Message

From: susan.nicholson@ieso.ca [susan.nicholson@ieso.ca]
Sent: 2018-04-07 3:02:48 PM
To: Jordan Penic [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7d23bcd450594583bb40b447b35485da-Jordan Peni]; John Rattray [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=0c3134c1c2744b1ea8ff0e5ddd13dfe4-John Rattra]; Anthy Lovachis [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=42a8bb25d4b341b6aa9c16b1ddbc0790-Anthy Lovac]
Subject: Fwd: Question from Globe for Review

Sent from my iPhone

Begin forwarded message:

From: "Betik, Matthew" <mbetik@kpmg.ca>
Date: April 7, 2018 at 2:49:04 PM EDT
To: Susan Nicholson <susan.nicholson@ieso.ca>
Subject: RE: Question from Globe for Review

See section 159 of the Ontario Business Corporations Act. I am not sure if it applies to IESO or not.

Matt

Approval by directors

159 (1) The financial statements shall be approved by the board of directors and the approval shall be evidenced by the signature at the foot of the balance sheet of any director authorized to sign and the auditor's report, unless the corporation is exempt under section 148, shall be attached to or accompany the financial statements. R.S.O. 1990, c. B.16, s. 159 (1); 2010, c. 16, Sched. 5, s. 1 (2).

Publishing, etc., copies of financial statements

(2) A corporation shall not issue, publish or circulate copies of the financial statements, referred to in section 154 unless the financial statements are,

(a) approved and signed in accordance with subsection (1); and

(b) accompanied by the report of the auditor of the corporation, if any. R.S.O. 1990, c. B.16, s. 159 (2).

From: Susan Nicholson [mailto:susan.nicholson@ieso.ca]
Sent: Saturday, April 7, 2018 2:25 PM
To: Betik, Matthew <mbetik@kpmg.ca>
Subject: Fwd: Question from Globe for Review

Hi Matt, regarding the signature of the financial statements by Tim and Carole can you please confirm if that is a "requirement" of audit standards or of something else.

Sent from my iPhone

Begin forwarded message:

From: Jordan Penic <jordan.penic@ieso.ca>
Date: April 7, 2018 at 1:55:07 PM EDT
To: Susan Nicholson <susan.nicholson@ieso.ca>
Cc: Anthy Lovachis <Anthy.Lovachis@ieso.ca>
Subject: RE: Question from Globe for Review

Thanks Susan. Do you know where I could find whether the signature of the Board is a requirement of audit standards or not? I have also updated the response to reflect your comment about the signed management rep letter.

From: Susan Nicholson
Sent: April 06, 2018 5:08 PM
To: Jordan Penic
Cc: Anthy Lovachis
Subject: Re: Question from Globe for Review

Hi Jordan, I am not certain if the signature of board on the financial statements is a requirement of the audit standards or not. I also believe the signed management rep letter is a requirement of audit standards and not of PSAS. Let me know if you wish to discuss further.

Sent from my iPhone

On Apr 6, 2018, at 3:21 PM, Jordan Penic <jordan.penic@ieso.ca> wrote:

Hi Susan,

I have written a response below to the question posed by the Globe. Can you please let me know if you think this is technically accurate? There is also a remaining question that I have highlighted and am hoping you can address it.

We're hoping to share this afternoon. Does Kim need to review?

Let me know if you'd like to discuss.

Cheers,

Jordan

Q: For publicly-traded companies, there are certification requirements in Canada. For example, the CEO and CFO certify that the issuer's financial statements contain no misrepresentation, that the financial statements fairly present the financial condition of the issuer, and so on. Do those requirements apply to the IESO's financial statements? If not, what responsibilities are attached to signing off on the books of a government agency?

The IESO is required to have its financial statements audited on a yearly basis as outlined in the *Electricity Act, 1998*. When IESO engages its auditor as required under the Act, it signs a management representation letter meeting accounting audit standards. This letter identifies that management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board Chair and the Chair of the Audit Committee sign the IESO financial statements (NTD: Is this a requirements somewhere?).

As a best practice and to increase transparency for its financial statement users, the IESO also includes a Management Report in its financial statements that is signed by the CEO and CFO. This letter essentially summarizes the statements made in the management representation letter and identifies the independent third party auditor. This can be found on page 8 of our most recent Annual Report.

If you are unable to access the links above, please cut and paste the URL that follows the link into your browser.
