

## **BASIS FOR CONCLUSIONS Section 7150, Auditor's Consent to the Use of a Report of the Auditor Included in an Offering Document**

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This Basis for Conclusions has been prepared by staff of the Auditing and Assurance Standards Board (AASB). It relates to, but does not form part of, Section 7150, AUDITOR'S CONSENT TO THE USE OF A REPORT OF THE AUDITOR INCLUDED IN AN OFFERING DOCUMENT.

### **Purpose of this Basis for Conclusions**

This Basis for Conclusions provides a brief summary of the AASB's objectives in amending Section 7150, the public exposure and the approval steps for this project. This information is set out below.

### **Background**

In March 2015, the AASB issued an Exposure Draft of proposed amendments to Section 7150.

The AASB approved the amendments to Section 7150 at its meeting in September 2015. The amendments were developed with the assistance of the Securities Regulations Advisory Group, which consists of representatives from six international public accounting firms and an observer from the Canadian securities regulatory administrators. An informal response indicating agreement with the proposal was received. However, no formal comments were received in response to the Exposure Draft. The Auditing and Assurance Standards Oversight Council confirmed that the AASB followed due process in developing the amended Section 7150 prior to its issuance in the CPA Canada Handbook – Assurance.

### **AASB's Objectives in Amending Section 7150**

The AASB's objectives in amending Section 7150 included the following:

- (a) to address requirements of certain Canadian stock exchanges for the auditor's consent to include statements that were not previously contemplated; and
- (b) to correct an oversight in extant Section 7150.

*Addressing requirements of certain Canadian stock exchanges for the auditor's consent to include statements that were not previously contemplated*

Certain stock exchanges regulated by a securities regulatory body in Canada may, in some circumstances, require an auditor's consent to include a statement that the auditor has read the applicable document and has no reason to believe that there are any misrepresentations in the information contained therein that is derived from the financial statements or that is within the auditor's knowledge as a result of the audit of such statements. Prior to the amendments, Section 7150 did not contemplate the auditor's consent to a party other than a Canadian securities regulator containing such a statement.

The stock exchanges are recognized by securities regulators in Canada and are organized to regulate the operations and the standards of practice and business conduct of their members with a view to promoting the protection of investors and the public interest. The AASB concluded that addressing the requirements of the stock exchanges is in the public interest.

*Correcting an oversight in extant Section 7150*

If the auditor had not previously performed an engagement to review the unaudited financial statements included in an offering document, paragraph 10 of Section 7150 required the auditor to perform review procedures on the unaudited financial statements in accordance with Section 7060, AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS. However, in circumstance when the auditor is reviewing the unaudited annual comparative financial statements included in an offering document, the auditor would apply Section 8100, GENERAL REVIEW STANDARDS, and Section 8200, PUBLIC ACCOUNTANT'S REVIEW OF FINANCIAL STATEMENTS, instead of Section 7060. This is because a review of unaudited annual comparative financial statements is outside the scope of Section 7060. Therefore, a reference to Section 8100 and Section 8200 has been added to paragraph 10.

