



GFOA BEST PRACTICE APPLICABLE IN CANADA

Governmental Accounting, Auditing, and Financial Reporting Practices (2000 and 2010) **(AAFR)***

Background. Since its inception early in the last century, the Government Finance Officers Association (GFOA) has been committed to the transparency and reliability of public-sector financial reports. As a result, GFOA has long been at the forefront of efforts to promote the highest standards of accounting, auditing, and financial reporting as represented by generally accepted accounting principles (GAAP), generally accepted auditing standards (GAAS), and as recommended by the Public Sector Accounting Board (PSAB). GFOA also believes that governments should not be satisfied with issuing only the basic financial statements required by GAAP, but should instead publish a comprehensive annual financial report (CAFR).

Recommendation. GFOA urges every provincial and local government to do all of the following to fulfill its financial reporting responsibilities:

- Maintain an accounting system adequate to provide all of the data needed to allow for the timely preparation of financial statements for the entire financial reporting entity in conformity with GAAP;
- Issue timely financial statements for the entire financial reporting entity in conformity with GAAP as part of a CAFR; and
- Have those financial statements independently audited in accordance with GAAS, as appropriate.

Furthermore, GFOA recommends that provincial governments enact legislation requiring local governments to maintain an accounting system adequate to provide all of the data needed to prepare timely financial statements in conformity with GAAP and to have those financial statements independently audited in accordance with GAAS.

References.

- GFOA Best Practices:
 - *Governmental Accounting, Auditing, and Financial Reporting Practices* (1983, 1997, and 2006), Approved by the GFOA's Executive Board, February 24, 2006.

Approved by the GFOA Committee on Canadian Issues on January 23, 2010

* Accounting, Auditing & Financial Reporting