

**3.1 Introduction** The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants provides the generally accepted accounting principles (GAAP) for the public sector in Canada. PSAB pronouncements represent the consensus of senior government officials, legislative auditors and other experts in public sector accounting across Canada. They represent minimum standards for government and are the benchmark for acceptable financial reporting.

Government has made significant progress in the preparation of financial statements that provide information about the operating results and financial position of the Province in accordance with GAAP. Also, the timeliness of the completion of the financial statements has improved significantly in recent years. I commend the Office of the Comptroller General for being proactive in initiating improvements in the quality and timeliness of the Public Accounts.

While Government has made significant progress, there are still issues that should be addressed which would improve its financial reporting.

### 3.2 Government Reporting Entity

The Province's Consolidated Summary Financial Statements are required to include all organizations that are controlled by Government. A detailed listing of organizations and enterprises included as part of the Government Reporting Entity is shown in a schedule to the Consolidated Summary Financial Statements of the Province.

Government considers the Workplace Health, Safety and Compensation Commission to be a form of trust and has disclosed information on the Commission's surplus (\$7.5 million) and unfunded liability (\$171.1 million) for the year ended 31 December 2003 in a note to the Schedule of Trust Accounts in the Consolidated Summary Financial Statements. Government should continue to monitor how other jurisdictions in Canada account for this type of entity and determine whether note disclosure is the most appropriate alternative.

The Consolidated Summary Financial Statements include organizations and enterprises that meet the criteria for inclusion, with the exception of Memorial University of Newfoundland. Although the University meets the criteria for inclusion, Government has decided not to include it in the Province's financial statements.