



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

23 February 2022

Mr. Currie Dixon, M.L.A.
Chair
Standing Committee on Public Accounts
Yukon Legislative Assembly
2071 Second Avenue
Box 2703
Whitehorse, Yukon Y1A 2C6

Dear Mr. Dixon:

Thank you for having us appear before your committee on 9 February 2022 to discuss our audit of the consolidated financial statements of the Government of Yukon for the 2020–21 fiscal year.

During the hearing, we were asked to provide written responses to questions that committee members did not have the time to ask during the hearing. In the Appendix to this letter, you will find the answers to 2 outstanding questions that were addressed to us.

We hope this information is useful to the committee.

Yours sincerely,

Sophie Miller, CPA, CA
Assistant Auditor General
240 Sparks Street
Ottawa, Ontario K1A 0G6

Attachment

c.c.: Ms. Allison Lloyd, Clerk to the Committee

Appendix—Responses to unanswered questions

Question 64: What future accounting standard or standards do you anticipate the government will need to prepare for in its financial statements? When are they effective?

Answer:

The future accounting standards on the horizon are those that the Yukon Department of Finance listed and described in the Financial Statement Discussion and Analysis.

Asset Retirement Obligations, Financial Instruments, Portfolio Investments, Foreign Currency Translation, and Financial Statement Presentation are standards that will become effective 1 April 2022. Revenue and Public Private Partnerships standards will become effective 1 April 2023, with earlier adoption permitted.

All of these will require at least some degree of consideration and preparation.

For the government, our understanding is that the Asset Retirement Obligations standard, which will be effective 1 April 2022, is likely to more significantly affect the financial statements both in terms of preparation and impact.

(See page 26 of the Yukon Public Accounts 2020–21, under “Financial Statement Discussion and Analysis.”)

Question 67: What are your views on the implications of the Asset Retirement Obligations Standard, and are there any areas you wish to highlight?

Answer:

We would emphasize that the complexities and details that are needed to establish a good estimate for Asset Retirement Obligations should not be underestimated.

The government’s successful implementation involves the departments and the other territorial organizations that are adopting the standard working in collaboration with each another. Good planning, execution, monitoring, and communication are key.

In terms of complexity, Asset Retirement Obligations is another area of measurement uncertainty. The government will need to identify in-scope items, identify and select reasonable inputs and valuation methods, and implement the results in the financial statements and related disclosures.

These all need to be considered and documented in order to support the Asset Retirement Obligation on adoption, effective 1 April 2022.