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need to know to
get started

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1. Where to start

The Public Sector Accounting Board has recently approved 6 new standards that must be adopted by Public Sector organizations.

In assessing the impact of the new standards, organizations should group the new standards by topic as a number of the new standards are interdependent. For example, assets, contingent assets, and contractual rights are three new standards that address a broad topic of asset recognition and rights to assets. Assessing these standards will provide some efficiencies in assessing the impacts.

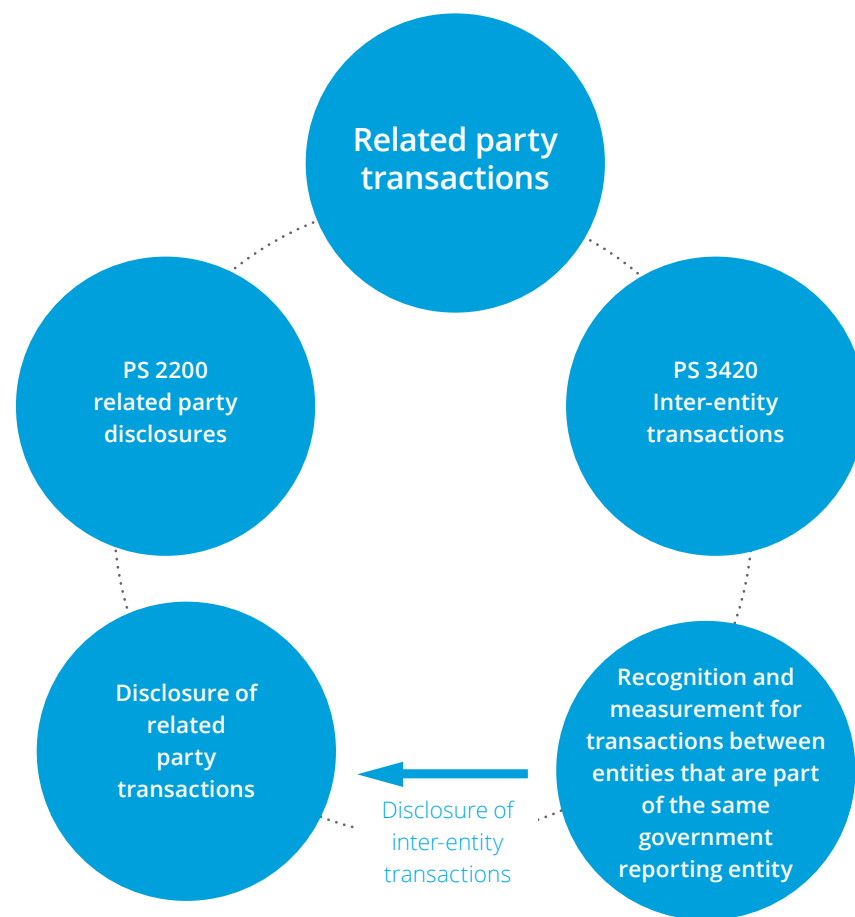
Similarly, related party disclosures and inter-entity transactions deal with the disclosure of related party transactions. Inter-entity transactions are a type of related party transactions where additional guidance is now available on how to recognize and measure those transactions.

2. Related Party and Inter- Entity Transactions

In preparing for PS 2200 and PS 3420, there are a number of questions that organizations should be thinking about as they prepare plans to adopt these new standards for Related Party Transactions and Inter-Entity Transactions.

Examples of questions to ask when preparing to implementing PS 2200

- What is the process that my organization is going to develop to identify potential related parties? Can we leverage any existing processes that may exist?
- Does my current financial system have the ability to capture data around transactions with identified related parties?
- What judgements is my organization going to have to make in order to apply the standard?
- Are we an organization that is considered part of a Government reporting entity? If so, what accounting policy choices are available to my organization?
- How do we communicate these changes to relevant parties within our organization? Is training necessary to ensure they understand the concept of related parties?



3. Restructuring Transactions

The restructuring transactions standard in Public Sector Accounting Standard 3430 is applied prospectively, meaning that there is no need to assess whether prior transactions need to be adjusted to confirm with the new standard.

While this often results in less up-front investment in adopting the standard, there are some critical questions to consider as your organization starts to prepare:

- Are there any transactions that we are contemplating right now that could be considered a restructuring transaction? If so, could the transaction occur once the new standard comes into effect? If the transaction is occurring before my effective date, could I look to this standard for guidance?
- Am I comfortable that my organization is going to be able to identify a restructuring transaction when it occurs? Does my accounting function have a strong understanding of the programs we currently deliver and are they informed when programs are transferred?
- What controls should my organization be putting into place to appropriately identify restructuring transactions when they do occur?

4. Assets

The new asset standards, contingent assets, and contractual rights are a general application standard, which means that it helps with operationalizing the concepts that exist in the conceptual framework.

In considering the implementation of these new standards, an organization should be thinking about things such as:

- Have we ever had issues of recognizing an asset that didn't have a specific accounting standard and where we have analyzed the appropriateness of recognition based on the conceptual framework? If so, this analysis may need updating.
- Does the accounting function have a strong line of sight into the contracts that are entered into by the organization? What processes and systems are available for tracking this information?
- Does my organization have the capabilities to track the data that is required for the disclosure of assets, contingent assets and contractual rights?



“These new standards do not address recognition and disclosure for specific types of assets which have specific handbook sections.”

5. Effective dates to know



Standard	Effective Date
Introduction to Public Sector Accounting Standards	January 1, 2017
PS 3420 – Inter-entity Transactions	April 1, 2017, early adoption is permitted.
PS 3380 – Contractual Rights	April 1, 2017, early adoption is permitted.
PS 3320 – Contingent Assets Ireland	April 1, 2017, early adoption is permitted.
PS 3210 – Assets	April 1, 2017, early adoption is permitted.
PS 2200 – Related Party Disclosures	April 1, 2017, early adoption is permitted.
PS 3430 – Restructuring Transactions	April 1, 2017, early adoption is permitted.
PS 3450 – Financial Instruments	April 1, 2019*
PS 3041 – Portfolio Investments	April 1, 2019*
PS 2601 – Foreign Currency Translation	April 1, 2019*
PS 1201 – Financial Statement Presentation	April 1, 2019*

**Organizations that used the CPA Canada Handbook – Accounting (Part V) before adopting the CPA Canada Public Sector Accounting Handbook have already adopted these standards. PS 1201, 2601, 3041, and 3450 must be adopted simultaneously*

Learn more

Interested in finding out about how to prepare for these new standards along with other topics such as financial instruments and government transfers?

Visit www.deloitte.ca/PSAS

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