

BASIS FOR CONCLUSIONS CANADIAN STANDARD ON ASSURANCE ENGAGEMENTS (CSAE) 3000, Attestation Engagements Other than Audits or Reviews of Historical Financial Information and CANADIAN STANDARD ON ASSURANCE ENGAGEMENTS (CSAE) 3001, Direct Engagements

July 2015

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 Canadian Standard on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*, and CSAE 3001, *Direct Engagements*.

Purpose of this Basis for Conclusions

This Basis for Conclusions has been prepared to make Canadian stakeholders aware of the following:

- (a) A Basis for Conclusions prepared by International Auditing and Assurance Standards Board (IAASB) staff for International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* is available on the IAASB website, and provides information on how the IAASB dealt with comments received in response to its Exposure Draft of ISAE 3000 (ED-ISAE 3000).
- (b) Information on how the AASB dealt with significant matters arising from comments received in response to its Exposure Draft of CSAE 3000 and CSAE 3001 (ED CSAE 3000/3001). This information is set out below.

Background

In January 2011, the IAASB issued its ED-ISAE 3000. As part of its efforts to obtain input from Canadian stakeholders, in June 2011, the AASB issued its Invitation to Comment on the proposed ISAE, highlighting matters likely to be of particular interest to those stakeholders. Taking into account input received, the AASB responded to the IAASB regarding ED-ISAE 3000, indicating strong support for the proposed ISAE as it related to attestation engagements. However, the AASB noted that it had significant concerns about proposals regarding direct engagements.

The IAASB approved revisions to ISAE 3000 in September 2013 subject to confirmation by the Public Interest Oversight Board (PIOB) that due process was followed. This confirmation was received in November 2013. ISAE 3000 (Revised) is written in the context of attestation engagements only, but includes a statement that the ISAE "may also be applied to reasonable and limited assurance direct engagements, adapted and supplemented as necessary in the engagement circumstances."

In June 2014, the AASB issued its ED-CSAE 3000/3001 proposing to adopt ISAE 3000 (Revised) as CSAE 3000 and issue CSAE 3001. The AASB decided to develop CSAE 3001 because direct engagements are commonly performed in Canada, particularly performance audits by legislative auditors. ED-CSAE 3000/3001 described the proposed relationship between CSAE 3000 and CSAE 3001, including the following key features:

- (a) CSAE 3001 should be based on CSAE 3000. Differences in wording between the two CSAs relate only to differences between the performance of an attestation engagement and the performance of a direct engagement.
- (b) For clarity and ease of use, CSAE 3001 should be self-standing. That is, it should address the same matters as CSAE 3000 those performing direct engagements should not have to refer to CSAE 3000, and vice versa.
- (c) CSAE 3000 and CSAE 3001 should have equal status and authority.

CSAE 3000 and CSAE 3001 replace:

- (a) Section 5025, STANDARDS FOR ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OF FINANCIAL STATEMENTS AND OTHER HISTORICAL FINANCIAL INFORMATION;
- (b) Section 5030, QUALITY CONTROL PROCEDURES FOR ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OF FINANCIAL STATEMENTS AND OTHER HISTORICAL FINANCIAL INFORMATION;
- (c) Section 5049, USE OF SPECIALISTS IN ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OF FINANCIAL STATEMENTS AND OTHER HISTORICAL FINANCIAL INFORMATION; and
- (d) Section 5050, USING THE WORK OF INTERNAL AUDIT IN ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OF FINANCIAL STATEMENTS AND OTHER HISTORICAL FINANCIAL INFORMATION.

These CSAs will also replace Section 8100, GENERAL REVIEW STANDARDS. However, Section 8100 will be retained until completion of the AASB's project to replace Section 8600, REVIEWS OF COMPLIANCE WITH AGREEMENTS AND REGULATIONS, since Section 8600 is linked to Section 8100.

There were three respondents to ED-CSAE 3000/3001 (identified below). The AASB determined that the changes made to CSAE 3000 from ED-CSAE 3000/3001 were not significant. The AASB also concluded that while significant changes were made to CSAE 3001 from ED-CSAE 3000/3001, all changes were made in response to comments received and reflect current good practice. Therefore, the AASB determined that re-exposure was not required for either CSAE.

The AASB approved CSAE 3000 and CSAE 3001 at its meeting in March 2015. The Auditing and Assurance Standards Oversight Council confirmed that the AASB followed due process in developing CSAE 3000 and CSAE 3001 and related consequential amendments prior to their issuance in the CPA Canada Handbook – Assurance.

Significant Matters Arising from Comments in Response to ED-3000/3001

Differences between attestation engagements and direct engagements

1. CSAE 3000 deals with attestation engagements while CSAE 3001 deals with direct engagements. One respondent found it difficult to differentiate the audit effort between the two types of engagement and recommended that the AASB consider clarifying the scope of each standard.
2. A second appendix in each of the CSAEs provides illustrations of differences between attestation engagements and direct engagements. Further, paragraph 3 of CSAE 3001 specifically describes key differences between the two types of engagement. Accordingly, the AASB concluded that the CSAEs clearly distinguish between attestation and direct engagements and no change was required.

Extent of repetition between CSAE 3000 and CSAE 3001

3. One respondent suggested that CSAE 3000 and CSAE 3001 should not repeat requirements that are common to both CSAEs. In the view of the respondent, the duplication in the standards undermines the relevance and understandability of the requirements. A better approach would be for one of the CSAEs to focus solely on the differences from the other.
4. In developing the CSAEs, the AASB considered whether CSAE 3001 should be limited to highlighting key differences between direct engagements and attestation engagements. A draft of CSAE 3001 was prepared on that basis. After reviewing this draft, the AASB concluded that this approach would be confusing and unhelpful. For example, those performing direct engagements would have to refer to both CSAE 3001 and CSAE 3000. Therefore, the AASB decided to make CSAE 3001 self-standing.

Professional qualifications of the engagement partner

5. One respondent noted that firms other than public accounting firms also perform some assurance engagements (for example, those related to greenhouse gas statements). In the respondent's view, the engagement (lead) partner may be an engineer who does not have to possess any audit or assurance qualifications or be familiar with what is required by the CSAEs. The proposed requirements in ED-CSAE 3000/3001 would require the appointment of an additional partner with expertise in assurance. This would not provide any added value and would only increase the administrative burden.
6. The AASB noted that wording in ED-CSAE 3000/3001 clarifies that the practitioner (including the engagement partner) does not have to be a professional accountant. This wording does not change existing fundamental concepts or add more rigorous requirements. The consequential amendments to CSAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, also make this clear.
7. Paragraph C3 of CSAE 3000 and paragraph 5 of CSAE 3001 state that the CSAE may be used by individuals who are not professional accountants, provided that they meet rules of professional conduct and quality control standards that are at least as demanding as those that apply to public accountants. These rules, for example, require that members of the engagement team possess the skills (including assurance skills) required to properly perform the engagement. The CSAEs also set out specific requirements for the engagement partner who must have knowledge of the CSAEs, even when the engagement partner is not a professional accountant.
8. In the AASB's view, these clarifications in the CSAEs appropriately address the matter raised by the respondent so no change was made.

Terminology

9. One respondent suggested that the CSAEs should use terminology familiar to Canadian practitioners, and include some examples to help practitioners understand what is meant to be done.
10. The AASB concluded that there should be a change in terminology regarding how the auditor approaches the effectiveness of controls relevant to the audit (see paragraphs 11 and 12). However, other terminology used in the CSAEs is consistent, where appropriate, with that the Canadian Auditing Standards and in ISAE 3000. Therefore, the AASB decided not to make any other terminology changes.

Obtaining sufficient appropriate evidence regarding the operating effectiveness of controls

11. One respondent expressed a view that the proposed CSAEs seemed to require the practitioner to obtain sufficient appropriate evidence regarding the operating effectiveness of controls regardless of whether the practitioner intends to rely on such controls in designing further audit procedures. This would exceed what is required for financial statements audits.
12. The AASB agreed with the respondent that there was a lack of clarity regarding this matter because of the terminology used. As suggested by another respondent, the AASB decided that the phrase "intends to rely on the operating

effectiveness of those controls in determining the nature, timing and extent of procedures" should be used in paragraph C48RC(b)(i) of CSAE 3000 and paragraph 53R(b)(i) of CSAE 3001. The AASB noted that this terminology is consistent with that in CSAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, and in Canadian Auditing Standards (CAS) 330, *The Auditor's Response to Assessed Risks*. Therefore, this change helps clarify that requirements regarding the operating effectiveness of controls relevant to the audit are consistent among the various standards.

Evaluating the design and implementation of controls in a performance audit

13. One respondent noted that the proposed CSAEs appear to require the practitioner, in the planning phase of an audit, to obtain an understanding of internal control relevant to the engagement. This includes evaluating the design of those controls and determining whether they have been implemented. The respondent noted that for performance audits in the public sector (which are direct engagements), such work often would not be performed in the planning phase of the audit, but rather in the examination phase. That is, before identifying controls relevant to the audit, and whether they have been designed and implemented, a significant amount of work needs to be done to obtain an understanding of the entity's operations relating to the underlying subject matter and to determine what the appropriate objective of the engagement should be. The phases of the performance audit, including the distinctions between procedures performed to assess risk and those performed to respond to the assessed risks, may not always be as clearcut as the phases in other types of engagement. In addition, for a significant number of performance audits, an important objective is to report on the effectiveness of controls relating to performance. For those engagements, the design and implementation of controls will be part of the underlying subject matter, and the approach proposed in the CSAEs would not make sense for such engagements.
14. The AASB acknowledged that users of CSAE 3001 often will be public sector auditors undertaking performance audits, and that the approach proposed in ED-CSAE 3000/3001 would be problematic, especially for engagements to assess the operating effectiveness of controls.
15. Therefore, the AASB decided to word paragraph 52R of CSAE 3001 so that the focus is on controls pertinent to the objectives of the engagement and that work on evaluating the design and implementation of controls would be undertaken when relevant to that engagement. Changes were also made to relevant application and explanatory material paragraphs in CSAE 3001. These included adding:
 - (a) paragraph A105 to indicate, for example, that when internal controls form the underlying subject matter for an audit, the auditor is not required to evaluate the design or determine the implementation of controls during the planning phase of the engagement;
 - (b) paragraph A106 to indicate that controls are not necessarily relevant to all direct engagements; and
 - (c) paragraph A107 to indicate that walk-throughs and observations of the performance of controls are procedures that may be undertaken to evaluate the design of controls.

Sample reports

16. One respondent suggested that sample reports would allow users of the CSAEs to better identify situations where the requirements are applicable: requirements may not be followed if practitioners are unable to identify such situations.
17. The AASB noted that CSAE 3000 and CSAE 3001 set out the minimum contents of any assurance engagement report. These CSAEs are umbrella standards meant to cover a broad range of assurance engagements, which may result in long- or short-form reports on a wide variety of underlying subject matters. Therefore, it is not practicable to provide example reports in these CSAEs. Engagement-specific assurance standards may provide example reports.

Use of the term "significance" for direct engagements rather than "materiality"

18. One respondent stated that for performance audits in the public sector (which are direct engagements) the concept of "significance" is imbedded in legislation and practice. It is also used extensively in selecting audit topics and in planning performance audits. The respondent expressed a strong view that the word "materiality" should be replaced with "significance" throughout CSAE 3001 and that application and other explanatory material be added to state that materiality and significance are similar concepts. Use of the term "significance" is not imbedded in practice relating to attestation engagements, so use of the term "materiality" is still appropriate for CSAE 3000.
19. The AASB concluded that since use of the term "significance" is imbedded in practice for performance audits (a primary focus of CSAE 3001) and is used in Section 5025, the term should be used in CSAE 3001. The AASB also decided to explicitly state in paragraph A93 of CSAE 3001 that materiality and significance are considered similar concepts. The term "materiality" is used in CSAE 3000.

Setting an audit objective and concluding against that objective

20. One respondent suggested that CSAE 3001 should include a requirement to establish, and conclude on, an objective for the engagement, similar to what is required under Section 5025. In an attestation engagement, the objective is clear — to obtain sufficient appropriate evidence regarding whether, in all material respects, the subject matter information is fairly stated. In many cases, the objective of a direct engagement, particularly a performance audit, may not be clear unless specifically stated by the practitioner since the underlying subject matter for these engagements is multi-faceted and complex. A description of the objective provides users with information needed to better understand the scope and purpose of the engagement. In addition, setting an objective for direct engagements helps to distinguish such

engagements from, for example, non-assurance (consulting-type) engagements and contributes to achieving consistently high quality in performing direct engagements.

21. The AASB agreed with the respondent and concluded that in CSAE 3001:
 - (a) paragraph 44 should require the practitioner performing a direct engagement to set an objective for the engagement;
 - (b) paragraph 73(c) should require the practitioner's report to include a description of the objective of the engagement;
 - (c) paragraph 73(l) should require the practitioner to conclude on the objective of the engagement; and
 - (d) paragraph A2 should indicate that the wording of the objective would be determined by the circumstances of the engagement and if the engagement has more than one objective, the assurance report provides a conclusion on each objective.

Definition of engagement risk

22. ED-CSAE 3000/3001 defined "engagement risk" to be "The risk that the practitioner expresses an inappropriate conclusion when the underlying subject matter contains a material deviation." One respondent suggested that this definition be expanded to include the converse risk of engagement failure. Such a failure would occur when the practitioner expresses a conclusion that there is a significant deviation from applicable criteria when in fact there is no significant deviation. The risk of this type of incorrect conclusion may be other than low in direct engagements, particularly in public sector performance audits because, for example, the underlying subject matter often has many subjective elements. Also, the auditor's reports are long form, mostly focusing on qualitative rather than quantitative matters and, therefore, are more open to various interpretations and subject to challenge. In a performance audit (which is a direct engagement) management does not make any assertions regarding the underlying subject matter.
23. The AASB noted that the term "engagement risk" as defined in the CSAEs has been used in Section 5025 and in international assurance standards as the basis for the risk model underlying assurance engagements. This risk model is designed to enable practitioners to plan and perform effective procedures to detect material (significant) problems in the underlying subject matter of an engagement. The engagement is not designed to detect items that are, in fact, correct but may be reported incorrectly; this would not be practicable. However, in an assurance engagement, the practitioner is required to substantiate any finding as part of determining whether its effect is material (significant). The engagement will also be subject to reviews and other aspects of a quality control process. In virtually all cases, that approach, in addition to addressing the risk of not detecting a significant problem, should also significantly reduce the risk of the practitioner incorrectly concluding there is a significant problem when in fact there is not.
24. The AASB concluded that no change in the definition of "engagement risk" was warranted. However, the AASB also concluded that it would be useful to add paragraph A147 to CSAE 3001 to indicate that for some direct engagements such as performance audits, there may be a higher risk of concluding that there is a significant deviation when that is not the case. This paragraph also indicates that the appropriateness of the practitioner's decision regarding whether a matter identified is a significant deviation is affected by the quantity and quality of evidence obtained.

Engaging party and timing of engagement letter in a public sector performance audit

25. One respondent suggested that the definition of "engaging party" be amended to reflect that for public sector performance audits, the engaging party is the legislature and it is legislation that provides the legislative auditor with the authority to select the audits to be performed.
26. The AASB decided that no change to the definition of "engaging party" was warranted. Paragraph A35 in both CSAE 3000 and CSAE 3001 clearly indicates that the roles and responsibilities of public sector audit organizations and the government entities scoped into assurance engagements are assumed to be appropriate because they are generally set out in legislation. However, on a related matter, the AASB concluded that it would be useful to add paragraph A56 to CSAE 3001 to indicate that for engagements such as performance audits in the public sector, the details typically included in an engagement letter (such as the engagement objective, scope and criteria) to be used, are known only at the end of the initial planning phase. This paragraph also indicates that agreement on the terms of engagement is obtained from the appropriate party at the end of the initial planning phase.

Confirmation with the responsible party regarding the underlying subject matter and the suitability of criteria

27. One respondent suggested that for a direct engagement to be effective, the practitioner should be required to seek confirmation from the responsible party (for example, management) that that party is responsible for the underlying subject matter. Also, in the view of the respondent, seeking formal acknowledgment of the suitability of criteria is important to enhancing their reliability and general acceptance and to helping avoid inappropriate conclusions. Any disagreement with management on criteria may impact the audit plan and the report content.
28. The AASB agreed with the views expressed by the respondent and made changes to CSAE 3001 to address this matter, including:
 - (a) adding paragraph 30 to require the practitioner to seek the responsible party's written acknowledgment of responsibility for the underlying subject matter and to set out actions to be taken if the practitioner is not able to obtain this acknowledgment;

- (b) adding paragraph 31 to require the practitioner to seek to obtain from the responsible party written acknowledgment that the criteria are suitable for the engagement and to consider the effect, if any, on the practitioner's work and report if the practitioner is not able to obtain this acknowledgment;
- (c) amending paragraph A164 to indicate that it may be relevant for the practitioner's report to include a statement that the responsible party agreed with the suitability of criteria or that the acknowledgment has not been obtained; and
- (d) amending paragraph A166 to indicate that the assurance report may include a statement that the responsible party acknowledged responsibility for the underlying subject matter or that the acknowledgment has not been obtained.

Applicable criteria or underlying subject matter found to be unsuitable after the engagement has been accepted

29. ED-CSAE 3000/3001 stated that if the applicable criteria are discovered to be unsuitable after the engagement has been accepted, the practitioner shall consider withdrawing from the engagement and if the practitioner continues with the engagement, the practitioner shall express a qualified or adverse conclusion, or disclaimer of conclusion. In the view of one respondent, this approach to unsuitable criteria would not make sense for a direct engagement (particularly a performance audit). In a direct engagement, the practitioner decides on the applicable criteria and seeks agreement from the responsible party that the criteria are suitable. Therefore, rather than withdrawing from the engagement, if the applicable criteria are discovered to be unsuitable after the engagement has been accepted, the practitioner should consider revising the criteria as necessary and seek acknowledgment from the responsible party on the suitability of the revised criteria.
30. The AASB agreed with the respondent's view and made appropriate amendments in finalizing paragraph 47 of CSAE 3001.
31. In addressing the above matter, the AASB also noted that ED-CSAE 3000/3001 stated that the practitioner would need to express a qualified or adverse conclusion, or disclaimer of conclusion, if it is discovered after the engagement has been accepted that the underlying subject matter is not appropriate for an assurance engagement. The AASB concluded that in this circumstance the practitioner would not perform procedures on those aspects of the underlying subject matter that are not suitable. Therefore, an adverse opinion would not be appropriate. Therefore, that option was deleted in finalizing paragraph 48 of CSAE 3001.
32. The AASB concluded that the matters described in paragraphs 29-31 above relate primarily to direct engagements, especially performance audits in the public sector and, therefore, decided that similar changes to CSAE 3000 were not warranted.

External experts engaged by the responsible party

33. Assurance standards recognize that use of the work of experts by the responsible party may have significant implications for the engagement (for example, a possible adverse effect on the risk of a material misstatement or deviation occurring when appropriate experts have not been engaged to deal with a complex matter). In an audit or review of financial statements, it is clear that an expert is someone who possesses expertise relevant to the engagement that is other than accounting or auditing. However, as noted by one respondent, for assurance engagements other than financial statement audits or reviews, there is a wide range of possible underlying subject matters. Therefore, it may not always be clear which individuals constitute experts in the context of a particular engagement. Since use of the work of experts engaged by the responsible party may have significant implications for the nature, timing and extent of the procedures to be performed by the practitioner, it is important for the CSAEs to help the practitioner in determining who these experts are.
34. The AASB agreed that the identification of experts engaged by the responsible party is an important aspect of conducting an assurance engagement. However, such identification often will depend on the circumstances of the engagement. Therefore, it is not practicable to set out prescriptive requirements on this matter in the CSAEs. The AASB decided, however, to add paragraph A101 to CSAE 3001 to indicate that whether an individual or organization employed or otherwise engaged by the responsible party is an expert, for the purposes of the CSAE, is a matter of professional judgment for the practitioner. For example, if there are unusual circumstances significantly affecting the underlying subject matter that resulted in the responsible party engaging an individual or organization possessing specialized skills and experience not currently possessed by the responsible party, that may be an indication of the use of the work of an expert.
35. The AASB concluded that an amendment to CSAE 3000 regarding this matter would not meet the AASB's criteria for adopting an international standard. For example, the matter does not relate to a circumstance particular to Canada. In deciding whether a difference between CSAE 3000 and CSAE 3001 regarding this matter is warranted, the AASB noted that concerns expressed by stakeholders were specifically linked to the nature and scope of performance audits (direct engagements).

Disclosure in the practitioner's report that the firm applies CSQC 1

36. One respondent suggested that ED-CSAE 3000/3001 was too prescriptive in requiring the practitioner's report to contain a statement that the firm of the practitioner applies CSQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements*, or other professional requirements, or requirements in law

or regulation, that are at least as demanding as CSQC 1, and to identify these other requirements when the practitioner is not a professional accountant.

37. The AASB decided that this requirement should be retained. It is fundamental that readers be provided with information regarding the quality control over assurance engagements including circumstances when, for example, an engagement is performed by a multi-disciplinary team consisting of members who are not all professional accountants.

Matters to be addressed in the practitioner's conclusion

38. In the view of one respondent, the reporting requirements in ED-CSAE 3000 were overly detailed and prescriptive. The respondent suggested that these paragraphs be moved to application and explanatory material.

39. The AASB decided that these reporting requirements should not be moved to application and explanatory material. It is important that they remain as requirements to help to ensure consistent reporting.

Alerting report readers when the applicable criteria are designed for a specific purpose

40. One respondent felt that certain reporting requirements proposed in ED-CSAE 3000/3001, which focused on an entity's use of specific purpose criteria, were too prescriptive for direct engagements. For example, the practitioner's report would be required to contain a statement alerting readers to this fact and, as a result, the practitioner's report may not be suitable for another purpose.

41. The AASB shared the concern expressed by the respondent and concluded that these requirements should not be included in CSAE 3001. The AASB noted, for example, that each public sector performance audit has a specific purpose, as set out when describing the objective of the engagement and the criteria used. In virtually all cases, the practitioner's report is not directed at any particular group of users (i.e., the report is made available to the general public). Nevertheless, there may be circumstances, for example, when users of the practitioner's report may inappropriately analogize the practitioner's conclusion to apply to a purpose for which the engagement was not intended. Therefore, the AASB decided to add paragraph A3 to CSAE 3001 to provide explanatory and application material to help practitioners deal with circumstances when there is likelihood that the assurance report will be used for purposes not consistent with the purpose of the engagement, or when the practitioner directs the report to only specific users. This paragraph also suggests including an appropriate alert in the practitioner's report to state that the report may not be appropriate for another purpose or perhaps restricting the distribution or use of the report to specific users.

42. The AASB concluded that a similar change should not be made in CSAE 3000. This would not meet the AASB's criteria for making amendments when adopting an international standard. In deciding whether a difference between CSAE 3000 and CSAE 3001 regarding this matter is warranted, the AASB noted that concerns expressed by stakeholders were mainly linked to the nature and scope of performance audits (direct engagements).

Mandatory use of the words "except for" in a qualified opinion

43. One respondent expressed the view that for direct engagements, particularly performance audits in the public sector, the proposal in ED-CSAE 3000/3001 to require the use of the words "except for" in all qualified conclusions would be not be appropriate. In the respondents view, there are many ways to clearly express a qualified conclusion using words other than "except for." Further, in some long-form reports for performance audits, the words "except for" often are used to indicate problems that are of secondary rather than fundamental importance.

44. The AASB agreed with the respondent and made appropriate changes to CSAE 3001. Paragraph 79 states that a qualified conclusion shall be phrased to inform the intended users of the effects, or possible effects, of the matter to which the qualification relates. Paragraph A186 was added to state that the words "except for" are commonly used to indicate the matters to which a report qualification relates, but that other wording may be used to clearly indicate those matters.

45. The AASB concluded that similar changes should not be made to CSAE 3000 since this would not meet the AASB's criteria for making amendments when adopting an international standard. Also, the AASB noted that this matter appears to primarily relate to direct engagements, such as performance audits, which result in long-form reports.

Effective dates for standards dealing with review engagements

46. CSAE 3000 and CSAE 3001 cover both reasonable assurance engagements (audits) and limited assurance engagements (reviews). One respondent noted that the AASB will revise, in the near term, its standards for reviews of financial statements and suggested that the effective dates for the various standards be the same.

47. The AASB concluded that the effective dates of these CSAEs need not be the same as that for any new standard covering reviews of financial statements since such engagements are not within the scope of these CSAEs.

Other matters

Extent to which CSAE 3001 emphasizes public sector performance audits

48. Many of the changes made in finalizing CSAE 3001 relate to comments received that focused primarily on performance audits in the public sector. The AASB considered whether the amount of emphasis on this type of engagement in CSAE 3001 is appropriate.

49. The AASB concluded that the amount of guidance related to performance audits in the public sector is appropriate, given that public sector auditors conducting performance audits will be primary users of CSAE 3001. These engagements can be very complex and, therefore, a significant amount of guidance focusing on them is warranted.

List of Respondents to the ED

Canadian Council of Legislative Auditors
Institute of Chartered Accountants of British Columbia
Ordre des comptables professionnels agréés du Québec

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