

public sector accounting and auditing handbook

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HIGHLIGHT SUMMARY

(Note: New Handbook material or changes in existing material are identified in each HANDBOOK REVISIONS RELEASE).

Subsequent events, Section PS 2400

This new Section deals with the implications and financial effects of events occurring after the financial statement date and before the completion of the financial statements. The new Recommendations are:

- Financial statements should be adjusted when events occurring between the date of the financial statements and the date of their completion provide sufficient, additional evidence relating to conditions that existed at the date of the financial statements.
- Financial statements should not be adjusted for, but disclosure should be made of, those events occurring between the date of the financial statements and the date of their completion that do not relate to conditions that existed at the date of the financial statements but:
 - (a) cause significant changes to assets or liabilities in the subsequent period; or
 - (b) will, or may, have a significant effect on the future operations of the government.
- Disclosure of a subsequent event that does not require adjustment of the financial statements should include:
 - (a) a description of the nature of the event; and
 - (b) an estimate of the financial effect, when practicable, or a statement that such an estimate cannot be made.

The new Recommendations apply to federal, provincial, territorial and local governments.

Temporary investments, Section PS 3030

This new Section deals with the accounting and reporting of temporary investments. The main features of the new Recommendations are:

- The quoted market values and carrying values of marketable securities should be disclosed.
- When the market value of temporary investments has declined below the carrying value, they should be carried at market value.
- Financial statements should disclose adequate information about the nature and terms of a government's temporary investments together with any valuation allowances.

The new Recommendations apply to federal, provincial, territorial and local governments.

Long-term debt, Section PS 3230

This new Section deals with the presentation and disclosure of long-term debt. The main disclosures required by the new Recommendations include:

- Information about the nature and terms of a government's long-term debt, including: the gross amounts outstanding; interest rates; the existence of sinking fund and redemption provisions; and appropriate description of repayment dates and amounts.
- The government's total interest expenditure for the accounting period.
- The gross amount of the long-term debt to be retired by sinking funds; and the amount of sinking fund assets available to retire the debt.
- The aggregate amount of payments estimated to be required in each of the next five years to meet sinking fund or retirement provisions and the amounts payable on demand.
- The gross amount of the long-term debt classes to which the Government's own securities relate; and the amount of the government's own securities purchased but not cancelled.
- The amounts payable in foreign currencies, the currencies in which such amounts are payable, the Canadian dollar equivalent at the reporting date and the basis of translation.

The new Recommendations apply to federal, provincial, territorial and local governments.

Standards for assurance engagements, Section PS 5100

This new Section describes the general, performance and reporting standards for assurance engagements. These standards establish a framework for all assurance engagements performed by practitioners and for the on-going development of related standards. The assurance standards apply to all engagements where, pursuant to an accountability relationship, the practitioner is engaged to issue a written communication expressing a conclusion concerning a subject matter. They apply to both attest and direct reporting engagements and to both audit (high level of assurance) and review (moderate level of assurance) engagements.

The general standards:

- describe the practitioner's responsibilities before undertaking an assurance engagement, including seeking management's acknowledgment of responsibility for the subject matter;
- indicate that the assurance engagement should be performed with due care and with an objective state of mind; that the practitioner and any other persons performing the assurance engagement should have adequate proficiency in such engagements and should collectively possess adequate knowledge of the subject matter; and
- establish standards for the identification of, or development of, criteria by the practitioner that are suitable for evaluating the subject matter.

The performance standards:

- establish standards on planning and performing the engagement (including considering the concept of significance and the relevant components of engagement risk) and obtaining sufficient appropriate evidence to support the conclusion expressed in the assurance report, and documentation.

The reporting standards:

- describe the content of the practitioner's report, including the appropriateness of additional paragraphs, and the expression of a reservation.

The Recommendations in this Section are not intended to supersede existing audit and review standards promulgated by the Public Sector Accounting and Auditing Board and the Auditing Standards Board of the CICA. When practitioners perform an engagement for which standards exist (for example, an audit of financial statements, a value-for-money audit or a review of financial statements), they should follow those specific standards to fulfill their professional responsibilities.

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