



# Financial Reporting by First Nations – CICA Research Report

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- Why we need a review

  - Harold Calla, Chairman, First Nations  
Financial Management Board

- CICA, PSAB and Research Studies

  - Sandra Waterson, Principal, Public  
Sector Department, CICA

- FRFN Research Report

  - Nola Buhr, Accounting Professor,  
University of Saskatchewan



# First Nation Financial Reporting

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Why we need a review



# FN Financial Reporting

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- Historically driven by Canada
- Scope defined by compliance to funding terms & conditions
- Has never fully considered the variety of users
- Has been challenged to respond to the uniqueness of our communities
- Has been challenged to reflect the range of our activities.



# FN Financial Reporting

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- Became a tool for Canada to provide over-site to much more than financial matters.
- Has been challenged to respond to the ever increasing complexities of FN economic activity.
- The person years requirements have increased significantly
- Redundant reporting requirements.



# FN Financial Reporting

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- A review could consider the unique needs of our users:
  - Membership
  - Transfer (funding) agencies
  - Financial institutions
  - Business interests



# FN Financial Reporting

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- A review could result in standards that better support the unique relationship with Canada in areas such as:
  - Fiscal financing arrangements
  - Evaluation and review
  - The threshold and standards for intervention



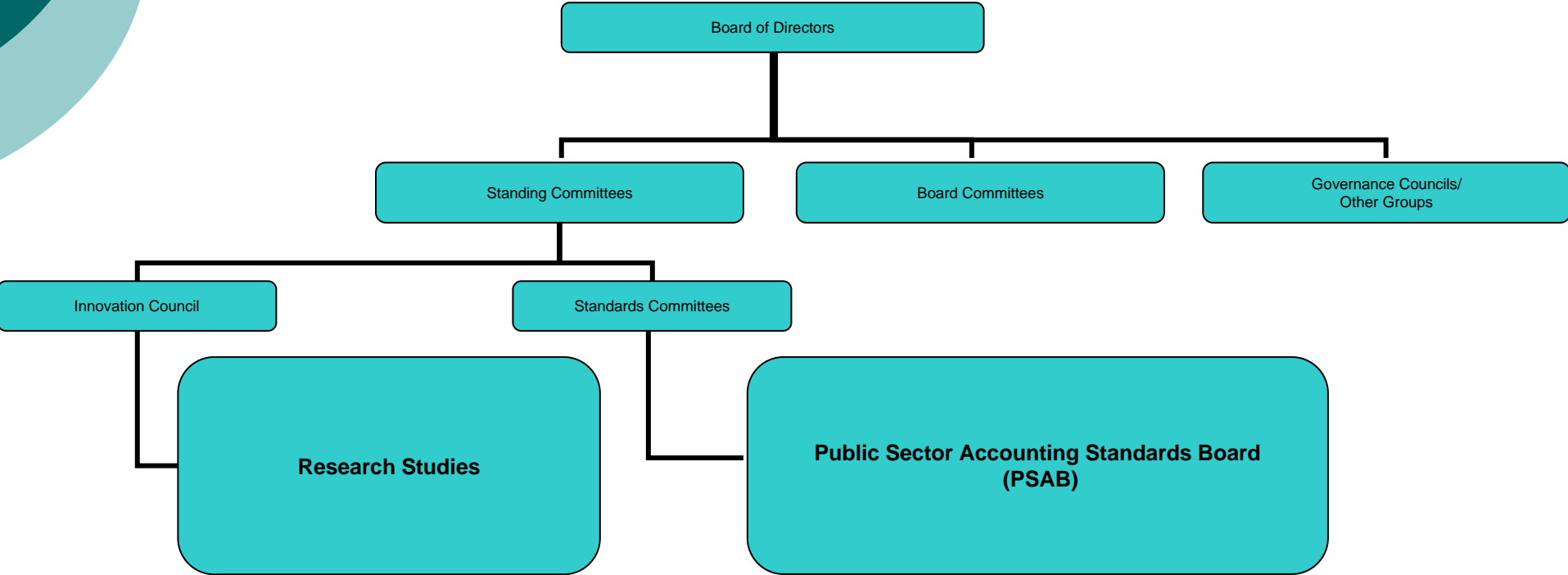
# Agenda

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- Canadian Institute of Chartered Accountants
- Public Sector Accounting Board
- Research Studies

# Canadian Institute of Chartered Accountants (CICA)

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# Background on PSAB

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- Started in 1981
- Standards set by those who will apply them
- Open due process for standards development

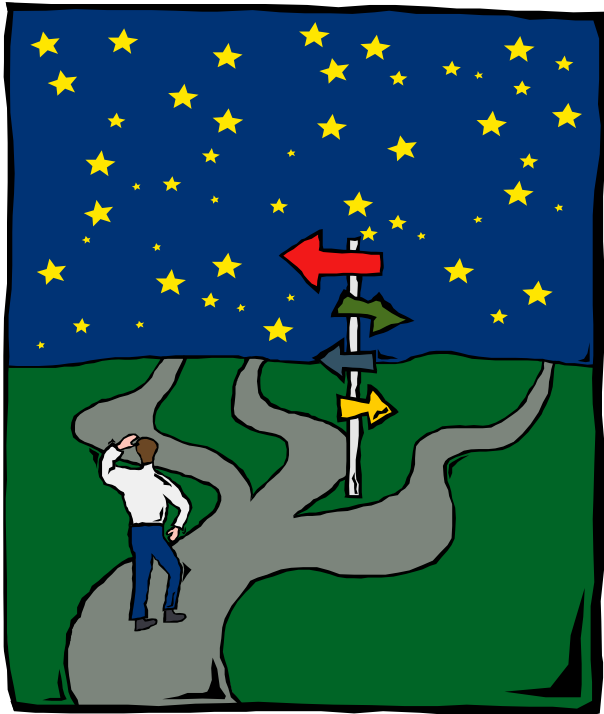
# CICA Public Sector Accounting Handbook Introduction

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- Defines the public sector as:  
*the federal, provincial territorial and local governments, government organizations, government partnerships and school boards*
- Specifies the accounting principles to be followed by government organizations in their financial statements

# PSAB

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Better  
information for  
decision-  
making and  
accountability



# Background on Research Studies

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- Research Studies published since 1963
- Research Study – Financial Reporting by Governments in 1976 (precursor to creation of PSAB)
- Research studies are not GAAP



# Research Studies - Procedures

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- Identify need
- Develop project proposal
- Form study group
- Develop research report
- Ad-hoc review committee
- Publish report



# Financial Reporting by First Nations Research Report – project overview

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- Project Approval
- Key Issues/Scope
- Study Group
- Regional Focus Groups
- Current Models
- Conceptual Framework
- Timeline
- Outcome



# Financial Reporting by First Nations Research Report – project approval

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Project approved by the Public  
Sector Accounting Board (PSAB) of  
the Canadian Institute of Chartered  
Accountants (CICA) on

Tuesday, January 24<sup>th</sup>, 2006  
(4 weeks ago)



# Financial Reporting by First Nations Research Report – key issues/scope

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1. Changing environment for First Nations financial reporting
2. Present practices
3. Users and needs of users
4. Objectives of First Nations general purpose statements
5. General purpose versus special purpose financial statements
6. Reporting entity



# Financial Reporting by First Nations Research Report – study group

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Study group – 7 or 8 members

FN representation key

- PSAB observer (non-voting)
- INAC observer (non-voting)
- AFOA representation
- Preparer
- User
- Auditor
- Office of the Auditor General of Canada



# Financial Reporting by First Nations Research Report – regional focus groups

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- Gain awareness for the project
- Better understand issues
- Present recommendations for feedback
- Probably 4 focus group meetings across Canada
- Location and invitees - tba



# Financial Reporting by First Nations Research Report – current models

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- For-profit standards
- For-profit standards with differential reporting
- Not-for-profit standards
- Senior government standards
- Local government standards
- ??? for First Nations



# Financial Reporting by First Nations Research Report – conceptual framework

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- Conclusions of the Study Group must be consistent with the conceptual framework
- Conceptual Framework – propositions and observations that provide logical foundation for what accounting principles ought to be



# Financial Reporting by First Nations Research Report – timeline

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- Confirm Chair and form study group
  - 6 two-day study group meetings
  - 4 regional focus group meetings
  - Writing, revision, editing,  
translation
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- About 18 months from project approval to final research report – trade-off speed versus input



# Financial Reporting by First Nations Research Report – outcome

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- Research Report reflects the views of the study group – not PSAB
- Ad Hoc Group approves publication
- Not a primary source of GAAP but reference
- May be stepping stone to standard setting
- A research study started in 1976 was precursor to creation of PSAB

# Searching for Input!

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