

Message

From: Kim Marshall [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=B63A22B42BF14587870D93119A054D88-KIM MARSHAL]
Sent: 2018-01-24 11:42:14 AM
To: Susan Nicholson [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=f668e601bd2b4865a5c31dca531047c8-Susan Nicho]; mbetik@kpmg.ca
Subject: FW: Audit Guidelines
Attachments: IESO_2016AnnualReport.pdf; CPA Canada Handbook mgt rep.docx

fyi

Kimberly Marshall | VP, Corporate Services & CFO

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From: Kim Marshall
Sent: January 23, 2018 9:55 AM
To: 'Carole Workman'; 'tim o'Neill'; Peter Gregg
Cc: John Rattray; Terry Young
Subject: Audit Guidelines

2 pieces of information for you related to recent conversations

1. Management report

In the attached 2016 annual report, on page 27 of 56, the following management report is presented, signed by Bruce and I. This is a standard management attestation, which we will repeat in 2017.

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Independent Electricity System Operator are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards. The significant accounting policies followed by the Independent Electricity System Operator are described in the Summary of Significant Accounting Policies contained in Note 2 in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been prepared within reasonable limits of materiality and in light of information available up to March 22, 2017.

Management maintained a system of internal controls designed to provide reasonable assurance that the assets were safeguarded and that reliable information was available on a timely basis. The system included formal policies and procedures and an organizational structure that provided for the appropriate delegation of authority and segregation of responsibilities.

These financial statements have been examined by KPMG LLP, a firm of independent external auditors appointed by the Board of Directors. The external auditors' responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles in Canada. The Auditors' Report, which follows, outlines the scope of their examination and their opinion.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

On behalf of management,

2016

2. Auditing standards re Management rep letter

Attached is an excerpt from the CPA handbook which includes guidelines for auditors when a management rep letter is not provided.

8200.41 If the client refuses to provide management's representations in writing as required by the public accountant, the public accountant is unable to complete the review and reports in accordance with paragraph 8200.38. In these circumstances, the public accountant is ordinarily precluded from issuing a compilation report instead of a review engagement report

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