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Canada

Standard on Quarterly Financial Reports for Crown Corporations

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Standard on Quarterly Financial Reports for Crown Corporations

1. Effective date

1.1 This Standard takes effect on April 1, 2011.

2. Application

2.1 This Standard applies to parent Crown corporations as defined in Section 83 of the [Financial Administration Act](#), unless excluded by specific acts, regulations or orders in council.

3. Context

3.1 The [Financial Administration Act](#) requires that all departments and parent Crown corporations prepare and make public a quarterly financial report within 60 days after the end of the corporation's fiscal quarter to which the report relates for the first three fiscal quarters of the fiscal year. This standard is issued by the Treasury Board Secretariat to provide parent Crown corporations with the form and content of the quarterly financial report under the authority of section 131.1 of the [Financial Administration Act](#). There is no requirement for an audit or review of the financial statements included in the quarterly financial report.

3.2 This Standard is issued pursuant to section 131.1 of the [Financial Administration Act](#).

4. Definitions

Definitions to be used in the interpretation of this standard are attached in [Appendix A](#).

5. Standard statement

5.1 Objective

5.1.1 The objective of this Standard is to ensure that parent Crown corporation quarterly financial reports are timely and consistent in support of effective oversight of public funds.

5.2 Expected results

5.2.1 Parent Crown corporation quarterly financial reports contain all of the minimum requirements identified in [Appendix B - Form and Content of the Quarterly Financial Report](#) contained herein.

5.2.2 Parent Crown corporation quarterly financial reports are timely, accurate and complete.

6. Requirements

6.1 Quarterly Financial Reports

6.1.2 The quarterly financial report for parent Crown corporations consists of:

6.1.3 A financial statement for the fiscal quarter and the period from the start of the fiscal year to the end of that fiscal quarter, including comparative information for the preceding fiscal year; and

6.1.4 narrative discussion outlining the financial results, risks, and significant changes in relation to operations, personnel and programs.

6.1.5 Management, generally the Chief Financial Officer, is responsible for ensuring that the quarterly financial report includes the minimum requirements identified in [Appendix B – Form and Content of the Quarterly Financial Report](#).

6.2 Monitoring and reporting requirements

6.2.1 The Chief Executive Officer or Chief Financial Officer designated by the Chief Executive Officer within the parent Crown corporation is responsible for:

- Monitoring and compliance with this standard to ensure the quarterly financial report is prepared in accordance with the requirements set forth;
- Establishing procedures to ensure that the quarterly financial report does not contain any untrue statement of a material fact or omit to state a material fact required to be stated to comply with this standard. As well, to ensure procedures are in place to ensure that the quarterly report presents fairly, in all material respects, the financial

- position, results of operations and cash flows, as of the date and for the periods presented;
- Ensuring that appropriate and timely action is taken to address any significant issues relating to the production and content of the quarterly financial report; and
- Making the quarterly financial report available to the public within 60 days after the end of the Crown corporation's fiscal quarter for each of the first three fiscal quarters, such as on the corporation's website or by other means as deemed appropriate by the corporation, and providing a copy to the responsible Minister and the Comptroller General of Canada.

6.2.2 The Comptroller General of Canada is responsible for:

- Ensuring each parent Crown corporation prepares a quarterly financial report as required by this standard;
- Pursuing follow-up action to ensure each parent Crown corporation complies with the requirements of this standard to prepare a quarterly financial report in a timely and appropriate manner; and
- Establishing a framework for the review of this standard, and ensuring that a review is initiated within five years of the effective date of this standard.

7. Consequences

7.1 Based on the assessment of the parent Crown corporation's preparation of a quarterly financial report in compliance with this standard, the Secretary of the Treasury Board will address any appropriate recommendations to the appropriate head of the parent Crown corporation and to Treasury Board.

7.2 Treasury Board may impose conditions on submissions, including Corporate Plan approval, until it is satisfied that the information it has received is in compliance with this standard.

8. References

8.1 Relevant Legislation

- [Financial Administration Act](#)

8.2 Related Policy Instruments and Publications

- *Policy on Financial Resource Management, Information and Reporting*
- [Treasury Board Accounting Standard 1.3 Departmental and Agency Quarterly Financial Report](#)

8.3 Related External Standards and Specifications

- IAS 34 *Interim Financial Reporting*

9. Enquiries

For interpretation of this standard, please contact:

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Appendix A—Definitions

Crown corporation (*Société d'état*)

A parent Crown corporation or a wholly-owned subsidiary.

financial information (*information financière*)

Is any data, information and knowledge used in understanding, managing, and reporting upon the monetary aspects of any activity. Financial information is not limited to accounting data, but includes aggregated information and knowledge developed and used to understand, manage and report on the monetary aspects of any activity.

financial reporting (*rapports financiers*)

Refers to financial reports and disclosures that are both internal and external to a Crown corporation. Internal financial reporting can include financial information that supports decision-making, planning, budgeting, resource allocations, accounting, performance assessments and reports. External reporting includes all financial statements, reports or disclosures, including those prepared for Parliament or to be made public.

parent Crown corporation (*société d'état mère*)

A corporation that is wholly owned directly by the Crown, but does not include departmental corporations.

Appendix B—Form and Content of the Quarterly Financial Report

The objective of this appendix is to provide a model for the quarterly financial report prepared by parent Crown corporations, which includes the financial statements and the accompanying narrative discussion outlining financial results, risks and significant changes in relation to operations, personnel and programs.

It sets out overall considerations for the presentation of quarterly financial statements and minimum requirements for the content of quarterly financial reports, as well as guiding principles regarding the preparation of the narrative discussion.

The Chief Executive Officer or Chief Financial Officer designated by the Chief Executive Officer are to ensure that the elements of this appendix are included in their quarterly financial report as applicable.

Financial Statements

Parent Crown corporations are required to prepare quarterly financial statements using the principles outlined in this standard, based on the accounting policies used for the preparation of the annual audited financial statements. The financial statements will include the results of the parent Crown corporation and its wholly-owned subsidiaries. The fiscal periods to be presented include:

- the current fiscal quarter;
- the current fiscal year-to-date; and
- comparative financial information for the preceding fiscal year.

The quarterly financial statements should be based on the requirements of *International Accounting Standard 34: Interim Financial Reporting* (IAS 34), with the following exceptions/considerations:

A Statement of Changes in Equity and a Statement of Cash Flow for the preceding fiscal quarter must be included pursuant to the requirements of the [Financial Administration Act](#). IAS 34 does not require this information.

Parent Crown corporations that follow the requirements of the *Public Sector Accounting (PSA) Handbook* are not required to provide information pertaining to "comprehensive income". All references in IAS 34 to comprehensive income should be replaced with "net income".

Earnings per share information is not required.

For parent Crown corporations that follow the PSA, please note that the requirements in IAS 34 related to "recognition and measurement" (paragraphs 28-42, Appendices B and C) should be applied in the context of the related PSA standards.

As applicable, the quarterly financial statements must be accompanied by a notice indicating that the quarterly financial statements have not been audited or reviewed by an external auditor. The notice could be included in the explanatory notes to the quarterly financial statements or in the attestation by senior officials. Each page of the quarterly financial statements are to be marked as being unaudited.

A summary of the financial statements to be included in the quarterly financial report follows:

Statement	Currentfiscal quarter	Comparative
Statement of financial position	End of current interim period	End of immediately preceding financial year
Income statement and statement of comprehensive income	Current interim period and cumulatively for the year-to-date	Comparable interim period and year-to-date of immediately preceding financial year
Statement of changes in equity	Current interim period and cumulative for the year-to-date	Comparable interim period and year-to-date of immediately preceding financial year
Statement of cash flows	Current interim period and cumulative for the year-to-date	Comparable interim period and year-to-date of immediately preceding financial year
Selected explanatory notes	Reflects changes from previous fiscal year end, not restatement of all year-end disclosures	Quantitative comparative information required for all notes presented.

Narrative Discussion

It is not necessary to duplicate in the quarterly report's narrative discussion information that is included in the Management Discussion and Analysis section of the Annual Report. Unless otherwise updated, information disclosed in the Management Discussion and Analysis is assumed to apply to the quarter. The use of graphics is highly recommended in this section.

Quarterly and Year-to-Date Results

The quarterly financial report must include a discussion of financial results and cash flow for the reporting period and year-to-date and financial position at the end of the period. An explanation of significant differences between the actual financial results compared to those anticipated in the related entities Corporate Plan and those communicated in previous financial reports is to be included. If goals, objectives or financial results are revised, a rationale for the changes should be discussed as well as actual performance relative to the revised goals, objectives or targets for the remainder of the year.

Examples of results to be reported are the following:

- Identify and explain significant variances including analysis of significant trends related to increases and/or decreases in total revenues and expenses compared to the same periods from the previous fiscal year (quarter and year-to-date).
- Comparison of planned quarterly and year-to-date spending forecasts, as per the Corporate Plan, to actual results of the current period, if meaningful.
- An explanation of significant changes to goals, objectives or financial results as compared to the Corporate Plan that may impact the current and future quarters of the fiscal year.

Risk Analysis

The Risk Analysis section should update the risks discussed in the annual Management Discussion and Analysis, if included in the Annual Report, the Corporate Plan, and previous quarterly financial reports. This includes an explanation of both expected and actual negative (i.e. threats or challenges) and positive effects of key risks and internal or external factors during the current period (quarter and year-to-date) on the parent Crown corporation's financial plans.

Examples of factors which may be discussed include, but are not restricted to:

- Internal restructuring;
- Human resource challenges and key actions;
- Changing economic, technological, social, or political conditions;
- New or changing policies or government-wide priorities which impact the parent Crown corporation;
- Reliance or dependence on key partners, clients, or stakeholders;
- Changes to the type and nature of financial instruments used to manage financial risks;
- Recommendations made by parliamentary committees or the external auditor; and
- Changes in patterns of demand for goods and services.

Significant changes

This section is to provide information to the reader about significant and material changes which occurred during the current quarter, related to operations, personnel and programs of the parent Crown corporation and its wholly owned subsidiaries. Potential financial impact of the significant changes should be discussed where applicable.

Reporting on Use of Appropriations

Parent Crown corporations that receive an appropriation must include in the quarterly financial report the following information:

- the total amount of appropriation received and receivable;
- the amount of appropriation recognized in net income or loss, in total and by nature of appropriation (as per categories found in the Main Estimates and Supplementary Estimates), as well as an indication of where the amounts are recorded or presented in the statement of operations, if not evident for the reader;
- a reconciliation of the amount of appropriation received and receivable to the amount of appropriation used. If a Crown corporation is unable to state that appropriations received or receivable were actually used, it must provide a brief explanation of how appropriations are managed including why the appropriations were deferred and when the deferred appropriations will be used;
- a reconciliation of the beginning and ending balances of deferred appropriation received, showing separately the amount of appropriation received and the amortization recognized; and
- a reconciliation of the beginning and ending balances of appropriation netted against capital assets, showing separately the amount of appropriation received and the amortization recognized.

The information must be prepared on the basis of the corporation's fiscal quarter and year-to-date, including comparatives.

Since appropriations are granted based on an April 1 to March 31 fiscal year, parent Crown corporations must disclose the amount of appropriation authorized by Parliament as available for use in each of the Government of Canada fiscal years (consistent with the Main Estimates and Supplementary Estimates), showing the portion recognized in the corporation's previous year-end and the portion deferred to the corporation's subsequent quarters to arrive at the portion available for the corporation's current fiscal year-to-date.

Statement of Management Responsibility by Senior Officials

The quarterly financial report must include the following statement signed by the appropriate senior officials within the parent Crown corporation, usually the President and the Chief Financial Officer.

Management is responsible for the preparation and fair presentation of these (consolidated) quarterly financial statements in

accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations^[1], and for such internal controls as management determines is necessary to enable the preparation of (consolidated) quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the (consolidated) quarterly financial statements.

Based on our knowledge, these unaudited (consolidated) quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the (consolidated) quarterly financial statements.

Name, Chief Executive Officer (e.g. President)

(City where signed, e.g. Ottawa, Canada)
(Date signed)

Name, Chief Financial Officer

Footnotes

Footnote fn1

If the Crown corporation has elected to prepare the quarterly financial statements in accordance with *IAS 34: Interim Financial Reporting*, this standard may be referred to instead of "*Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations*".

[Return to footnote 1 referrer](#)