

## CANADIAN STANDARD ON REVIEW ENGAGEMENTS

### CSRE 2400

#### engagements to review historical financial statements

##### SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving *CAS 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*.

47. The practitioner's inquiries of management and others within the entity, as appropriate, shall include the following: (Ref: Para. A94-A98)
- (d) The existence of any actual, suspected or alleged:
    - (i) Fraud or illegal acts affecting the entity; and
    - (ii) Non-compliance with provisions of laws and regulations that are generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements, such as tax and pension laws and regulations;
69. The practitioner shall request management's written representations that management has disclosed to the practitioner: (Ref: Para. A121)
- (b) Significant facts relating to any frauds or suspected frauds known to management that may have affected the entity;
- A98. The practitioner may have additional responsibilities under law, regulation or relevant ethical requirements regarding an entity's non-compliance with laws and regulations, including fraud, which may differ from or go beyond this CSRE, such as:
- (a) Responding to identified or suspected non-compliance with laws and regulations, including requirements in relation to specific communications with management and those charged with governance and considering whether further action is needed;
  - (b) Communicating identified or suspected non-compliance with laws and regulations to an auditor, for example a group engagement partner;<sup>14</sup> and
  - (c) Documentation requirements regarding identified or suspected non-compliance with laws and regulations.
- Complying with any additional responsibilities may provide further information that is relevant to the practitioner's work in accordance with this CSRE (e.g., regarding the integrity of management or, where appropriate, those charged with governance).

##### Appendix 2

(Ref: Para. A123)

##### Example of a Representation Letter

###### Information Provided

- We have provided you with:
  - o access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters;
  - o additional information that you have requested from us for the purpose of the review; and
  - o unrestricted access to persons within the entity from whom you determined it necessary to obtain evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you:
  - o the identity of the entity's related parties and all the related party relationships and transactions of which we are aware;
  - o significant facts relating to any frauds or suspected frauds known to us that may have affected the entity;
  - o known actual or possible non-compliance with laws and regulations for which the effects of non-compliance affect the financial statements of ABC Company;
  - o all information relevant to use of the going concern assumption in the financial statements;

- o all events occurring subsequent to the date of the financial statements that may require adjustment or disclosure;
- o material commitments, contractual obligations or contingencies that have affected or may affect the entity's financial statements, including disclosures; and
- o material non-monetary transactions or transactions for no consideration undertaken by the entity in the financial reporting period under consideration.

#### **SUPPLEMENT**

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of revisions to IAS 1 *Presentation of Financial Statements*, which were published in Part 1 of the CPA Canada Handbook – Accounting in June 2021. The revisions require entities to disclose material accounting policy information rather than significant accounting policies.

#### **Appendix 3**

(Ref: Para. A156, A161 and A171)

#### **Illustrations of Practitioners' Review Engagement Reports**

#### **Review Engagement Reports on General Purpose Financial Statements**

##### **Illustration 5**

###### **[Appropriate Addressee]**

We were engaged to review the accompanying financial statements of ABC Company that comprise the balance sheet as at December 31, 20X1, and the statements of income, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **SUPPLEMENT**

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving CAS 600, Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors).

- A10. Review engagements in accordance with this CSRE may be requested for component entities by the auditor of the financial statements of a group of entities.<sup>14</sup> Such a review engagement performed in accordance with this CSRE may be accompanied by a request from the group auditor to undertake additional work or procedures as needed in the circumstances of the group audit engagement.
  - A56. The auditor of the financial statements of a group of entities may request that a practitioner perform a review of the financial information of a component entity of the group. Depending on the instructions of the group auditor, a review of the financial information of a component may be performed in accordance with this CSRE. The group auditor may also specify additional procedures to supplement the work done for the review performed under this CSRE.
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## **Footnotes**

14 See, for example, paragraphs R360.31-360.35 A1 of the IESBA Code.

7. CAS 600, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*, paragraph A52

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