

GENERAL ASSURANCE AND AUDITING SECTION 5021

authority of auditing and assurance standards and other guidance for engagements other than audits of financial statements and other historical financial information

Effective date. The Recommendations in this Section, with the exception of paragraph [5021.06](#), are effective for assurance and related services engagements on financial statements and financial reports for periods commencing on or after September 1, 2005. The Recommendation in paragraph 5021.06 is effective for assurance and related services engagements on financial statements and financial reports for periods ending on or after September 1, 2012. 1

PURPOSE AND SCOPE

- .01 This Section provides guidance on the authority of Recommendations, explanatory material and Assurance and Related Services Guidelines that a practitioner may refer to when performing an assurance engagement other than audits of financial statements and other historical financial information, or when providing related services.

DEFINITIONS

- .02 The following definitions have been adopted for the purposes of this Section:

- (a) **Recommendations** constitute the professional standards issued by the Auditing and Assurance Standards Board (AASB) with which the practitioner should comply when performing an assurance engagement. Recommendations are contained in the Sections of the CPA Canada Handbook – Assurance together with related guidance in the form of explanatory material. Handbook Sections are developed through a due process that includes deliberation in meetings, public exposure of proposals, and a formal vote. Recommendations, which are identified by italic type, are to be understood and applied in the context of the explanatory material that provides guidance for their application. It is therefore necessary to consider the whole text of a Handbook Section to understand and apply the professional standards.
- (b) **Explanatory material** in Handbook Sections, including examples and appendices, is intended to provide further explanation and guidance on the professional standards. Such explanatory material explains the objective of the professional standards (where it is not otherwise self-evident) and why the practitioner should consider or employ particular procedures, depending on the circumstances, and provides additional information for the practitioner to consider in exercising professional judgment in performing the engagement. Explanatory material may also identify and describe other procedures or actions relating to the activities of the practitioner.

PRACTITIONER'S RESPONSIBILITY

Recommendations and explanatory material

- .03 When issuing Recommendations, the AASB recognizes that no rule of general application can be phrased to suit all circumstances or combination of circumstances that may arise, nor is there any substitute for the exercise of professional judgment in the determination of what procedures are required for adherence to the professional standards. Recommendations need not be applied to insignificant 2 matters; significance is a matter of professional judgment in the particular circumstances.
- .04 *When exercising professional judgment as to the procedures required for adherence to the professional standards, the practitioner should identify, understand and comply with Recommendations in the CPA Canada Handbook – Assurance that are applicable to the assurance engagement. The practitioner should not depart from such Recommendations unless there is a clear and compelling reason to do so. The practitioner should document the reason for any departure, and how the alternative was sufficient to achieve the objectives of the Recommendations. [SEPT. 2005 *]*
- .05 A practitioner has a responsibility to consider the whole text of a Handbook Section, including explanatory material, in order to aid in understanding the Recommendations. To the extent that explanatory material includes procedures or actions, these procedures or actions require the practitioner's consideration and understanding; how and whether the practitioner carries out such procedures or actions in the engagement will depend on the exercise of professional judgment in the circumstances consistent with the objectives of the Recommendations.
- Assurance and Related Services Guidelines**
- .06 *A practitioner should have an understanding of the entire text of an Assurance and Related Services Guideline relevant to the engagement, to more fully understand and assist with the application of the Recommendations in any standard to which the Guideline relates. [SEPT. 2012 *]*

Footnotes

1. Hereafter in this Section, when the term "assurance engagement" is used, the term also applies to related services.
 2. Materiality and significance are synonymous concepts (see CSAE 3001, *Direct Engagements*, paragraph A93). Both terms are used in the ASSURANCE AND RELATED SERVICES RECOMMENDATIONS.
 - *. See explanation of [effective date](#) at the beginning of the Section.
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