



City of Maple Ridge
Audit & Finance Committee
AGENDA – REGULAR MEETING
Tuesday, January 23, 2024 at 9:30 am

Meeting Access Information

Audit & Finance Committee (AFC) meetings are held in a hybrid format. Members of the AFC and the public can join the meeting in-person in the Blaney room at Maple Ridge City Hall or remotely using the following access information:

Join the meeting from your computer, tablet or smartphone

<https://mapleridge-ca.zoom.us/j/86172121594>

Or join the meeting using your phone

Dial: 1-778-907-2071 Meeting ID: 861 7212 1594

1. CALL TO ORDER

1.1. Land Acknowledgment

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES – July 11, 2023

4. DELEGATIONS

5. NEW AND UNFINISHED BUSINESS

5.1. Auditor Planning Report for 2023

6. QUESTION PERIOD FOR THE PUBLIC

7. NOTICE OF CLOSED MEETING

Recommendation:

THAT, pursuant Section 90 of the *Community Charter*, this portion of the meeting be closed to the public as the subject matter being considered relates to the following:

- 90(1)(l) – Discussions with municipal officers and employees respecting municipal objectives, measures and progress reports for the purposes of preparing an annual report under section 98 [annual municipal report].

AND, any other matter that may be brought before the Committee of Council that meets the requirements for a meeting closed to the public pursuant of Section 90 of the *Community Charter* or *Freedom of Information and Protection of Privacy Act*.

8. ADJOURNMENT

Next Meeting: To be determined

Agenda Submission Deadline: To be determined

QUESTION PERIOD

Question Period provides the public with the opportunity to ask questions or make comments on subjects that are of concern to them. Each person will be given 2 minutes to speak.

Up to ten minutes in total is allotted for Question Period.

City of Maple Ridge
Audit & Finance Committee
MEETING MINUTES

The Minutes of the Regular Meeting of the Audit & Finance Committee
held in the Blaney Room, City Hall on July 11, 2023 at 5:03 pm

COMMITTEE MEMBERS PRESENT

Mayor Ruimy
Councillor Korleen Carreras, Chair
Councillor Jenny Tan

STAFF MEMBERS PRESENT

Scott Hartman	Chief Administrative Officer
Trevor Thompson	Director of Finance
Catherine Nolan	Deputy Director of Finance
CK Lee	Manager of Financial Planning
Arsh Dhillon	Committee Clerk

GUEST

1. CALL TO ORDER – 5:03 pm

1.1. Land Acknowledgment

Councillor C. Carreras, Chair, called the meeting to order and provided the land acknowledgment.

2. APPROVAL OF THE AGENDA

R/2023-AFC-008

It was moved and seconded

That the agenda for the July 11, 2023 Audit & Finance Committee Meeting be approved as circulated.

CARRIED UNANIMOUSLY

3. ADOPTION OF MINUTES

R/2023-AFC-009

It was moved and seconded

That the minutes of the April 25, 2023 Audit & Finance Committee Meeting be adopted as circulated.

CARRIED UNANIMOUSLY

4. DELEGATIONS – NIL

5. NEW AND UNFINISHED BUSINESS

5.1. Permissive Tax Exemption Policy Review

C. Nolan, Deputy Director of Finance, presented on the Permissive Tax Exemption Policy. Topics included: statutory exemptions, permissive exemptions, current policy directions, 2023 recipients, 2023 fiscal impact, and process. Staff answered questions from Council.

R/2023-AFC-010

It was moved and seconded

That the Audit & Finance Committee confirm the Permissive Tax Exemption Policy Framework as outlined in Policy numbers 5.16, 5.17, 5.18, 5.19, 5.20, 5.21, 5.22, and 5.23.

CARRIED UNANIMOUSLY

5.2. Financial Policy Review

C. Nolan, Deputy Director of Finance, presented a financial policy review. Topics included: Policy No. 5.52 – Financial Sustainability Plan, Policy No. 5.55 – Gaming Revenue, Policy No. 5.11 – City Lands Disposition Proceeds, Policy No. 5.35 – Expense Policy for Council, Employees, & Other, Policy No. 5.44 – Investment of Municipal Funds. Staff answered questions from Council.

R/2023-AFC-011

It was moved and seconded

That the Audit & Finance Committee confirm the scope of work and direction of the financial policy review.

CARRIED UNANIMOUSLY

5.3. Investment Overview

T. Thompson, Director of Finance, presented an investment overview. Topics included: investments, legislation, investment policy, yield curve, and next steps. Staff answered questions from Council.

6. QUESTION PERIOD – NIL

7. NOTICE OF CLOSED MEETING

R/2023-AFC-012

It was moved and seconded

THAT, pursuant Section 90 of the *Community Charter*, this portion of the meeting be closed to the public as the subject matter being considered relates to the following:

- **90(1)(l) – Discussions with municipal officers and employees respecting municipal objectives, measures and progress reports for the purposes of preparing an annual report under Section 98 [annual municipal report].**

AND, any other matter that may be brought before the Committee of Council that meets the requirements for a meeting closed to the public pursuant of Section 90 of the *Community Charter* or *Freedom of Information and Protection of Privacy Act*.

CARRIED UNANIMOUSLY

8. ADJOURNMENT - 6:18 PM

Councillor Korleen Carreras, Chair

/ad

City of Maple Ridge

Audit planning report to the Audit and Finance
Committee for the year ended December 31,
2023

START



To the Audit and Finance Committee of City of Maple Ridge

We are pleased to provide you with this planning report to highlight and explain key issues which we believe to be relevant to the audit of the consolidated financial statements of the City of Maple Ridge (the “City”) for the year ended December 31, 2023 .

The enclosed planning report includes our approach to your audit, the significant risks we have identified and the terms of our engagement. At the year-end meeting, we will provide you with a copy of our draft audit opinion and discuss the nature, extent and results of our audit work. We will also communicate any significant internal control deficiencies identified during our audit and reconfirm our independence.

Our audit and therefore this communication will not necessarily identify all matters that may be of interest to the Audit and Finance Committee and the Mayor and Council in fulfilling its responsibilities. This communication has been prepared solely for the use of the Audit and Finance Committee and the Mayor and Council and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We look forward to completing our draft audit report opinion and discussing our conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP

BDO Canada LLP
January 9, 2024

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For the year ended December 31, 2023





Your dedicated BDO audit team



Brian Szabo , CPA, CA

T: +1 (604) 818-7029
E: bszabo@bdo.ca

Brian Szabo has over 30 years of audit experience, working with various organizations.

Brian Szabo will be the Engagement Partner for your assurance services. He will assume ultimate responsibility for the provision of all services, monitoring and controlling costs to ensure you receive quality, effective and value-added service.



Marjorie Mercado , CPA, CA

T: +1 (604) 646-6513
E: mmercado@bdo.ca

Marjorie Mercado has over 10 years of audit experience in public practice and works with not-for-profit, public sector, and private company clients.

Marjorie Mercado will be the Engagement Manager for your assurance services. She will be responsible for the supervision and detailed review of work performed by engagement staff members, as well as ensuring the execution of the audit engagement is performed at a high standard.



Mario Piroddi, CPA, CA, CISA

T: +1 (250) 372-9505
E: mpiroddi@bdo.ca

Mario Piroddi has over 20 years of experience in general accounting, audit and information audits. He is the leader for the Local Government Group in BC. Mario's focus in his practice is in public sector and has in-depth understanding of the unique scrutiny that public sector organization face.

Mario will be the Quality Review Partner and be a resource for the audit team for technical accounting issues.

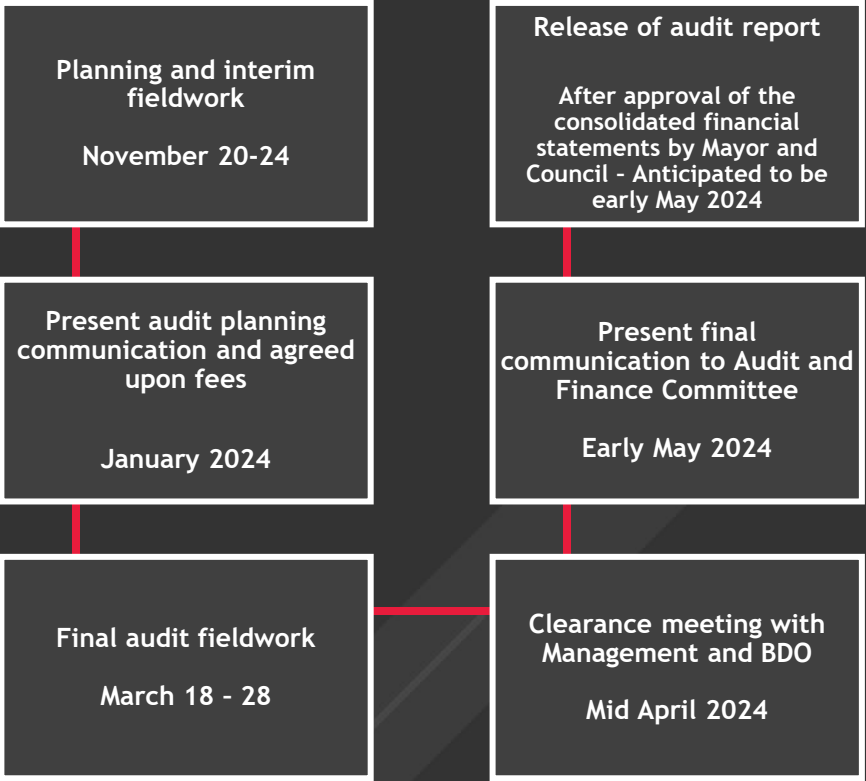
Our independence



We have complied with relevant ethical requirements and are not aware of any relationships between City of Maple Ridge and our Firm that may reasonably be thought to bear on our independence.



Audit timeline



For the year ended December 31, 2023



BDO'S DIGITAL AUDIT SUITE APT Next Gen

We use our APT Next Gen software and documentation tool to save time, streamline processes, and go paperless with your audit.

[LEARN MORE](#)

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DIGITAL DIFFERENCE





Auditor's responsibilities: financial statements

We are responsible for forming and expressing an opinion on the consolidated financial statements that have been prepared by management, with oversight by those charged with governance. The audit of the consolidated financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as outlined in our engagement letter dated November 21, 2023, is set out below:

Year-End Audit Work

- ▶ Work with management towards the timely issuance of the consolidated financial statements.
- ▶ Provide timely and constructive management letters. This will include deficiencies in internal control identified during our audit.
- ▶ Present significant findings to the Mayor and Council including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.



We are required to obtain an understanding of the system of internal control in place in order to consider the adequacy of these controls as a basis for the preparation of the consolidated financial statements, to determine whether adequate accounting records have been maintained and to assess the adequacy of these controls and records as a basis upon which to design and undertake our audit testing.

We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.



Auditor's responsibilities: fraud

We are responsible for planning and performing the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements, whether caused by error or fraud, by:

- ▶ Identifying and assessing the risks of material misstatement due to fraud;
- ▶ Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- ▶ Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

Behind the audit report



Learn how we audit your financial statements

[SEE OUR PROCESS](#)



Auditor's responsibilities: fraud

Throughout our planning process, we performed risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the City's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and made inquiries of management regarding:

- ▶ Management's assessment of the risk that the consolidated financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- ▶ Management's process for identifying and responding to the risks of fraud in the City, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- ▶ Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in City of Maple Ridge; and
- ▶ Management's communication, if any, to employees regarding its view on business practices and ethical behavior.

We are not currently aware of any fraud affecting the City. We request Audit and Finance Committee, Council and management to advise us of any changes in business processes that may indicate an increased risk of fraud, or if any actual or suspected fraud is identified so that we may consider the impacts, if any, to our audit.



Significant risks and planned responses

We have identified the following significant risks that require special audit consideration. These risks were identified based on our knowledge of the City , our past experience, and input from management and the Mayor and Council . Please review these significant risks and let us know your thoughts on these or any other areas of concern.

Financial statement areas	Risks noted	Audit approach
Management Override of Internal Controls <i>(Mandatory audit consideration - Significant Risk)</i>	<p>Management is generally in a unique position to perpetrate fraud because of management’s ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>It should be noted that this risk is not specific to the City and it is mandatory to consider management override of internal controls as a significant risk in every audit engagement.</p>	<p>Review of transactions recorded in various ledgers for unusual, non-recurring adjustments that are not addressed by other audit procedures.</p> <p>Test the appropriateness of key estimates, and any adjustments made in the preparation of the consolidated financial statements.</p>
Risk of Fraudulent Revenue Recognition <i>(Mandatory audit consideration - Rebuttable risk)</i>	<p>Under Canadian auditing standards, we are required to consider whether there is a risk of material misstatement due to fraudulent revenue recognition in all audits. Based on our understanding of the City’s significant revenue streams, we have rebutted this risk.</p>	<p>Review of funding agreements, with a focus on key terms related to revenue recognition criteria, including total funding amounts, eligibility criteria, stipulations and potential repayment.</p>
Recognition of Grant & Government Transfer Revenue	<p>Nevertheless, accounting standards relating to grant and government transfer revenue recognition are complex and open to variation in application. There is a risk that grants or revenue derived from other government transfers may be incorrectly deferred into future periods or recognized prior to stipulations being met.</p>	<p>Verify a sample of grant fund receipts to the bank statement and supporting payment notification from the funder.</p> <p>Expenditures incurred for projects funded by arrangements that include stipulations will also be reviewed to ensure those expenditures meet the requirements of the funding agreement.</p> <p>Review other revenue streams to ensure they are recorded in accordance with revenue recognition standards.</p>



Significant risks and planned responses

Financial statement areas	Risks noted	Audit approach
Development Revenue and Development cost charges (“DCCs”) <i>(Elevated risk)</i>	<p>As with all municipalities, collection and use of DCCs is a complex area requiring an element of judgement in determining whether a project or expense is eligible for DCC funding. There is a risk that the DCC’s have not been recognized as revenue in alignment with when the resources are used for the purposes specified.</p>	<p>We will discuss with management how DCCs are tracked and that all have been accounted for. We will test significant DCC collections and vouch to supporting documentation for completeness, existence and accuracy.</p>
Employee Future Benefits <i>(Elevated risk)</i>	<p>This is a complex accounting area that requires much estimation and reliance on actuarial experts.</p> <p>There is a risk that current year estimated obligation is under/overstated due to significant judgment, assumptions, and estimation uncertainty in determining the obligation.</p>	<p>We will review the actuarial report and audit significant assumptions.</p> <p>We will directly communicate with the external actuary (HUB International).</p> <p>We will test the data provided to the actuary for accuracy and completeness as it drives the actuarial calculations.</p>



Significant risks and planned responses

Financial statement areas	Risks noted	Audit approach
Adoption of PS 3280 - Asset Retirement Obligation (Elevated risk) <ul style="list-style-type: none"> - Asbestos in buildings - Leased buildings - Contingent liabilities with partnership arrangements - Closed landfills - Newly acquired buildings being demolished 	<p>PS 3280 Asset Retirement Obligations will be implemented by the Municipality for the current fiscal year. The standard requires significant estimation and recording of a liability for future expenditures relating to legal liabilities associated with the retirement of tangible capital assets as of the date of acquisition/construction.</p>	<p>PS 3280 Asset Retirement Obligations will be implemented by the Municipality for the current fiscal year. The standard requires significant estimation and recording of a liability for future expenditures relating to legal liabilities associated with the retirement of tangible capital assets as of the date of acquisition/construction.</p>
Adoption of PS 3450 - Financial Instruments (Elevated risk)	<p>PS 3450 Financial Instruments is effective for the Municipality's current fiscal year.</p> <p>This Section establishes standards on how to account for and report all types of financial instruments. Financial instruments include receivables, payables and equity instruments, and derivative financial instruments such as financial options, futures and forwards, interest rate swaps and currency swaps.</p>	<p>We will review management's process of identifying and measuring financial instruments.</p> <p>We will review the notes to the financial statements to ensure appropriate disclosure of financial instruments as required under accounting standards.</p> <p>As the City's portfolio investments were previously recorded at amortized cost and amounts were consistent with fair market value, there is not expected to be any material financial impact.</p>



Materiality

We determined preliminary group materiality to be \$23.5 million based on 2% of prior year's Tangible Capital Assets .

We also calculate specific materiality based on 2.5% of average F2023 total budgeted expenses and prior year actual results. We intended to use specific materiality of \$3.7 million.

Misstatements are considered to be material if they could reasonably be expected to influence the decisions of users based on the consolidated financial statements.

Our current year materiality is based on the City's prior year actual results and budgeted information. If current year actual results change significantly, we will communicate those changes to the Audit and Finance Committee as part of our year-end communication.

We will communicate all corrected and uncorrected misstatements identified during our audit to the Audit and Finance Committee, other than those which we determine to be "clearly trivial."

We encourage management to correct any misstatements identified throughout the audit process.



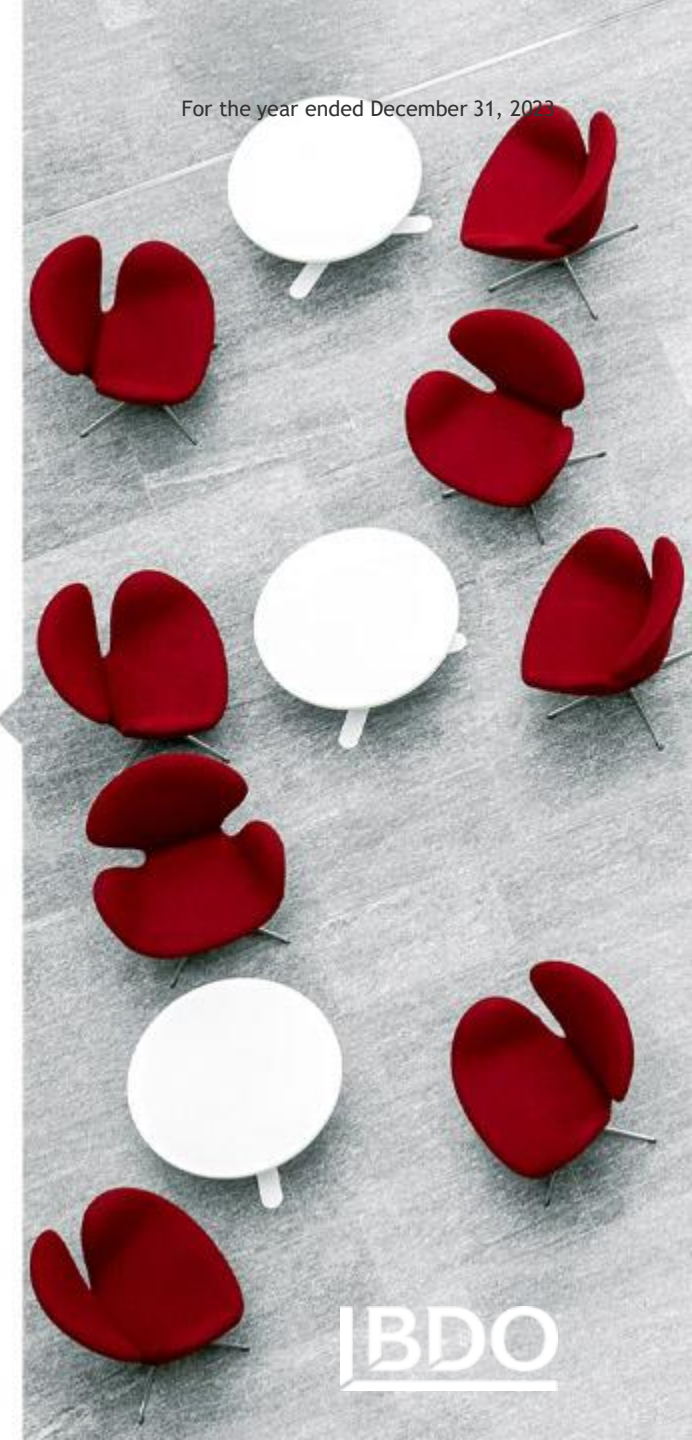
Using the work of others

Experts

To complete the audit of your consolidated financial statements, we will rely in part on the work of, and the report prepared by, HUB International Limited. This expert's work related to the employee future benefits liability recognized by the City. Canadian generally accepted auditing standards require us to communicate with the expert. We propose to discuss the following with HUB International Limited :

- ▶ The objective and nature of our audit engagement and how we intend to use the expert's findings and report.
- ▶ Our assessment of the significant and risk aspects of the engagement that will affect the expert's work.
- ▶ The requirement to advise us if they have any relationship with the Company which could impair their judgment or objectivity in the conduct of their engagement.
- ▶ The nature, timing and extent of the expert's work and our planned review of it, possibly including review of their working papers.
- ▶ Confirmation that the assumptions used in their calculations are consistent with those used in the prior periods and with industry standards.
- ▶ Their obligation to advise BDO Canada LLP of any matters up to the estimated audit report date that may affect their calculations and their report.

We ask that the appropriate level of management review the data provided to HUB International Limited and that they also review the assumptions used and results reported by the expert.





How we audit financial statements: Our audit process

IDENTIFY AND ASSESS RISK

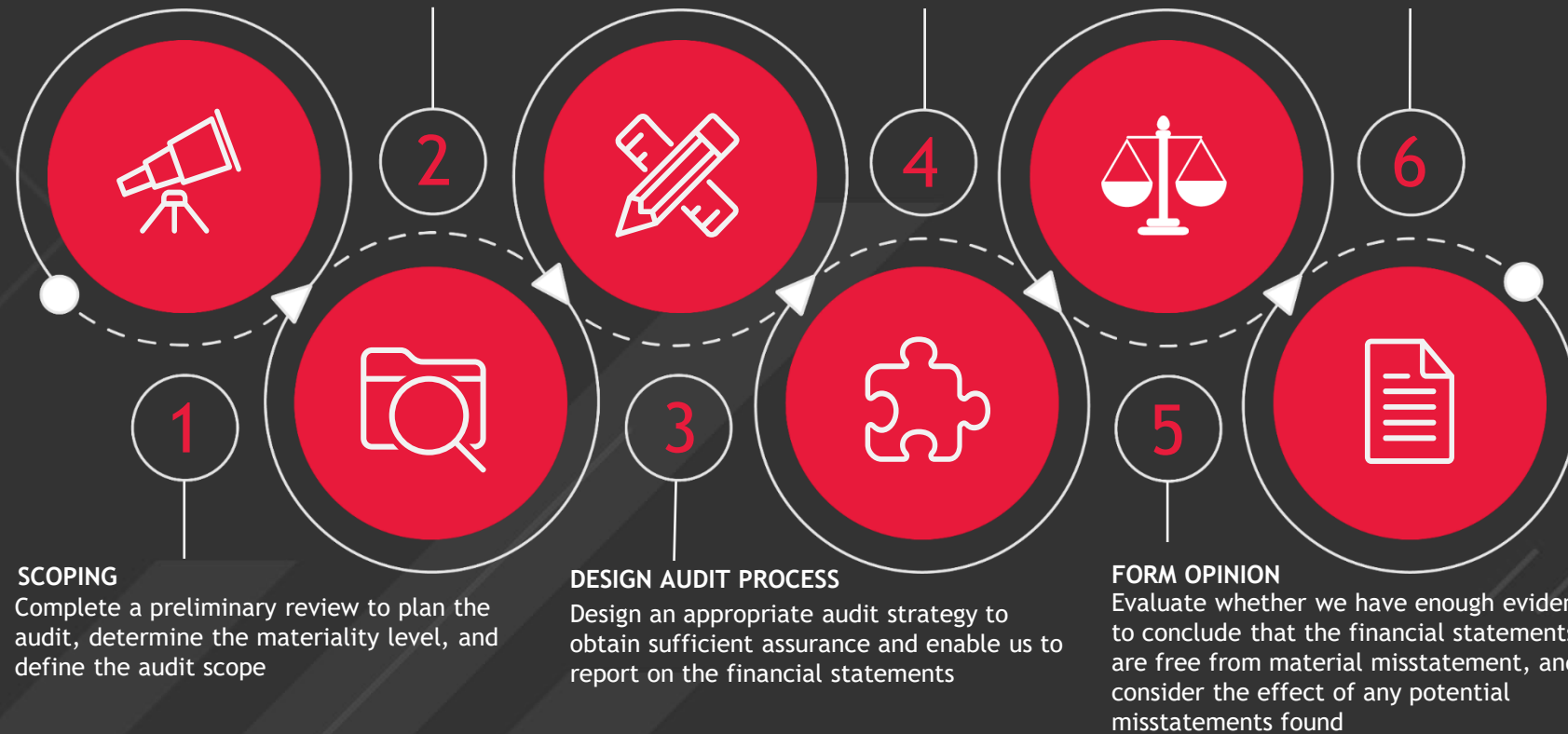
Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

COMMUNICATION

Communicate our opinion and details of matters on which we are required to communicate





How the firm's system of quality management supports the consistent performance of quality audit engagements

The firm's system of quality management complies with the requirements set out in Canadian Standard on Quality Management 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (CSQM 1) as issued by the Auditing and Assurance Standards Board (AASB).

In addition to the requirements set out in CSQM 1, we may have identified additional quality objectives and potential quality risks and have designed further policies and procedures to respond to these.

Taken together our system of quality management supports consistent performance of audit engagements by focusing on eight components that operate in an iterative and integrated manner. These include:



Standard for Audit Quality



CSQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.



Our audit approach: Responsiveness in action

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit. It also helps our team gain a better understanding of your organization. Our audit process differs from the typical audit in our use of in-field reviews, subject to COVID-19 safety protocols. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly. We offer clients the full-service expertise of a national firm. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from over 100 years of working within local communities.



Discover how we're accelerating audit quality



Audit Quality Report

We collected our core beliefs around audit quality, the very practical steps we take to sustain it, and the progress we have made to accelerate its quest.

[Follow our progress](#)

BDO's digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.



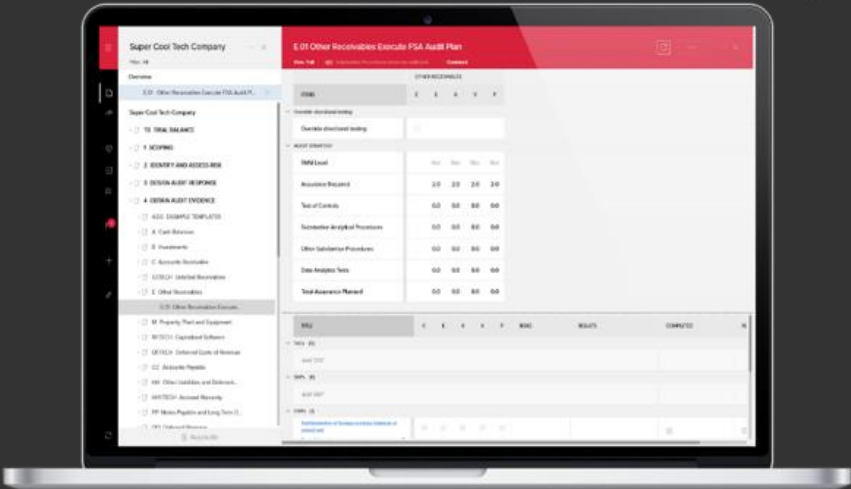
APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your organization—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

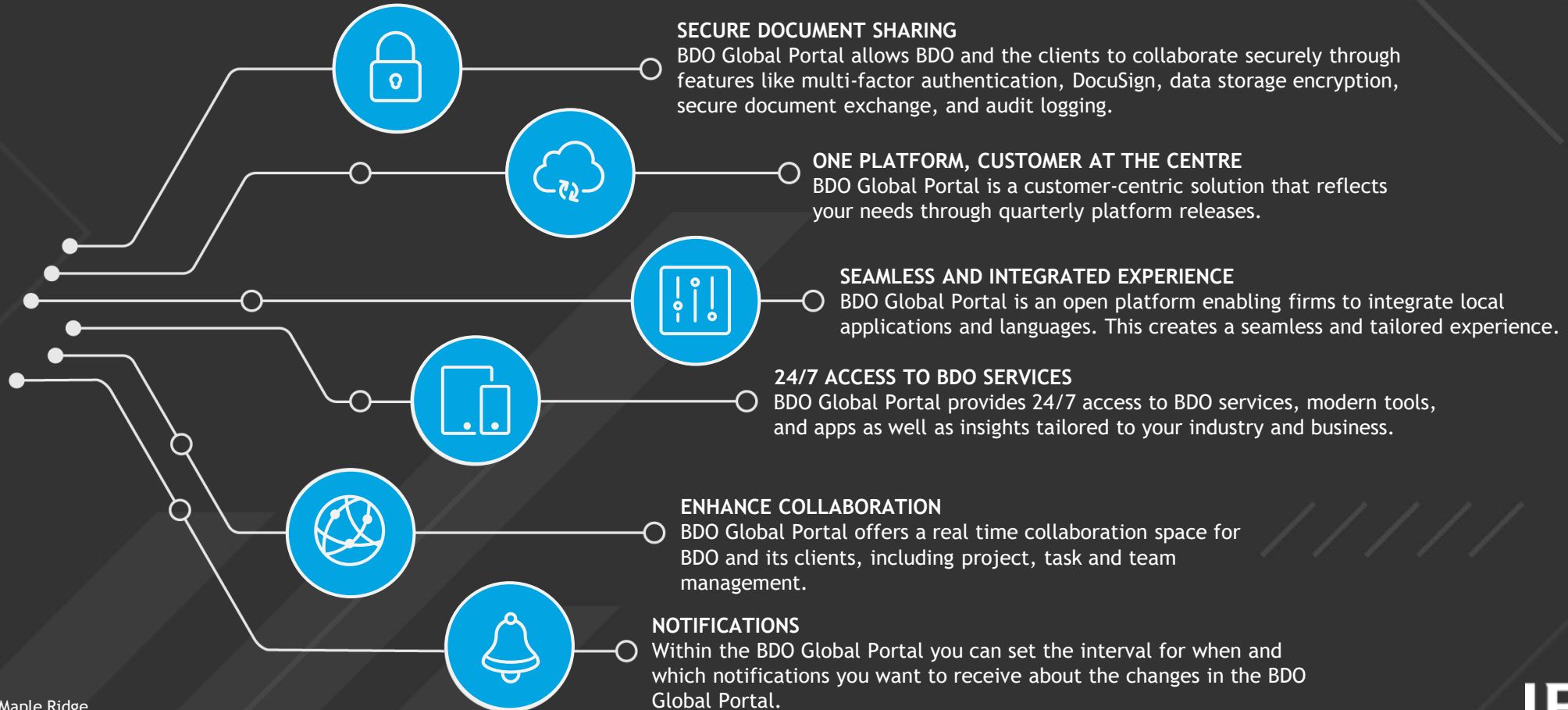
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





BDO Global Portal

BDO Global Portal transforms and enhances your digital experience with your BDO advisors. Available at any time, Portal enables you to access all services, tools, apps, and information and to collaborate with your advisors in a seamless way through a flexible, appealing, and secure environment.





Additional resources: Public sector insights

Leadership: Mental health resources to support your people



[READ THIS ARTICLE](#)

How to execute an effective public sector cloud migration strategy



[READ THIS ARTICLE](#)

Envisioning cloud migrations for public sector organizations



[READ THIS ARTICLE](#)

[LINK TO PUBLIC
SECTOR *INSIGHTS*
HOMEPAGE](#)

[LINK TO PUBLIC
SECTOR *ACCOUNTING*
KNOWLEDGE CENTRE](#)

Spotlight on sustainability

Fast-moving world events are pushing sustainability up the agenda of Canadian organizations. Now organizational leaders, investors, and customers are responding on three fronts: environmental, social, and governance (ESG).

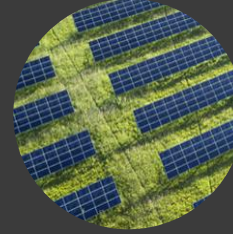
Regulators and issuers of standards are doing their part by supporting sustainability in the reporting ecosystem. Increasingly, organizations will need to go beyond the financials—and demonstrate sustainability with non-financial metrics.

5 reasons why businesses should care about ESG



[SEE 5 REASONS](#)

How climate change became a business issue worth reporting



[READ ARTICLE](#)

10 Questions about sustainability reporting



[EXPLORE QUESTIONS](#)

Accounting for going green



[LEARN MORE](#)

Why CFOs should make sustainability a part of their financial reporting today



[BUILD BACK SUSTAINABLY](#)

Rethinking sustainability: the ESG roadmap



[SEE ROADMAP](#)



Additional resources: Accessibility consulting services

To ensure that persons with disabilities (PWD) are not hindered from full and equal participation across public and private sectors, the [Accessible Canada Act](#) (ACA) begins to fulfill the 2040 goal of creating a barrier-free Canada.

Many provinces are enacting their own legislation, including British Columbia. The government of British Columbia enacted the [Accessible B.C. Act](#) in 2021 which supports the identification, removal, and prevention of barriers to support a fully accessible province.

The BDO Accessibility Consulting Services team has in-depth knowledge of the accessibility landscape. Led by [Max Brault](#), who helped guide the federal government toward enacting the ACA, we possess unparalleled experience and expertise.

- ▶ We understand the importance of consulting with and including persons with disabilities
- ▶ We have lived experience of disability
- ▶ We listen to the perspectives of persons with disabilities across the sectors
- ▶ We have a strong understanding of the accessibility landscape in Canada



Additional resources: Accessibility consulting service offerings



Overall Accessibility

- Holistic accessibility assessments
- Expert accessibility consultation facilitation
- Accessibility plan development
- Accessibility implementation and change management
- Accessibility benchmarking
- Accessibility research



IT and Digital

- IT accessibility reviews
- WCAG, European standard compliance assessments
- Usability testing
- IT accessibility infrastructure and process planning



Employment

- Accessibility integration into the employee lifecycle
- Employment systems reviews focused addressing systemic barriers for equity-seeking groups



Built Environment

- Built environment assessments
- Feedback consultation planning and facilitation



Procurement

- Procurement policy, process and governance reviews and implementation



Appendices

- ▶ Appendix: Changes in Accounting Standards with Potential to Affect your Organization



Appendix: Changes in Accounting Standards with Potential to Affect your Organization

The following summarizes the status of new standards and the changes to existing standards as of the fall of 2022. The Appendix also reviews Exposure Drafts, Statements of Principles, Projects and Post Implementation Reviews that provide information on the future direction of CPA Public Sector Accounting Handbook.

NEW STANDARDS NOT YET IN EFFECT

Section PS 3400 Revenue (effective years beginning on or after April 1, 2023)

This section is related to revenue recognition principles that apply to revenues of governments and government organizations other than government transfers and tax revenue.

The Public Sector Accounting Handbook has two Sections that address two major sources of government revenues, government transfers and tax revenue. Revenues are defined in Section PS 1000, Financial Statement Concepts. Recognition and disclosure of revenues are described in general terms in Section PS 1201, Financial Statement Presentation.

This section addresses recognition, measurement and presentation of revenues that are common in the public sector. It is less complex than the comparable new IFRS standard, although generally consistent in philosophy.

This new Section will be effective for the City's 2024 fiscal year.

Section PS 3160 Public Private Partnerships (effective years beginning on or after April 1, 2023)

This section is related to public private partnerships (P3s) used as alternate finance and procurement model available to public sector entities where such entities procures infrastructure using a private sector partner. The private sector partner is obligated to:

- Design, build or improve existing infrastructure
- Finance the transaction past the point where the infrastructure is ready for use; and
- Operate and/or maintain the infrastructure

This section addresses the public sectors entity's recognition, measurement and presentation of the infrastructure assets and liabilities associated with P3s arrangements.

This new Section will be effective for the City's 2024 fiscal year.



Appendix: Changes in Accounting Standards with Potential to Affect your Organization (cont'd)

Employment Benefits

The existing Employee Benefits standards in PS 3250, Retirement Benefits and PS 3255, Post-employment Benefits are some of the older standards currently existing in the PSA Handbook. Quite frankly, they have not kept pace with the changes that have occurred in the industry. New concepts such as "Target-Benefit Plans" and "Shared-Risk Plans" do not fit in neatly to existing standards.

In recognition of the wide scope of review required to modernize these standards, PSAB had broken initial review into three different sections:

- Deferral Provisions (Invitation to Comment issued in November 2016)
- Discount Rate Guidance (Invitation to Comment issued in November 2017)
- Non-Traditional Pension Plans (Invitation to Comment issued in October 2018)

The first exposure draft, "Employee Benefits, Proposed Section PS 3251", and the accompanying Basis for Conclusions, was issued on July 28, 2021.

The first phase of this multi-phase standard is focused on the topics of deferral provisions and discount rate guidance. Future phases will focus on non-traditional pension plans and other issues.

Deferral provisions updated under the Exposure Draft propose that revaluations of the net defined benefit liability (asset) be recognized immediately on the statement of financial position within the net defined benefit liability(asset) and the accumulated other component of net assets. Deferral and amortization of actuarial gains and losses would no longer be used. Further, it is proposed that plan assets would be measured at market value.

Discount rate guidance from PSAB proposes that a public sector entity would assess the funding status of a post-employment benefit plan to determine the appropriate discount rate by considering the proportion of the current and projected plan assets balance compared to projected benefit payments, and the unique circumstances and characteristics of their post-employment benefit plan.

The comment deadline for the first Exposure Draft was November 25, 2021. PSAB is currently deliberating feedback received on the Employee Benefits Exposure Draft.



Appendix: Changes in Accounting Standards with Potential to Affect your Organization (cont'd)

PSAB's Draft 2022-2027 Strategic Plan

The Strategic Plan sets out the following broad strategic objectives that help guide PSAB in achieving its public interest mandate over a multi-year period:

- Develop relevant and high-quality accounting standards
- Enhance and strengthen relationships with stakeholders
- Enhance and strengthen relationships with other standard setters
- Support forward-looking accounting and reporting initiatives

The strategic plan is effective April 1, 2022 and can be found here: [PSAB-Strategic-Plan-2022-2027.pdf](#)