

Accounting Policies and Advice

POLICY #FRA-03-01

FINAL

PURPOSE

To ensure that sound advice is sought by management on the proper accounting treatment, financial presentation and disclosure of the proposed decisions.

APPLICATION AND SCOPE

This policy applies to all departments and divisions of OLG, including Caesars Windsor and OLG's wholly owned subsidiary, Ontario Gaming Assets Corporation (OGAC).

POLICY STATEMENT (& GUIDING PRINCIPLES)

Management requires sound accounting advice prior to making decisions.

Significant accounting issues / financial transactions, applying judgement, are brought to Controllership's attention, in a timely manner to determine the proper accounting treatment and financial statement presentation/ disclosure of the decisions as provided within this policy.

DEFINITIONS

Accounting advice: means the assessment of underlying economic events or policy decisions against the organization's stated accounting policies or other relevant policies to ensure that the impact of financial statement presentation and disclosure on annual financial statements and annual business plans is considered before decisions are made.

Accounting policies: means the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements (International Accounting Standard 8, Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8)).

ARMC: means the Audit and Risk Management Committee, a committee of the Board of Directors, responsible for reviewing OLG's financial statements, accounting policies and reporting procedures to ensure their appropriateness.

Controllership: a department within the OLG Finance function that is qualified to provide accounting advice. The Controllership department is accountable for the review and establishment of general accounting policies and procedures.

International Financial Reporting Standards (IFRS): means Standards and Interpretations issued by the International Accounting Standards Board (IASB) and adopted by the Accounting Standards Board (AcSB) into Part I of the Chartered Professional Accountants (CPA) Canada Handbook (the Handbook).

Significant Accounting Issues / Financial Transactions: are determined, applying judgment. The following factors, either individually or in combination, but not limited to, could indicate an issue is significant:

- Material and sensitive issues/transactions

- Unusual or new transactions
- New or amended IFRSs apply
- Transactions that result in significant disclosure impacts
- The applicable accounting recommendations are complex in nature
- No previous accounting precedent for the issue/transaction
- Public Sector Accounting Board's position on the accounting treatment is absent or uncertain.

High Risk Accounting Issues: means, applying judgment, those issues that are significant and have a potentially significant financial impact on the Public Accounts of Ontario (Government of Ontario Financial Statements).

REQUIREMENTS

1. General

- 1.1. OLG's accounting policies will be consistent with International Financial Reporting Standards (IFRS).
- 1.1 When accounting advice is required, employees will seek this advice from the Controllershship department.

2. Selection and Administration of Accounting Policies

- 2.1. Controllershship will select and apply accounting policies in accordance with IFRS.
- 2.2. Controllershship will maintain a database of accounting policies, which will be made available on InsideOLG.
- 2.3. OLG's stated accounting policies will be approved by VP Controller and periodically reviewed and revised as necessary.

3. OLG's Accounting Policies

- 3.1. Employees will apply accounting policies provided by Controllershship within the Accounting Policy Manual, and ultimately which comply with IFRS.
- 3.2. Controllershship should be contacted if there are any questions in applying such accounting policies.

4. Seeking Accounting Advice

- 4.1. Employees will bring to Controllershship's attention in a timely manner, proposed and/or implemented significant accounting issues / financial transactions or decisions to determine the proper accounting treatment including, where applicable, financial statement presentation and disclosure implications.
- 4.2. Depending upon the significance of the matter, accounting related issues and questions should be communicated to Controllershship.
- 4.3. Controllershship provides accounting advice to employees. Accounting advice provided will:
 - be in accordance with OLG's accounting policies, and
 - include, where appropriate, the financial impacts to the OLG financial statements and annual business plan.

- 4.4. For significant accounting issues / financial transactions, Controllershship will prepare a discussion paper outlining the issue/transaction and recommended accounting treatment.
- 4.5. Dependent on factors such as materiality, risk, sensitivity and/or complexity of the issue, in keeping with the Auditor Independence Policy, OLG may work through accounting issues with external auditors and/or other external advisors. OLG's external auditors must also concur with OLG's assessment of an accounting policy or financial statement presentation.

5. Reporting Significant and High-Risk Accounting Issues

- 5.1. High risk accounting issues, and where appropriate, significant accounting issues / financial transactions, will be:
 - reported by Controllershship to the VP Controller, and
 - at the discretion of the VP Controller, reported to the CFO and/or to ARMC for review and consideration.
- 5.2. The VP Controller and CFO will bring high risk accounting issues to the attention of the Ministry of Finance then to the Office of the Provincial Controller Division (OPCD) Division, as required.
- 5.3. Any advice on the application of accounting principles that pertain to high-risk accounting issues which will be or has been sought from an external advisor, other than the external auditor, must be brought to the OPCD as per their prescribed process. It is encouraged to notify, consult and request comments from OPCD prior to engaging external advisors for accounting advice.

ROLES AND RESPONSIBILITIES

ROLE	RESPONSIBILITIES
Chief Financial Officer (CFO)	<ul style="list-style-type: none"> ▪ Bringing high risk accounting issues to the attention of the ARMC, Office of the Provincial Controller and/or Ministry of Finance, as required
VP Controller	<ul style="list-style-type: none"> ▪ Ensuring transactions are recorded in accordance with stated OLG accounting policies ▪ Ensuring sound and appropriate accounting advice is provided to employees in accordance with this policy and the Auditor Independence Policy ▪ Bringing significant accounting issues to the attention of the CFO and/or ARMC ▪ Seeking advice for significant accounting issues, in accordance with this policy
Director, External Reporting & Technical Accounting	<ul style="list-style-type: none"> ▪ Accounting policy selection, administration and review ▪ Providing accounting advice in accordance with IFRS and accounting policies ▪ Seeking advice for significant accounting issues, in accordance with this policy
Employees	<ul style="list-style-type: none"> ▪ Contacting Controllershship when significant accounting issues / financial transactions arise and accounting advice is required ▪ Accounting policy application

RELATED POLICY INSTRUMENTS

- Auditor Independence Policy
- OLG Accounting Policy Manual
- Controllership Directive

POLICY OWNER

Director, External Reporting & Technical Accounting

POLICY APPROVAL

Approver	Date
Diana Caputo, VP Controller	October 11, 2022

REVISION / REVIEW HISTORY

Revision / Review Date	Updated By	Summary of Revision / Review
October 11, 2022	External Reporting	Added requirement for OPCD consultation when using external advisors
April 5, 2022	Policy Services	Supersedes Accounting Policies & Advice Policy #FP-02-02-608
March 31, 2022	External Reporting	Added definition of significant and high-risk accounting issues
November 30, 2020	External Reporting	Updated Policy