

BASIS FOR CONCLUSIONS AuG-18, Criteria for Reports Issued Under Subsection 295(5) of "an Act Respecting Trust Companies and Savings Companies" in Québec

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This Basis for Conclusions has been prepared by staff of the Auditing and Assurance Standards Board (AASB). It explains the AASB's reasons for the withdrawal of Assurance and Related Services Guideline (AuG) 18, *Criteria for Reports Issued Under Subsection 295(5) of "an Act Respecting Trust Companies and Savings Companies" in Québec*, from the CPA Canada Handbook – Assurance (Handbook).

Purpose of this Basis for Conclusions

This Basis for Conclusions has been prepared to make Canadian stakeholders aware of the withdrawal of AuG-18 from the Handbook, including the reasons for the withdrawal. This information is set out below.

Background

In 1987, legislation was introduced in Québec requiring auditors to report whether the methods of management concerning the administration and safekeeping of property administered for other persons are adequate and whether controls over such property are effective.

In 2019, the Autorité des marchés financiers (AMF) withdrew the Act respecting trust companies and savings companies in Québec.

In making this legislative change, the AASB understands the AMF consulted with the public accounting firms that had submitted reports under the Act.

Because AuG-18 refers to the Act that was withdrawn, it is outdated and no longer required. Firms are no longer issuing reports using AuG-18. The last AuG-18 reports were issued in 2019.

In January 2021, the AASB approved the withdrawal of AuG-18. The Auditing and Assurance Standards Oversight Council confirmed that the Board followed due process in approving the withdrawal of AuG-18 from the Handbook.

Public Interest Considerations

The key public interest considerations in withdrawing AuG-18 include:

- the need to keep the Handbook up to date with current legislation; and
- the need to remove outdated guidance to ensure such guidance is not erroneously used, as such use would be misleading.

Significant Matters

Decision Not to Expose the Proposed Withdrawal

1. In considering whether the proposal to withdraw AuG-18 should be exposed for public comment, the AASB noted the following:
 - AuG-18 is being withdrawn because of a change in legislation.
 - A limited number of public accounting firms issued reports using AuG-18. While these firms have not been the key driver behind the proposal to withdraw AuG-18, the Board understands the AMF consulted with them in withdrawing the Act.
 - AuG-18 is no longer relevant because of the withdrawal of the Act. It would not be in the public interest to retain AuG-18, because of the risk of it being used in the wrong circumstances.
2. The AASB concluded that the withdrawal of AuG-18 does not require exposure for comment.

