

CICA Handbook – Assurance

highlight summary no. 5

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

Section 7110, Auditor Involvement with Offering Documents of Public and Private Entities

An auditor may encounter circumstances when he or she issues a review engagement report or interim review report that contains a reservation because of a departure from Canadian GAAP and the matter giving rise to this departure is due to an exemption permitted by securities regulations. Paragraphs 7110.31-32 have been amended to clarify that in these circumstances, the auditor is not required to request that the review engagement report or interim review report be included in documents containing interim financial statements.

Paragraph 7110.34 has been amended to clarify that it is generally not feasible for the auditor to audit, or provide any other form of assurance, on pro forma financial statements.

Paragraph 7110.36 has been amended to clarify that the auditor is required to withhold consent to the use of his or her audit report if the auditor becomes aware that pro forma financial statements are not properly compiled, or do not comply as to form with the requirements of securities legislation.

A footnote has been added to paragraph 7110.37 to explain that Canadian securities legislation does not require a compilation report on pro forma financial statements.

Section 7115, Auditor Involvement with Offering Documents of Public and Private Entities — Current Legislative and Regulatory Requirements

Canadian securities regulations no longer require compilation reports on pro forma financial statements and comfort letters on unaudited financial statements. Paragraph 7115.01 has been amended, and former paragraphs 7115.06-07 and 7115.11-13 have been deleted, to reflect these changes in Canadian securities regulations.

Section 7200, Auditor Assistance to Underwriters and Others

Paragraphs [7200.072A](#)-072G have been added to provide a Recommendation and guidance related to an auditor's responsibilities when he or she is commenting in a comfort letter on pro forma financial statements.

AuG-30, The Auditor's Consent and Comfort in Connection with Securities Offering Documents

Canadian securities regulations no longer require comfort letters on unaudited financial statements. Paragraph 1 and the introductory text in the Appendix have been amended, and paragraphs 8-14 and Examples E-M have been deleted, to reflect this change in Canadian securities regulations. Further, Examples B-C have been amended to reflect the Canadian securities regulatory requirement for the auditor to consent to being named in a prospectus.

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