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Public Sector Accounting Standards (PSAS) Update 2024

Introduction

It was another active year for the Public Sector Accounting Board (PSAB or the "Board"). The Board was hard at work advancing the progress of a number of projects such as its government not-for-profit strategy, as well as approving a project to develop a comprehensive new standard for intangible assets. This publication will provide a look at these projects, as well as the impacts of new standards effective over the next few years such as the revised conceptual framework and the new reporting model. Use the table below to navigate to the sections of the publication most relevant for your organization.

NEW STANDARDS / AMENDMENTS EFFECTIVE FOR FISCAL YEARS BEGINNING ON OR AFTER:	
April 1, 2023	• Revenue • Public Private Partnerships • Purchased Intangibles
April 1, 2026	• Revised Conceptual Framework • New Reporting Model
THE FUTURE OF PSAS:	
	• Employment Benefits • Intangible Assets • Government Not-for-Profit Strategy
PUBLIC SECTOR ACCOUNTING DISCUSSION GROUP	

Standards Effective April 1, 2023

Public sector entities must consider the impacts the following new and amended standards will have on upcoming December 31, 2024 year ends. Refer to the resources provided within each section for more detailed information on these changes.

Revenue

Overview

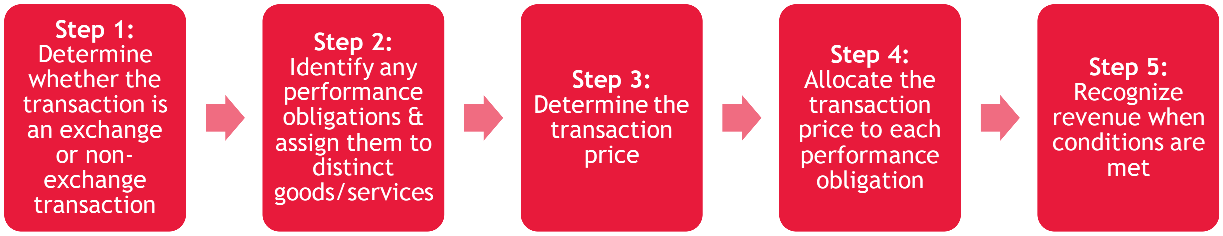
In November 2018, the Board issued new Section PS 3400, *Revenue*. Prior to this, the Public Sector Accounting (PSA) Handbook only contained guidance on specific revenue transactions such as taxation, government transfers, etc. As a result, many public sector entities consulted other sources of GAAP when accounting for types of revenue for which the PSA Handbook did not provide specific guidance, which resulted in diversity in practice.

New Section PS 3400 establishes overall guidance on how to account for and report revenue.

The standard makes a distinction between:	
Transactions that include performance obligations (exchange transactions)	Transactions that do not include performance obligations (non-exchange transactions)

A performance obligation is an enforceable promise to provide specific goods or services to a specific payor.

The distinction noted above is important as it impacts how revenue is recognized by the public sector entity. The process for recognizing revenue under Section PS 3400 can be summarized into the following five steps:



Adoption of the standard will be accounted for as a change in accounting policy and may be applied retroactively with restatement of prior periods or prospectively.

Further details on accounting for revenue under Section PS 3400 and adopting this new standard are available in our publication Revenue: A Practical Approach to Section PS 3400, which walks through: how to determine whether a revenue stream is within the scope of this standard; a five step approach to recognizing revenue and the appropriate measurement; a comprehensive example; disclosure requirements; transitional considerations; and practical considerations.

Impact to your organization

Gaining an understanding of which revenue streams are included within Section PS 3400 is particularly important as this will help determine how significant the impact of the adoption of the new standard will be on your organization. Some additional items entities should consider include:

- Does your current accounting software track enough information to be able to meet the recognition requirements under Section PS 3400? If the answer is no, is there alternative software that should be considered or can tracking be completed on a manual basis in sufficient detail to meet the requirements under Section PS 3400?
- Are the right people in place with the appropriate knowledge to track the information to meet the requirements under Section PS 3400?
- Will you need more time or resources allocated to accommodate this new standard?
- Will this new standard cause a change in how your day-to-day operations occur?

Resources

For additional guidance on how to get ready for and apply this new standard refer to the following resources available on our PSAS Accounting Knowledge Centre:

- Revenue: A Practical Approach to Section PS 3400
- PSAB at a Glance: Section PS 3400 - Revenue

Public Private Partnerships (P3s)

Overview

In April 2021, the Board issued new Section PS 3160, *Public Private Partnerships*. These types of arrangements are becoming more common across Canada as public sector entities look for new ways to finance capital projects.

Section PS 3160 explains that a public private partnership within the scope of this new standard is:

- An arrangement between a public sector entity and a private sector partner where the public sector entity procures infrastructure using a private sector partner;

- With risk allocation that provides for public sector control of the asset at any point during the arrangement; and
- Where the private sector entity is obligated to do all of the following:
  - Design, build, acquire or better new or existing infrastructure;
  - Finance the transaction past the point where the infrastructure is ready for use; and
  - Operation and/or maintain the infrastructure.

Some **key highlights** of the accounting for public private partnerships under Section PS 3160 include:

Recognition	Initial Measurement	Subsequent Measurement
When to recognize an asset: Where infrastructure is acquired or bettered through a public private partnership, it is recognized as an asset of the public sector entity when the public sector entity **controls**: • The purpose and use of the infrastructure; • Access to the future economic benefits and exposure to risks of the infrastructure asset; **and** • Significant residual interest in the infrastructure, if any, at the end of the public private partnership's term.	***How to measure the asset:*** Initially recognize at cost. ***What value:*** When cost of asset is both **determinable and verifiable** (such as from the procurement process) use those amounts to measure the asset. When cost is **not determinable or verifiable** the cost is equal to the estimated fair value of the asset at the transaction date.	***Infrastructure asset*:** Amortize the asset over its useful life in a rational and systematic manner.
When to recognize a liability: Recognize an offsetting liability **at the same** time an infrastructure asset is recognized. ***Consideration:*** The type of consideration provided to the private sector partner determines the type of liability that is recognized and impacts subsequent measurement: • **Cash consideration/another financial asset:** public sector entity recognizes a financial liability (financial liability model) • **Consideration is granting of rights** (i.e., the right to charge end users): public sector entity recognizes a performance obligation (user pay model)	***How to measure the liability:*** Offsetting liability is initially measured at the **same value** as the infrastructure asset less any amounts already paid to the private sector partner.	***Liability:*** Depends on model used for initial measurement: • ***Financial liability model:*** Subsequent measured at amortized cost using the effective interest method. • ***User pay model*:** The liability is subsequently reduced as revenue is recognized by the private sector partner.

This standard may be applied retroactively or prospectively as follows:

Prospective Application

- Control of infrastructure asset **arose on or after April 1, 2023**

Retroactive with or without prior period restatement

- Control of infrastructure asset arose **prior to April 1, 2023** and the **asset and related liability have not previously been recognized.**
- Control of infrastructure asset arose **prior to April 1, 2023** and the **asset and related liability were previously recognized and now require adjustment** upon applying this new Section.

Further details on accounting for public private partnerships under Section PS 3160 and adopting this new standard are available in our publication Public Private Partnerships (P3s): A Practical Approach to Section PS 3160, which walks through: how to determine whether an arrangement/contract may be within the scope of this standard; the criteria that need to be met to recognize an infrastructure asset and corresponding liability; measurement of the infrastructure asset and liability; disclosure; and transitional considerations.

Impact to your organization

Understanding the recognition requirements within Section PS 3160 is key as this will help determine how significant the impact of the adoption of this new standard will be on your organization. Some additional items entities should consider include:

- Previously recognized public private partnership arrangements may involve an adjustment upon transition to Section PS 3160 and will likely require additional disclosures, as the previous guidance entities typically followed in the past was not exactly the same as the guidance in Section PS 3160.
- Public private partnership arrangements within the scope of the new standard that were not previously recognized as they were considered off balance sheet items, will need to be accounted for under the new standard resulting in new assets and liabilities on the statement of financial position.
- Certain agreements/contracts may not include the actual cost of the infrastructure assets. In this case the cost or fair value of the infrastructure asset must be estimated. This process may require experts and others with relevant knowledge outside the team (e.g. independent appraiser, quotes or estimates). These experts should be engaged early in the process.

As these arrangements are often complex, there may be situations where additional assistance is needed. If you have not already, we encourage you to start preparing for the application of Section PS 3160 and to consult with your assurance provider early in the process to help resolve any challenges encountered.

Resources

For additional guidance on how to get ready for and apply this new standard refer to the following resources available on our PSAS Accounting Knowledge Centre:

- Public Private Partnerships (P3s): A Practical Approach to Section PS 3160
- PSAB at a Glance: Section PS 3160 – Public Private Partnerships
- P3 accounting: 1 new standard, 2 sectors, and the public-private repercussions

Purchased Intangibles

Overview

In November 2020, the Board issued new Public Sector Guideline (PSG) 8, *Purchased Intangibles,* which allows for the recognition of intangibles purchased through exchange transactions in the financial statements. Prior to this, the PSA Handbook prohibited the recognition of purchased intangibles in the financial statements of public sector entities following PSAS without the PS 4200 series of standards. PSG-8 was issued to provide high level interim guidance to permit the recognition of purchased intangibles to meet the needs of public sector entities and the users of their financial statements until a complete standard on accounting for intangible assets can be developed (refer to the Future of PSAS section of this publication for the latest developments on PSAB's full intangible assets project).

The main highlights of new PSG-8 include:
•Providing a definition of purchased intangibles as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. •Allowing purchased intangibles to be recognized as assets when they meet the definition of an asset and the general recognition criteria in Section PS 1000, *Financial Statement Concepts*. Section PS 3210, *Assets*, provides guidance on applying the asset definition. •PSG-8 does not provide specific in-depth guidance on how to account for purchased intangibles, but directs the reader to consider the following guidance in determining how to account for purchased intangibles: ○The definition of an asset in Section PS 1000 and the additional guidance on the asset definition in Section PS 3210; ○The recognition, measurement, and disclosure concepts in Section PS 1000; and ○The GAAP Hierarchy in Section PS 1150, *Generally Accepted Accounting Principles*. •Purchased intangibles are classified as non-financial assets. •PSG-8 is applied retroactively or prospectively in accordance with Section PS 2120, *Accounting Changes*.

Impact to your organization

Understanding the recognition requirements within PSG-8 is important as this will help determine how significant the impact will be on your organization. Some items entities should consider include:

- Does your organization have processes and resources in place to identify previously purchased intangibles, as this is a significant change for entities that were previously expensing such items?
- Does your organization have resources with the appropriate knowledge to develop an accounting policy on accounting for purchased intangibles initially and subsequently as the guidance in PSG-8 is very high level?
- Does your organization have a method/process for tracking information related to acquisitions, disposals, amortization, impairment, etc., of purchased intangibles going forward?

Resources

For more guidance on how to get ready for and apply this new guideline refer to our PSAB at a Glance: PSG 8 – Purchased Intangibles available on our PSAS Accounting Knowledge Centre.

Standards Effective April 1, 2026

Public sector entities will need to consider the impact the following new and amended standards will have on future March 31, 2027 and December 31, 2027 year ends. Refer to the resources provided within each section for more detailed information on these changes.

Revised Conceptual Framework

Overview

In 2010, the Board decided to undertake a project to review and update the conceptual framework for the PSA Handbook with the following goals:

1. Ensure the framework is still relevant; and
2. Ensure it properly reflects and is grounded in the public sector environment.

The revised conceptual framework guides the Board as it develops new standards or amends existing ones. The revised conceptual framework guides public sector entities when they need to develop an accounting policy when no other standard in the PSA Handbook specifically applies to a transaction.

The following provides an overview of the topics covered by the ten chapters of the revised conceptual framework.

- Chapter 1: Introduction to the Conceptual Framework
- Chapter 2: Characteristics of Public Sector Entities
- Chapter 3: Financial Reporting Objective
- Chapter 4: Role of Financial Statements
- Chapter 5: Financial Statement Foundations
- Chapter 6: Financial Statement Objectives
- Chapter 7: Financial Statement Information - Qualitative Characteristics & Related Considerations
- Chapter 8: Elements of Financial Statements
- Chapter 9: Recognition & Measurement in Financial Statements
- Chapter 10: Presentation (incl. disclosure) Concepts for Financial Statements

The revised conceptual framework will replace the existing conceptual framework, which consists of Section PS 1000, *Financial Statement Concepts*, and Section PS 1100, *Financial Statement Objectives*. and is effective for public sector entities for fiscal years beginning on or after April 1, 2026, with earlier adoption permitted. The conceptual framework is to be applied prospectively.

Impact to your organization

When amending or developing new entity-developed accounting policies a public sector entity needs to consider whether they are consistent with the revised conceptual framework and develop a plan of updating existing entity-developed accounting policies for consistency with the revised conceptual framework.

Resources

For additional guidance on how to get ready for and apply this revised conceptual framework refer to the following resources available on the related project page on the FRAS Canada website:

- Visual – The Conceptual Framework for Financial Reporting in the public Sector
- In Brief - A plain and simple overview of the Conceptual Framework for Financial reporting in the Public Sector: then and now
- Webinar – PSAB's New Conceptual Framework for Financial Reporting in the Canadian Public Sector

New Reporting Model

Overview

Related to PSAB's issuance of the revised Conceptual Framework discussed above, the Board has also issued Section PS 1202, *Financial Statement Presentation*, which is a new reporting model. This new reporting model will build upon existing Section PS 1201 of the same name to better respond to the need for understandable financial statements. The new reporting model consists of:

Statement/Item	Key Changes
Statement of Financial Position	• The statement will be significantly restructured to present total assets, then total liabilities to arrive at the net assets or net liabilities indicator. • The net debt indicator will be relocated to its own statement. • Liabilities will be separated into financial and non-financial categories. • A new third component "accumulated other" would be added to net assets/liabilities.

Statement of Net Financial Assets (Net Financial Liabilities)	• This is a new statement that will display a revised calculation of net debt:
	  ○ A net financial asset position means there are financial assets available to provide services in the future and to settle future financial liabilities.
	  ○ A net financial liability position means there is a need for additional financial assets to aid in settling past financial liabilities. It reflects the entity's ability to finance activities, provide services or settle financial liabilities in the future.
	• There will also be an option to present the net financial assets/liabilities indicator at the bottom of the statement of financial position.

Statement of Operations	• There are no changes to this statement from what is currently required under existing Section PS 1201.
Statement of Changes in Net Assets (Net Liabilities)	• This is a new statement that will show a reconciliation between the opening and closing balances of each component of net assets or net liabilities. • This statement will allow the entity to be transparent about which revenues and expenses are recognized in surplus or deficit and those that are recognized directly in a component of net assets or net liabilities.
Statement of Cashflow	• The statement will be restructured such that financing activities will be separated from other items on the cash flow statement. • This will allow the statement to highlight net cash before financing activities to show whether all of an entity's other activity combined resulted in the need to raise cash through financing activities.
Notes & Schedules	• The financial statements will continue to be accompanied by notes and schedules.

Budget	• New budget requirements including presentation of budget figures using the same basis of accounting, accounting principles, scope of activities and classifications as the actual amounts as well as, an acknowledgement on the face of the statements where an actual-to-budget comparison could not be completed.

The new standard, along with related consequential amendments, will be effective for fiscal years beginning on or after April 1, 2026, with earlier adoption permitted if the entity adopts the revised conceptual framework at the same time.

Impact to your organization

Understanding the new reporting model is particularly important as this will help determine how significant the impact will be on your organization. The new reporting model will significantly change the way that financial statements are presented to users. Some additional items entities should consider include:

- Whether changes are required to financial accounting systems used to support the new reporting model package.
- The need to restate prior year information to be in compliance with the new reporting model.
- Classification of items on the statement of financial position particularly liabilities to determine whether they are financial or non-financial. There may be instances where the classification is not straightforward.
- Educating financial statement users on the changes to the financial statement presentation.

Resources

For additional guidance on how to get ready for and apply this new reporting model refer to the following resources available on the related project page on the FRAS Canada website:

- Visual – Section PS 1202, Financial Statement Presentation
- Comparison of PSAB's Previous and New Reporting Model
- Webinar – PSAB's New Reporting Model (Section PS 1202, Financial Statement Presentation)

Assurance Considerations

Applying new standards can be complex and could impact the amount of assurance work required. Your assurance provider may be interested in gaining a deeper understanding on how your organization has / is planning to apply the new standards. Reach out to your assurance provider as soon as possible to understand the new requirements and to ensure you are prepared for your upcoming year-end.

The Future of PSAS

The PSAB also has a number of projects on the go which seek to improve public sector standards to better meet stakeholder needs both now and in the future. The following provides a brief overview of some of these projects.

Employment Benefits Re-Exposure Draft

For the past few years, the Board has been working on a multi-phase project on employee benefits. This project is needed as new types of pension plans have been introduced and there have been changes in the related accounting concepts since existing Sections PS 3250, *Retirement Benefits*, and PS 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*, were issued many years ago.

As part of the first phase of this project, the Board issued an Exposure Draft in July 2021 proposing to replace these two existing standards with new Section PS 3251, *Employee Benefits*. In line with PSAB's International Strategy, the principles in the Exposure Draft were based on International Public Sector Accounting Standard (IPSAS) 39, *Employee Benefits,* and amended as necessary if a principle is contrary to PSAB's conceptual framework or is not appropriate for application in Canada based on the Canadian public interest. The focus in this first phase of the project is on deferral provisions and discount rate guidance. In future phases, the Board may focus on developing guidance for accounting for non-traditional pension plans and other issues.

PSAB reviewed the feedback received on the original Exposure Draft, made amendments to the proposals to address the feedback and issued a Re-Exposure Draft in October 2024. The main features of the Re-Exposure Draft are as follows:

Proposals substantially unchanged:	Many principles of the Re-exposure Draft **remain substantially unchanged** from the proposals in the original Exposure Draft as they were supported by respondents, including: • Accounting guidance for short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits; • Accounting for defined benefit plans that results in a public sector entity recognizing the following amounts in surplus or deficit: current service cost; any past service cost and gain or loss on settlement; and net interest on the net defined benefit liability (asset); and • Remeasurements of the net defined benefit liability (asset), which are recognized in accumulated remeasurement gains and losses and are not reclassified to surplus or deficit in subsequent periods.
Key revised proposals: • **Reduction in number of funding status categories**	However, the Board received significant feedback that the proposals in the original Exposure Draft related to the discount rate guidance for defined benefit plans were too onerous. As a result, the Board determined amendments were necessary for the Canadian public interest as follows: • The discount rate used in the measurement of a defined benefit plan is determined based on an assessment of the post-employment benefit plan's funding status, consistent with the July 2021 Exposure Draft. However, the Board reduced the number of possible funding statuses from three (fully funded, partially funded and unfunded) to two and simplified the discount rate to be used in each instance as outlined below: o **Fully funded post-employment benefit plans** would apply a fully funded discount rate based on the expected return on plan assets, consistent with the July 2021 Exposure Draft; and o **All post-employment benefit plans not meeting the definition of "fully funded"** are proposed to apply an underfunded discount rate based on the market yields at the end of the reporting period on government bonds, high-quality corporate bonds or another financial instrument. This is a simplification from the original Exposure Draft.
• **Funding status assessment simplified**	• The original July 2021 Exposure Draft proposed that the **funding status** of a defined benefit plan be determined using an annual quantitative assessment of the sufficiency of the plan's existing assets to settle estimated obligation outflows. The Re-Exposure Draft simplifies the determination of the **funding status assessment** as follows: o A plan's funding status is assessed based on the consideration of **primary and secondary indicators**. **Primary indicators** of funding status include: ▪ **Qualitative indicators** of a plan's funding, based on the existence of regulatory, legislative or contractual funding requirements; and ▪ **Quantitative indicators** of a plan's funding, derived from the plan's most recently prepared actuarial valuation for funding purposes, instead

	of the separate annual quantitative assessment that was proposed in the original Exposure Draft. o The determination of a plan's funding status is based on the **preponderance of evidence available**.
• **Additional Disclosures**	• This proposed amended discount rate approach may require **significant professional judgment** in assessing a plan's funding status, and uncertainty in the recognition and measurement of fully funded defined benefit plans. As a result, the Re-Exposure Draft proposes to **amend sensitivity disclosure requirements** for fully funded plans to include the estimated impact of an underfunded discount rate on a public sector entity's defined benefit obligation.

The proposed new standard would be effective for fiscal years beginning on or after April 1, 2029 and would be applied retroactively with or without prior period restatement. We would encourage public sector entities to provide their feedback on the proposals in the Re-Exposure Draft, which can be accessed here, prior to the close of the comment period on January 20, 2025. Information on how to respond can be found on the FRAS Canada website or by clicking here.

Intangible Assets Project

In September 2023, PSAB approved a project on intangible assets. The first phase of this project will be to develop a comprehensive standard on accounting for intangible assets that will replace the interim guidance in Public Sector Guideline (PSG),8, *Purchased Intangibles,* discussed earlier in this publication.

This standard will allow PSAB to fill an existing gap in the PSA Handbook by providing foundational guidance on accounting for intangible assets, including purchased and developed intangible assets. The standard will define intangible assets and provide guidance on recognition, initial and subsequent measurement and disclosure.

The development of the standard will follow PSAB's International Strategy and build off of the principles of International Public Sector Accounting Standard (IPSAS) 31, *Intangible Assets*. The IPSAS principles will be amended as necessary if a principle is contrary to PSAB's conceptual framework or is not appropriate for application in Canada based on the Canadian public interest.

Then the second phase of this project will involve PSAB developing a guideline on accounting for cloud computing arrangements in the Canadian public sector.

An Exposure Draft of the comprehensive intangible assets standard in the first phase of this project is expected to be issued in the first half of 2025. We would encourage public sector entities to stay up to date on this project and watch for the Exposure Draft, which will be available on the project page of the FRAS Canada website, and provide their feedback on the Board's proposals.

Government Not for Profit Strategy – Capital Assets Project

While developing its 2017-2021 Strategic Plan, the Board signaled its intent to assess the specific needs of the users of government not-for-profit organization (GNFPO) financial statements and to assess if there is a need for some public sector accounting standards to apply differently to this particular group.

The Board issued various consultation papers between 2019 and 2021 to gather feedback. As a result, the Board decided that the best option going forward is to incorporate the PS 4200 series of standards into the PSA Handbook with potential customizations. This will involve the Board undertaking a series of standard-level projects to review the PS 4200 series to determine which standards / parts of standards will be included.

The first project is well underway and involves reviewing Section PS 4230, *Capital Assets held by Not-for-Profit-Organizations*, and Section PS 4240, *Collections held by Not-for-Profit Organizations*, to incorporate the guidance from these sections into Section PS 3150, *Tangible Capital Assets*. The Board issued an Exposure Draft in December 2023 on the proposed changes.

The main features of the proposals are as follows:

- Minor amendments to the definition of tangible capital assets;
- Add guidance to identify a collection;
- Additional disclosures requirements to highlight the importance of works of art, historical treasures, and collections;
- Add guidance to clarify the accounting treatment for situations where a tangible capital assets is purchased at substantially below fair value and to clarify the accounting treatment for contributed materials and labour in determining the cost of a constructed tangible capital asset;
- Withdraw Sections PS 4230 and PS 4240 once the amendments to Section PS 3150 are adopted.

The proposed changes would be effective for fiscal years beginning on or after April 1, 2029. The Board is currently deliberating feedback received and plans to approve the final amendments in December 2024 with issuance in the PSA Handbook in 2025.

We would encourage GNFPOs to stay up to date on this project by referring to the related project page of the FRAS Canada website, and to keep an eye out for the next project in this series that the Board will undertake.

Public Sector Accounting Discussion Group (PSADG)

What is it?

A regular public forum at which issues arising on the application of the PSA Handbook can be discussed.

How often does the PSADG meet?

Twice a year

Who is part of the PSADG?

Preparers, auditors, and users of government and government organization financial reports

What is the purpose of the PSADG?

To assist the Board regarding issues arising on the application of the PSA Handbook and other areas of concern regarding public sector financial reporting, including emerging issues and issues on which the Board seeks advice.

While the PSADG does not issue any authoritative guidance or interpretations, as only the Board has the ability to do so, the group's meeting summaries provide meaningful insights on the application of the standards that can be used as a resource. These meeting summaries are available on the FRAS Canada website or by clicking here. During the group's November 2023 and June 2024 meetings, the following topics were discussed:

- **Accounting for Extreme Weather: Effects on Tangible Capital Assets** – The group discussed the challenges in applying the existing guidance in the PSA Handbook in measuring and recognizing the financial impact of extreme weather events (e.g. flooding, forest fires, extreme hot and cold temperature impacts) on a public sector entity's tangible capital assets, in particular related to amortization methods, useful life, impairment, componentization, and encouraged PSAB to consider providing further guidance in this area.
- **Asset Retirement Obligations: Exploration of Application Scenarios** – The group discussed application issues in applying new Section PS 3280, *Asset Retirement Obligations,* specifically related to determining legal obligations and reasonable estimates of the ARO liability, as well as other initial and subsequent measurement challenges.
- **Upcoming International Public Sector Accounting Standards Board (IPSASB) Natural Resources Exposure Draft** – The IPSASB is planning to release an Exposure Draft in the fall of 2024 related to the development of on a new International Public Sector Accounting Standard (IPSAS) that would provide guidance on recognition, measurement, presentation and disclosure of natural resources. The group discussed various aspects of an early draft version of this Exposure Draft and provided feedback from a Canadian perspective.
- **Considerations on Developing a Natural Resources Inventory** – The group discussed recent developments, including methodologies and processes, which could be considered by a public sector entity when establishing an inventory of its natural resources.
- **Application of the GAAP Hierarchy: Operating Leases, Lessee Accounting Treatment** – In February 2024, PSAB issued an Exposure Draft that proposed the removal from PSG-2, *Leased Tangible Capital Assets,* of an outdated cross reference to former Part V of the CPA Canada Handbook – Accounting related to accounting for operating leases. The group discussed potential options PSAB could consider to provide guidance to public sector entities on applying the GAAP hierarchy when accounting for operating leases from a lessee perspective.
- **Exploring Scalability of Standards** – The group discussed the merits and potential implications of considering customized reporting for public sector entities and how the benefits may be greater for smaller entities.

Staying up to date and getting involved

Public sector entities are able to stay up to date on topics discussed at these meetings by accessing the searchable database on the FRAS Canada website which contains a large variety of topics discussed at past meetings.

The PSADG is also interested in receiving issues for discussion from public sector entities and those working in this space. Issues can be submitted for consideration by the group via the submission page on the FRAS Canada website.

Conclusion

As we head closer to the end of the year, now is the time to discuss with your BDO advisor how the changes made, and the proposed changes to the PSA Handbook will affect your organization. Reach out to us today.

About BDO

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