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# Directive on Accounting Standards

## 1. Effective date

- 1.1 This directive takes effect on April 1, 2017.
- 1.2 This directive and the Government of Canada Accounting Handbook (GCAH) replace the following Treasury Board policy instruments:
  - Treasury Board Accounting Standard 1.2: Departmental and Agency Financial Statements (April 1, 2012)
  - Treasury Board Accounting Standard 1.3: Departmental and Agency Quarterly Financial Report (April 1, 2011)
  - Treasury Board Accounting Standard 2.2: Materiality (April 1, 2001)
  - Treasury Board Accounting Standard 3.1: Capital Assets (April 1, 2001)
  - Treasury Board Accounting Standard 3.1.1: Software (April 1, 2001)
  - Treasury Board Accounting Standard 3.2: Transfer Payments (Grants and Contributions) (April 1, 2012)
  - Treasury Board Accounting Standard 3.4: Inventories (April 1, 2002)

- Treasury Board Accounting Standard 3.6: Contingencies (March 20, 2006)
- Policy on Accounting for Inventories (October 1, 1996)
- Policy on Allowances for Valuation of Assets and Liabilities (October 1, 1994)
- Directive on Contingencies (October 1, 2009)
- Directive on Recording Financial Transactions in the Accounts of Canada (October 1, 2009)
- Directive on Year-End Recording of Payables (March 1, 2014)
- Policy on Accounting for Non-Monetary Transactions (October 1, 1994)

## 2. Authorities

- 2.1 This directive is issued pursuant to the authorities indicated in section 7 and subsections 9(1) and 37.1 of the Financial Administration Act.

## 3. Objectives and expected results

- 3.1 The objectives indicated in section 3 of the Policy on Financial Management apply to this directive.
- 3.2 The expected results indicated in section 3 of the Policy on Financial Management apply to this directive.

## 4. Requirements

- 4.1 The chief financial officer is responsible for the following:

- 4.1.1 Ensuring that departmental accounting policies are in accordance with the following:
  - 4.1.1.1 Public Sector Accounting Standards and Public Sector Guidelines (PSAS) issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada; and
  - 4.1.1.2 The Government of Canada Accounting Handbook (GCAH), which is referred to for supplementary information on:
    - 4.1.1.2.1 The government's accounting choices, where options exist, under PSAS;
    - 4.1.1.2.2 The government's accounting policies in the absence of specific PSAS; and
    - 4.1.1.2.3 Specific policies relevant to departmental financial statements or quarterly financial reports.
- 4.1.2 Ensuring that departmental financial statements are prepared on an accrual basis, in accordance with the relevant GCAH sections;
- 4.1.3 Ensuring that departmental quarterly financial reports are prepared for the first three quarters of the fiscal year in accordance with the special purpose financial reporting framework as stated in the relevant GCAH sections;

- 4.1.4 Consulting with the Office of the Comptroller General of Canada prior to engaging an external auditor to audit the departmental financial statements, except when required by legislation;
- 4.1.5 Developing and maintaining a departmental chart of accounts that:
  - 4.1.5.1 Is in accordance with the Government-wide Chart of Accounts for Canada and is integrated with the departmental financial system; and
  - 4.1.5.2 Allows for financial reporting in accordance with the Policy on Results; and
- 4.1.6 Consulting first with the Office of the Comptroller General of Canada on interpretations of this directive that have a material effect on the financial statements.
- 4.2 The Receiver General for Canada is responsible for the following:
  - 4.2.1 Maintaining the Government-wide Chart of Accounts for Canada and communicating to the financial community any changes made;
  - 4.2.2 Providing implementation assistance, operational instructions and other guidance to departments regarding the Government-wide Chart of Accounts for Canada and government-wide coding; and
  - 4.2.3 Performing quality assurance regarding the coding of transactions and the government-wide classification

structure.

## 5. Roles of other government organizations

5.1 Not applicable

## 6. Application

6.1 This directive applies to the organizations listed in section 6 of the Policy on Financial Management.

## 7. References

7.1 Legislation

- Financial Administration Act (sections 63 and 64 and subsection 65.1)

7.2 Related instruments

- CPA Canada Public Sector Accounting Handbook A CPA Canada membership or annual subscription is necessary to access this content.
- Policy on Results (subsection 5.3.1)

## 8. Enquiries

8.1 Members of the public may contact Treasury Board of Canada Secretariat Public Enquiries regarding any questions about this directive.

- 8.2 Individuals from departments should contact their departmental corporate reporting group regarding any questions about this directive.
- 8.3 Individuals from a departmental corporate reporting group may contact Financial Management Enquiries for interpretation of this directive.
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## Appendix A: Standard on the Government of Canada Accounting Handbook

### A.1 Effective date

- A.1.1 This standard takes effect on April 1, 2017
- A.1.2 Public Sector Accounting Standards are continually evolving. As a result, standards are added, amended or deleted effective the dates noted in Section A.3 below.

### A.2 Standard

- A.2.1 This standard provides details on the requirements set out in section 4 of the Directive on Accounting Standards.
- A.2.2 Sections are as follows:
- A.2.2.1 Introduction and Summary of Applicability of PSAS
  - A.2.2.2 GC 1010 Financial Statement Concepts (Materiality).

- A.2.2.3 GC 1100 Financial Statement Objectives
- A.2.2.4 GC 1150 Generally Accepted Accounting Principles
- A.2.2.5 GC 1201 Financial Statement Presentation
- A.2.2.6 GC 1300 Government Reporting Entity
- A.2.2.7 GC 2200 Related Party Disclosures
- A.2.2.8 GC 2400 Subsequent Events
- A.2.2.9 GC 2601 Foreign Currency Translation
- A.2.2.10 GC 2700 Segment Disclosures
- A.2.2.11 GC 3050 Loans Receivable
- A.2.2.12 GC 3150 Tangible Capital Assets
- A.2.2.13 GC 3250-3255 Retirement/Post-Employment Benefits
- A.2.2.14 GC 3260 Liability for Contaminated Sites
- A.2.2.15 GC 3280 Asset Retirement Obligations
- A.2.2.16 GC 3300-3310 Contingent Liabilities and Loan Guarantees
- A.2.2.17 GC 3320 Contingent Assets
- A.2.2.18 GC 3390 Contractual Obligations
- A.2.2.19 GC 3400 Revenue

- A.2.2.20 GC 3410 Government Transfers
- A.2.2.21 GC 3420 Inter-entity Transactions
- A.2.2.22 GC 3430 Restructuring Transactions
- A.2.2.23 GC 3450 Financial Instruments
- A.2.2.24 GC 4100 Specified Purpose Accounts
- A.2.2.25 GC 4200 Inventories
- A.2.2.26 GC 4300 Non-Monetary Transactions
- A.2.2.27 GC 4400 Departmental Quarterly Financial Report
- A.2.2.28 GC 4500 Departmental Financial Statements
- A.2.2.29 GC 5000 Recording Financial Transactions in the  
Accounts of Canada
- A.2.2.30 GC 5100 Payables at Year-End
- A.2.2.31 GC 5200 Crown Corporations Quarterly Financial  
Report
- A.2.2.32 GCG-8 Purchased Intangibles

### A.3 Revisions since April 1, 2017

Section	Effective Date	Nature of Revision
GC 2200 Related Party Disclosures	April 1, 2017	New



<b>Section</b>	<b>Effective Date</b>	<b>Nature of Revision</b>
GC 3420 Inter-entity transactions	April 1, 2017	New
GC 3430 Restructuring Transactions	April 1, 2018	New
GC 5200 Crown Corporations Quarterly Financial Report		New – Only applicable to parent Crown corporations as defined in Section 83 of the Financial Administration Act
Government of Canada Accounting Handbook – Introduction		Minor Revisions
GC 3050 Loans Receivable		Minor Revisions
GC 3150 Tangible Capital Assets		Minor Revisions
GC 3300/3310 Contingent Liabilities and Loan Guarantees		Minor Revisions
GC 4500 Departmental Financial Statements		Minor Revisions
All sections		Minor Revisions
Government of Canada Accounting Handbook – Introduction	April 1, 2017	Consequential amendments arising from new or revised sections
GC 2601 Foreign Currency Translation	April 1, 2022	New
GC 3050 Loans Receivable	April 1, 2023	Revision of significant concessionary terms threshold.
GC 3150 Tangible Capital Assets	April 1, 2023	Revisions to software section.

<b>Section</b>	<b>Effective Date</b>	<b>Nature of Revision</b>
GC 3260 Liability for Contaminated Sites	April 1, 2017	New
GC 3280 Asset Retirement Obligations	April 1, 2022	New
GC 3420 Inter-entity Transactions	April 1, 2022	Consequential amendment arising from implementation of GC 3280
GC 3450 Financial Instruments	April 1, 2022	New
GC 4500 Departmental Financial Statements	April 1, 2017	Formalize requirement for Deputy Head and Chief Financial Officer signature on Statement of Management Responsibility
GC 3400 Revenue	April 1, 2023	New
CGC-8 Purchased Intangibles	April 1, 2023	New

## Appendix B: Definitions

### **accrual accounting (comptabilité d'exercice)**

A basis of accounting that recognizes the effect of transactions and events on a department's financial statements in the period(s) in which they occur, rather than in the period(s) in which the department uses its appropriation. This recognition occurs regardless of whether there has been a receipt or payment of cash or its equivalent. (Public Sector Accounting Standards, PS 1000.59)

### **appropriation (crédit)**

Any authority of Parliament to pay money out of the Consolidated Revenue Fund. (Financial Administration Act section 2)

**central financial management reporting system (CFMRS) (système central de gestion des rapports financiers (SCGRF))**

The Public Services and Procurement Canada electronic system that stores summary departmental financial data according to the Government-wide Coding Structure.

**chart of accounts (plan comptable)**

A list of codes used to classify, record and report financial transactions. A departmental chart of accounts uses codes that aggregate to the codes found in the Government-wide Chart of Accounts.

**expenditure (dépenses)**

An amount charged against a departmental appropriation in the accounting period.

**expenditure basis of accounting (appropriation accounting/modified cash/partial accrual accounting) (méthode de comptabilité axée sur les dépenses (comptabilité des crédits, comptabilité de caisse modifiée, comptabilité d'exercice partielle))**

A basis of accounting that aligns with how Parliament authorizes departmental charging against an appropriation. Appropriation accounting differs in its presentation from accrual accounting in that transactions that do not require the use of an appropriation are not reported.

**expense (charge)**

Decreases in economic resources, either by way of decreases in assets or increases in liabilities, resulting from the operations, transactions and events of the accounting period (Public Sector Accounting Standards, PS 1000.49)

**guarantees (garanties)**

A promise to pay all or a part of the principal and/or interest on a debt obligation in the event of default by the borrower. A loan guarantee is a contingent liability of the government. (Public Sector Accounting Standards, PS 3310.03, PS 3310.04)

**payable at year-end (créditeur en fin d'exercice)**

- a. A debt incurred from work performed, goods received or services rendered before year-end; or
- b. A debt owing on, or before, year-end under a contract or similar arrangement; or
- c. An amount payable on, or before, year-end, resulting from transactions and events with other departments and Crown corporations. It also includes amounts payable as if they were debts under certain administrative arrangements, including memoranda of understanding with provincial, national or international entities and organizations. It also includes an amount payable under legislation in force at year-end.

**respendable revenues (revenus disponibles)**

A type of revenue that, once received, increases the departmental spending authority. A department requires specific authority from Parliament to respend revenues. Respending authority is derived from the Financial Administration Act (FAA), subsection 29.1(1); the FAA and an Appropriation Act, subsection 29.1(2); legislation specific to a department (e.g., enabling and/or program); or other specific legislation.

**special purpose financial reporting framework (référentiel à usage particulier)**

Accounting standards and guidance designed to meet the financial information needs of specific users as opposed to the common financial information needs of a wide range of users. (Introduction to public sector accounting standards .13)

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