

A low-angle, upward-looking photograph of a modern office interior. The scene features a multi-level staircase with glass railings and white balustrades. Several people in business attire are visible: a man in a grey suit stands on the uppermost level, while two women in dark dresses walk down a middle level. The architecture is characterized by large glass panels and a high ceiling with recessed lighting. A large, bright yellow rectangular overlay is positioned on the left side of the image, containing the title and date. In the bottom right corner, the EY logo and tagline are displayed.

Public Sector Accounting Standards (PSAS)

November 20, 2019



Building a better
working world

Public Sector Accounting Standards Update

Standards coming into effect

- ▶ Standards coming into effect fiscal years starting after April 1, 2021
 - ▶ PS 3280 - Asset Retirement Obligations
 - ▶ PS3450 – Financial Instruments
 - ▶ PS1201 – F/S Presentation
 - ▶ PS2601 – Foreign Currency Translation
 - ▶ PS3041 – Portfolio Investments
- ▶ Standards coming into effect fiscal years starting after April 1, 2022
 - ▶ PS3400 – Revenue

Active Projects

- ▶ Public Private Partnerships
- ▶ Employment Benefits (Pensions)
- ▶ Purchased Intangibles (Narrow Scope)
- ▶ Review of International Strategy
- ▶ Conceptual Framework project
- ▶ Government NFP Strategy
- ▶ Public Sector Accounting Discussion Group (PSADG)

Public Private Partnerships

Public Private Partnerships

- ▶ New guidance to clarify accounting
- ▶ Key topics:
 - ▶ Sharing of risk
 - ▶ Control of asset
 - ▶ Measurement of asset/liability
 - ▶ Discount rate
 - ▶ Accounting for operating and maintenance expense

Public Private Partnerships

- ▶ Exposure draft to be issued in 2019
- ▶ Responses by end of February 2020
- ▶ Webinar February 4, 2020
- ▶ Seek approval for standard December 2020
- ▶ Effective April 1, 2022

Employment
Benefits (pensions)

Employment Benefits (pensions)

- ▶ Objective – one all inclusive standard to replace PS3250 and PS3255
- ▶ Three ITCs issued and closed
 - ▶ Deferrals
 - ▶ Discount rate
 - ▶ Non-traditional plans

Employment Benefits (pensions)

- ▶ Deferral provisions
 - ▶ Actuarial gains/losses?
 - ▶ Market related value of pension plan assets?
- ▶ Discount rates
 - ▶ Six options provided
- ▶ Non-traditional plans
 - ▶ General principle applied to all plans

Employment Benefits (pensions)

- ▶ Exposure draft to be issued March 2021
 - ▶ One ED connecting all the pieces
 - ▶ PSAB will have made International Strategy decision before ED issued (TBC)
- ▶ Final standard – late 2022
- ▶ Usually effective two years later
 - ▶ 2024/2025?

Purchased Intangibles

Purchased Intangibles

- ▶ Issue raised at PSADG
- ▶ Narrow scope amendment Currently prohibited in PS1000.58 – “all intangibles, including those that have been purchased, developed, constructed or inherited in right of the Crown, are not recognized as assets in government financial statements.”
- ▶ Seeks to allow intangibles to be recorded to the extent they have been purchased
- ▶ Timeline - ED Jan 2020; effective as soon as fall 2020

International Strategy

International Strategy

- ▶ 2017-2021 strategic plan
- ▶ Two consultation papers issued
- ▶ 4 possible options
 - ▶ Status quo
 - ▶ Adapt IPSAS principles
 - ▶ Adopt IPSAS with exceptions
 - ▶ Adopt IPSAS
- ▶ Decision criteria – quality, process, control, influence, alignment, transition costs
- ▶ Decision to be made at March 2020 PSAB mtg

Conceptual Framework

Conceptual Framework

- ▶ Foundation from which all other standards are developed
- ▶ Review of PS1000, PS1100, PS1201
- ▶ Focus on measuring the financial performance of public sector entities
- ▶ Improve framework and reporting model
- ▶ Issued three consultation papers + SOC May 2018 and SOP May 2018
- ▶ ED September 2020 – final approval 2022

Conceptual Framework

- ▶ Conceptual framework
 - ▶ 10 chapters
- ▶ Reporting Model
 - ▶ Statement of Financial Position
 - ▶ No net debt on face of SFP
 - ▶ More traditional – total assets, total liabilities, net assets
 - ▶ Net assets – three categories
 - ▶ Accumulated surplus/deficit
 - ▶ Accumulated remeasurements
 - ▶ Accumulated other
- ▶ Statement of Net Debt
 - ▶ Ability to explain what it represents

Government NFP strategy

Government NFP strategy

- ▶ 2017-2021 strategic plan
- ▶ Consultation with over 100 stakeholders
- ▶ Consultation Paper issued in May 2019
- ▶ Responses were due September 2019

GNFP Consultation Paper May 2019

GNFP Consultation Paper May 2019

- ▶ Present landscape
 - ▶ Significant diversity in standards being applied
- ▶ Results of consultations
 - ▶ Diversity in reporting
 - ▶ Different financial reporting model – net debt vs fund acctg
 - ▶ Endowments
- ▶ Solicit feedback
 - ▶ Future trends
 - ▶ Other financial reporting issues
 - ▶ Uniform accounting and presentation
 - ▶ Consistency within the GNFP sector
 - ▶ Consistency within sub-sectors

Public Sector
Accounting Discussion
Group (PSADG)

Public Sector Accounting Discussion Group (PSADG)

- ▶ Meets twice per year and discusses emerging topics
- ▶ Public forum where issues related to PS financial reporting are discussed
- ▶ Not an authoritative group
- ▶ Types of issues discussed
 - ▶ Cloud computing, natural assets, developer fees, crypto-currency, GBEs, purchased intangibles, green infrastructure, contractual rights, social impact bonds, public liability claims, endowments, control

Questions?

