

## SPECIALIZED AREAS

### SECTION 7170

#### auditor's consent to the use of the auditor's report in connection with a designated document

##### Basis for Conclusions

[CSQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements \(May 2022\)](#)

[Auditor's Consent to the Use of the Auditor's Report in Connection with a Designated Document \(March 2019\)](#)

[Auditor's Consent to the Use of the Auditor's Report Included in a Business Acquisition Report \(July 2015\)](#)

(Effective for an auditor's consent issued on or after June 1, 2019.)

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##### Introduction

##### Scope of this Section

1. This Section deals with an auditor's responsibilities in responding to requests to consent to the use of the auditor's report in connection with a designated document. A designated document is a document other than a document addressed by Section 7150 1 , and consists of the following documents filed with securities regulatory authorities:
  - (a) Audited financial statements;
  - (b) A document that contains, or incorporates by reference, the audited financial statements, including:
    - (i) an annual report; and
    - (ii) a business acquisition report;
  - (c) Management discussion and analysis issued by reporting issuers other than investment funds; and
  - (d) Management report of fund performance issued by investment funds.If the designated document is to be included in an offering document such as a prospectus, Section 7150 sets out the auditor's responsibilities when the auditor is requested to consent to the use of the auditor's report included in the offering document. (Ref: Para. [A1](#)-A3)

#### *Consent to the Use of the Auditor's Report*

2. Consenting to the use of the auditor's report in connection with a designated document is a matter of contract between the auditor and the entity. Accordingly, the auditor is never obliged to consent to the use of auditor's report. (Ref: Para. [A4](#)-A5)

#### *Relationship with CSQM 1 2*

3. The system of quality management and policies or procedures are the responsibility of the firm. [CSQM 1](#) applies to firms in respect of an auditor's consent to the use of a report of the auditor in connection with a designated document. 3 The provisions of this Section regarding quality management at the level of individual engagements are premised on the basis that the firm is subject to CSQM 1 or requirements that are at least as demanding. (Ref: Para [A6](#)-A11)

#### **Effective Date**

4. This Section is effective for an auditor's consent issued on or after June 1, 2019.
- 4A. The issuance of [CSQM 1](#), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, gave rise to conforming amendments in paragraph 8. Paragraph 8 is effective for an auditor's consent to the use of a report of the auditor in connection with a designated document for periods beginning on or after December 15, 2022.

#### **Objective**

5. The objective of the auditor is to obtain an appropriate basis to consent to the use of the auditor's report in connection with the designated document. Obtaining an appropriate basis includes the resolution of matters that have come to the auditor's attention as a result of performing the procedures in this Section.

#### **Definitions**

6. For purposes of this Section, the following terms have the meanings attributed below:
  - (a) Business acquisition report – A business acquisition report as defined in securities legislation. The business acquisition report is filed with securities regulatory authorities and describes the significant business acquired and the effect of the acquisition on the acquirer.
  - (b) Consent – An oral or written acknowledgment that the auditor agrees to the use of the auditor's report.
  - (c) Intervening period – The period between the date of the auditor's report on the most recent audited financial statements and the date of the auditor's consent.
  - (d) Other information – Financial and non-financial information, other than the audited financial statements and the auditor's report thereon, included in a designated document.
7. For the purposes of this Section, references to auditor's reports, financial statements or other information "in", "included in", or "contained in" a document includes information incorporated by reference in the document. In the case of a business acquisition report, unless otherwise specified, references to "entity" refer to the acquirer or the acquired business depending on the context in which the reference is used.

#### **Requirements**

##### **Engagement Level Quality Management**

8. The engagement partner shall take overall responsibility for:
  - (a) Managing and achieving quality on the engagement to provide consent to the use of a report of the auditor in connection with a designated document and being sufficiently and appropriately involved throughout the engagement; and (Ref: Para. [A12](#))
  - (b) The engagement being performed in accordance with the firm's quality management policies or procedures, by:
    - (i) Following the firm's policies or procedures regarding the acceptance and continuance of client relationships and engagements; (Ref: Para. [A13](#))

- (ii) Determining that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner, taking into account the nature and circumstances of the engagement, the firm's policies or procedures, and any changes that may arise during the engagement;
- (iii) Being satisfied that the engagement team, and any practitioner's experts who are not part of the engagement team, collectively have the appropriate competence and capabilities, including having sufficient time, to perform the engagement;
- (iv) Being alert for indications of breaches of relevant ethical requirements by members of the engagement team, and determining the appropriate actions if matters come to the engagement partner's attention indicating that members of the engagement team have breached relevant ethical requirements; (Ref: Para. [A14](#))
- (v) Directing and supervising engagement team members, reviewing their work, and performing the engagement in compliance with professional standards and applicable legal and regulatory requirements;
- (vi) Taking responsibility for appropriate engagement documentation being assembled, appropriately maintained and retained; and
- (vii) When an engagement quality review on the consent engagement is required in accordance with [CSQM 1](#) or the firm's policies or procedures, not dating the consent until the completion of the engagement quality review. 4

#### **Engagement Acceptance Considerations and Agreeing the Terms of Engagement**

- 9. Before accepting an engagement that includes a request for the auditor to issue consent to the use of the auditor's report, the auditor shall reach an understanding and agreement with management or those charged with governance of the entity as to the nature and terms of the engagement. (Ref: Para. [A15](#)-A16)
- 10. The agreed terms of the engagement shall be recorded in an engagement letter or other suitable form of written agreement and shall include:
  - (a) The objective and scope of the engagement;
  - (b) The responsibilities of management;
  - (c) If applicable, a statement that the auditor will not be performing an engagement to audit or review the designated document as a whole; and
  - (d) Reference to the expected form and content of the consent. (Ref: Para. [A15](#)-A16)
- 11. An engagement to provide consent is not an assurance engagement. The auditor is also unable to provide assurance on the other information unless the auditor has performed a separate engagement to audit or review that information in accordance with applicable assurance standards.

#### **Performing Procedures to Provide a Basis for Consent**

##### *Intervening Period Events*

- 12. The auditor shall perform procedures designed to assess whether management has appropriately identified and addressed intervening period events indicating the existence of material misstatements in the audited financial statements. The auditor's procedures shall include:
  - (a) Obtaining an understanding of any procedures management has established to ensure that intervening period events are identified;
  - (b) Inquiring of management as to whether intervening period events were identified and, if so, how they were dealt with;
  - (c) Requesting from appropriate parties written representations relating to intervening period events that could materially affect the audited financial statements;
  - (d) Reading minutes, if any, of meetings of the owners, management and those charged with governance of the entity that have been held in the intervening period and inquiring about matters discussed at any such meetings for which minutes are not yet available;
  - (e) If interim financial statements are included in the designated document, performing interim review procedures on the interim financial statements if an engagement to review those interim financial statements has not previously been performed; and
  - (f) If interim financial statements are not included in the designated document, reading the latest interim financial statements, if any, that have been prepared subsequent to the most recent set of audited financial statements included in the designated document. (Ref: Para. [A17](#)-A20)
- 13. If a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor's report, may have caused the auditor to amend the auditor's report, the auditor shall take appropriate actions in accordance with [CAS 560](#). 5

14. If an intervening period event other than the type described in paragraph [13](#) is identified, the auditor shall consider what actions, if any, are necessary. (Ref: Para. [A21](#))

#### *Other Information*

15. The auditor shall read the other information. If the auditor becomes aware of a material inconsistency between that information and:
- (a) The audited financial statements; or
  - (b) Knowledge obtained by the auditor in the course of the audit or in performing the procedures required by this Section,
- the auditor shall determine what effect, if any, the material inconsistency has on the audited financial statements and the auditor's report thereon. The auditor may also become aware of information that, although not materially inconsistent with the audited financial statements or the auditor's report thereon, appears to be a misrepresentation. (Ref: Para. [A22](#)-[A23](#), [A25](#))

#### *Accurate Reproduction of the Financial Statements Reported on by the Auditor and the Auditor's Report Thereon*

16. The auditor shall determine whether the audited financial statements and the auditor's report thereon have been accurately reproduced. (Ref: Para. [A24](#)-[A25](#))

#### **Resolution of Matters**

17. In performing the procedures to obtain an appropriate basis to consent to the use of the auditor's report, if the auditor becomes aware of:
- (a) A material inconsistency or a potential misrepresentation in the other information;
  - (b) An apparent failure, through omission or otherwise, of the designated document to comply with the applicable regulatory form requirements; or
  - (c) Any other matters when performing the procedures in paragraphs [12](#)-[16](#),
- the auditor shall discuss the matters with management and, when applicable, those charged with governance, or legal counsel, of the entity and perform any other necessary procedures to resolve the matters. (Ref: Para. [A26](#)-[A27](#))
18. If the auditor is unable to satisfactorily resolve all matters that have come to the auditor's attention, the auditor shall notify those charged with governance that the auditor does not consent to the use of the auditor's report.

#### **The Auditor's Consent**

##### *Form and Content of the Auditor's Consent*

19. A consent provided by the auditor shall:
- (a) Be addressed to an appropriate addressee;
  - (b) Identify the designated document;
  - (c) Identify the auditor's report; and
  - (d) Express the auditor's consent to the use of the auditor's report in connection with the designated document. (Ref: Para. [A28](#))

##### *Date of Consent*

20. The auditor's written consent shall be dated, and the auditor's oral consent shall be provided, no earlier than the date at which the auditor has obtained evidence on which to base the auditor's consent, including evidence that those with recognized authority have asserted that they have taken responsibility for the designated document.

#### **Documentation**

21. The auditor shall document the form and content of the consent, and the basis for providing consent in accordance with this Section. (Ref: Para. [A29](#))

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#### **Application and Other Explanatory Material**

##### **Scope of this Section (Ref: Para. [1](#))**

- A1. As set out in paragraph [1](#), an annual report contemplated in this Section is filed with securities regulatory authorities. An annual report as defined in [CAS 720](#) 6 may or may not be a designated document for the purpose of this Section.
- A2. Documents addressed by Section [7150](#) are excluded from this Section. Such documents include, for example, preliminary prospectuses, prospectuses, private placement offering memoranda, statements of material facts, takeover bid circulars, issuer bid circulars, information circulars, non-offering prospectus, and listing documents as well as information included or incorporated by reference in such documents.
- A3. [CSOA 5000](#) 7 sets out the auditor's responsibilities if the auditor is requested to consent to the use of the auditor's report or name in connection with accompanying information that is not contemplated in this Section or in Section [7150](#).

##### *Consent to the Use of the Auditor's Report (Ref: Para. [2](#))*

- A4. The auditor may encounter circumstances when the auditor may be considered to have consented, or to have agreed to provide consent, when that was not the case. For example, if a business acquisition report includes audited financial

statements of an acquired business and the auditor's report thereon, and the auditor has not provided consent to the inclusion of the auditor's report in the business acquisition report, securities regulations require the business acquisition report to disclose this fact. The auditor of an acquired business may become aware that the acquirer's business acquisition report did not include such a disclosure even though the auditor's consent was not obtained. In such circumstances, the auditor may issue a letter to the acquirer as set out in [Appendix 1](#). CSOA 5000 8 contains further actions that the auditor takes if the auditor becomes aware of an inappropriate use of the auditor's name or report such as the acquirer's continued use of the auditor's report despite being informed that the auditor does not consent to the use of the report.

- A5. [Appendix 1](#) illustrates a letter from the auditor to the acquirer when the auditor becomes aware that the auditor's report on the financial statements of the acquired business on which the auditor reported are included in a business acquisition report without disclosure that the auditor's consent has not been obtained, and the auditor:

- (a) Has been engaged to perform, but has not completed, procedures under this Section; or
- (b) Has not been engaged to perform the procedures under this Section.

The illustrative letter may be adapted, as necessary, to notify the entity that the auditor does not consent to the use of the auditor's report in connection with the audited financial statements or document.

*Relationship with CSQMs (Ref: Para. 3)*

- A6. [CSQM 1](#) deals with the firm's responsibilities to design, implement and operate a system of quality management for engagements, including responding to requests to consent to the use of a report of the auditor in connection with a designated document. 9 CSQM 1 also deals with the firm's responsibility to establish policies or procedures addressing engagements that are required to be subject to engagement quality reviews. 10 [CSQM 2](#) deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review. 11
- A7. Under [CSQM 1](#), the objective of the firm is to design, implement and operate a system of quality management for engagements, including responding to requests to consent to the use of a report of the auditor in connection with a designated document, that provides the firm with reasonable assurance that:
- (a) The firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
  - (b) Engagement reports issued by the firm or engagement partners are appropriate in the circumstances. 12
- A8. The provisions of this Section regarding quality management at the engagement level are premised on the basis that quality management requirements adopted are at least as demanding as those of [CSQM 1](#) and impose obligations on the firm to achieve the objective of CSQM 1. Compliance with CSQM 1 requires, among other things, that the firm's system of quality management addresses the following eight components: 13
- (a) The firm's risk assessment process;
  - (b) Governance and leadership;
  - (c) Relevant ethical requirements;
  - (d) Acceptance and continuance of client relationships and specific engagements;
  - (e) Engagement performance;
  - (f) Resources;
  - (g) Information and communication; and
  - (h) The monitoring and remediation process.
- A9. Within the context of the firm's system of quality management, engagement teams have a responsibility to implement the firm's policies or procedures applicable to the engagement.
- A10. Ordinarily, the engagement team may depend on the firm's system of quality management unless:
- The engagement team's understanding or practical experience indicates that the firm's policies or procedures will not effectively address the nature and circumstances of the engagement; or
  - Information provided by the firm or other parties about the effectiveness of such policies or procedures suggests otherwise.

For example, the engagement team may depend on the firm's system of quality management in relation to:

- Competence and capabilities of personnel through their recruitment and formal training.
- Independence through the accumulation and communication of relevant independence information.
- Maintenance of client relationships through the firm's policies or procedures for acceptance and continuance of engagements.
- Adherence to regulatory and legal requirements through the firm's monitoring and remediation process.

In considering deficiencies 14 identified in the firm's system of quality management that may affect the response to requests to consent to the use of a report of the auditor in connection with a designated document, the engagement

partner may consider the remedial actions undertaken by the firm to address those deficiencies that the engagement partner considers are sufficient in the context of the engagement.

- A11. A deficiency in the firm's system of quality management does not necessarily indicate that the response to requests to consent to the use of a report of the auditor in connection with a designated document was not performed in accordance with professional standards and applicable legal and regulatory requirements, or that the auditor's consent was not appropriate.

#### **Engagement Level Quality Management (Ref: Para. 8)**

- A12. The actions of the engagement partner and appropriate messages to the other members of the engagement team, in the context of the engagement partner taking overall responsibility for managing and achieving quality on each engagement, emphasize the importance to achieving the quality of the engagement of:
- (a) Performing work that complies with professional standards and regulatory and legal requirements.
  - (b) Complying with the firm's quality management policies or procedures as applicable.
  - (c) Issuing the auditor's consent that is appropriate in the circumstances.

#### *Acceptance and Continuance of Client Relationships and Engagements*

- A13. [CSQM 1](#) requires the firm to establish quality objectives dealing with the appropriateness of its judgments about whether to accept or continue a client relationship or engagement based on information obtained about the nature and circumstances of the engagement and the integrity and ethical values of the client (including management, and, when appropriate, those charged with governance) that is sufficient to support such judgments. If the engagement partner has cause to doubt management's integrity to a degree that is likely to affect proper performance of the engagement, it may not be appropriate to accept the engagement.

#### *Compliance with Relevant Ethical Requirements in Conducting the Engagement*

- A14. [CSQM 1](#) sets out the responsibilities of the firm for establishing quality objectives that address the fulfillment of responsibilities in relation to the relevant ethical requirements. This Section sets out the engagement partner's responsibilities with respect to the engagement team's compliance with relevant ethical requirements. 15

#### **Engagement Acceptance Considerations and Agreeing the Terms of Engagement (Ref: Para. 9-10)**

- A15. The auditor may agree with management that management will obtain the auditor's consent before using the auditor's report by including appropriate wording in an engagement letter for the audit of the annual financial statements. For consent to the use of the auditor's report in connection with a business acquisition report, the auditor may set out the terms of engagement in a separate engagement letter. [Appendix 2](#) illustrates an engagement letter when the auditor is engaged to provide consent to the use of the auditor's report in connection with a business acquisition report. This illustrative engagement letter may be adapted, as necessary, for an auditor's consent in connection with other designated documents.
- A16. When the auditor is being asked to consent to the use of the auditor's report in connection with a designated document that may subsequently be incorporated into an offering document, the auditor may wish to explain that additional procedures may be necessary. For example, securities legislation in many Canadian jurisdictions requires unaudited financial statements included in a prospectus to be reviewed, and may require additional procedures to be performed on the comparative information in the interim and annual financial statements.

#### **Performing Procedures to Provide a Basis for Consent**

##### *Intervening Period Events (Ref: Para. 12-16)*

- A17. In complying with paragraph [12\(c\)](#) for consent in connection with a business acquisition report, the auditor may, for example, request written representations from:
- Management of the acquirer or acquired business, as appropriate, relating to matters that management has communicated to the auditor that could materially affect the audited financial statements of the acquired business on which the auditor has reported.
  - The auditor of the acquirer as to whether the acquirer's auditor's procedures revealed any matters that could materially affect the audited financial statements of the acquired business reported on.
- A18. In the context of a business acquisition, paragraph [12\(d\)](#) requires the auditor to read the minutes, if any, of meetings of the owners, management and those charged with governance of the acquired business that have been held in the intervening period and inquiring about matters discussed at any such meetings for which minutes are not yet available.
- A19. Paragraph [12\(e\)](#) requires the auditor to perform interim review procedures, but not an interim review engagement, on interim financial statements included in the designated document. The interim review procedures are those set out in paragraphs 9-15 and [17-19](#) of Section 7060. 16 Since the intent of performing the interim review procedures is to identify intervening period events, interim review procedures on the comparative period are usually not necessary. This contrasts with situations when the auditor has been engaged to consent in connection with an offering document, in which case, Section [7150](#) requires the auditor to also perform interim review procedures on the comparative interim periods.
- A20. Management is responsible for identifying intervening period events and for understanding and complying with requirements in the applicable securities legislation. In performing procedures to assess whether management has

appropriately identified and addressed intervening period events, the auditor's primary focus is on whether intervening period events indicate the existence of material misstatements in the audited financial statements.

- A21. An intervening period event other than the type described in paragraph 13 includes, for example, a possible material misstatement in the interim financial statements that might have affected the auditor's interim review report had the auditor known about it. In such cases, possible actions that the auditor may take include those set out in paragraph A50 of Section 7060.

*Other Information (Ref: Para. 15)*

- A22. If the other information falls within the scope of CAS 720, the auditor may have met the requirement in paragraph 13 when performing the procedures under CAS 720.
- A23. In the context of a business acquisition report, other information is the information other than the audited financial statements on which the auditor reported and the auditor's report thereon. Other information includes, for example, pro forma financial statements included in the business acquisition report.

*Accurate Reproduction of the Financial Statements Reported on by the Auditor and the Auditor's Report Thereon (Ref: Para. 16)*

- A24. In determining whether the audited financial statements and the auditor's report thereon have been accurately reproduced, the auditor may determine whether there has been an accurate reproduction of:
- (a) If applicable, the audited financial statements and the auditor's report thereon that are to be included in a designated document prior to providing consent; and
  - (b) The audited financial statements and the auditor's report thereon that are posted on SEDAR or on similar electronic filing systems in other jurisdictions 17, or included in the designated document that is posted on SEDAR or on similar electronic filing systems in other jurisdictions, subsequent to providing consent.

However, the auditor has no professional obligation to obtain and perform procedures on the designated document that is subsequently reproduced, in whole or in part, either in hard copy or in electronic form. Such reproduction is only a means of distributing information, and references to designated document in this Section do not include such reproduction. Further, the auditor has no obligation to monitor subsequent amendments to the designated document on electronic sites, unless engaged to do so.

- A25. Determining whether the financial statements and the auditor's report have been accurately reproduced in a designated document and reading the other information in such a document, do not provide the auditor with a basis to express any assurance, positive or negative, on other information in the designated document or on the document as a whole.

**Resolution of Matters (Ref: Para. 17)**

- A26. When reading the other information, the auditor may become aware of information that, although not materially inconsistent with the audited financial statements, appears to be a misrepresentation. Paragraph 17(a) requires the auditor to respond when the auditor becomes aware of a potential misrepresentation. Some securities legislation provides a right of action against the directors, officers and insiders of an entity and, in some circumstances, auditors and other experts, if a document with which they are associated contains a misrepresentation (as defined in legislative provisions). The term "misrepresentation" has different definitions under different securities acts. Generally, it refers to an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. In this context, a "material fact" means a fact that would reasonably be expected to have a significant effect on the market price or value of the securities.
- A27. If the auditor's discussion with management and, where appropriate, those charged with governance, fails to dispel the auditor's concerns regarding a possible misrepresentation in the other information, or a failure to comply with the applicable regulatory form requirements, the auditor may request permission to discuss the matter further with the entity's legal counsel. Because legal counsel are experts in legal disclosure requirements, the auditor will normally be able to rely on their opinion regarding how the relevant matters can be resolved appropriately. The auditor may wish to receive written confirmation from legal counsel of their view on the matter.

**The Auditor's Consent**

*Form and Content of the Auditor's Consent (Ref: Para. 19)*

- A28. The auditor's consent arises through an agreement between the auditor and the entity, and is provided only to the entity as agreed to in the terms of engagement. The auditor's consent may be provided orally or in writing, and is not referred to or included in any of the filings to securities regulatory authorities. However, it is preferable for the auditor's consent to be in writing to avoid misunderstanding. Appendix 3 provides illustrations of written auditor's consents.

**Documentation (Ref: Para. 21)**

- A29. The documentation may include matters such as:
- The nature, timing and extent of the procedures performed and the results of the procedures.
  - The nature of any significant matters that have come to the auditor's attention and how these matters have been resolved.



## Letter Advising the Acquirer that the Auditor Does Not Consent to the Use of the Auditor's Report

The following is an example of a letter from the auditor of the acquired business to the acquirer when the auditor becomes aware that the audited financial statements of the acquired business on which the auditor reported are included in the acquirer's business acquisition report without disclosure that the auditor has not provided consent, and the auditor:

- (a) has been engaged to perform, but has not completed, procedures under this Section; or
- (b) has not been engaged to perform the procedures under this Section.

June 22, 20X4

To: The Board of Directors, [acquirer]

Dear Sirs / Mesdames:

I understand that my report on the audited financial statements of [acquired business] dated [date] has been reproduced in the business acquisition report.

- (a) Auditor engaged to perform, but has not completed, procedures under this Section:

I have been engaged to perform, but have not yet completed, the procedures required to enable me to consent to the use of my report referred to above. Therefore, I do not consent to the use of my name or report in the business acquisition report. [The auditor may wish to include legal liability clauses such as not accepting responsibility with respect to the business acquisition report.]

— or —

- (b) Auditor not engaged to perform procedures under this Section:

As you know, I was engaged to audit the annual financial statements of [acquired business] for the year ended December 31, 20X3, and to report thereon to the shareholders. I completed my audit on [date], and issued my report to the shareholders on that date. My audit was planned and performed for this purpose only. I have not performed any work subsequent to [date] with respect to the [acquired business]'s financial statements.

I have not been engaged to perform the procedures necessary to consent to the use of my report and, consequently, I do not consent to the use of my name or report in the business acquisition report. [The auditor may wish to include legal liability clauses such as not accepting responsibility with respect to the business acquisition report.]

[Auditor's signature]

[Date]

[Auditor's address]

## Appendix 2

(Ref: Para. [A15](#))

## Auditor's Engagement Letter

The following is an example of an engagement letter when the auditor is engaged by the acquired business to consent to the use of the auditor's report on the audited financial statements of the acquired business in the acquirer's business acquisition report. The engagement letter will need to be varied according to individual circumstances such as when the auditor is engaged by the acquirer instead of the acquired business.

June 22, 20X4

To: The President, [acquired business]

Dear Sir / Madam:

I have audited the financial statements of [acquired business], which comprise the statement of financial position as at December 31, 20X3, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. My report to the shareholders on the financial statements was dated February 23, 20X4. My report is to be included in the [acquirer]'s business acquisition report, to be filed by [acquirer] under the Securities Acts of [province(s)] (the Act[s]).

In order to consent to the use of my audit report in the business acquisition report, my professional standards require that I carry out certain procedures, including:

- A review of intervening period events and transactions up to the date [acquirer] files the business acquisition report with regulatory authorities, including performing review procedures on [acquired business]'s interim financial statements included in the business acquisition report;
- Obtaining updated management representations;
- Reading the business acquisition report; and



- Determining whether the financial statements on which I have reported and, if applicable, my report thereon have been accurately reproduced in the business acquisition report.

It is not my objective, nor am I able, to perform an engagement to audit or review the business acquisition report as a whole. I am also unable to provide assurance on the other information in the business acquisition report as I have not been engaged to audit or review the other information. The procedures I perform under Section 7170, *Auditor's Consent to the Use of the Auditor's Report in Connection with a Designated Document*, as set out in the CPA Canada Handbook – Assurance do not constitute an engagement to audit or review the business acquisition report as a whole.

[Insert appropriate reference to the expected form and content of the auditor's consent.]

My engagement will be conducted on the basis that [management and, where appropriate, those charged with governance] acknowledge and understand that they have responsibility:

- For the preparation of the business acquisition report that complies with the requirements of Securities Acts and related regulations; and
- To provide me with:
  - Access to all information of which [management] is aware that is relevant to the preparation of the business acquisition report such as records, documentation and other matters;
  - Additional information that I may request from [management] for the purpose of providing consent; and
  - Unrestricted access to persons within the entity from whom I determine it necessary.

As part of my engagement, I will request from [management and, where appropriate, those charged with governance] updated written confirmation concerning representations made to me in connection with the engagement.

[The auditor may include additional matters relating to legal liability issues.]

Please confirm your understanding and agreement with the foregoing by signing and dating a copy of this letter and returning it to me.

[Auditor's signature]

We have read and accept the foregoing understanding.

[Acquired business]

By \_\_\_\_\_ Date \_\_\_\_\_

### Appendix 3

(Ref: Para. A28)

#### Illustrations of the Auditor's Consent

- Illustration 1: An auditor's consent to the use of the auditor's report on the audited financial statements of the acquired business that are to be included in a business acquisition report issued by the acquirer.
- Illustration 2: An auditor's consent to the use of the auditor's report on the entity's audited financial statements that are to be filed with securities regulatory authorities.

Illustration 1: An auditor's consent to the use of the auditor's report on the audited financial statements of the acquired business that are to be included in a business acquisition report issued by the acquirer.

#### The Auditor's Consent

##### AUDITOR'S CONSENT

[Entity or Acquirer]

I refer to the business acquisition report of [acquirer] dated May 5, 20X4.

I consent to the use in the above-mentioned business acquisition report, of my report dated February 15, 20X4 to the [directors / shareholders] of [acquired business] on the financial statements of [acquired business], which comprise the statement of financial position as at December 31, 20X3, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, to be filed with securities regulatory authorities on SEDAR on [date of filing].

[Auditor's signature]

[Auditor's address]

[Date of consent]

Illustration 2: An auditor's consent to the use of the auditor's report on the entity's audited financial statements that are to be filed with securities regulatory authorities.

#### The Auditor's Consent

##### AUDITOR'S CONSENT

[Entity]

I consent to the use of my report dated February 15, 20X4 to the [directors / shareholders] of [entity] on the financial statements of [entity], which comprise the statement of financial position as at December 31, 20X3, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, to be filed with securities regulatory authorities on SEDAR on [date of filing].

[Auditor's signature]

[Auditor's address]

[Date of consent]

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## Footnotes

1. AUDITOR'S CONSENT TO THE USE OF A REPORT OF THE AUDITOR INCLUDED IN AN OFFERING DOCUMENT, Section [7150](#)
  2. Canadian Standard on Quality Management ([CSQM](#)) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*
  3. CSQM 1, paragraph [5](#)
  4. [CSQM 2](#), *Engagement Quality Reviews*
  5. [CAS 560](#), *Subsequent Events*
  6. . [CAS 720](#), *The Auditor's Responsibilities Relating to Other Information*
  7. . [CSOA 5000](#), *Use of the Practitioner's Communication or Name*
  8. CSOA 5000, paragraph [14](#)
  9. CSQM 1, paragraph [1](#)
  10. CSQM 1, paragraph [2](#)(a)
  11. CSQM 1, paragraph [2](#)(b)
  12. CSQM 1, paragraph [14](#)
  13. CSQM 1, paragraph [6](#)
  14. CSQM 1, paragraph [C16](#)(a)
  15. CSQM 1, paragraph [29](#)
  16. AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS, Section [7060](#)
  17. SEDAR is the System for Electronic Document Analysis and Retrieval, a mandatory document filing and retrieval system for Canadian public companies operated by the Canadian Securities Administrators. There may also be similar electronic filing systems in other jurisdictions such as the Electronic Data-Gathering, Analysis, and Retrieval system (EDGAR), which performs automated collection, validation, indexing, acceptance, and forwarding of submissions by entities that are required by law to file forms with the U.S. Securities and Exchange Commission.
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