



Public Sector  
Accounting Board

# PSAB For New Finance Officers

September 13<sup>th</sup>, 2017

The PSA Handbook is the primary authoritative source of public sector GAAP.

The opinions stated in the presentation are those of the author and do not necessarily reflect the views of PSAB. Official positions of PSAB are established only after extensive public due process.

---

# Agenda

---

- What is PSAB
- PSA overview
- Presentation
- Employment benefits
- Government transfers
- Strategic Plan

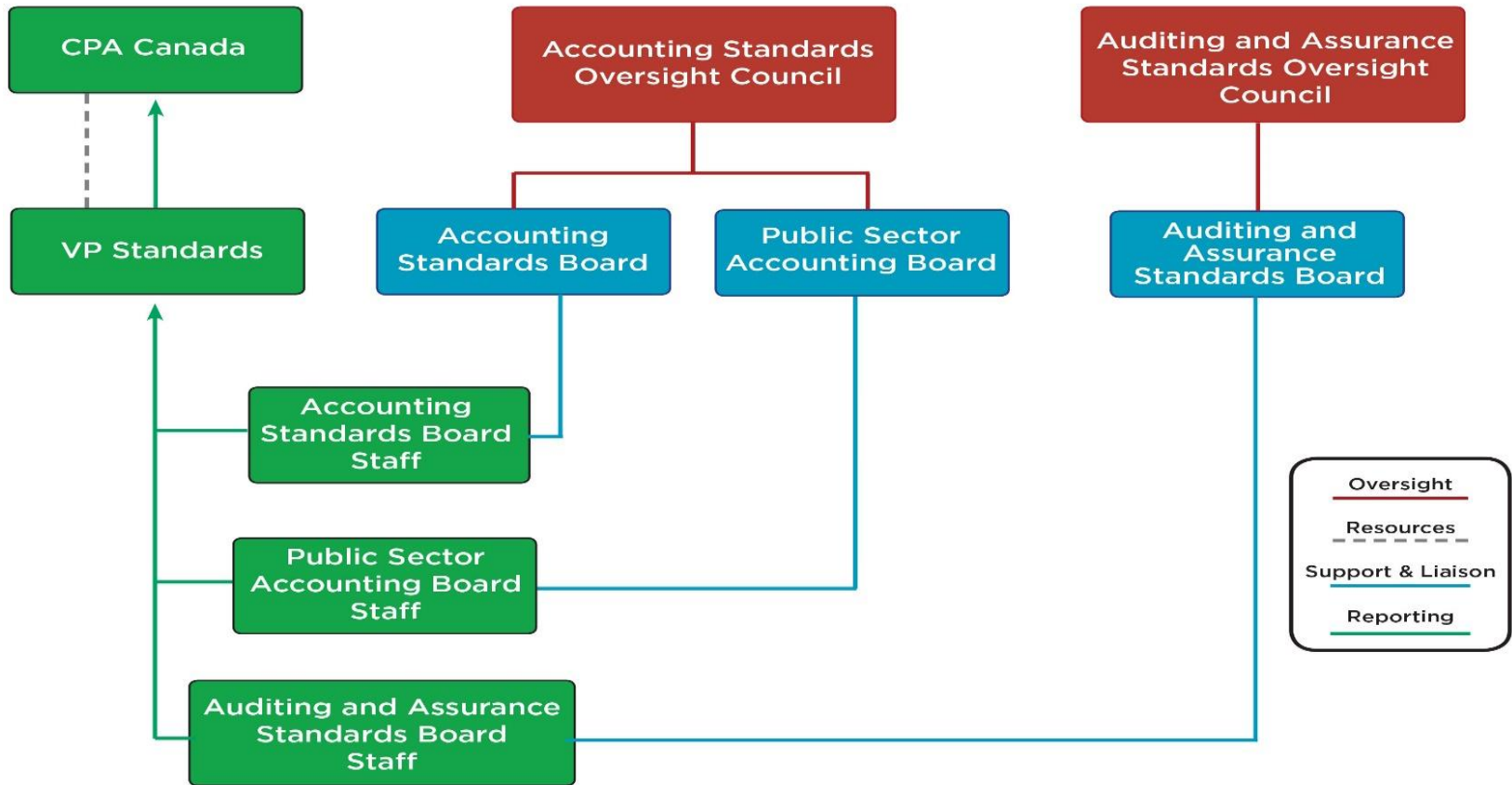
---

# What is PSAB?

---

- Public Sector Accounting Board (PSAB)
- Created to serve the public interest by establishing accounting standards for public sector entities

# CPA Canada & Oversight Councils



---

# What is PSAB?

---

- **Vision** - The public has confidence in public sector financial reporting when public sector entities follow our standards and guidance.

---

# What is PSAB?

---

- **Due process** - PSAB follows a rigorous consultative procedure in the development and issuance of accounting standards and statements of recommended practices for the public sector.

---

# Public Sector Accounting Standards (PSAS)

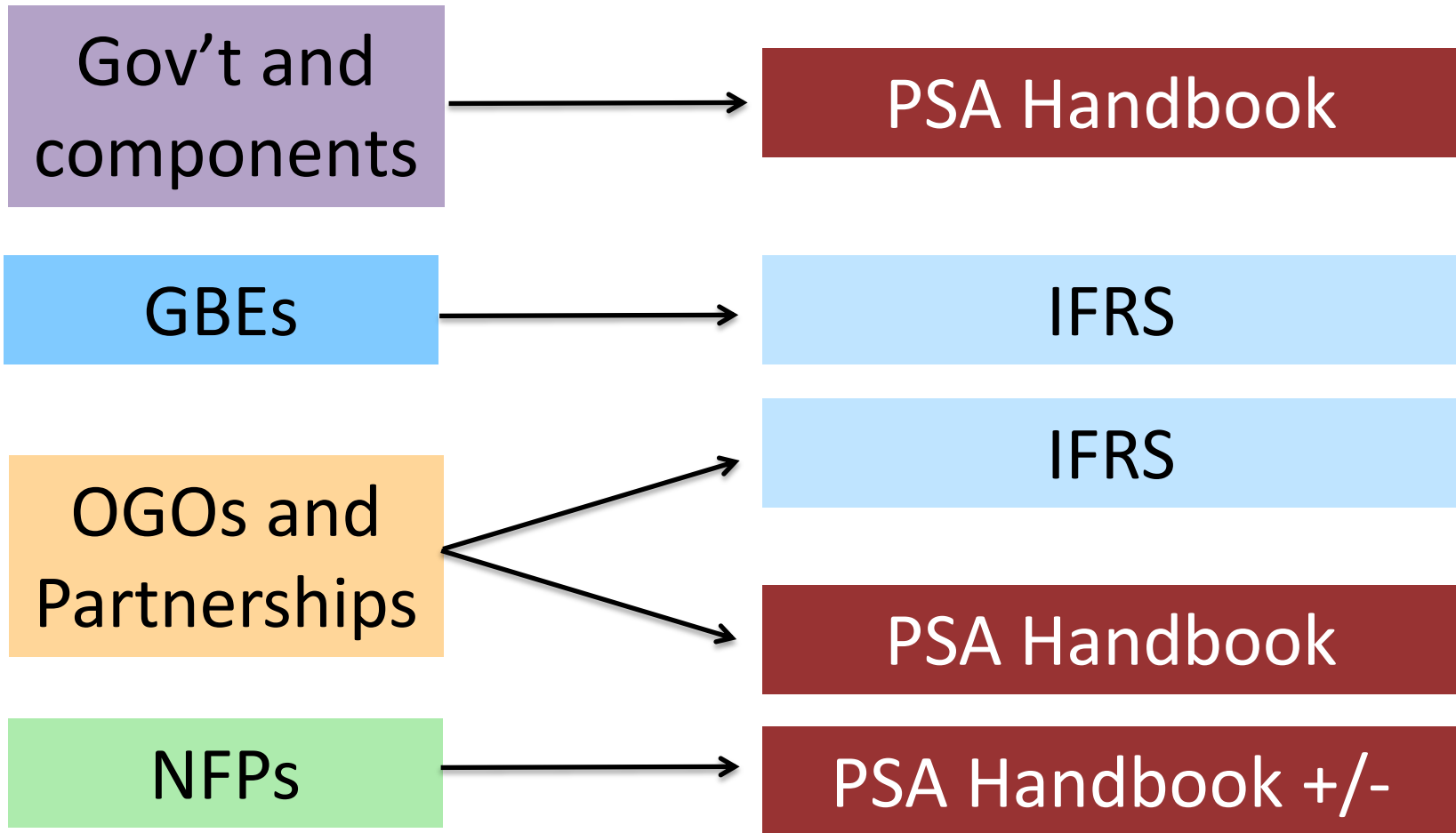
---

- The objectives of financial reporting for governments and businesses are not the same
- Governments have unique characteristics – therefore financial statements do not look the same

---

# PSA Overview - Roadmap

---





---

# Control – consolidation and modified equity

---

- The power to govern the financial and operating policies:
  - i. establish fundamental purpose
  - ii. direct activities on an ongoing basis
  - iii. veto, overrule or modify decisions
- Board election or appointment a criteria

---

# Control – consolidation and modified equity

---

- Consolidate everything controlled except for government business enterprises
- Consolidation means the same basis of accounting
- Government business enterprises are accounted for the government using modified equity accounting – proportionate one line pick up for your share

---

# Presentation - Position

---

For the year ended March 31, 201X	
Financial assets	\$ XXX
Liabilities	<u>XXX</u>
<b>Net debt/financial assets</b>	<u>XXX</u>
Tangible capital assets	XXX
Inventories	XXX
Total non-financial assets	<u>XXX</u>
<b>Accumulated Surplus/deficit</b>	<u>\$ XXX</u>

---

# Presentation - Results

---

<b>For the year ended March 31, 201X</b>	<b>Budget</b>	<b>201X</b>	<b>201W</b>
Revenues	\$ XXX	\$ XXX	\$ XXX
Expenses	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
<b>Annual Surplus/Deficit</b>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Opening accumulated Surplus/deficit	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Closing accumulated Surplus/deficit	<u>\$ XXX</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

# Presentation – Net Debt

For the year ended March 31, 201X	Budget	201X	201W
Annual Surplus/deficit	\$ XXX	\$ XXX	\$ XXX
<b>Add</b> back Depreciation, inventories and prepaid consumed	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
<b>Less</b> capital assets and inventories acquired, amounts paid for prepaid	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
<b>Change in net debt</b>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Opening net debt	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Closing net debt	<u>\$ XXX</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

---

# Employment Benefits

---

- Retirement benefits after retirement such as pensions, health care, life insurance and others
- Post-employment after employment but before retirement such as disability, severance, health care, life insurance
- Compensated employee absences parental leave, accumulated sick days

---

# Government transfers transferor

---

- Government making the transfer does not:
  - i. Receive anything in return
  - ii. Expect to be repaid
  - iii. Expect a financial return
- Once \$ is transferred there is no asset
- Liable when authorized and recipient has met eligibility criteria, if any

---

# Government transfers recipient

---

- Recognize asset when authorized and eligibility criteria met, if any
- Stipulations of transferor need to be considered
- May have a liability at some point if you are required to return an amount in the future
- Recognize as revenue unless liability definition is met
- As liability is satisfied revenue is recognized



---

# 2017-2020 Strategic Plan

---

## OUR JOURNEY FORWARD

### 2017-2020 Strategic Plan

(effective April 1, 2017)



---

# Project status

---

Documents	Project
EDs	<ul style="list-style-type: none"><li>• Revenue</li><li>• Asset retirement obligations</li></ul>
SOPs	<ul style="list-style-type: none"><li>• Conceptual framework</li><li>• Public private partnerships</li></ul>
ITC	<ul style="list-style-type: none"><li>• Employment benefits (Pensions)</li></ul>
Consultation	<ul style="list-style-type: none"><li>• Financial instruments</li><li>• Not-for-profit</li><li>• International</li></ul>

---

# Questions

---



For more information, visit [www.frascanada.ca](http://www.frascanada.ca)

## **Contact**

Michael A. Puskaric

Director, Public Sector Accounting Board

Phone: +1 (416) 204-3451

Email: [mpuskaric@cpacanada.ca](mailto:mpuskaric@cpacanada.ca)