

CPA Canada Handbook – Assurance

highlight summary no. 14

April 2016

(Note: New Handbook material or changes in existing material are identified in the Record of Changes.)

Preface to the CPA Canada Handbook – Assurance

The *Preface* has been revised to:

- reflect that Other Canadian Standards include Canadian Standards on Review Engagements (CSREs) as a separate segment from assurance engagements other than audits of financial statements and other historical financial information; and
- clarify that the Glossary of Terms also contains a listing of terms in the CSREs.

The revised *Preface* is effective as of April 1, 2016.

CAS 501, Audit Evidence — Specific Considerations for Selected Items

Paragraph [CA25b](#) has been added to clarify the interrelationship between CAS 501 and communications with in-house legal counsel under a new "Joint Policy Statement Concerning Communications with Law Firms Regarding Claims and Possible Claims in Connection with the Preparation and Audit of Financial Statements."

Paragraph [CA25c](#) has been added to indicate that when communication from legal counsel is to be used as audit evidence, the auditor is to consider the relevance and reliability of the information upon which it is based.

The new Joint Policy Statement in the [Appendix](#) replaces:

- the existing Joint Policy Statement, with the same title; and
- ASSURANCE AND RELATED SERVICES GUIDELINE AuG-46, Communications with Law Firms under New Accounting and Auditing Standards.

The new Joint Policy Statement:

- includes an expanded scope that also applies to communications regarding claims and possible claims involving the entity's in-house legal counsel who is representing or advising the entity with respect to claims and possible claims;
- excludes guidance relating to a specific financial reporting framework;
- clarifies the communication protocols and timelines for issuance of the inquiry and response letters;
- includes new guidance with respect to the auditor's role to review the inquiry letter prior to sending it to the law firm;
- includes new guidance on updated response letters; and
- includes new guidance relating to format and content of the inquiry and response letter.

The new Joint Policy Statement is effective for inquiry letters dated on or after December 1, 2016.

Editorial changes have been made to other standards as a consequence of the issuance of the new Joint Policy Statement.

CSRE 2400, Engagements to Review Historical Financial Statements

This new Canadian Standard on Review Engagements replaces:

- GENERAL REVIEW STANDARDS, Section 8100;
- PUBLIC ACCOUNTANT'S REVIEW OF FINANCIAL STATEMENTS, Section 8200;
- REVIEWS OF FINANCIAL INFORMATION OTHER THAN FINANCIAL STATEMENTS, Section 8500;
- ASSURANCE AND RELATED SERVICES GUIDELINE AuG-20, Performance of a Review of Financial Statements in Accordance with Sections 8100 and 8200; and
- ASSURANCE AND RELATED SERVICES GUIDELINE AuG-47, Dating the Review Engagement Report on Financial Statements.

[CSRE 2400](#) sets out requirements related to:

- engagement level quality control;
- accepting the engagement;
- communicating with management and those charged with governance;
- performing the engagement;
- forming a conclusion in the financial statements;

- reporting; and
- documentation.

[CSRE 2400](#) deals with review engagements to report on annual or interim historical financial statements. It can also be applied, adapted as necessary in the circumstances, to review engagements to report on other historical financial information.

[CSRE 2400](#) is effective for reviews of financial statements for periods ending on or after December 14, 2017. Earlier application is not permitted.

Editorial changes have been made to other standards as a consequence of the issuance of [CSRE 2400](#).

Section 7150, Auditor's Consent to the Use of a Report of the Auditor Included in an Offering Document

Paragraph 10 has been amended to replace references to Sections 8100 and 8200 with a reference to [CSRE 2400](#).

The amended requirement is effective for reviews of financial statements for periods ending on or after December 14, 2017.
Earlier application is not permitted.

Recently Replaced Pronouncements Still in Effect

To give Handbook users continued access to Sections 8100, 8200 and 8500, and AuG-20 and AuG-47, until [CSRE 2400](#) comes into effect, these Sections and Guidelines have been refiled under "Recently Replaced Pronouncements Still in Effect." (Sections 8100, 8200 and 8500, and AuG-20 and AuG-47, will be withdrawn after sufficient time has elapsed.)

To give Handbook users continued access to the existing Joint Policy Statement and AuG-46 until the new Joint Policy Statement comes into effect, this Statement and Guideline have been refiled under "Recently Replaced Pronouncements Still in Effect." (The existing Joint Policy Statement and AuG-46 will be withdrawn after sufficient time has elapsed.)

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