
PSAB Implementation in Newfoundland and Labrador Municipalities

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Focus of presentation

- Provide a brief background to the PSAB project
- Present the department's plan to assist municipalities
- Outline how auditors can assist
- Outline the what municipalities have to do meet PSAB requirements

Background

- There has been a general trend in governments to accrual method of accounting
- This method of financial reporting has many benefits over cash method
- PSAB is requiring all Canadian municipalities to convert to full accrual in reporting financial statements.
- Gas tax transfers after April 1, 2009 contingent upon municipalities meeting PSAB requirement
- This conversion is a big undertaking, especially for smaller municipalities

Summary of Department's Plans

Assist municipalities

- ❑ Provide guidance and assistance
- ❑ Promote increased awareness and communication
- ❑ Facilitate cooperation among major stakeholders

Summary of Department's Plans

More specifically:

- Developing guidelines and reference manuals
- Delivering training and information sessions
- Communicating and coordinating with stakeholders including municipalities, auditors and accountants, engineers, accounting associations and consultants

PSAB Project Structure

- Steering and Working Committees
 - NLAMA and municipalities
 - Regional Operations
 - Engineering Support
 - Policy Support
 - Training Support
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Tangible Capital Assets

- Reference manual and training
- Basic approaches to identify and value assets
- Prescriptive, easier to follow for non-accountants -
“just tell me what to do”
- Consider the capacity and desire to standardize
- Assist smaller municipalities to identify and value
“hard to see assets”
- Start early and follow timelines

Project Timelines - 2008

Phase 1 – PS 3150 TCA	
May - June	Training and Information sessions
May - Sept	Identify TCA
Sept 30	Complete TCA listing
Dec 1	Complete TCA Valuation
Dec 31	Complete TCA opening balances

Project Timelines- 2008

Phase 2 – Accruals, Environmental Liabilities, Financial Statements and Reporting Entity	
Oct - Nov	Training and information sessions
December	Complete opening balances

Training and Information Sessions

- ❑ May 2007 - PSAB Workshop by CICA
- ❑ April 2008 - Pilot Training Session for TCA delivered to the Working Committee
- ❑ April 2008 - TCA reference manual is completed and distributed to municipalities
- ❑ May - June 2008 - Training workshop for TCA for municipal administrators
- ❑ Sept - Oct 2008 – Manual and training sessions for Phase 2 will be available
- ❑ Information sessions throughout 2008

Auditors

- Assist in developing your work plans
 - Should not be directly involved in the valuation process or in data gathering – maintain professional independence
 - Provide advice on approaches to obtain the required information.
 - Communication with your auditor will help avoid problems down the road.
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What Municipalities Should Do Now

- Start Phase 1 by listing TCA
- Talk to your auditors and councils
- Participate in training sessions
- Maintain communication with the assigned departmental support staff
- Follow the project timelines for TCA
- Be ready for the 2nd phase of the project - accruals, new liabilities, financial statements and government entity reporting

In Closing

- Conversion to PSAB will result in a lot of benefits in the long term
- Until it is done, however, it will require a lot of effort from all stakeholders
- There is an increased awareness from municipalities with regards to the project
- We all need to continue to work together to ensure that PSAB gets effectively implemented

Thank You