PSAB
Public Sector
Accounting Board

Consultation Paper

Draft Strategic Plan

Founded on Trust, Ready for the Future

2027-2032

(Effective April 1, 2027)

This Consultation Paper closes for comments on October 15, 2026.

LAND ACKNOWLEDGMENT

We, the Public Sector Accounting Board (PSAB), acknowledge that the land on which we work and gather is the traditional and unceded territories from coast to coast of First Nation, Métis, and Inuit ("Indigenous") Peoples, who have stewarded this land for generations.

We recognize and respect the significance of both treaty and unceded lands, and we are committed to recognizing the diverse history and culture of Indigenous Peoples across Canada in our work.

We acknowledge that advancing reconciliation is fundamental to the work of Canadian standard setting, and we commit to engaging and learning from Indigenous Peoples and their communities as we serve the public interest by setting and maintaining high-quality public sector accounting standards in Canada.

We invite all our interested and affected parties to reflect on their own relationship to the land and Indigenous Peoples and consider how their work can contribute to the ongoing journey of reconciliation.

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REQUEST FOR COMMENTS

The Public Sector Accounting Board (PSAB) welcomes feedback from any interested party on any or all the questions posed in this Consultation Document.

You can provide feedback to PSAB on the proposals in a variety of ways:

- Participate in the Connect.FRASCanada.ca survey.
- Connect directly with PSAB by attending a discussion session on this Consultation Paper. Session dates and registration information will be posted to the project page.
- Write a response letter and upload it via our online form. Response letters can be addressed to:

Michael Puskaric, CPA, CMA, MBA
Director, Public Sector Accounting Standards,
Public Sector Accounting Board
145 King Street West, Suite 500
Toronto, ON M5H 1J8

Note: Response letters will be posted online shortly after this Consultation Paper closes for comment. Confidentiality can be requested when uploading letters via the online form.

Helpful tips when participating in a consultation:

- Comments are most helpful if they relate to a specific paragraph or group of paragraphs found in the Consultation Paper.
- If you identify a potential issue in this Consultation Paper's proposals, we encourage you to clearly explain the issue and include a suggested alternative, supported by specific reasoning.

PSAB does not expect you to respond to every single question posed – only those to which you feel you can or should respond.

Comments to PSAB must be received by October 15, 2026.

Questions

We welcome comments from individuals, governments and organizations on all aspects of this Draft Strategic Plan. In particular, we would like to hear your views on the following questions:

1. Do you agree with our mission and vision statement? If not, please provide details or recommend specific changes.
2. 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.
3. Do you have any other comments for PSAB on the content included in this Draft Strategic Plan?

CHAIR'S MESSAGE

While planning for the next five years as Chair, I found myself reflecting on the origins, history and impact of public sector accounting standards in Canada.

In 1980, the Canadian Institute of Chartered Accountants created the Public Sector Accounting Board (then called the Government Accounting and Auditing Committee) "to serve the public interest by establishing accounting standards for the public sector." Almost 50 years later, that original purpose continues to be PSAB's core mission.

Since its beginning, PSAB has focused on building trust within the public sector, including the general public and users of public sector financial statements, through a rigorous due process that supports independence, objectivity, fairness and accountability, and through transparent, respectful engagement with interested and affected parties. These efforts have been successful. Today, Canadian public sector accounting standards are accepted and applied across all levels of government, Indigenous entities, educational institutions, hospitals and other public sector organizations. The resulting general-purpose financial statements provide relevant and reliable information that supports accountability, transparency, informed decision making and stewardship, thereby serving the public interest.

The Draft 2027-2032 Strategic Plan builds on this solid foundation. PSAB will develop relevant and high-quality accounting standards that build trust in the financial information Canadian public sector entities provide, while remaining mindful of the diverse public sector entities that apply them. We will continue to actively engage with emerging accounting and reporting issues within the ever-changing technological, geopolitical, environmental and financial context of the public sector. We will enhance and strengthen our relationships by working collaboratively with interested and affected parties and our fellow standard-setting Boards. Together, we will work to strengthen financial reporting, to serve the public interest and to contribute to a better Canada.

As Chair, I fully commit to executing on this strategic plan and to advancing public sector accounting standards to meet the future. I look forward to the upcoming discussions on new standards and emerging issues, as well as collaborating with the PSAB team and other standard setters. Most of all, I look forward to building trusted relationships with all interested and affected parties. Together, we will celebrate PSAB's 50th anniversary in 2030.

We are asking for and appreciate your input and insights regarding this draft strategic plan. We are grateful for the important contributions made by staff, volunteers and interested and affected parties to the standard-setting process for the public sector in Canada.

Andrew Newman, FCPA, FCA
PSAB Chair

MISSION AND VISION

Our mission

To serve the public interest by developing accounting standards and other related reporting guidance for the Canadian public sector that support accountability, transparency, informed decision making and stewardship.

Our vision

To be an internationally respected standard setter that helps Canadian public sector entities report relevant and high-quality information to the public.

Serving the public interest

As outlined in our mission, we operate to serve the public interest. This means that we:

- act in the public interest; and
- ensure that our standards are issued in the public interest.

Acting in the public interest requires us to follow our due process, which reflects independence, objectivity, fairness and accountability. This also means that we consider the costs and benefits of our standards.

Ensuring that our standards are issued in the public interest is another essential component. This requires that our standards facilitate reporting information to help make assessments and judgments about a public sector entity's financial operations and management.

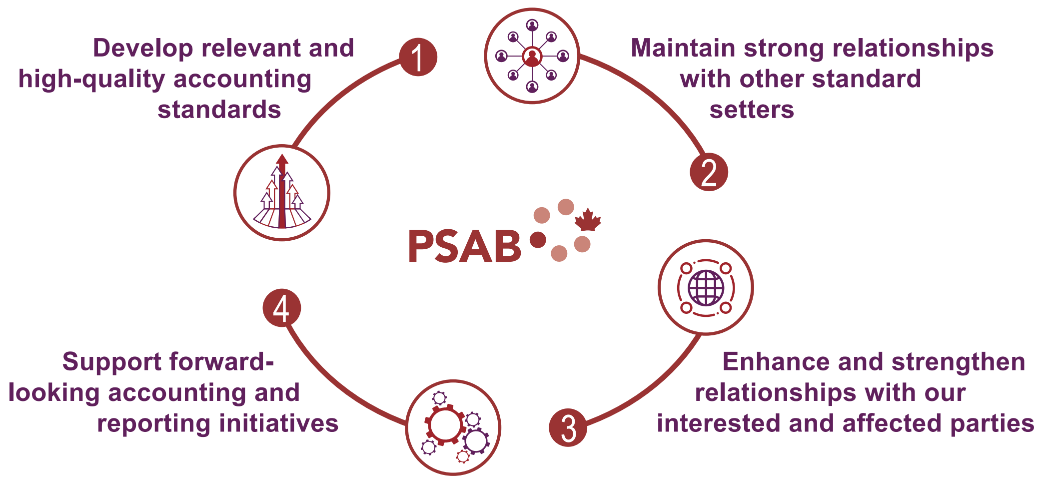
STRATEGIES

We have developed four strategies that will be our key areas of focus over the next five years. These strategies were developed by considering the significant factors impacting our interested and affected parties and the broader reporting environment, including rising geopolitical uncertainty, evolving expectations of public sector reporting, particularly in relation to emerging technologies, such as artificial intelligence (AI) and cloud computing, and pressures faced by our interested and affected parties in an increasingly capacity-constrained environment.

Canadian public sector entities are navigating a rapidly shifting global landscape, where geopolitical developments and international economic volatility increasingly influence their operations and decision making. At the same time, many public sector entities continue to experience persistent internal capacity constraints. The volume and complexity of recently issued and upcoming standards, combined with limited resources, create challenges for consistent implementation and application of public sector standards. Against this backdrop, we are also seeing growing demand for timely and practical implementation guidance to support interested and affected parties.

These strategies are integral to achieving our mission and vision. They focus on improving how we develop our standards, building our relationships and enhancing the relevance of information reported by public sector entities.

Implementation plans to execute these strategies will be described in our annual plans.



Strategy 1 – Develop relevant and high-quality accounting standards

Our mission remains clear: develop high-quality accounting standards for the Canadian public sector in line with our due process. This is central to serving the public interest and supporting a well-functioning Canadian public sector. In doing so, we will balance the following considerations:

- Deliver relevant standards in a timely and responsive manner to support decision making.
- Establish high-quality standards that promote confidence in the information reported by Canadian public sector entities.
- Be accountable to our interested and affected parties by proactively obtaining feedback and facilitating input into the development of our standards.
- Consider the costs and benefits to preparers and users of financial statements, with particular attention to implementation capacity, resource constraints affecting public sector entities and increased demand for application and implementation guidance.

We understand that operating in our current environment marked by talent shortages, digital transformation and emerging risks means bringing greater agility and responsiveness to the standard-setting process. As public sector entities increasingly adopt AI and other emerging technologies to support service delivery and financial reporting, we will monitor how these tools are used in practice and consider how they may be used to improve our standard-setting process.

To remain responsive, we will strive to remain considerate of important topics and emerging issues affecting our interested and affected parties when developing our standards. We will also continue to refine our processes to develop our standards more effectively and efficiently by:

- employing varied standards-development approaches (e.g., task forces, groups of experts, advisory groups) to promote flexibility; and
- delivering timelier guidance through:
  - setting our standards in smaller, incremental phases where feasible;
  - developing narrow-scope amendments or issuing non-authoritative guidance, such as expanded application materials, where appropriate;

    - exploring a long-term strategy to address the implications of developing implementation guidance to support entities facing resource and capacity constraints; and
    - exploring new project planning and management tools, including AI, to improve efficiency in the standard-setting process.

We will continue to implement our International Strategy, approved in April 2021, to adapt International Public Sector Accounting Standards (IPSAS) when developing standards for the Canadian public sector. Applying this strategy to important technical projects, such as intangible assets and impairments, will help us leverage international best practices to serve the Canadian public interest.

Other major technical projects to be completed in the next strategic period include:

- guidance for Cloud Computing Arrangements; and
- continuing implementation of the Government Not-for-Profit Strategy through phased standards-level projects, currently focusing on integrating the PS 4200 series of standards for Contributions and Financial Statement Presentation into Public Sector Accounting Standards (PSAS) outside the PS 4200 series.

Strategy 2 – Maintain strong relationships with other standard setters

We will continue to maintain our relationships with domestic and international standard setters to ensure Canadian perspectives are represented and to leverage international best practices. This ongoing collaboration is essential for addressing emerging issues such as sustainability, digital transformation and cross-sector challenges.

Our International Strategy remains a cornerstone of this work. We will maintain engagement with the International Public Sector Accounting Standards Board (IPSASB) to influence international standards to serve the Canadian public sector and the adaptation of IPSAS for the development of Canadian public sector standards. Key activities include:

- Reviewing IPSASB meeting materials and providing briefing notes to Canadian representatives.
- Supporting communications between PSAB and IPSASB staff.
- Responding to IPSASB documents for comment and engaging Canadian interested and affected parties in these processes.
- Encouraging Canadians to respond to IPSASB documents for comment by educating and informing our interested and affected parties on IPSAS.
- Enhancing our involvement, where possible, with IPSASB's task forces and discussion groups.
- Collaborating with the IPSASB on areas of joint interest, including emerging technology implications for financial reporting.
- Contributing Canadian expertise and context to IPSASB initiatives.

The Canadian Sustainability Standards Board (CSSB) has primary responsibility for developing Canadian sustainability standards for the private and public sectors. PSAB will play a supporting role by sharing public sector knowledge, context and contacts to strengthen the CSSB's work.

Although we will not lead the development of sustainability standards for the Canadian public sector, our relationship with the CSSB will continue to evolve, reflecting the continued importance of sustainability reporting to public sector entities. We will:

- remain actively involved in supporting the CSSB to ensure public sector perspectives are represented and supported; and
- monitor the CSSB's approach to public sector sustainability standard setting and its alignment with PSAS.

We will strengthen relationships with other international and domestic standard setters. Among these, we engage with the International Accounting Standards Board, the Accounting Standards Board and the Auditing and Assurance Standards Board.

We will continue to work together with these Boards by:

- staying informed and up to date on their standard-setting activities;
- collaborating on responses to relevant documents for comment;
- sharing and leveraging best practices in standard setting;
- reviewing and sharing technical expertise, insights and research;
- encouraging more extensive communications between staff and Board members; and
- collaborating on emerging issues, such as cybersecurity, AI and digital asset accounting, that have cross-sector implications.

Through these efforts, we ensure PSAB remains influential and connected domestically and internationally to serve our interested and affected parties more effectively in Canada.

Strategy 3 – Enhance and strengthen relationships with our interested and affected parties

PSAB recognizes that the diversity of input we receive from our interested and affected parties directly contributes to the relevance and quality of our standards. Strengthening these relationships is essential to serving the public interest and ensuring our work reflects the needs of our interested and affected parties.

We will continue to build on these relationships by engaging and communicating effectively throughout our standard-setting process. This will include performing the following activities:

- Engaging proactively in outreach before and during the development of standards.
- Establishing diverse and inclusive expert panels, focus groups and advisory committees to solicit our interested and affected parties' expertise and input.
- Obtaining feedback from a wide variety of interested and affected parties, including from financial statement users.
- Maximizing understandable, plain-language communication to explain Board decisions and updates.
- Remaining cognizant of our interested and affected parties' abilities to respond to documents for comment and implement accounting changes.
- Leveraging technology to collaborate efficiently, such as through Connect.FRASCanada.ca, our community engagement platform and other virtual platforms.

Effective communication also means clearly demonstrating the value of adopting our accounting standards and explaining why our decisions serve the public interest. We will continue engagement after we issue standards in order to maintain awareness of post-implementation issues and to ensure our standards are clearly applied and are meeting users' needs.

We also recognize that Indigenous governments have traditionally been under-represented within our standard-setting process. As we move forward, PSAB is committed to strengthening relationships with Indigenous Peoples and proactively identifying and addressing Indigenous-specific accounting issues within our standard-setting process. Through earlier engagement, enhanced representation and better integration of Indigenous issues in project planning, we will strive to more effectively reflect Indigenous perspectives in public sector standards.

This includes:

- Embedding Indigenous perspectives and issues in our consultative work-plan process, ensuring Indigenous governments have opportunities to identify significant issues for inclusion in the PSAB's technical agenda.
- Integrating Indigenous issues into project planning and scoping activities.
- Enhancing Indigenous representation on standard-setting committees and working groups where appropriate.
- Collaborating with Indigenous governments and institutions to better understand their unique reporting challenges, implementation barriers and emerging needs.
- Improving how we engage with and reflect Indigenous perspectives in our standards.

Strategy 4 – Support forward-looking accounting and reporting initiatives

Remaining relevant in a rapidly evolving environment requires active engagement with emerging accounting and reporting issues. PSAB will continue to focus on other forward-looking areas of financial reporting that are important to our interested and affected parties. In doing so, we will maintain awareness not only of changes in the financial reporting landscape, but also the capacity constraints and practical challenges public sector entities face in implementing an expanding suite of public sector standards.

Our work in this area will include:

- Developing guidance for intangible assets and other emerging topics. We recognize the increasing importance of intangible assets to public sector entities. We will continue to advance our work on intangible assets, cloud computing and other emerging issues where guidance may support our interested and affected parties.
- Assessing implications of digital transformation and technology-driven changes for public sector accounting. Public sector entities are rapidly integrating new technologies, including cloud-based systems, AI-driven automation and advanced analytics. Our work will assess the potential implications of these technologies and identify opportunities where guidance may be issued to reflect the changing technological environment.
- Understanding AI's growing role in financial reporting and standard setting. AI adoption is accelerating across the public sector, with implications for data governance, internal controls and financial reporting processes. PSAB will monitor how public sector entities use AI-enabled tools and will consider where guidance may be needed to support accountability. In parallel, we will explore how we could use AI to strengthen our own standard-setting process, by improving project planning, enhancing research and monitoring emerging issues.
- Identifying opportunities to provide non-authoritative guidance or narrow-scope amendments where appropriate. With many public sector entities operating in capacity-constrained environments, the need for practical and timely implementation support has increased. We will explore the development of non-authoritative guidance, such as application materials and illustrative examples, to support application of standards. In the broader context of PSAB's mission, we recognize that a long-term strategy for developing implementation guidance will be necessary to ensure we can meet this growing demand while maintaining our focus on the development of high-quality accounting standards.

Through these efforts, we will continue to help shape the future of public sector financial reporting while supporting the broader Canadian standard-setting environment.

RISK AND ACCOUNTABILITY

Our risk-management process requires us to regularly assess our risks. This includes identifying and evaluating our risks and reviewing the controls we have in place to mitigate these risks.

To ensure we achieve our public interest mandate, we continue to manage our risks in the following areas:

- Strength of our reputation and acceptance of our standards.
- Effectiveness of consultation and communication with interested and affected parties.
- Effectiveness of Board members, staff and volunteer members.
- Timeliness in addressing significant issues or gaps with existing standards.
- Effectiveness of our strategic decisions.

We are also accountable to our interested and affected parties and the Reporting and Assurance Standards Oversight Council (Oversight Council) for the achievement of our strategies and fulfillment of our mission and vision. We report annually to the Oversight Council on our performance.

We will measure the achievement of our strategies going forward by:

- developing annual plans to set out the specific activities that support the achievement of our strategies;
- using annual reports to inform the public of our performance on the specific activities above;
- completing regular performance assessments to evaluate the progress toward achieving our strategies.