

# **Draft Strategic Plan 2022-2027 Consultation Paper**

## **Responses to Draft Strategic Plan**

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November 2021

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October 6, 2021

Mr. Michael Puskaric, CPA, CMA  
Director, Public Sector Accounting  
Public Sector Accounting Board  
277 Wellington Street West  
Toronto ON M5V 3H2

**PSAB Consultation Paper: Draft Strategic Plan 2022-27**

We commend PSAB for reaching out to stakeholders to respond to the Consultation Paper on the Draft Strategic Plan 2022-27. Our comments to PSAB's specific questions are reflected in the attached appendix.

Sincerely,



Dan Stadlwieser  
Controller

Attachment

## **PSAB Draft Strategic Plan 2022 – 2027**

### ***1. Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.***

We generally agree with the mission and vision statement subject to the comments below.

“Serving the public interest” should be focussed on Canada. While it is important to be a globally respected standard setter as mentioned in the vision statement, the first and foremost objective should be to serve the Canadian public interest.

### ***2. Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.***

We generally agree with the identified significant environmental factors subject to the comments below.

While we concur that the relevance and timeliness of accounting standards is important, we want to reiterate the importance of due process in the development of standards. Stakeholders’ feedback should always be fully addressed in the development of standards as they have a long-term impact on accounting and financial reporting. It is also important to note that the last step in introducing or changing a standard is not approval by PSAB but the implementation of the standard by stakeholders. The amount of time and resources required by stakeholders to implement a new standard has to always be considered.

### ***3. Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.***

Strategy #1 – We agree with the continuous development of relevant and high-quality standards as it is most important that they are in line with the Canadian public interest.

Strategy #2 – We agree with enhancing and strengthening relationships with stakeholders. This is in the interest of everyone for more transparency and meeting user needs. However, below are some additional matters we would like to bring to your attention.

Exploring the use of customized reporting is concerning to us. We believe general purpose financial statements best serves the public at large. This promotes comparability and consistency amongst all public sector entities.

In addition, more openness to the standard setting process is requested. For example, PSAB meetings should be open to the public to observe the discussions held in developing standards.

Finally, we feel senior governments are not often heard enough when it comes to the development of standards (e.g. hedging arrangements not reflected in PS 3450 as

discussed below in Question 4). Considering senior governments consolidate government components, government organizations, and other public sector entities into their government reporting entity, the feedback given by a senior government on the development of standards makes it all more important given its accountability to its population.

Strategy #3 – We agree with enhancing and strengthening relationships with other standard setters such as IPSASB. This will allow PSAB to remain relevant, better meets the needs of stakeholders in Canada, and strengthen its influence for standard setting globally.

Strategy #4 – While we agree it is important to support forward-looking accounting and reporting initiatives, it should be done with caution and only to the extent it makes sense from the Canadian perspective. Even though we concur themes such as sustainability and ESG reporting are emerging topics, we do believe general purpose financial statements best serves the public at large. Some items are best explained outside the financial statements (e.g. other areas of the annual report).

***4. Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?***

We don't believe hedging arrangements has been adequately addressed by PSAB despite having expressed our concerns in the past. Reporting financial instruments at fair value for hedging arrangements under PS 3450 does not align with the revised conceptual framework. Hedging is used to offset gains and losses arising from holding financial instruments to maturity and to protect against market risk. The hedging arrangement is not reflected in the financial statements which prevents portraying reliable information to users. It will also bring misleading volatility into the financial statements.

Wayne Morgan, Ph.D, CPA, CA  
Ian Sneddon, CPA, CA  
Colin Semotiuk, CPA, CA  
Office of the Auditor General of Alberta  
Edmonton, Alberta

October 6, 2021

Michael Puskaric, MBA, CPA, CMA  
Director, Public Sector Accounting Board  
277 Wellington Street West  
Toronto, ON

Dear Michael Puskaric,

Our response to PSAB's Draft Strategic Plan 2022-2027 Consultation Paper is below:

*1. Do you agree with our mission and vision statement?*

With respect to the mission, we suggest changing the wording "developing independent accounting standards" to "setting independent accounting standards."

With respect to the Vision, it is stated as "To be a globally respected standard setter that helps Canada's public sector report relevant and high-quality information to the public." Including the description "globally" may suggest that PSAB is competing with IPSASB, the global public sector accounting standards, and trying to position itself as an alternative to IPSASB, which is incongruent with PSAB's own international strategy.

We believe PSAB should describe what it considers to be the "public interest" in its strategic plan so stakeholders can evaluate whether PSAB has acted to serve that public interest.

*2. Are there any significant environmental factors that you think will impact our stakeholders that we have not identified?*

We agree with the environmental factors. We agree with including ESG reporting as an emerging and important area. The frameworks mentioned in PSAB's strategic plan, such as TCFD and SASB, and the IFRS Foundation's SSB, adopt a shareholder/investor perspective, unlike the multi-stakeholder Global Reporting Initiative. As PSAB further considers ESG reporting (strategy 4), and potentially leveraging from established frameworks, it should consider whether the frameworks are suitable for the multi-stakeholder environment of public sector entities.

*3. Do you agree with the strategies developed?*

In our view, Strategy 1 should be “set relevant and high quality accounting standards” rather than “develop relevant and high quality accounting standards.”

The strategies include customized reporting. We caution PSAB on customizations because they may reduce comparability across the public sector, risk fragmenting PSAS into multiple specific frameworks, or could even call into question whether PSAS is a general purpose framework. As well, it will likely be difficult for PSAB to clearly define whether entities for which the customizations are not designed or intended could also use the customizations, either directly or by analogy.

The strategies include narrow scope amendments. We recognize that narrow-scope amendments allow for more timely and efficient standard setting. However, we caution PSAB on using too many narrow-scope amendments, particularly for customizations that are only applicable to specific entities. As principles-based standards, narrow scope amendments should be limited; too many narrow-scope amendments that are “exceptions” may start to erode the principles in standards or perhaps the conceptual framework itself. We also note that labelling a change as “narrow scope” may reduce exposure draft responses, weakening due process, especially if the issue may be applicable to more stakeholders. PSAB should clarify its processes for adding narrow scope amendments to its work-plans, and define how PSAB accepts, prioritizes and proceeds with narrow scope amendments.

We support strategies for stakeholder engagement. We note that PSAB will need to balance due process with specific stakeholder engagement strategies; overall PSAB’s most important stakeholder engagement should remain its due process, including comment by stakeholders on exposure drafts.

As noted above, regarding strategy 4 and ESG reporting, we encourage PSAB to leverage from multi-stakeholder frameworks, as they are more likely relevant to the public sector.

4. *Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?*

We have no other comments.

Thank you for the opportunity to comment.

Sincerely,

Wayne Morgan  
Ian Sneddon  
Colin Semotiuk



Auditor General  
MANITOBA

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September 29, 2021

Michael Puskaric, MBA, CPA, CMA  
Director, Public Sector Accounting Board  
277 Wellington Street West  
Toronto ON M5V 3H2

Dear Michael Puskaric,

Thank you for the opportunity to provide comments on the Consultation Paper – Draft Strategic Plan. We are responding on behalf of the Office of the Auditor General of Manitoba

We agree with the majority of the consultation paper. Our responses below focus on our areas of concern.

**Question 1: Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.**

Overall, we agree with the mission statement and vision. However, some clarification could be provided as to who makes up the “public interest”.

Additionally, we feel that one of our biggest needs is for timelier accounting standards, and therefore, we suggest this be reflected directly in the mission statement and vision.

**Question 2: Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.**

Overall, we do not see any significant environmental factors that have not been identified.

**Question 3: Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.**

Overall, we agree with the proposed strategies. However, we do have a few areas of concern presented below.

**Strategy #1 – Develop relevant and high-quality accounting standards**

For standards to be more relevant, they must be timelier. In our opinion, the current process to develop new standards is too long. Using narrow scope amendments after a standard is issued, may help speed up the initial release of standards, along with allowing changes to be made to address unintended consequences, or to clear up inconsistencies in the interpretation and implementation of standards.

We have concerns with the issuance of non-authoritative guidance, and would prefer that issues be dealt with through the standard, either initially, or through future narrow scope amendments.

**Strategy #2 – Enhance and strengthen relationships with our stakeholders**

We would like to see more support directed to the implementation of new standards, such as the use of videos, slide decks, and training material. Additionally, a timeline for when such material would be available would be useful to aid in the implementation of new standards.

We are concerned with the potential use of customized reporting. While it may be useful, and a way to tailor the presentation to different types of entities, there is a slippery slope here, and this would be an area PSAB needs to maintain control over and not allow too much freedom to interpret and apply. Customized reporting may open the door to “multiple bottom lines”, lack of clarity on measures, etc.

**Strategy #3 – Enhance and strengthen relationships with other standard setters**

We do not have any concerns with Strategy #3.

**Strategy #4 – Support forward-looking accounting and reporting**

While we agree that ESG reporting should be kept on the radar of PSAB, we are concerned with PSAB’s capacity, and would prefer to see resources focused on updating existing standards, and addressing current gaps.

**Question 4: Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?**

There are no performance measures included in the strategy. We encourage PSAB to include performance measures, and report against them.

Sincerely,

Phil Torchia, CPA, CA  
Assistant Auditor General  
Professional Practices and Quality Assurance

Sincerely,

Natalie Bessette-Asumadu, CPA, CA  
Assistant Auditor General  
Financial Statement Audits



October 6, 2021

Michael Puskaric, MBA, CPA, CMA  
Director, Public Sector Accounting Board  
277 Wellington Street West  
Toronto, ON M5V 3H2

***RE: Consultation Paper - Public Sector Accounting Board Draft Strategic Plan 2022-2027***

Dear Sir:

Thank you for the opportunity to provide feedback on the consultation paper regarding PSAB's Draft Strategic Plan 2022-2027.

We are pleased to submit to the Board our response in the attached appendix to the specific questions posed in the Consultation Paper.

We hope our perspective within our role as a legislative audit office, will provide PSAB with useful feedback.

Sincerely,

A handwritten signature in black ink that reads "Janice Leahy". The signature is written in a cursive, flowing style.

Janice Leahy, CPA, CA, CIA  
Acting Auditor General

**APPENDIX**

***Question #1: Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.***

**AGNB response:**

Yes, overall we agree with the mission and vision statement. We have, however, identified a few areas of improvement that PSAB may wish to consider prior to finalizing the 2022-2027 strategic plan:

- There is no clear Canadian focus in PSAB's mission and vision statement. In our view PSAB should prioritize work relative to Canada and for Canadians in its role as the sole standard-setter authorized to set relevant and timely generally accepted accounting standards for all public sector entities in Canada.
- Public interest should be defined as it is unclear what is meant. We encourage PSAB to give context to this important term given PSAB's diverse Canadian stakeholders such as taxpayers and service recipients, legislature and council, investors, creditors and bond raters, financial statement preparers, public sector auditors, budget officers, etc.
- As part of "ensuring that our standards are issued in the public interest" consider incorporating the concept of understandability and accessibility: for information to be useful, it must be clear and capable of being understood by users.

***Question #2: Are there any significant environmental factors that you think will impact our stakeholders that we have not yet identified? If yes, please provide details.***

**AGNB response:**

Yes, we have identified capacity constraints as significant environmental factors that will impact stakeholders:

- **Capacity constraints from a PSAB's perspective** regarding volunteer members and support staff. We encourage PSAB to consider if it is adequately resourced to address all the priorities identified. Delays in key initiatives such as the employee benefits project highlight the need to prioritize initiatives that are important to Canadian public sector stakeholders.
- **Capacity constraints from a preparer, auditor, and user perspective** make it challenging to prepare for standard changes and give meaningful feedback for proposed future changes when faced with competing responsibilities and priorities. There are many new upcoming PSAS standards which will require significant effort. Additional focus and effort will also be needed to familiarize and stay current with IPSAS given PSAB's international strategy.

In terms of the environment factors listed:

- “Relevance and timeliness of accounting standards” is significant and should be a strategic priority rather than an environment scan element.
- In the section “*General acceptance of accounting standards*” it is unclear why the accounting standards would not be “accepted” and unclear in what context would they be considered “voluntary.” Additional clarification would be helpful.

***Question #3: Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.***

AGNB response:

Yes, overall, we agree with the strategies developed. Below we have outlined areas for improvement.

***Strategy #1- Develop relevant and high-quality accounting standards***

- From our perspective, the focus of this strategy should be to ensure accounting standards are timely and relevant with an emphasis placed on developing standards that address current and emerging Canadian public sector issues in a timely manner.
- Issuing non-authoritative guidance as a solution to deliver timelier and more expedient guidance may not be helpful in situations where there are conflicting views. We hold the view that PSAB, as the sole standard-setter authorized to set generally accepted accounting standards for all public sector entities in Canada, should focus its efforts on offering authoritative instead of non-authoritative guidance.

***Strategy #2 – Enhance and strengthen relationships with our stakeholders***

- We have concerns with customized reporting as it could result in decreased understandability, comparability, and consistency of financial information. PSAB should clarify its intent with respect to customized reporting.
- Consider incorporating the following elements into the enhance and strengthen relationships strategy:
  - More support is needed in implementing new standards – potential for implementation guides.
  - To encourage feedback from a wide variety of stakeholders - material should be accessible and understandable.

***Strategy #3- Enhance and strengthen relationships with other standard setters***

- While we agree with enhancing and strengthening relationships with other standard setters, we do not feel that this strategy has the same priority as others. Focused efforts on timely and relevant accounting standards for Canada and Canadians should be of primary importance in our view.

***Strategy #4- Support forward- looking accounting and reporting initiatives***

- We hold the view that PSAB as the sole standard-setter authorized to set generally accepted accounting standards for all public sector entities in Canada should focus its efforts on offering authoritative guidance instead of non-authoritative disclosure guidance.

***Question #4: Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?***

AGNB response:

No additional comments.



Michael Puskaric, MBA, CPA, CMA  
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August 30, 2021

**Re: PSAB Consultation Paper - Draft Strategic Plan 2022-2027**

Dear Michael,

We have read the Draft Strategic Plan and are pleased to have the opportunity to provide responses to your specific question as outlined below. In general, we are very supportive of direction the Board is taking in the draft strategic plan. Specifically, we are very pleased to see increasing engagement with Indigenous Governments, enhancing relationships with other standard setters, and supporting ESG reporting are key aspects of the Strategic Plan.

1. *Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.*

We agree with PSAB's mission and vision statement as outlined in the Consultation Paper.

2. *Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.*

At this time, there are no additional significant environmental factors we think will impact PSAB stakeholders that have not already been identified.

3. *Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.*

Overall, we are supportive of the strategies PSAB has developed.

We feel strongly that enhancing and strengthening relationships with stakeholders is critical to developing relevant and high-quality standards. In the past we have felt that the Board priorities focused on the senior levels of government, even though from a number of entities applying Public Sector Accounting Standards standpoint, Indigenous and Municipal Governments significantly outnumber the senior levels of government. The fact that the plan specifically identifies Indigenous Governments is a very positive step forward for the Board.

We are heartened to see PSAB's plan to support ESG reporting in the public sector, as we believe this is a significant emerging accounting and reporting issue, whether that reporting ultimately takes place within the financial statements or outside via other accountability reports. Stakeholders are increasingly asking for this information for decision making purposes and as such it is important for standard setters to consider the interconnectivity between financial and non-financial reporting and be leaders in this area.

The emergence of ESG Reporting as a priority also highlights the need for strong relationships with other standard setters. In Canada it will be essential for PSAB, AcSB and AASB to work together as ESG reporting becomes essential for entities in both the public and private sector. We would encourage the Board to leverage work performed by the potential future IFRS Foundation's proposed International Sustainability Standards Board. We would also encourage the Board to keep abreast of and leverage any future work performed by the International Public Sector Accounting Standards Board in this area as this work in particular would tend to have a more public sector focus.

4. *Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?*

The Draft Strategic Plan outlined that the Board plans to stay engaged in forward-looking areas of financial reporting to ensure relevant accounting standards and guidance are being developed and mentioned that intangible assets could be a project the Board undertakes in the future. We would highly encourage the Board to develop a full standard that deals with accounting for intangible assets. While we acknowledge the Board has recently issued PSG-8, which allows for the recognition of purchased intangibles, this guideline is very brief, and a full standard is needed to provide guidance on measurement, impairment, and disclosure. Public sector entities hold many different types of intangible assets and specific guidance is needed to deal with the complexities of accounting for these assets and to ensure they are accounted for consistently among entities.

We would also encourage the Board to undertake an agenda consultation, to get feedback from stakeholders on areas where they believe guidance is needed and on public sector topics that they believe should be prioritized. In addition, to intangible assets, we feel the following topics are priority topics for the Board to consider:

- **Cloud computing arrangements:** Such arrangements can vary widely in how they are structured, which can significantly affect the ultimate accounting. It would be beneficial for PSAB to provide specific guidance on how such arrangements should be accounted for in the public sector as the current guidance is not sufficient in this area.
- **Impairment of public sector assets:** There is currently minimal guidance on impairment in the current standards. This will become increasingly important if the Board pursues a project on intangible assets.
- **Accounting for "business" activities:** Another area where there is currently a lack of guidance is in regard to other government organizations (OGOs) that undertake business activities, but do not meet the criteria to be classified as government business enterprises (GBEs). Existing standards in the Handbook do not currently address common issues these entities encounter when accounting for their business activities. While OGOs do have the ability to follow IFRS if that framework better meets the needs of their stakeholders, OGOs ultimately have to be consolidated by



the Government and their accounting policies must conform to PSAS, so the lack of guidance in this area is still an issue upon consolidation.

Thank you for your consideration of the above-noted responses. We would be pleased to elaborate on our comments in more detail if you require. If so, please contact me or, alternatively, Sayja Barton, Director National Accounting Standards (705-963-0824 or email [sbarton@bdo.ca](mailto:sbarton@bdo.ca)).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Armand Capisciolto'.

Armand Capisciolto, FCPA, FCA  
National Accounting Standards Partner  
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## **Canadian Association of Government Finance Officers (CAGFO) Public Sector Accounting (PSA)**

Committee response to the Draft 2022-2027 Draft Strategic Plan

Questions:

**1) Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.**

There was general agreement that the mission and vision statements were appropriate. Little discussion around those. They are well worded and concise

**2) Are there any significant environmental factors that you think will impact on our stakeholders that we have not identified? If yes, please provide details.**

Capacity and support from leaders, boards and councils were seen as barriers. There were concerns that decision makers in government organizations will push forward with ESG issues and those issues will (appropriately) get resources and attention. Work around standards, reporting and accounting issues will not get the resources required. Until organizations receive adverse or qualified opinions, or even significant deficiencies on financial reporting, it seems these issues will not rise to the top of the priority list. The challenge will be to find ways to “sell” the importance of integrity, accuracy, transparency of financial reporting. One method is to engage external auditors in explaining this to the finance committees, that is, explain the importance of clean audits, good internal controls, and to express appropriately to links between assurance, financial reporting and good management information for decision making as well as the link between providing trust and credibility to stakeholders and the benefits of those as well as the reputational and financial risks that exist without these in place. The comment is that there is a way that an external body like CPA Canada or PSAB (Public Sector Accounting Board) can provide a “what council/boards should know” about these issues. External auditors can be a source to provide this as well.

Cyber Security. While technology was considered in general, commenters did not see this risk called out specifically. While it may be beyond the scope of this plan, we felt it was relevant to include this risk and relevant for some to include it as disclosure and/or disclose the ‘state of cyber security.’

Related to Cyber Security is data security, privacy issues. In organizations, the focus is often on monetary loss to the organization and less on the privacy rights of people.

We appreciated the inclusion of social as a piece to consider, not only in terms of inclusion and diversity, but the profession needs to lead in the areas of respectful workplace, WorkLife balance, and ethical practices. The new CPA competency appears to be addressing these issues which are very necessary and welcome. We cannot be just the numbers, nor can we effectively be leaders without including human factors.

Climate change should be called out right in the environmental scan as it is top of mind for many governments but there isn’t consistent guidance around what/when/how to report.

**3. Do you agree with the strategies developed? If not, what additional strategies should be considered. Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.**

**Strategy 1)** The statement to consider the costs and benefits to preparers and users of financial statements was appreciated. Agreement that this is an important strategy.

**Strategy 2)** Comments around the use of the word customized. This wording did not resonate with some respondents. Suggested wording was specialized reporting, additional reporting, or supplementary reporting. However, respondents understood that the application of this in practice would not use this terminology.

There was generally consensus that Public Sector entities are different from the private sector and should have comparable standards and requirements. Where possible, and especially where material, organizations should follow and report similarly. There is a balancing act here in allowing certain types of organizations the ability to provide information relevant to their users without compromising comparability across the public sector. Discussion points varied as follows:

Does one size fit all? Smaller communities and entities might not need all the rigor and requirements that larger organizations do. It could be onerous to manage with smaller staff size and how necessary is it to the users of this information? That said, it was noted that smaller organizations sometimes do not include certain information and, if the auditor deems this acceptable, the solution might already exist.

Discussion occurred around the prevalence of the issue and is it a few issues or are the standards overall problematic for a group? One cannot have standards with extensive exceptions. If an issue is significant, widespread then it seems warranted to have additional requirements or guidance. Examples were hospitals, educational institutions, and Not for Profit organizations. Many agreed that having “customized” reporting could, at its best, offer flexibility within a common framework. It was also generally agreed that having standards all over the map across provinces and the country with too many options would mean a lack of comparability. How do we hope to have any kind of international comparability if we cannot figure this out within one country?

A solution noted was that there could be a common framework, standards and reporting with specific topics/issues addressed at the element level with additional guidance/standards for specific scenarios but those would be followed consistently for all entities who require them. There could be guidance for hospitals, educational institutions, indigenous groups, and others where they follow PSAS and do not deviate from those but are able to apply specific guidance to issues that may not apply to others. This would be handled at the element level understanding that some issues may require element level guidance for more than one element. Instead of a hierarchy to choose a set of standards or having multiple choices, it would be one: PSAS but within that framework, significant items would have additional guidance intended for those who require it.

**Strategy 3)** Agreed this is an obvious strategy to have; one comment was related to the International Sustainability Standards Board (ISSB), namely support for the initiative.

This is a place where the board could acknowledge the importance and influence of non-financial standard setting organizations and stakeholders and perhaps monitor developments from these contributors. A link where one could find this information within the PSAB website could be useful.

There are links from some of these bodies to PSAB such as the Financial Stability Board and it work links to the TCFD since the FBD developed this framework and this fits within PSAB's new international strategy commitment.

**Strategy 4) ESG** – several comments around the name; while this seems innocuous, some preferred the more traditional Sustainable reporting as it was seen as broader and encompassing. While respondents agreed with the importance of the strategy, there wasn't a lot of detail on what this would entail; more information would allow for more in-depth opinions and thoughts on this large topic. What would be included in "environment?" Discussion revolved around:

Climate change – include the recent declaration on climate change emergencies. Environmental Scan: include Climate Change. Climate Change recognition, including some text related to recent declarations of climate change emergencies, ratification of climate change action plans, and efforts by reporting entities to adapt to, mitigate, manage and report on the risks associated with climate, could precede the COVID-19 area. Including Climate Change as part of the Environmental Scan also provides good connectivity to the TCFD Recommendation Framework mentioned in the ESG Reporting section.

Similar to the concept of a conceptual framework, is there an agreed upon framework for climate change/sustainability reporting? An ISSB would presumably create standards but that would or should be based on a framework and/or principles before the actual reporting would or could be agreed on. Carbon budgets would be based on agreed upon concepts around how to assess a city/government, set a budget and then ways of reporting the progress against that. That is tied to climate change itself. Risk reporting around climate change or the environment is quite different as it could mean the risk of floods, crop damage/revenue loss, and things like tourism. It could mean the fact that some provinces like AB face the risk of huge loss of revenues and standard of living if energy sector income isn't replaced as it diminishes. Risks can relate to an industry individually as opposed to broader, global risks. It was appreciated and valid to discuss specific Canadian standards within the context as each country has different challenges.

There are concerns around what sustainable, environmental, social and governance reporting means. If this becomes legislation through PSAS and is then tied to Cities Acts, this will facilitate compliance with a common set of requirements. However, SORP's and non-authoritative guidance can mean decision makers have no consistency. Is it possible to have a common framework, common language, and "strong" guidance with the intent or direction that this is likely to become legislated to avoid governments going in multiple directions which could be difficult to pull back. At the same time, resources would make mandatory reporting/disclosure difficult in the shorter term. Tough balancing act.

ESG on investments – pension groups, investment groups and the related industries are scrambling to get a strategy around transparency, and many complex issues related to all aspects of ESG.

Forward looking accounting related to natural assets is high on the priority list for many public sector entities. Respondents want this to be a PSAB priority and address accounting and reporting for natural assets but also determine what industry standards to use to report on this. There could be opportunities to leverage existing frameworks and industries/partner with other organizations to complete this without undue workload on the PSAB staff.

The social aspect is particularly challenging to manage; customer satisfaction, employee engagement, labor standards, human rights, indigenous procurement, women run businesses, homelessness, and related issues all compete. Is the reporting just a reporting/disclosure on what an entity is doing? Do they create their own report cards and objectives, then report against those or is there compliance reporting? Given organizations must be audited to provide assurance around financial position and similar concepts, will there be audits of compliance to other standards? Requiring assurance/audits/compliance reporting against environmental standards is coming with standards like ARO (Asset Retirement Obligations), which quantifies the cost/liability and requires disclosure.

There are countries that are known violators of human rights but there are ongoing stories of human rights violations here in Canada especially around gender equality and other protected factors under the Canadian Charter of Rights and Freedoms. Even across provinces, rights and protection varies. Can or should/could social reporting include a requirement to report violations based on ...complaints, charges, court cases or legal action?

Perhaps a solution to the above lies in the title itself and where PSAB gets, or could, get that from. Environmental, social and governance (ESG) reporting section: the title and section should be revised to focus on Sustainability and Sustainability Reporting rather than ESG Reporting. While useful, ESG Reporting targets investors as report users (ESG is from the Principles of Responsible Investing –see Freshfield Report) and is a recent offshoot of the UN's enduring concept of Sustainability that has been adapted and adopted at the national and subnational level, globally. While helpful to public sector organizations that raise funds by issuing debentures such as Green Bonds, a focus on ESG Reporting is too narrow to serve the needs of other reporting entities and the public interest. The word sustainability resonated more with respondents and could include the environment pieces but also leave room for a broader range of reporting, accounting and compliance work. As Canada has put in a bid to lead work around an ISSB, it follows that PSAB would consider a broader perspective. In that regard then, the United Nations could be looked to for language and standards. The United Nations Economic and Social Council (ECOSOC) seeks to bring together all sectors of society from global to local to people actions. These include SDG's (17 goals for people and planet), though the broader reference is to people, planet and prosperity. Given the concerns of multiple groups and interests ranging from boards and councils, Cities Acts, PSAB and how to get those aligned, using an established framework that many public sector entities are already using could be the solution and THE standard/framework to use. This could also tie in some of the other organizations referenced above such as TCFD, ESG and GRI and/or developing other but compatible reporting tools, KPI's, targets and indicators. Many felt that broadening the title was then more inclusive across all 4 strategies.



September 21, 2021

By email: [info@psabcanada.ca](mailto:info@psabcanada.ca)

To: Michael Puskaric, CPA, CMA  
Director, Public Sector Accounting  
Public Sector Accounting Board  
277 Wellington Street West  
Toronto ON M5V 3H2

From: The City of Calgary

**Re: PSAB Strategic Plan 2022 – 2027**

**Purpose:**

The purpose of this memo is to provide to the Public Sector Accounting Board (PSAB) the City of Calgary's ("The City" or "City") commentary and input on the Proposed PSAB Strategic Plan over the next 5 years beginning April 2022.

All references to the Draft Strategic Plan pages are made in red.

**Responses to Specific Questions:**

1. *Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.*

**City Response:**

**Pg. 3.** The City is in agreement with the Mission and Vision Statement. The City recommends for the Vision Statement to say "To be a nationally and globally respected..." as opposed to only saying "globally."

We recommend this as PSAB is a highly visible accounting standard setter for Canadian organizations; therefore, adding the word "nationally" would help distinguish this.

2. *Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.*

**City Response:**

**Pg. 4 and 5.** The Strategic Plan has six environmental factors identified which are: 1) COVID-19 pandemic; 2) relevance and timeliness of accounting standards; 3) general acceptance of accounting standards; 4) international standards; 5) environmental social and governance reporting (ESG); and 6) technology.

The City does not see any other significant environmental factors which were not identified.



**Responses to Specific Questions (continued):**

3. *Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.*

**City Response:**

**Pg. 7 Strategy #1 – Develop relevant and high-quality accounting standards.** The City has no comments on this strategy. The City will continue its efforts to provide comments on specific Exposure Drafts as they are issued by PSAB.

**Pg. 8 and 9 Strategy #2 – Enhance and strengthen relations with our stakeholders.** The City has no comments on this strategy.

**Pg. 10 Strategy #3 – Enhance and strengthen relationships with other standard setters.** The City has no comments on this strategy.

**Pg. 11 Strategy #4 – Support forward-looking accounting and reporting initiatives.** The City has no comments on this strategy.

4. *Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?*

**City Response:**

The City has no other comments for PSAB on the content included in the Draft Strategic Plan.

**Conclusion:**

Our responses to your questions take into consideration The City stakeholders and ultimately the users of the annual consolidated financial statements of The City and their needs. The City strives to continue developing a high degree of public knowledge and trust, and delivering value for our citizens.

Thank you for your consideration of our responses. If you have any further questions, please contact me at (403) 268-1734.

Sincerely,

Nicole Hiscock, CPA, CA  
Financial Reporting Officer  
The City of Calgary  
[Nicole.Hiscock@calgary.ca](mailto:Nicole.Hiscock@calgary.ca)  
(403) 268-1734

Michael Puskaric, MBA, CPA, CMA Director,  
Public Sector Accounting Board  
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[lpennycook@psabcanada.ca](mailto:lpennycook@psabcanada.ca)

September 30, 2021

**Re: Comments to Various PSAB Proposal Papers**

Dear Michael,

The City of Mississauga thanks you for the opportunity to review and comment on various PSAB proposal papers. We apologize for the delay in submission and hope you will accept and consider our comments and changes in new PSAB legislation for public sector, specifically municipalities.

Below, the City of Mississauga has provided comments and recommendations on the following position papers:

**1. Consultation Paper: PSAB’s Draft 2022-2027 Strategic Plan (which includes content regarding sustainability)**

**1. Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.**

Generally, yes with a few clarifications listed below.

**2. Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.**

Please see comments below.

**3. Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.**

Agree

**4. Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?**

Please see comments below.

**Other Comments**

Page 4	Environmental Scan	Environmental Scan: include Climate Change. Climate Change recognition, including some text related to recent declarations of climate change emergencies, ratification of
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		climate change action plans, and efforts by reporting entities to adapt to, mitigate, manage and report on the risks associated with climate, could precede the COVID-19 area. Including Climate Change as part of the Environmental Scan also provides good connectivity to the TCFD Recommendation Framework mentioned in the ESG Reporting section.
Page 5		Environmental, social and governance (ESG) reporting section: the title and section should be revised to focus on Sustainability and Sustainability Reporting rather than ESG Reporting. While useful, ESG Reporting targets investors as report users (ESG is from the Principles of Responsible Investing –see Freshfield Report) and is a recent offshoot of the UN’s enduring concept of Sustainability that has been adapted and adopted at the national and subnational level, globally. While helpful to public sector organizations that raise funds by issuing debentures such as Green Bonds, a focus on ESG Reporting is too narrow to serve the needs of other reporting entities and the public interest. Instead, Mississauga Finance proposes the use of, and reference to, Sustainability, the UN and associated enduring pillars of Environment, Social and Economic factors (colloquially known as People, Planet and Prosperity) and Sustainable Development Goals (SDGs). Rationale: Many public sector reporting entities have already begun the journey toward Sustainability Reporting utilizing the UN’s terms of reference and sustainable development goals, while adopting additional complementary frameworks such as TCFD, GRI, ESG and/or developing their own reporting tools, targets and indicators. Broadening the title and section text content to Sustainability supports PSAB’s proposed implementation of the new International Strategy as mentioned under Strategy #1, as well as increased engagement with Indigenous Governments and use of customized reporting as mentioned under Strategy #2, and Strategy #3 and #4 (in their entirety, respectively).
Page 10		Strategy #3 – Enhance and strengthen relationships with other standard setters: perhaps there is an opportunity to acknowledge the importance and influence of non-financial standard setting organizations, agencies and stakeholders and commit to monitoring developments from these potential contributors. Additionally, there may be value in mentioning the Financial Stability Board and its work. Rationale: FSB developed the TCFD Framework and the organization fits with PSAB’s new International Strategy commitment.
Page 11	Support for forward looking accounting	Addressing accounting and reporting requirements for sustainability (i.e. accounting for natural assets, etc.)  Clarifying what industry standards PSAB will be supporting ( i.e. TFCO, other)
		Strategy #4 – Support forward-looking accounting and reporting initiatives: again, a reference to Sustainability Reporting instead of ESG Reporting, throughout the document, may resonate with a greater group of current reporting entities and better serve the public interest. Recognizing the Joint Consultation Response sent on 30Jun2021 with regard to the proposed Conceptual Framework and PS 1202 exposure drafts, PSAB may deem it appropriate to include natural assets in this section.
Page 4	Environmental Scan	Environmental Scan: include Climate Change. Climate Change recognition, including some text related to recent declarations of climate change emergencies, ratification of climate change action plans, and efforts by reporting entities to adapt to, mitigate, manage and report on the risks associated with climate, could precede the COVID-19 area. Including Climate Change as part of the Environmental Scan also provides good connectivity to the TCFD Recommendation Framework mentioned in the ESG Reporting section.

Sincerely,

Mark Beauparlant, Manager Finance Projects, and  
Wes Anderson, Manager Financial and Treasury Services

Ottawa, Canada  
K1A 0R5Michael Puskaric  
Director  
Public Sector Accounting  
277 Wellington Street West  
Toronto, Ontario  
M5V 3H2

Dear Mr. Puskaric:

SUBJECT: PSAB Draft Strategic Plan 2022-27

Thank you for the opportunity to comment on the draft Strategic Plan 2022-27. Our responses to the specific questions posed are provided in the Appendix below.

If you have any further questions related to these comments, please do not hesitate to contact either Ms. Leona Melamed at [leona.melamed@tbs-sct.gc.ca](mailto:leona.melamed@tbs-sct.gc.ca) (613-355-2731) or myself at [Diane.Peressini@tbs-sct.gc.ca](mailto:Diane.Peressini@tbs-sct.gc.ca) (613-301-1057).

Yours sincerely,

Diane Peressini  
Executive Director,  
Government Accounting Policy and  
Reportingc.c.:        Roch Huppé, Comptroller General of Canada  
  
              Roger Ermuth, Assistant Comptroller General of Canada

**APPENDIX****Responses to Questions Posed***1. Do you agree with PSAB's vision and mission statements?*

We have the following comment with respect to the vision and mission statements:

- The term “public interest” is used by PSAB in this Consultation Paper (CP) to explain its mission. PSAB should explain and define this term as it is clearly very important to understand its mission, but the term does not have a general meaning.

*2. Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.*

We have the following comments related to the significant environmental factors:

Relevance and timeliness of accounting standards:

- We are concerned that the focus on timeliness comes at the expense of due process. For example, the issuance of guideline PSG-8 on purchased intangibles did not consider all the relevant factors related to capitalizing intangibles. This guidance is forcing governments to develop accounting policies related to purchased intangibles without fully articulating the consequences of doing so.
- We also believe the volume of upcoming accounting standards to be an environmental issue that should be considered. While PSAB focusses on issuing accounting standards in a timely manner, stakeholders need to consider the impact of implementing these new standards. The volume of new standards to be implemented over the next 2-3 years is onerous for public sector entities. PSAB needs to have a better understanding of the work involved for financial statement preparers when proposing changes to PSAS.

3. *Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.*

We have the following comments on the strategies developed, and propose additional strategies we believe should be considered:

Strategy #1 – Develop relevant and high-quality accounting standards

Project governance models:

- We would appreciate a better understanding of the revised project governance models envisioned to replace task forces. Specifically, we would like to understand how PSAB will ensure that the governance framework will solicit views of all stakeholders from the different jurisdictions during development of a standard. High quality accounting standards should consider all viewpoints of PSAB stakeholders. As well, waiting until the exposure draft is issued may impact the desire for timeliness noted below if feedback is not positive.

Timelier and more expedient guidance:

- We are concerned that the focus on expedience comes at the expense of appropriate due process. In particular, we note that the due process for narrow scope amendments and public sector guidelines is less robust. These two strategies have been used recently by PSAB in an effort to expedite guidance, but do not necessarily consider all viewpoints. The fine balance between timeliness and robust standards needs to be better considered.
- Phasing projects into smaller parts should be approached with caution, as stakeholders may have difficulty providing an opinion on a phase of a project without seeing how the whole project fits together.

Strategy # 2 – Enhance and strengthen relationships with our stakeholders

Customized reporting:

- We do not support the use of customized reporting. Our understanding was that the new reporting model was to be flexible enough to provide meaningful financial statements for the different types of entities. We believe it is important to report similar transactions consistently across Canadian public sector entities.

Increased engagement:

- While we appreciate that PSAB is trying to expand its engagement with

other stakeholder groups, we are concerned that issues raised by senior governments are not being appropriately addressed given that our responses are generally outnumbered by those of the numerous smaller jurisdictions.

Additional strategies:

Enhance transparency in the standard setting process:

- Higher levels of transparency and openness in the development of standards would enhance and strengthen relationships with stakeholders who should be able to observe discussions held by the Board when developing a standard. Similar to the IPSASB and GASB meetings, we believe that PSAB meetings should be open to the public to ensure accountability of the Board and its members. Stakeholders could then observe how their comments on the documents issued have been discussed and addressed. In addition, PSAB should make the Board meeting material available on its website in advance of the meeting, as is done for IPSASB meetings. Currently, the standard setting process in Canada is very opaque and does not support stakeholder acceptance of the standards being developed.

Issuing interpretative/implementation guidance:

- There have been numerous instances where stakeholders have different interpretations of PSAS. The IPSASB and IASB include implementation guidance in many of their standards, and sometimes issue staff Q&A documents to help users understand the intent of the guidance to ensure that it is consistently applied. For example, the IPSASB recently issued a staff Q&A on public sector financial instruments. We suggest that PSAB could improve its communications with stakeholders by developing and issuing interpretative guidance of its own standards when necessary.

Strategy #4 – Support forward-looking accounting and reporting initiatives

- We believe that, consistent with its international strategy, PSAB should not be looking to develop its own guidance for Environmental, Social and Governance (ESG) disclosures. Consistent global reporting will be far more relevant than a Canada-only solution, therefore, PSAB should look to leverage the work to be proposed by the International Sustainability Standards Board (ISSB).

4. *Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?*

We have the following comments on the content of the proposed strategic plan:

Project identification:

- We are concerned that this strategic plan does not mention which projects PSAB intends to address over the plan period, other than the completion of the conceptual framework project. As well, the plan does not discuss how PSAB will identify future projects, such as issuing a project prioritization survey to seek stakeholder feedback.



488364

October 5, 2021

Michael Puskaric, MBA, CPA, CMA  
Director, Public Sector Accounting  
Public Sector Accounting Board  
277 Wellington Street West  
Toronto, ON M5V 3H2  
[mpuskaric@psabcanada.ca](mailto:mpuskaric@psabcanada.ca)

Dear Michael:

**RE: PSAB Consultation Paper: Draft Strategic Plan**

Thank you for the opportunity to provide comments on the consultation paper titled, "Draft Strategic Plan". The views expressed in this letter reflect the views of the Government of the Province of British Columbia, including central agencies, ministries and entities consolidated into the British Columbia Summary Financial Statements. The Summary Financial Statements of the Province are prepared in accordance with Canadian Public Sector Accounting Board (PSAB) standards.

*Setting Canadian public sector accounting standards is the primary focus*

PSAB's primary role is to set accounting standards for public sector entities in Canada. The Strategic Plan should include a listing of those projects that are to be addressed during the plan period, so that PSAB's performance in their primary role can be measured. The Draft Strategic Plan does not include any of the longstanding accounting standards projects that have been brought forward by stakeholders, particularly Canadian senior governments. These include accounting for endowments, transactions with Indigenous governments, guidance on discount rates and hedge accounting. Addressing the concerns of the most significant public sector stakeholder group is essential to the acceptance and continued use of Public Sector Accounting Standards in Canada.

.../2

*Enhance accountability to the stakeholders*

The Draft Strategic Plan outlines four strategies that will be used to engage with stakeholders to build stronger relationships and broader acceptance. A key component to this relationship building exercise needs to include the accountability of PSAB to its stakeholders. All significant accounting standard setting organizations hold public meetings; however, PSAB does not. We strongly recommend that PSAB leverage the use of technology to make board meetings and board materials available to the public so that there is full transparency of the debates, deliberations and conclusions of the board. This current lack of transparency compromises the accountability of PSAB to their stakeholders.

Should PSAB have any comments or questions, please contact me at: 250-387-6692 or via e-mail: Carl.Fischer@gov.bc.ca, or Diane Lianga, Executive Director, Financial Reporting and Advisory Services Branch, at 778-698-5428 or by e-mail: Diane.Lianga@gov.bc.ca.

On behalf of the Government of British Columbia,

Sincerely,



Carl Fischer, CPA, CGA  
Comptroller General  
Province of British Columbia  
Encl.

cc: Michael Pickup, FCPA, FCA  
Auditor General  
Province of British Columbia

Diane Lianga, Executive Director  
Financial Reporting and Advisory Services  
Office of the Comptroller General

**Comments requested:**

- 1. Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.**

Both the mission and vision statement refer broadly to the 'public interest', but it is unclear what the definition of public interest is for PSAB. We suggest defining this term so that stakeholders have a clear understanding of what interest PSAB is trying to serve.

The vision statement refers to a 'globally respected standard setter' which conflicts with PSAB's primary role of establishing accounting standards for public sector entities in Canada. We suggest 'nationally respected standard setter' would be more appropriate.

- 2. Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.**

Relevance and timeliness of the standard setting process is important; however, expedience should not come at the cost of relevance or at the compromise of due process.

Acceptance of PSAB standards is at risk when the needs of the stakeholders are not addressed after a long period of time. There are numerous issues that have been directed by senior governments to PSAB that have not been addressed or initiated. Examples of these issues include guidance on discount rates, transactions with indigenous governments, hedge accounting and accounting for endowments.

- 3. Do you agree with the strategies developed? If no, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.**

Strategy #1 includes "delivering timelier and more expedient guidance by setting our accounting standards in smaller, more incremental phases when feasible". When implementing this strategy, PSAB should consider the order of the phases being issued to ensure that future increments will not have a significant impact on previously approved and implemented phases. For example, PS 3251 – Employee Benefits is taking this incremental phased approach. The first phase outlines the impact of discount rates and immediately recognizing actuarial gains/losses; however, a future phase is expected to define the Canadian pension environment. This may result in significant consequential amendments once the next phase of the standard is issued.

Strategy #1 also refers to PSAB's recently approved International Strategy. As PSAB's international strategy is to start with IPSASB when developing Canadian public sector standards, PSAB should include further detail on how it intends to ensure standards are relevant and align to a Canadian public sector environment.

Strategy #2 can be strengthened by making PSAB meetings and material available to the public. This will give stakeholders better insight to the considerations and conclusion of the Board's deliberations. Additionally under this strategy, we would discourage the establishment of customized reports and allow general purpose financial statements to continue to meet the needs of financial statement users.

**4. Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?**

We would recommend that PSAB include in their Strategic Plan the accounting standard setting activities that they will be delivering in this planning period.

October 6, 2021

Michael Puskaric, MBA, CPA, CMA  
Director, Public Sector Accounting  
Public Sector Accounting Board  
277 Wellington Street West  
Toronto ON M5V 3H2

**Re: PSAB's Draft 2022 – 2027 Strategic Plan**

Dear Mr. Puskaric,

Thank you for the opportunity to provide comments on PSAB's Draft 2022 – 2027 Strategic Plan. Our comments are below.

**Questions**

**1. Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.**

Yes, we agree.

**2. Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.**

None to note.

**3. Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.**

Yes, we agree with the strategies developed. Other points to consider include:

- Allowing certain parts of PSAB meetings open to the public, which would help increase the transparency of the standard setting process and strengthen relationships with stakeholders, while striking a balance with providing PSAB members the ability to speak and question openly and honestly.
- Post-implementation reviews of the Financial Instruments and AROs standards, including a cost/benefit analysis of implementing these standards.
- Supporting stakeholders by preparing executive summaries of IPSASB documents for comment and PSAB responses to such documents and/or coordinating webinars/webcasts to discuss the IPSASB materials. Given the vast amount of information to review and consider with limited resources in the various controller offices, setting up a cross-jurisdictional committee to review and comment on IPSASB documents for comment may be collectively beneficial in our international strategy.

**4. Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?**

None to note.

Sincerely,



Robert E. Bourgeois, CPA, CA  
Executive Director, Government Accounting  
NS Dept of Finance and Treasury Board

## **Maureen Buckley CPA, CA**

Assistant Deputy Minister and Provincial Controller

Office of the Provincial Controller Division|Office of the Treasury Board |Treasury Board Secretariat

7 Queen's Park Crescent, Frost South, 2nd Floor, Toronto, ON, M7A 1Y7

[Maureen.Buckley@ontario.ca](mailto:Maureen.Buckley@ontario.ca)

Following is the Province of Ontario's response to PSAB's Consultation Paper on its Draft Strategic Plan for 2022 - 2027

Responses to the questions are provided below:

### **1. Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.**

Ontario does not support PSAB's stated vision:

*To be a globally respected standard setter that helps Canada's public sector report relevant and high-quality information to the public.*

While being a globally respected standard setter may be a desire of PSAB, Canadian public sector stakeholders want PSAB to develop standards that are reflective of the needs of preparers and users in Canada. A vision that emphasizes global acceptance of PSAB is irrelevant to Canadian stakeholders. PSAB can be globally respected by producing standards that are consistent with international standards. Those standards are not necessarily most appropriate for Canadian preparers and users. Even PSAB's stated mission is indicated to be developing standards that support accountability, decision making and stewardship "among Canadian public sector entities." Private sector standards are developed to meet the financial reporting needs of shareholders and debtholders, focusing on short-term profitability. Public sector entities however largely do not issue shares or debt, and do not have the need for comparability as in the private sector. Governments may be publicly accountable but not in the same way as in the private sector. Financial reporting by governments (and therefore other public sector entities) should demonstrate long-term accountability focusing on their ability to provide good and services to the public over the long-term, and their ability to fund long-term obligations. Short-term fluctuations in asset and liability values are not relevant in the public sector as they are in the private sector. PSAB's stated vision does not encourage unique Canadian standards that are innovative and reflective of the public as the primary financial statement user. Standards that recognize the importance of understandability. Standards that are focused on long-term accountability. Ontario therefore suggests PSAB's

vision and mission be focused on meeting Canadian stakeholder needs. By meeting the needs of Canadian stakeholders, PSAB will be performing in an effective manner. Ontario therefore proposes PSAB's vision be as follows:

*To produce accounting standards that help Canada's public sector report relevant and high-quality information to the public.*

The term "public interest" is used by PSAB in this Consultation Paper (CP) to explain its mission. PSAB should explain and define this term as it is clearly very important to understand its mission. The term does not have a general meaning. What may be considered of public interest to PSAB may be different than what is considered to be of public interest to Ontario, for example.

**2. Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.**

The CP includes various external factors that were considered by PSAB when developing its Strategic Plan. Ontario has the following additional factor that PSAB should include, followed by our comments on the factors identified by PSAB.

*New factor - Collective volume of standards coming into effect*

Ontario recommends PSAB consider the collective volume of standards required to be implemented by financial statement preparers for each fiscal year when setting effective dates.

Implementation of a new accounting standard is an onerous process for public sector entities involving significant education, process changes, system changes, policy updates, opening balance adjustments, reporting changes, etc. Larger public sector entities have many controlled organizations. Many public sector entities have decentralized accounting systems and processes. In the next two fiscal years, the following standards will come into effect for senior governments: 2022-23 (PS 3450 on financial instruments, and PS 3280 on asset retirement obligations) and 2023-24 (PS 3400 on revenues, PSG-8 on purchased intangibles, and PS 3160 on public private partnerships). Additionally the conceptual framework chapters 1 to 10 are proposed to be effective immediately on approval. PSAB needs to have a better understanding of the work involved for financial statement preparers when it makes changes to the Handbook. The final stage in introducing a new standard is not approval by PSAB but implementation of the standard by the stakeholders. Past history does not show this to be a focus of consideration of PSAB.

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Ontario has the following comments in relation to the stated external factors in the CP.

*Relevance and timeliness of accounting standards*

Ontario does not consider it appropriate for PSAB to expediate the standard setting process when it is at the expense of appropriate due process. The CP indicates “There is an increased focus on the importance of relevance and timeliness within the accounting profession.” “This emphasis includes developing standards that address current and emerging issues in an expedient manner.”

It is not clear what standards or emerging issues public sector stakeholders in Canada are requesting PSAB to urgently address. The most recent guidance issued by PSAB was in relation to purchased intangibles (PSG-8). PSAB issued PSG-8 after issuance of a narrow-scope amendment exposure draft. No task force was established, no document considering the consequences of capitalizing purchased intangibles was issued, and no standard on accounting for intangibles was developed by PSAB. There are negative consequences from PSAB’s decision to expediate the standard setting process in relation to intangibles. Preparers including Ontario now have to independently develop an accounting policy in place of a PSAS on purchased intangibles, biases are created towards purchasing versus developing intangibles, and a full understanding of the consequences of the accounting change to now capitalize purchased intangibles is not known by PSAB. Preparers and users are not well served, and it damages the reputation of PSAB.

Emerging issues and the need for expedient accounting guidance is more a focus in the private sector where profit is the primary objective and short-term results are important to many financial statement users. In the public sector long-term accountability is of greater importance. Some of PSAB’s most contentious standards, for example financial instrument (PS 3450) and government transfers (PS 3410), were issued without developing consensus with negative and long-term consequences to PSAB and stakeholders.

### *General acceptance of accounting standards*

Ontario recommends PSAB place efforts on addressing stakeholder comments, not only on obtaining stakeholder feedback in developing standards. Ontario’s view is that PSAB has not addressed our comments in relation to past projects.

The CP indicates “Ensuring that our standards reflect and capture the needs of our stakeholders is essential to their acceptance and impact.” PSAB properly indicates efforts are needed to involve stakeholders “... in the development of our standards.” It should be stressed that involvement of stakeholders in the standard setting process involves not only soliciting responses of stakeholders to documents for comment but addressing their comments. PSAB often measures stakeholder involvement by the number of responses received to documents for comment, the number of presentations held, and the number of meetings or telephone calls with stakeholders. Regardless of the number of responses, calls and meetings, acceptance of standards does not result if stakeholders do not feel their responses are being addressed. Obtaining stakeholder comments does not strengthen stakeholder relations by itself. It requires being responsive to those comments. PSAB

correctly acknowledges that acceptance of public sector accounting standards is voluntary for certain public sector entities such as senior governments. If senior governments do not feel their views and needs are being considered and reflected in PSAS, there is an increased likelihood governments will decide to follow legislative accounting to better demonstrate their accountability to the public. This moving away from following PSAS is not a desirable outcome for PSAB.

### *International standards*

Ontario recommends PSAB place emphasis on educating stakeholders on the content of IPSAS considering the international strategy it approved. PSAB approved option 2 “adapt IPSAS principles when developing future standards.” PSAB also proposed changing the GAAP hierarchy to place prominence on IPSAS in the absence of guidance in the PSA Handbook. PSAB should not have changed its international strategy without providing support for those impacted. Simply placing links to IPSASB issued documents on the [frascanada.ca](http://frascanada.ca) website does not educate stakeholders on the requirements within IPSAS. As PSAB is aware, very few Canadian public sector stakeholders have knowledge of IPSAS or provide comments on IPSASB issued documents. Ontario has determined it does not have the resources to respond to IPSASB documents for comment.

Additionally, Ontario does not support recognition and measurement at fair value as indicated in the CP. Ontario supports the recommendations of the Joint Working Group and therefore does not consider fair value accounting to be of relevance and importance in the public sector.

There are fundamental differences between the public and private sector. These differences should be reflected in the respective accounting requirements. Differences in the public sector that do not support fair value accounting include:

- The focus on long-term accountability rather than short-term profit. Stakeholders of government financial statements want to know whether the government is expected to be able to fund its long-term obligations. Unlike private sector companies, stakeholders do not make decisions based on mark-to-market values at a point of time. In the private sector, there is a greater focus on mark-to-market because of the potential uncertainty surrounding going concern. This is not an issue in relation to governments in Canada. Accounting standards in Canada in the public sector should consider the long-term nature of these entities. As public sector entities hold assets and liabilities for the long-term, short-term fluctuations are misleading to financial statement users.
- Short-term volatility can result in surpluses that should not be used and deficits that need not be funded by governments over the long-term.
- Short-term fluctuations are not possible to budget. Moving these short-term fluctuations to a separate statement of operations does not mean the public sector

entity is not accountable, it just creates confusion to the public regarding the overall results of the entity.

- Similarly, short-term volatility results in fluctuations in net debt that are misleading and irrelevant to the public.
- The requirement to report mark-to-market changes on an annual basis may affect the decisions made by public sector entities to hold certain types of assets so as to minimize this short-term volatility. These assets may be beneficial to hold over the long-term. Accounting requirements should not be encouraging actions that have negative long-term fiscal consequences.

PSAB has faced great disagreement to their Financial Instrument (PS 3450) and Government Transfer (PS 3410) standards because these standards introduced short-term volatility that does not reflect the long-term nature of these items. These standards have negatively impacted PSAB's reputation amongst its stakeholders. An alternative PSAB should consider is to require disclosure of market values or to allow choice (of either fair value or cost) rather than introduce requirements for fair value accounting.

#### *Environmental, social and governance (ESG) reporting*

ESG reporting is the "hot" topic currently. The CP indicates "We are watching developments in this area closely to determine the impact on our strategies". There are a lot of other standard setters and regulators working on this topic currently. This topic includes financial components but is broader. We do not see the merit of a Canada only solution for this international issue. We do not see how PSAB has strengths in this area. PSAB staff can be better used on other projects for example education of Canadian stakeholders on the content of IPSAS.

### **3. Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.**

The CP includes 4 strategies proposed by PSAB. Ontario has included the following additional strategy that PSAB should include, followed by our comments on the strategies identified by PSAB.

#### *New strategy – Enhance transparency in the standard setting process*

Ontario supports making PSAB meetings open to the public to enhance transparency and openness in the standard setting process. Stakeholders should be able to observe the fair and balanced discussions held in developing a standard. PSAB meetings should be open to the public to ensure accountability of the Board and its members. All IPSASB meetings are open for public viewing. The Governmental Accounting Standards Board (GASB) in the United States holds public meetings and teleconferences. Technology is available now to live

stream these meetings. Similarly, documents provided to PSAB for their consideration at Board meetings should be available to the public as they are for IPSASB meetings. Currently, the standard setting process in Canada is very opaque which is not of benefit to stakeholders or PSAB. The standard setting process does not support stakeholder acceptance of the standards being developed. Making PSAB meetings open to the public will enhance stakeholder relations and transparency in the standard setting process.

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Ontario has the following comments on the 4 strategies proposed by PSAB.

*Strategy #1 – Develop relevant and high-quality accounting standards*

Ontario does support the development of high-quality standards but does not agree with the planned approach of PSAB. Ontario has the following two concerns:

1. Ontario continues to support the development of accounting standards that are based on Canadian public sector reporting needs regardless of international standards, consistent with the approach taken in the United States. As PSAB is aware, Ontario did not support the movement to IPSAS principles which are largely based on IFRS and therefore reflect reporting needs in the private sector. Ontario considers the resulting reduction in the independence and autonomy of PSAB to be regrettable. PSAB's vision and mission of developing high-quality accounting standards is now dependent on an international standard setter of which Canadian stakeholders have little involvement and influence.
2. Ontario considers the use of a representative task force a necessity in developing or changing a standard. There is no benefit for stakeholders and PSAB of developing guidance which is not well thought through and not accepted by the stakeholder community. This is not consistent with PSAB's stated vision of being a well-respected standard setter. Ontario does not consider it appropriate for PSAB to expediate the standard setting process when it is at the expense of appropriate due process. As addressed in response to question 2, Ontario has experienced the consequences of an expedient generation of guidance in relation to PSG-8, Purchased Intangibles. Ontario has to develop an accounting policy for Ministries to follow in place of a PSAS on purchased intangibles. PSG-8 is inconsistent with Section PS 3420, Inter-entity Transactions regarding the accounting by the recipient of an inter-entity transfer of a purchased intangible. Building speed into standard setting should not be an objective of PSAB when it reduces the quality of the guidance produced. Due process should not be amended at the cost of not obtaining and understanding stakeholder views.

We encourage PSAB to request of stakeholders their views on PSAB's performance in developing standards and to report those responses to AcSOC. PSAB should be accountable

not solely on the number of standards that were developed but on the quality of those standards for the public sector.

*Strategy #2 – Enhance and strengthen relationships with our stakeholders*

Ontario does support enhancing and strengthening relationships with stakeholders but considers the following two changes to PSAB's approach to be necessary:

1. Ontario recommends PSAB place greater effort on addressing stakeholder comments, not only on obtaining stakeholder feedback when developing a standard. As addressed in response to question 2, obtaining stakeholder comments does not strengthen stakeholder relations by itself. It requires being responsive to those comments. While Basis for Conclusion documents issued by PSAB try to address some comments, they are selective in the comments addressed and written at a very high level. They do not include a full balanced discussion of the issues. They do not sufficiently communicate how comments were addressed. They do not indicate a full understanding of the comments in some cases. While PSAB staff hold meetings to solicit comments, no such meetings are held to discuss how comments were addressed. This is unfortunate as stakeholders put time and effort in providing their comments and receive little feedback in return. This is consistent with Ontario's experience in providing comments to PSAB. Ontario therefore would recommend that activities be included in its strategy that address how PSAB will deal with and address comments received by stakeholders in both a public and private manner rather than just focus its strategy on the solicitation of comments.
2. Ontario does not support customized financial reporting options or accounting guidance specific to types of public sector entities. PSAB issues standards for the "public sector" which refers to governments, government components, government organizations and partnerships. When PSAB develops standards including its conceptual framework it considers the financial reporting needs of all types of public sector entities. All public sector entities should account for the same types of transactions similarly. Particular public sector entities may have types of transactions that are more common than for other public sector entities, but this does not mean that they should account for these transaction types differently. Customizing standards would reduce consistency and comparability amongst reporting by public sector entities including governments. Customization of reporting and accounting guidance as currently provided in the PS 4200 Series resulted in many provinces directing their GNFPOs to follow PSAS without the PS 4200 Series to ensure consistency and comparability. These Provinces would likely continue to be prescriptive regarding the accounting to be followed by their controlled entities if further options in reporting and accounting are introduced by PSAB. Ontario has communicated our position to PSAB regarding customization previously in relation to its GNFPO strategy.

### *Strategy #3 – Enhance and strengthen relationships with other standard setters*

Ontario does not support having “enhancing and strengthening relationships with other standard setters” as a strategy. Ontario considers this strategy to be of little benefit to stakeholders. Ontario continues to support the development of accounting standards that are based on Canadian public sector reporting needs regardless of international standards, consistent with the approach taken in the United States. While Ontario understands the need for PSAB to monitor the activities of other standard setters, we do not understand how greater communication with other standard setters is of benefit to

EncouCanadian public sector stakeholders consistent with our response to question 1. Ontario doesn’t consider international comparability in the public sector to be important especially considering our most relevant trading partner, the United States does not follow IPSAS nor has any plans of doing so. The United States will not give up its independence in standard setting as Canada has done.

As a consequence of its international strategy, PSAB plans to encourage Canadian stakeholders to respond to IPSASB issued documents, in addition to PSAB documents. PSAB should explain more its approach to get Canadian stakeholders to do so. As PSAB is aware Canadian public sector entities do not have the resources to respond to both PSAB and IPSASB documents. Responding to IPSASB documents which are usually very lengthy would be a time consuming/costly exercise. Public sector entities are financed largely by the public. The public will not consider responding to international accounting documents to be a wise use of their money. Ontario has determined it does not have the resources to respond to IPSASB documents for comment. Ontario encourages PSAB to provide details as to how it will get more Canadian stakeholders to respond to IPSASB documents and how it plans to educate Canadian stakeholders on the content of IPSAS necessary to respond to those documents.

### *Strategy #4 – Support forward-looking accounting and reporting initiatives*

Ontario supports PSAB monitoring the work being performed internationally on ESG reporting as it relates specifically to financial reporting. Ontario does not support PSAB developing Canadian public sector specific guidance, both authoritative and non-authoritative in this area.

As addressed in response to question 2, we do not see the merits of a Canada only solution for this international issue. We do not see how PSAB or its discussion group has knowledge in this area.

PSAB has not issued non-authoritative guidance since issuance of its SORPs the latest being over 10 years ago. While SORPs are non-authoritative, many Auditor General offices comment on their compliance as if they were authoritative in nature. We do not see the

benefit of non-authoritative guidance. PSAB staff can be better used on other projects for example development of an intangible asset standard.

Ontario does recognize the need for PSAB to launch a comprehensive project in relation to the accounting for intangibles. The issuance of PSG-8 did not involve a full understanding of intangibles in the public sector. There was no indication in the Purchased Intangibles Exposure Draft of the types of purchased intangibles in the public sector, the extent of these intangibles and the implication of the accounting changes that was proposed. PSAB in developing or changing a standard should perform research of the accounting by other standard setters. Again, there was no indication PSAB performed this analysis. There was no evidence the Board considered the consequence of inconsistent accounting between purchased and developed intangibles. PSAB therefore needs to form a task force and start to consider matters such as:

- how to define intangibles – should it be consistent with definitions in Section PS 4230 or IPSAS 31
- what types and extent of intangibles are held by public sector entities - will crypto currencies be considered intangibles for example
- is it appropriate to account for purchased and developed intangibles differently
- do public sector entities use their intangibles in the same manner as they use their tangible capital assets
- are there intangibles with an indefinite life
- is a bias for public sector entities to purchase rather than develop intangibles appropriate
- what is the accounting by other standard setters
- what are the pros and cons of capitalizing intangibles
- what are the impacts on budgeting of different alternatives
- what type of impairment and write-down provisions are appropriate for intangibles
- how should the inconsistency between PSG-8 and Section PS 3420, Inter-entity Transactions be addressed regarding the accounting by the recipient of an inter-entity transfer of a purchased intangible
- where should intangibles be presented on the statement of financial position – some may not be used in a service capacity function as do tangible capital assets

#### **4. Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?**

Ontario recommends PSAB develop the following standards:

- A general standard addressing discount rates used. Currently guidance throughout the Handbook varies
- A standard addressing impairment in relation to non-cash generating assets
- A standard on inventory

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Ontario appreciates the opportunity to respond to PSAB to assist in their deliberations on this matter. I would be pleased to elaborate on any of the above comments. Thank you for your consideration.

Québec, le 6 octobre 2021

Monsieur Michael Puskaric, CPA, CMA  
Directeur, Comptabilité du secteur public  
Conseil sur la comptabilité dans le secteur public  
277, rue Wellington Ouest  
Toronto (Ontario) M5V 3H2

**OBJET : Commentaires au document de consultation « Projet de plan stratégique 2022-2027 »**

Monsieur,

Vous trouverez ci-joints nos commentaires concernant le document de consultation mentionné en objet.

Nous espérons que nos commentaires vous seront utiles dans la poursuite de vos travaux et vous prions d'agréer, Monsieur, nos salutations distinguées.

La contrôlease des finances,



Lucie Pageau

p. j. (1)

## QUESTIONS DU CCSP - COMMENTAIRES DU CONTRÔLEUR DES FINANCES

1. **Êtes-vous d'accord avec nos énoncés de mission et de vision? Dans la négative, veuillez fournir des précisions ou recommander des changements spécifiques.**

Oui, nous sommes en accord avec les énoncés de mission et de vision.

La traduction de cette partie de l'énoncé de mission devrait toutefois être modifiée comme suit afin de refléter les usages de la langue française :

La mission du CCSP est de servir l'intérêt public en élaborant de façon indépendante des normes comptables et d'autres indications en matière d'information financière qui soutiennent la reddition de comptes, la prise de décisions éclairées et la gérance parmi les et la saine gestion des entités canadiennes du secteur public.

2. **Existe-t-il des facteurs environnementaux importants que nous n'avons pas relevés et qui, selon vous, auront une incidence sur nos parties prenantes? Dans l'affirmative, veuillez fournir des précisions.**

Non, les facteurs environnementaux importants ont été relevés.

3. **Êtes-vous d'accord avec les stratégies élaborées? Dans la négative, quelles stratégies additionnelles devraient être envisagées? Au besoin, veuillez préciser les stratégies individuelles que vous appuyez ou n'appuyez pas, en expliquant votre raisonnement.**

Nous sommes généralement en accord avec les stratégies élaborées. Nous souhaitons néanmoins vous faire part de certains points.

Dans la stratégie 2, nous encourageons le CCSP à rendre ses réunions accessibles aux parties prenantes, tant au niveau des documents utilisés par les membres que de la diffusion des réunions. De cette façon, les parties prenantes seraient en mesure d'observer les échanges des membres lors de la prise de décisions, ce qui leur permettrait de comprendre davantage les positions du CCSP et pourrait ainsi contribuer au renforcement des relations. Le Conseil des normes comptables internationales du secteur public (IPSASB) rend déjà accessible au public ses réunions et les documents utilisés pour celles-ci.

Toujours dans la stratégie 2, le CCSP prévoit mener des activités de consultation de manière proactive notamment par le biais du Groupe de discussion sur la comptabilité dans le secteur public. Ce groupe émet parfois des recommandations au CCSP. Un suivi de ces recommandations et des actions posées par le CCSP à la suite de celles-ci serait, à notre avis, grandement apprécié par les parties prenantes et démontrerait davantage la pertinence d'un tel groupe.

De plus, il est question d'explorer l'utilisation de rapports personnalisés, ce qui pourrait signifier que des exigences pourraient être élaborées pour différents types d'entités du secteur public. Conformément à notre réponse au document de consultation Il portant sur la stratégie relative aux organismes sans but lucratif du secteur public (OSBLSP), nous croyons que l'élaboration d'exigences particulières ne devrait pas être par type d'entités du secteur public. Elles devraient plutôt être élaborées pour toutes les entités du secteur public ayant une situation similaire, notamment en raison de leur taille.

Dans la stratégie 3, pour l'activité visant à « encourager les parties prenantes canadiennes à répondre aux documents de consultation de l'IPSASB », nous croyons qu'elle devrait être précisée en indiquant que le CCSP informera davantage les parties prenantes sur les différents projets de l'IPSASB, notamment en soulignant les différences avec les concepts des normes du CCSP. Nous sommes d'avis que le CCSP devrait également mettre sur son site Internet les réponses qu'il a faites à l'IPSASB. Cela renforcerait sa relation avec les parties prenantes (stratégie 2) en plus de les aider pour répondre aux documents de consultation de l'IPSASB (stratégie 3). Nous désirons également porter à l'attention du CCSP que les documents de consultation de l'IPSASB ne sont pas traduits en français. Le CCSP devrait rendre disponibles ces documents en français ou s'assurer que ce soit fait par l'IPSASB dans le respect du fait qu'il s'agit d'une langue officielle du Canada.

Finalement, pour la stratégie 4 visant le soutien des initiatives axées sur l'avenir en matière de comptabilité et de rapports, nous suggérons la simplification des états financiers des gouvernements (incluant les notions de vulgarisation et de l'information à fournir). À ce titre, CPA Canada a publié un guide en 2015 portant sur le sujet. Dans un même ordre d'idée, l'IASB a entrepris une série de projets visant à améliorer l'efficacité des informations fournies dans les états financiers. Les travaux de l'IASB pourraient être utiles pour le CCSP. Nous proposons également d'ajouter, en plus des ESG, des indications à l'égard des enjeux normatifs découlant des technologies (ex. infonuagique).

**4. Avez-vous d'autres commentaires à formuler au CCSP sur le contenu du présent projet de plan stratégique?**

Non

October 13, 2021

Michael Puskaric, CPA, CMA  
Director, Public Sector Accounting  
Public Sector Accounting Board  
277 Wellington Street West  
TORONTO ON M5V 3H2  
Email: [mpuskaric@psabcanada.ca](mailto:mpuskaric@psabcanada.ca)

Dear Michael Puskaric:

This letter is in response to your request for comments on the Consultation Paper – Public Sector Accounting Board (PSAB) Draft Strategic Plan 2022-2027.

1. Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.

We agree with the mission and vision statements and believe that they are appropriate guiding principles for PSAB.

However, it appears that there may be a gap between the strategic plan and PSAB's operational plan in that it is not clear how PSAB will achieve its strategic goals within the context of the recently adopted international strategy.

In particular, we believe that the international strategy could have an impact on PSAB's ability to continue to develop accounting standards that support accountability, informed decision making and stewardship among Canadian public sector entities.

As well, it is not clear how PSAB will ensure that its standards continue to support high quality Canadian public sector reporting. It is important that PSAB standards as a whole are internally cohesive, both within the context of PSAB's new conceptual framework, and within the context of IPSAS which are based on a conceptual framework that is not entirely consistent with PSAB's. PSAB stakeholders would benefit from clarity around the relevance of current international standards, as well as those under development, to their financial reporting.

...2

2. Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.

Yes, and we also have some comments on the environmental factors that were presented in the Plan.

The Plan discusses the COVID-19 pandemic and how public sector entities face challenges related to the pandemic, including facing financial hardships or adjusting to new and less conventional ways of working. However, it would seem that COVID-19 has had other impacts that should be spoken to or considered, such as impacting levels of government spending and the creation of many new types of programs and support.

Changes in technology are identified as having a profound impact on the profession and its stakeholders. The plan identifies several technological developments such as cloud computing, artificial intelligence and blockchain, as well as how COVID-19 has accelerated trends of working from home and how we communicate. While all of this is true, it seems like a bigger issue not identified is the need for new standards or guidance on emerging types of assets, transactions, etc.

In addition, some other factors that PSAB might want to consider are:

- Economic trends such as the rise in government spending and debt levels, especially recently due to COVID-19; and,
- Trends related to labour supply and the ability to find and develop accounting professionals with public sector experience and knowledge.

3. Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.

We agree with the strategies in general; however, it is not clear in all cases how they will help PSAB achieve its stated vision and mission statements.

#### Strategy 1 – Develop relevant and high-quality accounting standards

We agree with this strategy, but in our opinion there needs to be more clarity around how PSAB will achieve this goal.

PSAB needs to ensure that Canadian standards as a whole are cohesive. We would appreciate more clarity around how the new conceptual framework will impact existing standards, as well as how it will interact with IPSAS and the international strategy. Specifically, we think that PSAB needs to address the implications of differences between the new conceptual framework and IPSAS and how they propose to address these inconsistencies. We think that there needs to be a more fulsome roadmap of what PSAB's role will be in developing new standards, revising existing ones to adhere to the new conceptual framework, and encouraging stakeholder input.

PSAB should be doing additional work to ensure that existing standards will agree with the new conceptual framework, with the goal being to create a cohesive set of standards.

PSAB argues that the new international strategy will help them to improve the time-to-market in the development of accounting standards. Timeliness is important, but it is not clear why it is any more of an issue than it has been in the past, or how the international strategy will help with that. It is not clear what the process will look like with new standards, in terms of whether PSAB needs to wait for IPSAS standards to be developed, or whether PSAB can begin work on new standards in tandem with IPSASB. Additionally, we feel that increasing time-to-market for new standards could have a negative impact on the quality of new standards.

PSAB states its intention to explore project governance models outside the use of traditional task forces. We hope that PSAB will ensure that they maintain the required level of expertise to lead to the development of high quality standards.

#### Strategy 2 – Enhance and strengthen relationships with our stakeholders

We agree with this strategy, although it is not clear how PSAB sees its role changing with the decision made to base future standards on IPSAS, as it would seem that there is less room for direct stakeholder input.

We believe that PSAB needs to play a greater role in educating stakeholders. For instance, what does PSAB expect with regards to comments on IPSAS standards? These documents are often very large and not every government entity/organization has the resources to be able to respond to documents that may or may not influence Canadian standards in the future. Stakeholders would benefit from guidance from PSAB on what documents need input, what kind of input, and what the impact on Canadian standards might be. Stakeholders would also benefit from having knowledge of how current IPSAS standards, and those under development, differ from Canadian standards, and what the implications of that would be. As it is, discussion through the Public Sector Accounting Discussion Group does not seem to be sufficient in terms of educating stakeholders and reaching a wide audience.

In our opinion, it would be helpful for PSAB to develop a road map of how standards are created. What is the overall goal of stakeholders providing input to IPSASB? Part of PSAB's role should be to make it clear to stakeholders what role they are playing.

#### Strategy 3 – Enhance and strengthen relationships with other standard setters

We understand that in the context of the international strategy, this may be important. However, it is not clear to us how this is relevant in the context of PSAB's goal of creating high-quality accounting standards that serve the Canadian public interest. PSAB has not made it clear why Canadian stakeholders should care about PSAB's relationship with other standard setters, especially in a public sector environment where international comparability is not generally an important consideration.

In addition, one of the activities proposed is to encourage Canadian stakeholders to submit responses to IPSASB for comment. It seems that this could have the opposite of the intended effect, by resulting in less “buy-in” from organizations since they may think they have less of a say over international standards, and therefore Canadian ones.

Strategy 4 – Support forward-looking accounting and reporting initiatives

This kind of reporting is important and should be considered by PSAB. However, we wonder whether focusing on providing non-authoritative guidance on non-financial reporting items is the best use of PSAB’s limited resources at the current time.

For instance, areas where resources could be better used would be to develop a standard on endowments, and resolve the not-for-profit project. In our opinion, these would be a better use of PSAB’s time in the near to medium term.

4. Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?

We support the strategic plan presented by PSAB but have concerns around how PSAB’s operational plan will ensure that these goals are achieved.

We expected that this document would look considerably different, given the international plan. Things have changed as a result of that decision, and it is not clear how PSAB sees its role changing. In our opinion, PSAB needs to clearly define its role as it relates to standard setting and encouraging stakeholder feedback and buy-in.

Sincerely,



Terry Paton, FCPA, FCA  
Provincial Comptroller

cc: Chris Bayda, Assistant Provincial Comptroller, Provincial Comptroller’s Office  
Jane Borland, Director, Financial Management Branch, Provincial Comptroller’s Office,  
Gabriel Plosker, Senior Analyst, Financial Management Branch, Provincial Comptroller’s  
Office

Michael Puskaric, CPA, CMA  
Director, Public Sector Accounting  
Public Sector Accounting Board  
277 Wellington Street West  
Toronto, Ontario M5V 3H2

October 13, 2021

Dear Mr. Puskaric:

**SUBJECT: PSAB's Draft Strategic Plan 2022-2027 (May 2021)**

Grant Thornton LLP (hereinafter "we") would like to thank you for the opportunity to provide comments on the Public Sector Accounting Board's (hereinafter the "PSAB" or the "Board") Consultation Paper entitled *PSAB's Draft Strategic Plan 2022 - 2027* (hereinafter the "CP"). Below please find our response to the questions asked in the CP:

**1. Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.**

Yes, we agree.

**2. Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.**

No, we do not have any additional factors to add.

**3. Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.**

We agree with the strategies developed. We would also suggest that in addition to the increased engagement with Indigenous Governments, the Board should also continue to work to increase engagement with public sector entities other than senior governments (for example, hospitals, colleges, universities, other government not-for-profits and other government organizations).

**4. Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?**

No, we do not have any additional comments.

If you wish to discuss our comments, please contact Melanie Joseph (Melanie.Joseph@ca.gt.com, 416-607-2736).

Yours sincerely,



Grant Thornton LLP  
Melanie Joseph, CPA, CA



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**PRIVATE & CONFIDENTIAL**

Michael Puskaric, MBA, CPA, CMA  
Director, Public Sector Accounting Board  
Public Sector Accounting Board  
277 Wellington Street West  
Toronto ON M5V 3H2

October 6, 2021

Dear Mr. Puskaric:

**RE: PSAB DRAFT STRATEGIC PLAN 2022 - 2027**

Thank you for the opportunity to provide our comments on the Public Sector Accounting Board's (PSAB) draft strategic plan for 2022 to 2027. This is a pivotal strategy for the Public Sector Accounting Board, as its international strategy enters into effect, and it advances on a new conceptual framework and reporting model.

Our response to your specific questions on this exposure draft are outlined below.

Best regards,

A handwritten signature in black ink, appearing to read 'Bailey Church', with a stylized flourish at the end.

Bailey Church, CPA, CA, CIA  
Partner, Department of Professional Practice  
KPMG LLP



**1. Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes?**

Yes. PSAB's mission emphasizes the public interest, and the Board's role as an independent standard setter. We also support the Board's vision to be a globally respected standard setter. We support the balancing of the Board's vision to serve the public interest with the costs and benefits of standards.

**2. Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.**

The Board has identified environmental factors impacting stakeholders in a comprehensive fashion. In particular, we are pleased with the Board's focus on environmental, social and governance reporting. This has emerged as a top priority for many public sector entities, as recently highlighted by the Government of Canada's Budget 2021 announcements regarding its intent to engage the provinces and territories on the adoption of climate disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD), as well as the adoption of TCFD requirements by federal Crown corporations. ESG reporting is also a top priority for many municipalities, with a growing interest in disclosures related to natural assets. The Board has a critical role to play in how ESG reporting is adopted by public sector entities. There is a risk of inconsistency across the public sector in the absence of clear and timely guidance.

**3. Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.**

Yes. We are supportive of the Board's proposed strategies. With respect to enhancing and strengthening relationships with stakeholders, we would suggest that Government Not For Profit Organizations should be cited as a particular group of focus given the ongoing consultations regarding GNPO accounting. In terms of forward-looking reporting initiatives, we are particularly supportive of the Board's interest in developing Canadian-specific ESG reporting guidance. In our view this should be an immediate priority.

**4. Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?**

No.



November 15, 2021

Mr. Michael Puskaric, MBA, CPA, CMA  
Director, Public Sector Accounting Board  
277 Wellington Street West  
Toronto, ON M5V 3H2

Dear Mr. Puskaric:

RE: CONSULTATION PAPER – PSAB’S DRAFT STRATEGIC PLAN 2022-2027—MAY 2021

We support PSAB’s draft 2022-27 strategic plan overall, but further amendments are needed to better align the mission, vision and strategies described in the draft strategic plan with PSAB’s role in setting accounting standards that serve and protect the public interest.

Our responses to the specific matters you requested comments on are set out below.

### Question 1

**Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes?**

#### Mission Statement

We agree with the mission statement, with one important addition: transparency. Public accountability requires transparency in the reporting of critical decisions, events, activities, policies and results. Independent accounting standards contribute to transparency in financial reporting by ensuring that the standards are set through a public and rigorous due process. We noted that the concept of transparency appears hand in hand with the concept of public accountability throughout PSAB’s recent exposure draft on Concepts Underlying Financial Performance. Therefore, we recommend that the mission statement incorporate the word “transparency”, for instance, as follows: “To serve the public interest by developing independent accounting standards and other reporting guidance that support accountability, transparency, informed decision making, and stewardship among Canadian public sector entities.”

We noted that the term “public interest” is used in the mission statement and throughout the consultation paper. PSAB should define this term.

## Vision Statement

We agree with the overall direction of the vision statement; however, changes are needed to more clearly align this statement with PSAB's role in setting accounting standards for the Canadian public sector. Specifically:

- The vision statement currently states that PSAB "...helps Canada's public sector report relevant and high-quality information". In our view, PSAB has a critical role in the development of public sector accounting standards: the term "help" does not adequately convey PSAB's leadership role in this process.
- The draft strategic plan states that PSAB's vision is "To be a globally respected standard setter." PSAB's role, first and foremost, is to serve the Canadian public interest by establishing accounting standards for the public sector in Canada. Part of this responsibility includes representing Canada's interests on the global stage, a role that will become even more important in the future in light of PSAB's new international strategy. The vision statement should avoid placing undue emphasis on global recognition, as it can imply that achieving such recognition is a priority that is equal to representing the Canadian public interest.

We suggest PSAB amend the vision statement as follows: "To be a respected standard setter that creates a foundation for Canada's public sector to report relevant and high-quality information."

## Question 2

**Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.**

We support the inclusion of environmental, social and governance reporting (ESG). There is growing public interest in sustainability. A comprehensive set of sustainability reporting standards is needed to ensure comparability, consistency and reliability of sustainability reporting. There is an opportunity for PSAB to ensure that the public sector has relevant and reliable sustainability reporting standards.

The social component of ESG reporting has taken on even greater significance in the past year in light of recent events. We encourage PSAB to expand on this component in the strategic plan. We also encourage PSAB to examine its own recruiting and retention practices to ensure that it is setting an example for inclusion and diversity. PSAB should consider whether it has appropriate representation from diverse groups, including Indigenous peoples, people of colour, people with disabilities, etc.

In terms of technological considerations, the draft strategic plan lists a number of opportunities presented by changes in technology. However, it does not address the risks that are introduced or increased by these changes, such as cybersecurity. The draft strategic plan should aim to present a balanced view of technological factors.

Under the section titled “International standards”, the draft strategic plan states “A growing number of governments around the world use IPSAS directly or indirectly to develop national standards for their own use”. The phrase “to develop national standards for their own use” may inadvertently suggest that it is desirable for governments to develop their own accounting standards. We recommend deleting this part of the sentence, such that the sentence says: “A growing number of governments around the world use IPSAS.”

### **Question 3**

**Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning?**

#### **Develop relevant and high-quality accounting standards**

We agree that developing relevant and high-quality accounting standards on a timely basis is essential. While we recognize that obtaining feedback is an integral part of this process, it is important that input from stakeholder groups not be allowed to supersede the public interest. Therefore, we recommend the text on page seven of the draft strategic plan be amended as follows: “Being accountable to our stakeholders by proactively obtaining their feedback and facilitating this input into the development of our standards where it serves the public interest.”

#### **Customized reporting**

Consistency in financial reporting facilitates meaningful comparison of financial results across public-sector entities. Conversely, a proliferation of reporting requirements detracts from comparability and diminishes the usefulness of financial reporting. Customized reporting should be permitted in limited circumstances and only when the benefits to the public outweigh these disadvantages.

PSAB must carefully weigh the pros and cons of developing guidance that impacts a small group of stakeholders. Given the current limitations in PSAB’s resources, it is important that guidance that affects a narrow audience does not divert limited resources that are needed to develop robust guidance in areas that are more widely applicable. In the long term, PSAB should build capacity so it can meet its goal of providing guidance on a timely basis.

### **Question 4**

**Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?**

PSAB has an important role to play in preventing and resolving conflicts that can dilute the public's confidence in accounting standards. As such, PSAB should be mindful of how differences in interpretation of accounting standards influence the public's perception of the accounting profession. It is in the public's interest for PSAB to prevent and swiftly resolve potential conflicts arising from diverging interpretations of the standards. As PSAB is an organization whose mission is to serve the public interest, a communications strategy, including a media strategy, is an important consideration when necessary to quickly prevent and resolve potential conflicts when there are divergent views.

Thank you for the opportunity to provide comments on behalf of our Office.

Sincerely,

A handwritten signature in black ink, appearing to read "Bonnie Lysyk". The signature is written in a cursive, flowing style.

Bonnie Lysyk  
Auditor General of Ontario

October 4, 2021

Michael Puskaric, MBA, CPA, CMA  
Director, Public Sector Accounting Board  
277 Wellington Street West  
Toronto, ON  
M5V 3H2

**Re: Public Sector Accounting Board (“PSAB”) Consultation Paper – Draft Strategic Plan**

Dear Mr. Puskaric,

Thank you for the opportunity to comment on the above-noted consultation paper. MNP LLP is one of Canada’s largest chartered professional accountancy and business advisory firms. Our clients include small to mid-size owner-managed businesses in agriculture, agribusiness, retail and manufacturing as well as credit unions, co-operatives, First Nations, medical and legal professionals, not-for-profit organizations, municipalities and government entities. In addition, our client base includes a sizable contingent of publicly traded companies. We believe that we are positioned well to provide feedback on this draft strategic plan.

We have reviewed the draft strategic plan and have provided our response to the specific questions noted below.

**Question 1: Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.**

We agree with the proposed mission and vision statement. PSAB’s focus should remain on ensuring relevant and high-quality information to meet the needs of the Canadian public sector.

**Question 2: Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.**

We have not identified any significant environmental factors that have not been included in the strategic plan.

**Question 3: Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.**

We agree with the strategies developed and have not identified any additional strategies that should be considered.

**Question 4: Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?**

We have no further comments for PSAB.

We would be pleased to offer our assistance to the PSAB for any future proposed changes to accounting standards or strategic plans.

Yours truly,

**MNP LLP**

A handwritten signature in blue ink that reads "J MacKenzie". The signature is written in a cursive style with a large initial "J".

Jody MacKenzie, CPA, CA  
Director, Assurance Professional Standards



October 6, 2021

MICHAEL PUSKARIC, MBA, CPA, CMA  
DIRECTOR, PUBLIC SECTOR ACCOUNTING BOARD  
277 WELLINGTON STREET WEST  
TORONTO, ON M5V 3H2  
BY EMAIL: MPUSKARIC@PSABCANADA.CA

**Consultation Paper: PSAB’s Draft 2022 – 2027 Strategic Plan**

In response to the consultation paper, below are the comments from the Government of the Northwest Territories (“GNWT”).

Question(s)

1. Do you agree with our missions and vision statement? If not, please provide details or recommend specific changes.

**GNWT Response:** We have no concerns with the mission statement. For the vision statement we would suggest to remove the word “globally” and instead indicate “to be a respected standard setter” as the primary focus should be on serving Canadian public sector entities.

2. Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.

**GNWT Response:** none that we are aware of.

3. Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.

**GNWT Response:** For strategy number 3, more focus on the PSAB stakeholders would be appropriate prior to turning attention to the international standard setters. Staying informed and collaborating would appear to be a normal course of business for PSAB and not necessarily a strategy in and of itself.



4. Do you have any other comments for PSAB on the content include in this Draft Strategic Plan?

GNWT Response: no other comments.

We appreciate the opportunity to provide our comments and wish the PSAB all the best in implementation of the 2022-2027 Strategic Plan.

Celestino Oh, CPA, CA  
Assistant Comptroller General  
Finance



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

5 October 2021

Michael Puskaric, MBA, CPA, CMA  
Director, Public Sector Accounting Board  
Public Sector Accounting Board  
277 Wellington Street West  
Toronto, ON M5V 3H2

**RE: Consultation Paper – *Draft Strategic Plan 2022 - 2027***

Thank you for the opportunity to comment on the above Consultation Paper. I am responding on behalf of the Office of the Auditor General of Canada.

We are pleased to submit to the Board our response below to the specific questions posed in the Consultation Paper.

Sincerely,

Lissa Lamarche, CPA, CA

Assistant Auditor General  
Office of the Auditor General of Canada

## Specific questions posed by the Public Sector Accounting Board (PSAB):

### Question 1

Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.

#### OAG response:

Yes, we agree with the overall mission and vision statement. We have, however, identified several areas of improvement that PSAB may wish to consider when finalizing this draft strategic plan as follows:

- Expanding the vision statement to include both understandability and timeliness;
- Defining “public interest”. This term is used multiple times in this draft strategic plan and can have different meanings depending on the context. We note that the Audit and Assurance Standards Oversight Council prepared a paper in 2016 on what public interest means to them and how they assess whether an action, decision or policy is in the public interest. We think a similar expansion of what public interest means to PSAB would be beneficial; and
- Expanding on how being a “globally respected standard setter” aligns with PSAB’s international strategy.

### Question 2

Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.

#### OAG response:

Yes. We have identified the following additional significant environmental factors that we think will impact stakeholders:

- Capacity constraints from a preparer, auditor, and user perspective. We note that there are many new PSAs on the horizon (e.g. the financial instrument suite of standards for governments, revenue, asset retirement obligations, the not-for-profit strategy, the conceptual framework / reporting model, etc.). In addition, stakeholders now also need to turn their attention to IPSAS related matters in light of PSAB’s international strategy. Linked to these factors is whether or not PSAB is adequately resourced to handle all the priorities identified. We think that PSAB should incorporate this element as it prioritizes its future projects.
- Impact of recommendations from the Independent Review Committee on Standard Setting in Canada (the Committee). We think it would be good to acknowledge the work that is being done by the Committee and consider the impact, if any, on PSAB’s draft strategic plan.

In addition to the items listed above, we noted the following improvements that could be made to the environmental factors identified by PSAB:

#### **COVID-19 pandemic:**

- Inclusion of a more forward looking focus that emphasizes the need for adaptability with respect to all aspects of standard setting.

**Relevance and timeliness of accounting standards:**

- This factor seems to be more of a strategic priority rather than an environmental scan element.
- Consider adding accountability as it is linked with relevance and timeliness.

**General acceptance of accounting standards:**

- The reference to “acceptance of public sector accounting standards” and “ensuring they recognize the benefits of applying our standards” is not clear from an acceptance perspective. If by “acceptance” PSAB means that for other government organizations there is a framework choice to make, we do not think that acceptance is relevant as the decision should be based on an evaluation of which standard is the most appropriate to financial statement users as noted in paragraphs .19 and .20 of the Introduction to public sector accounting standards. We encourage PSAB to consider adding context to clarifying its meaning with respect to acceptance.
- There seems to be an emphasis of acceptance over public interest. We think the focus should be on serving the public interest first with an emphasis on educating stakeholders in order to achieve general acceptance.

**International standards:**

- This section mentions that “governments around the world use IPSAS directly or indirectly to develop national standards for their own use”. We note, however, that governments are not the ones developing these standards and therefore PSAB’s meaning is unclear in this regard.
- This section mentions that the use of standards such as IFRS and IPSAS highlights “a move towards recognition and measurement at fair value” which is not consistent with PSAB’s proposed conceptual framework which re-emphasizes historical cost as the primary basis of measurement. It is therefore unclear why this has been highlighted if PSAB is not going in the same direction.

**Technology:**

- We think this section should directly refer to the impact / need for additional guidance and standards as a result of emerging technologies and trends, such as cryptocurrencies for example.
- We think this section should also acknowledge cybersecurity risk on the accounting profession and stakeholders given its increasing relevance.

**Question 3**

Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning?

**OAG response:**

Yes, overall we agree with the strategies developed. However, we have the following comments related to aspects of these strategies for which we think additional improvements could be made:

**Strategy #1 – Develop relevant and high-quality accounting standards:**

We think that timeliness and relevance should be the primary focus of this strategy. Consequently we think that PSAB should invest more time on developing authoritative guidance. Non-authoritative guidance, such as that published by the PSA Discussion Group, can prove to be less useful at times when there are diverging views. We recommend PSAB consider alternate ways to clarify standards on a timely basis when diverging views are identified in practical application.

**Strategy #2 – Enhance and strengthen relationships with our stakeholders:**

As part of this strategy, PSAB has identified the use of customized reporting as a means to enhance the relationship with stakeholders. We are concerned that a customized reporting model could result in decreased understandability, comparability and accountability. While we support a certain degree of flexibility, without further clarification from PSAB as to what is envisioned, it is difficult to comment. We think that PSAB needs to be clear on what its intent is with respect to customized reporting.

In addition, we would like to emphasize the importance of stakeholder engagement particularly in the early stages of standard development, but also throughout the standard setting process. We recommend that PSAB consider developing a stakeholder group which includes the Legislative Audit Office (LAO) community. Given our breadth of experience in the public sector, the LAO community would be a valuable partner that can help PSAB in its ongoing work.

**Strategy #4 – Support forward-looking accounting and reporting initiatives:**

Linked to our response to Question 2 on capacity constraints, we question whether PSAB has the capacity to take on more initiatives such as Environmental, Social & Governance (ESG) reporting when there are already current gaps in public sector standards and standard setting itself is a labour intensive process. ESG is a global trend that is likely to continue and gain further traction; hence, we acknowledge the importance of monitoring developments in this space. That said, we believe that PSAB should ensure it has sufficient capacity to support this strategy without compromising its ability to achieve its other equally important strategies.

**Question 4**

Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?

OAG response:

Yes, we have identified the following additional comments:

The environmental scan identifies the COVID-19 pandemic as a factor. We note that the COVID-19 pandemic highlighted the fact that ‘unknown’ items (such as the pandemic) can surface and can, at times, have a very significant impact. As such, we recommend this draft strategic plan acknowledge that if significant unknown event(s) were to occur again that PSAB would revisit its current plan and objectives to align them within that context.

In addition, we note that while the section on risk and accountability discusses measurement at a very high level, it is unclear how PSAB will ultimately measure its performance against each of its strategies / priorities. Since performance measurement is an important aspect of accountability in regards to PSAB's achievement of its strategies / priorities, we think that PSAB should consider including more concrete performance measures in its Draft Strategic Plan.

Finally, linked to our response to Question 2 and Question 3 related to capacity considerations, for transparency we think that PSAB should consider including the criteria it will use to prioritize the items within each strategy.

Montréal, le 5 octobre 2021

Monsieur Michael Puskaric, CPA, CMA  
Directeur, Comptabilité du secteur public  
Conseil sur la comptabilité dans le secteur public  
277, rue Wellington Ouest  
Toronto (Ontario) M5V 3H2

Monsieur,

Vous trouverez ci-joint les commentaires du Groupe de travail technique Secteur public – Comptabilité dans le secteur public de l’Ordre des comptables professionnels agréés du Québec, concernant le document de consultation du CCSP intitulé « *Projet de plan stratégique – Façonner notre avenir ensemble* ».

Nous vous serions reconnaissants de nous faire parvenir une copie de la traduction anglaise de nos commentaires.

Veillez prendre note que ni l’Ordre des comptables professionnels agréés du Québec, ni quelque personne que ce soit ayant participé à la préparation des commentaires ne peuvent être tenus responsables relativement à leur utilisation et ils ne sont tenus à aucune garantie de quelque nature que ce soit découlant de ces commentaires, comme décrit dans le déni de responsabilité joint à la présente.

Veillez agréer, Monsieur Puskaric, mes salutations distinguées.

Annie Smargiassi, CPA auditrice, CA  
Représentante du groupe de travail technique Secteur public – Comptabilité dans le secteur public

p. j. Déni de responsabilité et commentaires

## DÉNI DE RESPONSABILITÉ

Les documents préparés par les groupes de travail de l'Ordre des comptables professionnels agréés du Québec (Ordre) ci-après appelés les « commentaires », sont fournis selon les conditions décrites dans la présente, pour faire connaître leur opinion sur des énoncés de principes, des documents de consultation, des exposés-sondages préliminaires ainsi que des exposés-sondages publiés par le Conseil des normes comptables, le Conseil des normes d'audit et de certification, le Conseil sur la comptabilité dans le secteur public, le Conseil sur la gestion des risques et la gouvernance et d'autres organismes.

Les commentaires fournis ne doivent pas être utilisés comme substitut à des missions confiées à des professionnels spécialisés. Il est important de noter que les lois, les normes et les règles sur lesquelles sont émis les commentaires peuvent changer en tout temps et que, dans certains cas, les commentaires écrits peuvent être sujets à controverse.

Ni l'Ordre, ni quelque personne que ce soit ayant participé à la préparation des commentaires ne peuvent être tenus responsables relativement à l'utilisation de ces commentaires et ils ne sont tenus à aucune garantie de quelque nature que ce soit découlant de ces commentaires. Les commentaires donnés ne lient pas, par ailleurs, les membres des Groupes de travail de l'Ordre ou, de façon plus particulière, le Bureau du syndic de l'Ordre.

La personne qui se réfère ou utilise ces commentaires assume l'entière responsabilité de sa démarche ainsi que tous les risques liés à l'utilisation de ceux-ci. Elle consent à exonérer l'Ordre à l'égard de toute demande en dommages-intérêts qui pourrait être intentée par suite de toute décision qu'elle aurait pu prendre en fonction de ces commentaires. Elle reconnaît également avoir accepté de ne pas faire état de ces commentaires reçus via le Groupe de travail dans les avis exprimés ou les positions prises.

## **MANDAT DES GROUPES DE TRAVAIL**

Les groupes de travail de l'Ordre des comptables professionnels agréés du Québec ont comme mandat notamment de recueillir et de canaliser le point de vue des praticiens exerçant en cabinet et de membres œuvrant dans les affaires, dans les services gouvernementaux, dans l'industrie et dans l'enseignement ainsi que le point de vue d'autres personnes concernées œuvrant dans des domaines d'expertise connexes.

Pour chaque exposé-sondage ou autre document étudié, les membres mettent leurs analyses en commun. Les commentaires ci-dessous reflètent les points de vue exprimés et, sauf indication contraire, ces commentaires ont fait l'objet d'un consensus parmi les membres des groupes de travail ayant participé à cette analyse.

Les commentaires formulés ne font l'objet d'aucune sanction de l'Ordre. Ils n'engagent pas la responsabilité de celui-ci.

## QUESTION SPÉCIFIQUE DU CCSP

### **1. Êtes-vous d'accord avec nos énoncés de mission et de vision? Dans la négative, veuillez fournir des précisions ou recommander des changements spécifiques.**

L'énoncé de mission indique que le CCSP entend servir l'intérêt public en élaborant de façon indépendante des normes comptables et d'autres indications en matière d'information financière. Or, les membres se questionnent au sujet de ces « autres indications ».

Normalement, des indications en matière d'information financière réfèrent à la publication de textes ne faisant pas autorité or, il est inhabituel que les conseils de normalisation publient de telles indications qui sont surtout rédigées par des groupes de travail ou des comités des ordres provinciaux ou encore par CPA Canada. Les membres sont d'avis que les indications ne faisant pas autorité sont insuffisantes. Toutefois, la collaboration du CCSP est essentielle à ces initiatives, mais ils croient que le texte de la mission devrait être modifié. D'autres membres considèrent que le CCSP devrait prioriser le développement de normes plutôt que d'investir des ressources dans des activités ne faisant pas autorité. En effet, les suggestions ne faisant pas autorité ne seront pas nécessairement suivies par les intervenants. Cela constituerait pour le CCSP beaucoup d'efforts par rapport aux résultats escomptés. Ils sont aussi d'accord pour favoriser le développement de normes sur les questions environnementales.

De plus, certains membres sont d'avis qu'il est essentiel que l'énoncé de mission du CCSP traite de la participation active aux initiatives de divulgation environnementale. Ils proposent donc de modifier l'énoncé de mission comme suit :

*« Servir l'intérêt public en élaborant de façon indépendante des normes comptables, en facilitant activement l'implantation de celles-ci et en collaborant au développement de normes concernant la divulgation des questions environnementales et à d'autres initiatives et ~~d'autres indications en matière d'information financière~~ qui soutiennent la reddition de comptes, la prise de décisions éclairées et la gérance parmi les entités canadiennes du secteur public. »*

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Commentaires du groupe de travail technique Secteur public – Comptabilité dans le secteur public de l'Ordre des comptables professionnels agréés du Québec concernant le document de consultation intitulé « *Projet de plan stratégique – Façonner notre avenir ensemble* ».

Le rôle du CCSP est crucial à titre de “facilitateur” pour aider les organismes publics à implanter les normes, particulièrement, en cas de problème ou d’enjeux d’interprétation lors de l’implantation de celles-ci. Le CCSP pourrait publier des ajustements (modifications de portée limitée) ou des notes d’orientation faisant autorité pour faciliter l’implantation de façon harmonieuse. Le groupe de discussion aide les échanges et les relations avec le conseil. Son rôle n’est pas de régler les enjeux d’implantation. Ainsi, cela doit faire partie de la mission du Conseil d’être aidant auprès des différentes parties prenantes afin qu’elles appliquent les normes dans le sens des orientations du CCSP. Ainsi, des précisions peuvent être nécessaires en cours d’implantation.

Des membres se sont aussi demandé si le CCSP devrait définir ce qu’il entend par « intérêt public ». Ils notent que les intérêts des parties prenantes sont souvent conflictuels et se demandent ce que cette mention signifie vraiment dans l’énoncé de mission.

***2. Existe-t-il des facteurs environnementaux importants que nous n’avons pas relevés et qui, selon vous, auront une incidence sur nos parties prenantes? Dans l’affirmative, veuillez fournir des précisions.***

Oui, les membres sont d’avis que certains facteurs importants n’ont pas été identifiés.

Selon eux, les entités du secteur public ont de nouveaux besoins d’information, mais ceux-ci ne sont pas nécessairement de nature financière. Également, certains notent que la pandémie a entraîné des changements importants dans les comportements des entités du secteur public, notamment une plus grande volonté de se comparer entre elles à travers le pays avec des indicateurs non financiers. Les membres notent que plus ces informations non financières prennent de l’importance pour les utilisateurs, moins les informations financières historiques sont pertinentes.

Ainsi, les membres croient que les normes du secteur public doivent aller au-delà du coût historique pour demeurer pertinentes et pour en favoriser leur acceptabilité par le secteur

public canadien. Ainsi, ils recommandent au CCSP de s'impliquer activement dans ces initiatives comme celles proposées par le « Sustainability Board » par exemple.

De plus, les membres croient que la présence des deux langues officielles au Canada est un facteur important à relever dans l'environnement, car il amène son lot d'enjeux en pratique, qu'ils soient des enjeux de traduction, de clarté ou d'incohérence des textes ou encore, puisque cela limite la participation active des intervenants francophones dans le processus de normalisation. En effet, ils sont d'avis que l'utilisation unique de la langue anglaise dans les comités, groupes de travail et conseil de normalisation crée une barrière importante à la participation active des francophones canadiens au processus de normalisation. Ils sont d'avis que l'utilisation des deux langues officielles en simultanément est possible dans l'environnement technologique actuel et que le CCSP devrait s'en préoccuper. Ils font remarquer que les francophones sont présents partout au Canada et non uniquement au Québec.

Dans les facteurs à considérer, des membres croient que le CCSP doit aussi considérer la capacité des parties prenantes à absorber les changements dans les normes. Le manque de ressources, d'expertise et les nombreux projets d'envergure en cours risquent d'affecter grandement la capacité à s'adapter et à appliquer les nouvelles initiatives normatives. De plus, un défi additionnel est de s'entourer d'experts autres qu'en comptabilité afin de demeurer pertinent au sujet des informations autres que financières historiques.

***3. Êtes-vous d'accord avec les stratégies élaborées? Dans la négative, quelles stratégies additionnelles devraient être envisagées? Au besoin, veuillez préciser les stratégies individuelles que vous appuyez ou n'appuyez pas, en expliquant votre raisonnement.***

### **Stratégie 1 – Élaborer des normes comptables pertinentes et de haute qualité**

Au sujet des modifications de portée limitée, des membres sont d'avis qu'elles sont importantes afin de régler des problèmes ponctuels, mais certains ont aussi soulevé des préoccupations à l'égard de l'utilisation de cette stratégie.

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Commentaires du groupe de travail technique Secteur public – Comptabilité dans le secteur public de l'Ordre des comptables professionnels agréés du Québec concernant le document de consultation intitulé « *Projet de plan stratégique – Façonner notre avenir ensemble* ».

D'abord, on craint que ce type de changement ne soit trop fréquent, mais aussi qu'il favorise les gouvernements supérieurs au détriment des autres entités du secteur public, comme ce fut le cas avec celles concernant les instruments financiers visant le gouvernement fédéral. Ensuite, on se demande pourquoi les exigences de la norme SP 3410 sur les paiements de transfert n'ont pas été modifiées de leur côté, par des changements de portée limitée alors qu'il pourrait être nécessaire selon eux d'en harmoniser l'application à l'échelle canadienne. Ils sont d'avis que des changements de portée limitée dans cette norme auraient été bénéfiques et en aurait aussi facilité l'acceptabilité. Ils notent que la publication de documents n'ayant pas autorité n'a pas été bénéfique lors de l'implantation de cette norme.

### **Stratégie 2 – Améliorer et renforcer les relations avec nos parties prenantes**

Les membres soulignent l'initiative du CCSP de se rapprocher des communautés autochtones et tiennent à féliciter celui-ci à ce propos. Ils souhaitent néanmoins rappeler au CCSP que la participation des francophones à cette stratégie est également un enjeu et que si l'on souhaite mettre en place des groupes de travail dynamiques, on devrait considérer les deux langues officielles du Canada et non l'anglais uniquement.

### **Stratégie 3 – Améliorer et renforcer les relations avec les autres normalisateurs**

Les membres croient que pour améliorer et renforcer les relations avec les autres normalisateurs, mais aussi avec les parties prenantes, le CCSP devrait participer activement à d'autres groupes de travail nationaux ou internationaux et l'indiquer clairement dans son plan stratégique, tel le « Sustainability Board ».

### **Stratégie 4 – Soutenir les initiatives axées sur l'avenir en matière de comptabilité et de rapports**

Les membres sont d'avis que le CCSP doit faire plus que soutenir uniquement les initiatives, mais aussi chercher à les appuyer et y participer activement, telles celles sur les changements climatiques. Ils notent également qu'une expertise autre que comptable

est de plus en plus nécessaire dans l'environnement actuel, par exemple les ingénieurs, statisticiens etc. Certains sont d'avis que le CCSP devrait s'entourer d'experts autres que comptables pour participer activement à ces initiatives ou pour en déléguer des experts.

Les membres sont aussi d'avis que la participation à l'élaboration d'indications ne faisant pas autorité n'est pas suffisante sur les questions ESG et que le CCSP devrait viser aussi des indications faisant autorité comme celles qui seront applicables à compter de 2023 en Australie. En effet, étant donné que le plan stratégique du CCSP couvre une période jusqu'en 2027, il est d'intérêt que celui-ci soit proactif afin de ne pas prendre de retard par rapport au nouveau " Sustainability Board " qui sera créé dans le secteur privé et qui pourrait développer des normes applicables aux sociétés d'état contrôlées par les gouvernements. Il est d'intérêt public que les gouvernements avancent au même rythme que ses propres sociétés d'état et les émetteurs assujettis du secteur privé.

Finalement, afin de soutenir les initiatives internationales, comme celles de l'IPSASB, les membres sont d'avis que les consultations devraient être possibles dans les deux langues officielles, ce qui n'est pas encore le cas. Les membres qui désirent commenter les normes internationales ne peuvent le faire en français, ce qui est un frein selon eux aux soutiens à l'égard de ces normes et à leur acceptabilité et applicabilité.

#### ***4. Avez-vous d'autres commentaires à formuler au CCSP sur le contenu du présent projet de plan stratégique?***

Les membres pensent que le CCSP devrait se pencher sur les sujets suivants dans son plan stratégique :

- Rapports de gestion / informations non financières
- Utilisation d'informations non auditées, par exemple dans les rapports annuels des municipalités au Québec
- Présentation des budgets – informations pertinentes à propos des hypothèses utilisées



September 27, 2021

Michael Puskaric, CPA, CMA  
Director, Public Sector Accounting  
Public Sector Accounting Board  
277 Wellington Street West  
TORONTO, ON M5V 3H2

Dear M. Puskaric:

**Re: PSAB Draft Strategic Plan 2022 - 2027**

We support the proposed Draft Strategic Plan. The attachment sets out our responses to the specific questions listed in the exposure draft.

Yours truly,

A handwritten signature in black ink that reads "T. Clemett".

Tara Clemett, CPA, CA, CISA  
Acting Provincial Auditor

mh/dd  
Attachment

	Question	Response
1	Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.	We agree with the mission and vision statement.
2	Are there any significant environmental factors that you think will impact our stakeholders that we have not identified? If yes, please provide details.	<p>We think that an environmental factor that PSAB has not identified is capacity to deal with changing standards. The number and significance of new standards can lead to standard overload and fatigue for stakeholders.</p> <p>We noted that in the International Standards section, the sentence “a growing number of governments around the world use IPSAS directly or indirectly to develop national standards for their own use” implies that governments develop their own accounting standards. We would encourage PSAB to adjust the wording of this sentence so that it accurately reflects how accounting standards are set.</p> <p>We also think that the technology section should include some discussion on cyber security risk, as this is a relevant issue for this environmental factor.</p>
3	Do you agree with the strategies developed? If not, what additional strategies should be considered? Where appropriate, please specify the individual strategies that you do or do not support with your reasoning.	<p>We agree with the strategies developed. However, we have the following comments on individual strategies:</p> <p>Strategy #2:                      This strategy includes use of customized reporting. We question whether use of customized reporting is appropriate and think that the use of customized reporting should be very limited. We are concerned that many agencies will adopt customized reporting and comparability between similar entities will be lost.</p> <p>We also think that PSAB should consider including more support (e.g., examples in the standards) for the implementation of standards in its activities.</p> <p>Strategy #4:                      Although we agree with this strategy, see our comment above in Question 2 related to new standard overload. We think that PSAB should consider the capacity of its stakeholders and the feasibility of developing and maintaining Environmental, Social, and Governance (ESG) reporting.</p>
4	Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?	We have no further comments.