Statement by the Auditor General on Tabling of Public Accounts of the Province

(Toronto) The Consolidated Financial Statements for the Province of Ontario for the year ended March 31, 2016, present fairly the province’s annual deficit, accumulated deficit, pension liabilities and pension expense, Auditor General Bonnie Lysyk said after the government today tabled the 2015/16 Ontario Public Accounts.

Lysyk added, however, that her opinion was qualified because the 2014/15 comparative figures have not been restated to correctly adjust:

- the 2014/15 accumulated deficit upward by $8.201 billion;
- the education expense and general government and other expense upward by $953 million; and
- the annual deficit upward by $953 million.

As well, the Financial Statement Discussion and Analysis accompanying the Consolidated Financial Statements does not reflect this adjustment.

The issue discussed over the last few days pertains to the government’s accounting treatment of pension assets related to the Ontario Teachers’ Pension Plan and the Ontario Public Service Employees’ Union Pension Plan. The government previously included these pension assets in its financial statements—even though the province did not control or have unilateral access to those assets.

As the preparer of its own financial statements, the government did not put forward adequate evidence to its external auditors—the Office of the Auditor General—to support its view that pension assets should continue to be recorded in the Consolidated Financial Statements of the Province of Ontario.

Our Office identified an issue with the province’s accounting for pension assets following an in-depth review this year triggered by a significant rise in their value, and advised the Office of the Provincial Controller’s Division of its concerns last June.

Lysyk said her Office did considerable work in reaching its position on pension assets. This position is also in line with Public Sector Accounting Standards, and the application of those standards used by the provinces of British Columbia and New Brunswick.

Lysyk said her Office will review and consider any new information that the government provides during the next year to support its position.

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For more information, please contact Bonnie Lysyk, Auditor General of Ontario, at (416) 327-1326

The Office of the Auditor General is an independent Office of the Legislative Assembly that conducts value-for-money and financial audits of the provincial government, its ministries and agencies. We also audit organizations in the broader public sector that receive provincial funding. Our vision is to deliver exceptional value and assurance to members of the Legislative Assembly, the Standing Committee on Public Accounts, and all Ontarians through high-quality work that promotes accountability, value for money and effective governance in the Ontario public sector.