



Accounting, Auditing, and Financial Reporting

GFOA Recommended Practice

Governmental Accounting, Auditing, and Financial Reporting Practices (June 2000)

Background

A major goal of the Government Finance Officers Association (GFOA) has long been to improve the quality of accounting, auditing, and financial reporting practices in government. A continuing concern is that some governments still are not preparing financial statements in conformity with generally accepted accounting principles (GAAP) as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Recommendation

GFOA reaffirms its strong support for governmental financial reporting based upon GAAP and annual independent audits of financial statements. Government finance officials and others in the public finance community have an obligation to strive for improved governmental financial reporting based upon GAAP. To meet this obligation, GFOA recommends that:

1. Governmental entities maintain accounting systems that enable the preparation of financial statements presented in conformity with GAAP.
2. Provincial governments enact legislation requiring that local government accounting systems be maintained so as to enable the preparation of financial statements presented in conformity with GAAP.
3. All governmental entities prepare and publish a comprehensive annual financial report.
4. The financial statements of governmental entities be prepared in conformity with GAAP.
5. Provincial governments enact legislation requiring local governments to prepare financial statements in conformity with GAAP.
6. Governmental entities obtain an annual independent audit of their financial statements performed in accordance with generally accepted auditing standards (GAAS).