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Review of the design and implementation of controls to address process objectives and risks to provide reasonable assurance that process objectives and key risks are addressed **at a point in time**. This review does not provide assurance that the controls are operating effectively (i.e. appropriately and consistently) for a period of time. This approach provides a **moderate** level of assurance.

Requirement	Review Procedure	Review Result	Potential Gap
1.0 Accounting Advice Directive			
1.1 All high risk accounting, financial disclosure, financial reporting or financial management issues must be brought to the attention of the Office of the Provincial Controller, Fiscal and Financial Policy Division, Ministry of Finance.	A. IESO has defined "high risk" as it relates to accounting, financial disclosure, financial reporting or financial management issues. B. Inquire if the IESO has brought to the attention of the Office of the Provincial Controller, Fiscal and Financial Policy Division, Ministry of Finance any "high risk" financial/accounting issues. If this has occurred, obtain evidence.	A. The IESO has a defined "high risk" as it relates to accounting, financial disclosure, financial reporting or financial management issues [1.1, Finance Policy, Paragraph 24] B. Ongoing work with Office of the Provincial Controller re Fair Hydro Plan.	None
1.2 Ministries and Crown Agencies must provide a written request on a timely basis to the Office of the Provincial Controller when accounting advice is sought.	A. Inquire if the IESO has requested accounting advice from the Office of the Provincial Controller. If request was made, obtain evidence and confirm it was provided in a timely basis *(e.g. 15 days before period-end).*	A. Based on a discussion with the CFO and Controller, IESO has worked with the Office of the Provincial Controller a new accounting standard in 2017 [1.7a and b evidence of seeking accounting advice re accounting standard]	None
1.3 Chief Administrative Officers are responsible for ensuring sound accounting advice is provided to decision-makers.	A. Based on review of minutes from the Audit Committee of the Board of Directors (Audit Committee), confirm that the CFO attends the Audit Committee meetings. B. Obtain evidence of accounting advice provided by the Chief Financial Officer to decision-makers at IESO.	A. The CFO is an attendee of the AC meetings. As evidence, the CFO is listed as an attendee on the AC Agenda [1.2 & 1.3, Minutes of the AC Agenda]. Further, the CFO provides a report summarizing key financial information and results [1.4, CFO Report to the Audit Committee]. B. The CFO is responsible for providing accounting advice to the decision makers at IESO. As evidence, an email detailing an meeting agenda between the CFO and CEO highlighting the discussion of key financial matters was provided [1.5, Evidence of CFO consultation with CEO] fair hydro plan	None
1.4 Chief Administrative Officers are responsible for bringing high risk issues to the attention of the Office of the Provincial Controller on a timely basis.	A. Inquire if IESO has reported any high-risk issues to the Office of the Provincial Controller in a timely basis.	A. The CFO is responsible for bringing high risk issues to the attention of the Office of the Province Controller. Throughout the year, the CFO will meet with representatives of the Ministry to provide an update on IESO's operations and any issues that the organization is dealing with. An exampleatray of an issue that was discussed in 2017 relates to negotiations with the PWU Provided by the CFO is evidence of communication with the Ministry [1.6, Evidence of CFO consultation with Ministry]	None
[redacted]			
1.6 Ministries and other government organizations seeking accounting advice from the Office of the Provincial Controller on issues with a high level of accounting risk should provide at a minimum, the following information and documentation: a. Description of nature, purpose, terms and conditions of the program, including the substance of the underlying events, costs and revenues (including cash flow	A. Based on the sample retrieved in 1.1.B, confirm that all required information and documentation was provided.	A. The IESO had extensive discussions with Ministry around the adoption of a new accounting standard [1.7a and b evidence of seeking accounting advice re accounting standard]	None

Commented [MJ1]: Kim - Need new evidence

[redacted]

Commented [MJ2]: Chris – not really clear what this means

Commented [MJ4]: need evidence that all of the requested documents were provided.

[redacted]

IESO-N-0025980

[redacted]

[redacted]

[redacted]

[redacted]

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9.0 MBC Procurement Directive (Only sections 3 - Principles and section 8 - Other Included Entity apply)			
Value for Money Goods and services must be procured only after consideration of ministry business requirements, alternatives, timing, supply strategy, and procurement method. **Vendor Access, Transparency, and Fairness** Access for qualified vendors to compete for government business must be open and the procurement process must be conducted in a fair and transparent manner, providing equal treatment to vendors. Conflicts of interest, both real and perceived, must be avoided during the procurement process and the ensuing Contract. Relationships that result in continuous reliance on a particular vendor for a particular kind of work must not be created. **Responsible Management** The Procurement of goods and services must be responsibly and effectively managed through appropriate organizational structures, systems, policies, processes, and procedures. **Geographic Neutrality and Reciprocal Non-Discrimination** Ministries and Other Included Entities that are subject to Ontario's Trade Agreements must also ensure that access for vendors to compete for government business is geographically neutral with respect to other jurisdictions that practice reciprocal non-discrimination with Ontario. **Procurement – Other Included Entities** Other Included Entities must establish and follow their own procurement policy and related processes and procedures provided that they do not conflict with the above mandatory sections. These policies must include appropriate conflict of interest rules that reflect the spirit of Regulation 381/07 of the *Public Service of Ontario Act, 2006*.	A. Obtain IESO's procurement policy. Confirm that the procurement policy exists and considers: i. The philosophy of value for money ii. Openness, fairness, and transparency iii. Does not discriminate against other jurisdictions that practice non-discrimination with Ontario.	A. IESO's Procurement Standard and Procure Goods & Services Process Specification is posted on the intranet [9.16 and 9.2]. the purpose of the standard is "The objective of this Standard is to ensure that the IESO acquires the goods and services required to meet its business needs in the most economical and efficient manner through Procurement processes that conform to the following principles " • Value for money • Vendor access, transparency and fairness • Responsible management	*
9.1 Procurement Planning Other Included Entities must ensure that procurement planning is an integral part of their procurement policy, as necessary, to support their business requirements and ensure that sufficient time is allowed to complete the procurement process. Other Included Entities (OIE) are encouraged to adopt the spirit of the Local Food procurement policy in their food purchases valued under $25,000. **[Not applicable]* Other Included Entities are encouraged to adopt the Ethical Apparel Procurement Requirements noted in Section 7.15 as appropriate. **[Not applicable]* Other Included Entities seeking to acquire goods or services	A. Obtain IESO's procurement policy and confirm that the procurement policy requires sufficient time to complete the procurement process. Review a sample procurement to determine if sufficient time was provided to complete the procurement process. B. Enquire procurement staff if IESO purchases any good or services through the Central Common Services.	A. IESO has a robust procurement planning process. The Standard [9.16] describes the procurement planning process which is undertaken annually at the enterprise level. The Procure Goods & Services Process Specification describes the process for an individual procurement. [9.2, page 14]: B. Based on discussion with the Procurement Manager, the IESO does not purchase any goods or services through the Central Common Services.	• IESO did not complete a Procurement Plan for 2016. A 2017 Procurement Plan was developed in November 2016.

Commented [MJ7]: Megan – can I have a copy of the 2017 plan

Commented [MJ8]: Megan – can you Confirm

available through a Central Common Service should contact the appropriate Central Common Service directly to determine any mandatory requirements and eligibility.			
9.2 Procurement Value Other Included Entities must determine the Procurement Value in order to determine the appropriate procurement approval authority and procurement method. To determine the Procurement Value, Other Included Entities must consider all costs and benefits associated with entering a contractual relationship with a Third Party. Costs and benefits may include, but are not limited to: a. Price/cost of the goods and/or services b. One-time costs such as site preparation, delivery, installation and documentation; ongoing operating costs including training, accommodation, support and maintenance c. Sale taxes and applicable duties d. Disposition costs e. Premiums, fees, commissions, and interest f. Options to renew g. Direct payments by the Crown to the successful vendor(s) h. Indirect payments by Third Parties to the successful vendor(s) i. Any conferred value by the Crown to the successful vendor(s) When determining the appropriate approval authority required for a Procurement, the Procurement Value does not include sales taxes. Examples of conferred value include, but are not limited to, the exchange of goods and/or services in return for other goods and/or services, revenue generating opportunities and partnership agreements with non-profit organizations. Where a project involves multiple related Procurements, the project's Procurement Value would be determined by the cumulative value of all related Procurements. Other Included Entities must not take any actions to reduce the Procurement Value to avoid any requirements of this Directive. Such actions could include subdividing projects, Procurements, or Contracts and awarding multiple consecutive Contracts to the same vendor. The award of multiple consecutive Contracts to the same vendor may only be made where each assignment is unique or where prior approval of a Consulting Services Follow-On Agreement has been received.	A. Obtain IESO's procurement policy to confirm that the procurement policy contains a methodology to determine procurement value that is aligned with the Directive (e.g. cannot split procurement to smaller procurements). B. Review a sample procurement to determine if procurement value methodology was followed.	IESO's Procure Goods & Services Standard [9.16]provides guidance on determining a procurement value. "When determining the estimated Total Procurement Value, all Costs associated with entering into a contractual relationship with a third party must be considered" The Total Procurement Value is tracked as an estimate on the draft RFP documents and as a final value within the Purchase Order (which then drives the signing authority). The draft RFP document for the IT Governance Audit includes an estimate of the value [9.8]. Once the work is awarded, this value is transferred to the PO and drives the signing authorities and the requirements for amendments to the value after the fact.	None
9.2.1 Procurement Value Increases When the Procurement Value increases, Other Included Entities must ensure they have the appropriate procurement approval	A. Obtain IESO's procurement policy. i. Confirm that the procurement policy contains a procedure to approve procurements when the	IESO's Procure Goods & Services Standard[9.16] states When the estimated Total Procurement Value increases, Business Unit's must ensure they have obtained the appropriate Procurement approval	None

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authority and have used the appropriate procurement method. This is especially important when the Procurement Value Increase causes the Procurement Value to exceed the approval threshold of the original approver. Approval for Procurement Value Increases must be sought prior to proceeding with or continuing the Procurement. Procurement Value Increases may be caused by, but not limited to, price increases, volume uptake, or other unforeseen circumstances. It may be determined that certain commodities, such as fuel and food, require contractual provisions for price increases. In these instances, Other Included Entities should anticipate such increases and ensure that they seek approval from the appropriate procurement approval authority. Other Included Entities must also ensure that the procurement documents, including the Agreement, MBC Procurement Directive February 2014 53 identify the framework under which price increases will be permitted, including, but not limited to: a. The frequency of price increases; b. The allowable amount of increase; and c. Any benchmarks that will be used to confirm the price increase.	Procurement Value increases once approved. ii. Confirm that the procurement policy contains guidance as to when price increases are allowed B. Review a sample procurement where the Procurement Value increased after it was originally approved. Confirm that the procurement was appropriately approved.	authority and have used the appropriate Procurement method. This is especially important when a Total Procurement Value Increase causes the Total Procurement Value to exceed the approval threshold of the original approval authority. Approval for Total Procurement Value Increases must be sought prior to proceeding with or continuing the Procurement. Total Procurement Value Increases may be caused by, but not limited to, price increases, volume uptake, or other unforeseen circumstances. Reviewed contract amendment, May 15, 2016 for Media Buying with Mindshare. The contract was amended to exceed $4,500,000. The increase was approved by Terry Young Vice-President, Conservation and Corporate Relations [9.11] this authority was approved by the Resolution of the Board of Directors from February 3, 2015 [9.11a].	
9.3 Conducting a Second-Stage Selection Process Other Included Entities must comply with the VOR Arrangement terms of use prior to accessing VOR Arrangements. Other Included Entities must refer to VOR Arrangements User Guides.	A. Obtain IESO's accounts payable policy and confirm that there is a requirement to confirm that submitted invoices are aligned with the terms of the relevant VOR. B. Review a sample invoice from a vendor with a VOR and confirm that it was paid in accordance with the terms of the VOR.	A. There is no reference in any of the policies (Procure Goods & Services, Expense Goods & Services) to require confirmation that submitted invoices for payment are aligned with VOR terms. B. Reviewed RVOR/ER/16/02/000181 for services related to Market Renewal with Battle Group [9.11]. Price effective from June 21, 2016 to June 30, 2019. Confirmed that VOR terms were reflected in October 20, 2016 Invoice [9.11a]. Verified all constant hourly rates from the invoice and confirmed they were aligned with the VOR rates.	• There is no reference in any of the policies (Procure Goods & Services, Expense Goods & Services) to require confirmation that submitted invoices for payment are aligned with VOR terms. • The Brattle Group contracted consultants, but the invoice did not state their level therefore it cannot be determined with certainty the rates charged to the IESO are in accordance with the VOR.
9.4 Procurement Methods **9.4.1 Consulting Services Procurements** A competitive Procurement process must be used for all Consulting Services, irrespective of the value of the Procurement. Other Included Entities may use an invitational competitive procurement process for Consulting Services valued up to $100,000. An invitational competitive Procurement is achieved by requesting a minimum of three (3) qualified vendors to submit a written proposal in response to the Procurement requirements. Other Included Entities must use an open competitive procurement process for Consulting Services valued at $100,000	A. Obtain IESO's procurement policy. i. Confirm that the procurement policy requires consulting services are procured for through a competitive procurement process. ii. Confirm if an invitational competitive procurement process is used for consulting services, confirm that at least three qualified vendors are solicited. iii. Confirm that the procurement policy requires procurements for consulting services over $100,000 are procured for as part of an open competition. B. Review a sample procurement for consulting services under $100,000 and verify that at least three qualified vendors were solicited. C. Review a sample procurement for consulting services	A. IESO's Procure Goods & Services Standard is posted on the intranet [9.16] which states requirements aligned with the government directive. B. Reviewed Process and Policy Re-engeenering RFP which include 4 proponents. C. Competitive procurement D. Anderson Leadership – non-competitive	

Commented [MJ9]: Megan – is there another example from 2017?

Commented [MJ10]: Megan – does this make sense

Commented [MJ11]: Megan – do we have an examples of consultants from VOR with hourly billing – maybe the fairness advisors

Commented [MJ12]: Megan – I need an example

Commented [MJ13]: Megan – does this have the appropriate approvals

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<table>
<tr>
<td>or more.

Other Included Entities may utilize the allowable exceptions for non-competitive procurement processes for Consulting Services as defined in Section 4.4.4.2, subject to approval as outlined in Section 8.6.

Where a non-competitive procurement process is required, Other Included Entities must seek prior approval from the appropriate approval authority as determined by their procurement policy and subject to approval as defined in Section 8.6.</td>
<td>over $100,000 and verify that it was procured for as part of an competitive procurement.
D. Enquire procurement staff as to whether any consulting services were procured for not using a non-competitive process. If this did occur, confirm that it was approved in accordance with Directive requirements.</td>
<td></td>
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<tr>
<td>9.4.2 Goods and Non-Consulting Services Procurements
Other Included Entities are encouraged to conduct an open competitive Procurement for all goods and non-consulting services but may conduct these Procurements using their own policies, processes, and procedures provided that they are in accordance with the principles of this Directive.</td>
<td>A. Obtain IESO's procurement policy.
i. Confirm that IESO's procurement policy considers open competitive procurements for non-consulting services.
ii. Confirm that IESO's procurement policy has provided guidance for procuring non-consulting services
B. Review a sample procurement for non-consulting services, and verify that it was completed in accordance with IESO's procurement policy.</td>
<td>• IESO Procurement Standard sets out the appropriate rules for non-consulting procurements [9.16]
A. A procurement for a DSO review was reviewed. The procurement processes followed IESO's procurement policy. Key controls completed included:
• Competitively procured through an open call [9.5a]
• All evaluators signed declaration of non-conflict of interest [9.5b]
• Documented and published evaluation criteria [9.5c]
• Bidder with the highest evaluation was selected [9.6]</td>
<td>None</td>
</tr>
<tr>
<td>9.5 Procurement Approvals
Other Included Entities must include a procurement approval authority framework in their procurement policy. MBC Procurement Directive February 2014 54
For goods and non-consulting services, the procurement approval authority framework must reflect the procurement method and procurement value and assign authority to the most appropriate accountable authority in the agency as determined by the Board of Directors.

For Consulting Services, the procurement approval authorities of Other Included Entities are as follows:
<table>
<tr><th>Procurement Method</th><th>Procurement Value</th><th>Submission Approval</th><th>Approval Authority</th></tr>
<tr><td>Invitational Competitive</td><td>$0 up to but not including $100,000</td><td>Agency DOA</td><td>Agency DOA</td></tr>
<tr><td>Open Competitive</td><td>Any Value</td><td>Agency DOA</td><td>Agency DOA</td></tr>
<tr><td rowspan="3">Non-Competitive</td><td>$0 up to but not including $100,000</td><td>Agency DOA</td><td>Agency DOA</td></tr>
<tr><td>$100,000 up to but not including $1M</td><td>Agency DOA</td><td>Deputy Minister Minister</td></tr>
<tr><td>$1M or more</td><td>Deputy Minister Minister</td><td>TB/MBC</td></tr>
</table>
For non-competitive Consulting Services Procurements valued at $1M or more, Other Included Entities' business case to TB/MBC must be submitted by the oversight Ministry.

Other Included Entities must not take any actions to reduce the value of Procurements to avoid approval authority requirements. Such actions could include subdividing projects, Procurements, or Contracts and awarding multiple consecutive Contracts to the</td>
<td>A. Obtain IESO's procurement policy.
i. Confirm that IESO's procurement policy contains an approval authority framework.
ii. Confirm that IESO's procurement policy prohibits the splitting of procurements to avoid approval requirements.
B. Review the procurement approval authority framework and confirm that it is aligned with Directive requirements (Consulting Services, Non-consulting Services)
C. Review a sample procurement for consulting services valued at $1M or more, and confirm that the business case was submitted to OEB.</td>
<td>A. The Procurement standards advises staff how to value the RFP.
B.
C. The OAR is posted on the intranet and sets out signing authority [9.3]. IESO's OAR is aligned with the Directive requirements. For example, the OAR states: "In circumstances where a non-competitive procurement is required for consulting services in the amount greater than $100,000 approval is required from both the Deputy Minister and Minister. Approval by Treasury Board/Management Board of Cabinet for non-competitive procurement of consulting services in excess of $1 million." [9.3, Note 8, page 2]
D. Not applicable - Based on discussion with the Corporate Controller, there were no procurements consulting services valued at $1M or more in 2015.</td>
<td>None</td>
</tr>
</table>

Commented [MJ14]: Megan/sheri – need documents

Commented [MJ15]: Chris – why OEB?

Commented [MJ16]: Megan – any consulting over $1MM

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same vendor.			
9.6 Procurement Documents Other Included Entities are encouraged to adopt the information requirements for procurement documents noted in Section 5.2 as appropriate.	A. Confirm that the IESO maintains documentation to support a procurement.	A. Procurement documentation is maintained for all procurements. Procurement documentation is stored electronically. All documentation requested as part of this exercise was provided.	
9.7 Electronic Tendering Other Included Entities must use electronic tendering for open competitive Procurement with a Procurement Value at or above $25,000 for goods and at or above $100,000 for services. Other Included Entities are encouraged to use Ontario's designated electronic system but may establish their own method of electronic tendering.	A. Obtain IESO's procurement policy and confirm that IESO's procurement policy contains a requirement for electronic tendering, where applicable. B. Review a sample procurement for goods at above $25,000 and a sample procurement for services over $100,000 and confirm they were facilitated through an electronic tendering system for open competitive procurement.	A. IESO procurement standard includes a section on electronic tendering. B. Not applicable – As an "Other Included Entities", IESO may conduct procurements for all goods and non-consulting services using their own policy [requirement 8.5.2]. As such, IESO requires a competitive procurement for goods and non-consulting services for procurement values >$200,000	None
9.8 Bid Response Time Other Included Entities are encouraged to use at least the minimum bid response times recommended for Ministries as noted in Section 5.4.	A. Obtain IESO's procurement policy and confirm that IESO's procurement policy contains guidance on minimum bid response times and is aligned with the guidelines documented in the Directive. B. Review a sample procurement and confirm it that it followed the minimum bid response times.	A. The IESO used the following response times, which are set out in the Procurement Standard a. A minimum of 15 calendar days for all Procurements which are not conducted through a VOR Arrangement and have a Total Procurement Value that is less than or equal to $548,699. b. A minimum of 30 calendar days for all Procurements which are not conducted through a VOR Arrangement and have a Total Procurement Value greater than or equal to $548,700. B. Review Payroll Process Review Consulting Services, was valued under $548,699 and was therefore posted publically on MERX for at least 15 days (September 9 to October 7, 2016) [9.15]	None
9.9 Evaluation Process Other Included Entities must evaluate the bid responses received consistently and in accordance with the evaluation criteria, rating and methodology set out in the procurement document. Other Included Entities must require individuals participating in the evaluation of bid responses to immediately declare any potential conflict of interest and immediately address any declarations. Following the evaluation process, Other Included Entities may select only the highest ranked submission(s) that have met all mandatory requirements set out in the related procurement document.	A. Obtain IESO's procurement policy and confirm that IESO's procurement policy contains guidance on a procurement evaluation methodology, criteria, and rating. Further, verify that the policy require any individual participating in the evaluation of bid responses declare any conflict of interest B. Review a sample procurement and confirm that: i. Any individual participating in the evaluation of bid responses declared any conflict of interest ii. It was completed in accordance with IESO's procurement policy iii. The highest rated bid submission was selected	The Procurement Standard includes guidance on evaluation . A. As part of the DSO review process: i. Each participant was required to sign a conflict of interest declaration [9.5b, Signed Conflict of Interest Declaration]. ii. See results of 9.4.2.B iii. The highest rated bid submission was selected as part of the procurement process [9.6]	None
9.10 Approval of Vendor Selection Other Included Entities are required to obtain appropriate approvals in accordance with their MBC approved governance structure for procurement controllership.	A. Confirm that IESO has an OAR. B. Review a sample procurement and confirm that it was approved in accordance with the OAR.	A. IESO's has an OAR [9.3] and it is posted on the intranet. B. C. Reviewed [9.3]	None
9.11 Ontario Trade Commitments Other Included Entities may be subject to Ontario's Trade Commitments, including requirements for contracting rules,	A. Obtain IESO's procurement policy and verify that it considers any relevant Ontario's Trade Commitments.	A. Not applicable - Based on discussion with the Corporate Controller, IESO does not have to comply with any Ontario Trade Commitments.	None

Commented [MJ17]: Megan – I need a sample

Commented [MJ18]: Megan/sheri – I need the documents

Commented [MJ19]: Megan/sheri – I need the DSO PO which was approved by Bruce/Peter

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buying groups, exclusions and dispute resolution. Other Included Entities that are subject to Ontario's Trade Commitments must ensure that their procurement policy reflects the requirements of the Trade Commitments, as appropriate.			
9.12 Accessibility Obligations Other Included Entities must comply with the *Accessibility for Ontarians with Disabilities Act, 2005* (AODA) and the standards mandated by it through enacted regulation. The *AODA, 2005* outlines new, mandatory accessibility standards in many areas. The Integrated Accessibility Standards Regulation under the *AODA, 2005* came into force July 1, 2011.	A. Obtain IESO's procurement policy and confirm that IESO's procurement policy considers AODA requirements.	The IESO has an Accessibility Policy that helps promote access for all stakeholder and enables people with disabilities an equal opportunity to benefit from IESO services. Specifically, the policy states: "The IESO demonstrates this commitment by providing safe and courteous access for stakeholders in a manner that respects the dignity and independence of persons with disabilities. The IESO is also commited to giving persons with disabilities an equal opportunity to obtain, use, and benefit from IESO services.." [9.2, page 1]	None
9.13 Protection of Personal and Sensitive Information Prior to undertaking any Procurement of goods and/or services that may result in the release of personal or sensitive information, Other Included Entities must conduct a risk assessment that includes a Privacy Impact Assessment (PIA) and a Threat Risk Assessment (TRA). Any information that is to be released must comply with applicable privacy legislation.	A. Confirm that the Privacy Officer *(Legal Counsel?)* has reviewed the procurement policy and considered privacy risks and ROI requests.	A. The Finance Policy requires that staff must "submit all Requests for Proposals (RFP) to Legal Services for review prior to issuance where the form of RFP may create procurement process obligations on the IESO or the expected value of the RFP exceeds $1,000,000."	None

Commented [MJ20]: Megan – do we have any requirement around privacy?