



# Chart of Accounts

## Chapter 2

### Introduction and Description of the Coding Classification Structure

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## **2.1 INTRODUCTION**

### **2.1.1 Purpose**

The objective of the Government-wide Chart of Accounts (COA) is to establish the accounts and codes that are required to report the financial transactions of the Government of Canada. The various classifications provide the framework for identifying, aggregating, and reporting the financial transactions prescribed by central agency users. The Government-wide COA describes the standard classifications, as well as the accounts and codes, that are used for accounting and reporting.

### **2.1.2 Application**

The Government-wide Chart of Accounts is to be used by all departments and agencies of the federal government included in the Government of Canada accounting entity. The departments and agencies to which the COA apply are those organizations listed in Schedules I, I.1 and II of the Financial Administration Act. In addition, the COA is also to be used by the Crown corporations that are required to use the Consolidated Revenue Fund (CRF).

### **2.1.3 Responsibilities**

The Treasury Board Secretariat's responsibility includes the policy on the classification of financial transactions and extends to cover the structure for the accounts and codes established in Government-wide Chart of Accounts.

The Receiver General is responsible for the day to day management of the Government-wide COA which includes; establishing, deleting or modifying accounts or codes and publishing updates to the COA available at the Receiver General web site. In addition the Receiver General will provide supporting operational instructions, functional direction and other guidance to departments and agencies with regards to the COA and government-wide coding. The Receiver General will also perform a monitoring role for the overall quality of the information contained in the departmental monthly Central Financial Management Reporting System (CFMRS) trial balances.

Departments are responsible for ensuring that their departmental coding is linked to the appropriate accounts and codes contained in the Government-wide COA and that their financial transactions are complete and accurate. At the end of each month, departmental financial transactions will be summarized (based on the government-wide coding) and departments will send their trial balance to CFMRS.

#### **2.1.4 Requirements for Classification and Coding**

The Treasury Board policy on the classification requires transactions to be identified according to authority, financial reporting, purpose, responsibility and object. The coding used, in the Government of Canada, is designed to provide a uniform structure that meets the following requirements:

- to provide the government-wide information required for the CFMRS summarized trial balance, which is used to prepare the government's monthly summary financial statements and the *Public Accounts of Canada*; and
- to meet central agency and other requirements for uniform classifications of data on a government-wide basis.

#### **2.1.5 Users of Government-wide Financial Information**

The Receiver General operates the CFMRS, which provides a central repository of government-wide financial information which can be used by Parliament, central agencies and others without requiring departments and agencies to respond to numerous individual requests for information. This information provides a standard classification for financial transactions and promotes consistency in the information available to central agencies, such as Finance, the Treasury Board Secretariat, the Privy Council Office, the Receiver General, and Statistics Canada.

#### **2.1.6 Distribution and Amendments to the Government-wide Chart of Accounts**

The Government-wide Chart of Accounts for the next fiscal year will be available to department in January and amendments will occur during a fiscal year on an as-required basis to meet policy changes, new requirements and changing circumstances. Central and Public Accounts Reporting Directorate (CPARD) will ensure that the required changes are established and published to the Receiver General web site <http://www.pwgsc.gc.ca/recgen/gw-coa/home-e.html>.

Departments (i.e., individuals that have subscribed to the e-mail notification service, available at the following URL address <http://www.pwgsc.gc.ca/recgen/gw-coa/registration-e.html>) will be informed of major updates and changes to the Government-wide COA as they are published to the Receiver General web site. Release Notes will be provided , in date order (can be changed to number order) that detail a list of major changes for a particular fiscal year.

## 2.2 DESCRIPTION OF THE CODING CLASSIFICATION STRUCTURE

### 2.2.1 Government-wide Coding Block and Classifications

Departments must develop a process to map their detailed departmental coding to the government-wide coding for monthly transmission of their summary certified trial balances to the CFMRS. The following table displays the government-wide coding block and an explanation for each field is also provided.

<b>Dept./Agency</b>	<b>Financial Reporting</b>	<b>Authority</b>	<b>Activity (GWAC)</b>	<b>Object (ECON)</b>	<b>Transaction Type</b>
3 characters	5 characters	4 characters	5 characters	4 characters	1 character
XXX	XXXXX	XXXX	XXXXX	XXXX	X

### 2.2.2 Department/Agency

This responsibility classification identifies a department/agency that is authorized to use the Consolidated Revenue Fund (CRF) and to interface with the central systems operated by Public Works and Government Services Canada (PWGSC). These organizations are accountable for the legitimacy, accuracy and completeness of the transactions being processed through the central systems.

Additional department information, including the list of department numbers, is available in Chapter 3.

### 2.2.3 Financial Reporting Account

This financial reporting classification identifies the General Ledger account for asset, liability, equity/deficit, revenue and expense for the Government of Canada. This classification is needed to maintain the government-wide General Ledger and is used to prepare the government's financial statements.

This field is also used to identify the *treasury control accounts*. To identify these accounts, the number 6 appears as the first character for control accounts and the second of the 5 characters identifies the control account type as it relates to the Receiver General Treasury Systems. The last 3 characters of the account identifies the originating department.

Additional financial reporting account information, including the list of financial reporting accounts, is available in Chapter 4.

### 2.2.4 Authority Code

This authority classification ensures that the financial transactions of the Government of Canada are accounted by authorities (i.e., appropriations and/or votes) that are established for each department and agency by the Parliament of Canada. This authority classification is structured to address the multiple authority requirements.

Additional authority code information, including the list of authority codes, is available in Chapter 5.

### 2.2.5 Business Line Code (Program/Activity)

This purpose classification is used to account for the use of resources to promote overall government program objectives. It is results-oriented and deals with the policy sectors, programs and activities of the Government of Canada. This field must be completed with a valid code for expenses and revenues, and may be 'zero' filled for any other type of account. This code is commonly referred to as government-wide activity code (GWAC).

Additional business line information, including the list of business line codes, is available in Chapter 6.

### 2.2.6 Object Code

This object classification identifies the types of resources acquired or disbursed through transactions with a third party or other government departments (OGD). Examples are: the types of goods and services acquired or grants and contributions; the source of revenue; and the increases or decreases to financial claims and obligations.

In the case of interdepartmental transactions, the object with the interdepartmental settlement (IS) control account is used to identify the partnering of OGD. The first character is a "9" followed by the 3 character code of the partnering Department/Agency.

Additional object code information, including the list of object codes, is available in Chapter 7.

### 2.2.7 Transaction Type Code (Internal or External)

The transaction type I or E is used to identify transactions which are either internal to the government or transactions that are external (i.e., related to parties outside the Government of Canada accounting entity). When entries are processed by departments, there is a requirement to use the I/E code (**E for transactions related to parties external to the Government and I for transactions related to parties internal to the Government**). All transactions (except for interdepartmental settlements) that are to be processed through the Standard Payment System (SPS), the Payroll Systems (PS) and the Banking and Cash Management System (BCMS) are identified with (E). Transactions that are to be processed as interdepartmental settlements through the SPS are to be coded with the I indicator.

When a journal entry is processed by departments for correction of coding, reallocation of costs, etc., there is a requirement to use the I/E code used on the original accounting entry. This process is to ensure that there is no negative impact on the treatment of internal transactions for consolidated financial statement for the Government. Should there be circumstances where a department is unable to identify the indicator used with the original transaction, the E indicator should be used.

The *Public Accounts of Canada*, indicates that organizations within the Government's accounting entity transact with each other and thus contribute to gross amounts of revenues and expenditures; which in preparing the financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only. Since Central and Public Accounts Reporting Directorate (CPARD) has the responsibility for the preparation of the Government of Canada's consolidated financial statements, transactions identified with an I indicator are analyzed (in conjunction with the other government-wide coding) to remove the overstating or understating effects as a result of these interdepartmental transactions.

### 2.3 INQUIRIES

General inquiries concerning the Government-wide Chart of Accounts are to be directed to:

Senior Project Officer  
Central and Public Accounts Reporting Directorate  
Central Accounting and Reporting Sector  
Accounting, Banking and Compensation Branch  
Public Works and Government Services Canada  
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