as confidential and proponents were required to sign a non-disclosure agreement for access.

Sent from my iPhone

On Apr 6, 2018, at 1:28 PM, Anthy Lovachis <Anthy.Lovachis@ieso.ca> wrote:

fyi

From: Kim Marshall
Sent: April 05, 2018 1:34 PM
To: Anthy Lovachis
Cc: John Rattray
Subject: Re: Media inquiry-- KPMG's consulting work on Fair Hydro Plan

No

Sent from my iPhone

On Apr 5, 2018, at 11:15 AM, Anthy Lovachis <Anthy.Lovachis@ieso.ca> wrote:

Hi there,

Please let me know if you have any concerns with the proposed response below to questions we received from Matthew (from the Globe and Mail), included at the bottom of the email.

Thank you,
Anthy

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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). 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.

<image001.jpg>

Matthew McClearn | Data journalist, Enterprise Team

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