



Advisor alert

Public Sector Accounting Standards (PSAS): PSAB requests feedback on key issues that will determine its future strategy for the government not-for-profit (GNPO) sector

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Overview

Since 2012, the Public Sector Accounting Board (PSAB) has given government not-for-profit organizations (GNPOs) an option to prepare their financial statements in accordance with Public Sector Accounting Standards (PSAS) with or without the 4200 series of not-for-profit-specific standards.

However, allowing this option results in diversity in accounting and financial statement presentation between GNPOs. As a result, PSAB's GNPO strategy since 2013 has involved various degrees of consultation with stakeholders to explore whether or not all GNPOs should be required to follow the same set of requirements under the Public Sector Accounting (PSA) Handbook.

As part of its current GNPO strategy, PSAB has issued its [Government Not-for-Profit Consultation Paper](#) to communicate the results of its 2017-2018 GNPO consultations and to request stakeholder input on key issues that will guide PSAB in determining its next steps in developing its strategy for this sector.

Matters for feedback

PSAB is reassessing the pros and cons of a "one size fits all" approach to financial reporting and is seeking feedback on the following matters:

Future trends in the GNPO sector

One of the objectives of assessing PSAB's GNPO strategy is to ensure that it is forward-looking, so PSAB would like to hear about upcoming trends specific to the GNPO sector and their impact on financial reporting.

Concerns not captured in the 2017-2018 GNPO consultations
The 2017-2018 consultations focused on the school, university, college, and hospital and health authority (SUCH) subsectors. Key issues raised by those stakeholders include:

1. Diversity in financial reporting practices followed by GNPOs across governments and subsectors;
2. The potential lack of relevance of the net debt measure, which could diminish users' understanding of the statement of financial position when net debt is presented therein;
3. The importance of fund accounting, which is only an option for GNPOs that follow PSAS plus the 4200 series; and
4. Insufficient guidance on endowments, including the lack of specific guidance for GNPOs not applying the 4200 series.

Since not all GNPOs were consulted, PSAB would also like to hear from GNPOs from other subsectors (e.g., social housing, legal aid).

Uniform accounting and financial reporting

PSAB would like to understand the unique needs of GNPO financial statement users that require GNPO sector-specific accounting and financial reporting guidance. It wishes to understand whether stakeholders believe governments and GNPOs should account for transactions in the same way and have the same financial reporting model.

Consistency within the GNPO sector

The option to apply the 4200 series, alongside inconsistent provincial regulation, results in diverse presentation and accounting even for similar transactions by similar GNPOs. PSAB is seeking feedback on the impact of this diversity on users' ability to understand the financial statements and whether there is benefit to having all GNPOs use consistent financial reporting standards.

Consistency within subsectors

PSAB also wants to hear from GNPO stakeholders regarding financial information comparability with their private sector counterparts (both for-profit entities and not-for-profit organizations, such as long-term healthcare homes and universities), to explore the benefits of having comparable information within subsectors.

Next steps

Now is your chance to provide your comments to PSAB about how it can best serve the GNPO sector from a financial reporting perspective. Comments are due to PSAB by **September 30, 2019**. The consultation paper and supporting materials can be found [here](#). Any comments you have can be easily provided by completing this [online survey](#) and/or by uploading a response letter using this [online form](#).

Grant Thornton LLP plans to issue a response from our firm, but it is important that PSAB hear from other GNPO stakeholders to ensure that it understands the unique circumstances that should affect its decisions on the future for GNPOs.

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