Consumers Council of Canada (CCC) INTERROGATORY #10 List 2

Interrogatory

Ref: C1/T1/S1

Issue 2.1
Issue: 2.1 Are the overall levels of the 2007 and 2008 Operation, Maintenance and Administration Budgets appropriate?

In the 2006 Annual Report of the Auditor General a number of concerns were expressed regarding overall costs and policies associated with HON. Please provide a detailed explanation as to how HON intends to respond to the specific findings in the Report and correct any deficiencies identified.

Response

Hydro One is taking the recommendations made by the Auditor General seriously. Please refer to the Hydro One response to the recommendations in pages 176 to 178 of the report, a copy of which is provided in OEB Interrogatory J-1-18. Specific and detailed actions are being taken to implement all of the recommendations.

The 2006 Annual Report of the Office of the Auditor General of Ontario ("Report") was tabled in the Legislative Assembly on December 5th, 2006. Section 3.07 of the Report contains the results of the first value-for-money audit conducted at Hydro One under the expanded mandate of the Office of the Auditor General of Ontario ("AG"), which came into effect November 11, 2004. The AG found that Hydro One had adequate policies in place to ensure that goods and services were acquired with due regard for value for money. However, they did note that systems and procedures in all instances were not adequate to ensure compliance with corporate policies. Findings and recommendations focused on the areas of blanket purchase orders, sole-source procurement, procurement of consultants and contract staff, completeness of documentation in procurement files, business process outsourcing contract management, and the use of corporate charge cards, including cheque writing. Management has been in the process of implementing various policies and procedures to strengthen controls and address previous internal audit findings in the areas examined. These actions address many of the concerns and recommendations identified by the AG.