

**5.1 Introduction** The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants prescribes 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 governments and are the benchmark for acceptable financial reporting.

Government in this Province has made significant progress by preparing financial statements that provide information about the operating results and financial position of the Province in accordance with GAAP. However, there are still issues that should be addressed which would improve its overall financial reporting.

### **5.2 Reporting under the *Transparency and Accountability Act***

On behalf of the taxpayers of the Province, Members of the House of Assembly approve legislative appropriations in excess of \$4 billion annually for Government departments. These appropriations are provided through the various supply acts. An additional amount of approximately \$0.5 billion is allocated annually through statutory expenditures, primarily for debt expenses. Funding for most Crown agencies is provided, in turn, by the departments.

The allocation of funding to departments is provided each year through the Estimates process. Government's annual Estimates document represents the financial plan of the Province for a fiscal year, and outlines the estimated expenditures and revenues for that year. The Estimates reflect the policies, programs and priorities of Government.

A fundamental principle of accountability is that an entity cannot be accountable to itself. True accountability requires that an entity be held accountable to those who provide the resources for its operations. To be truly accountable, these entities (i.e. departments and Crown agencies) would be required to table strategic and annual operational plans in the House of Assembly as well as table annual performance reports. Strategic plans outline the long-term goals and objectives of an entity while operational plans are prepared annually and include the allocation of all resources, including financial, to further the goals and objectives contained in the strategic plan. Annual performance reports provide information on the results of activities in comparison with these plans, using measurable criteria and providing explanations for areas where performance varies from that expected.