

Montreal, June 30, 2021

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

Mr. Puskaric,

Please find enclosed the comments of the Technical working group on the public sector – Public sector accounting of the Ordre des comptables professionnels agréés du Québec on Consultation Paper II, “PSAB’s Government Not-for-Profit Strategy.”

We would appreciate receiving a copy of the English translation of our comments.

Please note that neither the Ordre des comptables professionnels agréés du Québec nor any of the persons involved in preparing the comments shall have any liability in relation to their use, and no guarantee whatsoever shall be provided regarding these comments, as specified in the following disclaimer.

Yours truly,

Annie Smargiassi, CPA auditor, CA  
Representative of the Technical working group on the public sector – Public sector accounting

Encl. Disclaimer and comments

## **DISCLAIMER**

Subject to the conditions described herein, the documents prepared by the working groups of the Ordre des comptables professionnels agréés du Québec (the Order), hereinafter referred to as the “comments,” provide the opinion of the groups on statements of principles, consultation papers, associates’ drafts and exposure drafts issued by the Accounting Standards Board, Auditing and Assurance Standards Board, Public Sector Accounting Board, Risk Management and Governance Board, and other organizations.

The comments submitted should not be relied upon as a substitute for engagements entrusted to professionals with specialized knowledge in their field. It is important to note that the legislation, standards and rules on which the comments are based may change at any time and that, in some cases, the comments may be controversial.

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Users of the comments shall take full responsibility for, and assume all risks relating to, the use of the comments. They agree to release the Order from any claim for damages that could result from a decision they may have made based on these comments. They also agree not to mention the working group’s comments in the opinions they express or the positions they take.

## **TERMS OF REFERENCE OF THE WORKING GROUPS**

The terms of reference of the working groups of the Ordre des comptables professionnels agréés du Québec are to collect and channel the views of practitioners and members in business, industry, government and education, as well as those of other persons working in related areas of expertise.

For each exposure draft or other document reviewed, the working group members share the results of their analysis. Consequently, the comments below reflect the views expressed and, unless otherwise specified, all of the working group members agree on these comments.

The Order has not acted upon and is not responsible for the comments expressed by the working groups.

## PSAB'S SPECIFIC QUESTION AND OTHER COMMENTS

*Considering the criteria and options described in Consultation Paper II, do you agree the proposed option (see paragraphs .074 to .078) best meets the Canadian public interest? Please explain.*

Yes, members agree that PSAB's proposed option 2, incorporating the PS 4200 series, is the best option for GNFPOs.

Members feel that this approach will provide the best adaptability of the applicable standards. Furthermore, under this approach as described in the proposals, an NFPO which, because it has no private sector counterparts, does not meet the strict definition of a GNFPO can still apply the same accounting treatments as GNFPOs with similar transactions. This addresses one of their concerns submitted to PSAB in previous consultations.

However, members raised concerns about harmonizing or reconciling certain accounting treatments, specifically the accounting for government transfers and the deferral of restricted contributions.

In reference to the criteria of comparability and consistency set out in the proposals, some members also raised concerns about an overly strict harmonization of accounting policies. As they pointed out in their earlier feedback on the GNFPO strategy, members feel that both methods of accounting for contributions are appropriate, depending on the specific circumstances in which they are used. In their view, NFPOs whose core business is fundraising and NFPOs that provide public services do not have the same objectives and users do not have the same information needs. Therefore, they feel that harmonizing all policies is not necessarily required and comparability and consistency are not always useful.

Members agreed with the issues raised in paragraph .018 of the proposals, but also said that deferred restricted contributions other than capital contributions are also a concern of theirs.

For the next steps and the transition, members suggest that PSAB combine certain topics for consultation purposes and then ensure simultaneous implementation and application by entities. This will ease the transition and ensure some consistency between projects to revise standards. However, they consider that the proposed feedback period should be more carefully considered so that public sector members have time to do an in-depth analysis, which was difficult in the last three consultations.