

# Practitioner Client Briefing

## CSRS

OCTOBER 2018

### **Standard Discussed: Canadian Standard on Related Services (CSRS) 4460, Reports on Supplementary Matters Arising from an Audit or a Review Engagement**

#### **Purpose of this publication**

CPA Canada has developed this *Practitioner Client Briefing* (“*Briefing*”) to help identify the key issues to consider when accepting an engagement initiated by a third party asking your client to report on supplementary matters. This *Briefing* has also been designed to assist in your discussions with your client, and in your client’s discussions with the third party requesting the report. We have included some guidance on how to determine the nature of the request and how the needs of the third party can be met within the professional standards, as well as considering costs of the request to your client.

#### **How to use this publication**

To enable users of this *Briefing* to find the information most relevant to them as easily as possible, we have organized the information into three distinct sections, each aimed at a specific group of readers. The *Briefing* is structured as follows:

- Part A – Practitioner’s Briefing** developed specifically for you, the practitioner
- Part B – Client Briefing** developed for your clients, and
- Part C – Third Party Briefing** developed for third parties

Designing the *Briefing* to satisfy the informational needs of three distinct groups necessitates a certain amount of redundancy; since most readers will refer to only one of the three sections, this should not present a problem. You may find it useful to provide Part B and Part C directly to your clients and third parties, respectively, and indeed we have designed the *Briefing* to be used in this way.

## PART A

# Practitioner Briefing

### **What is a supplementary matter?**

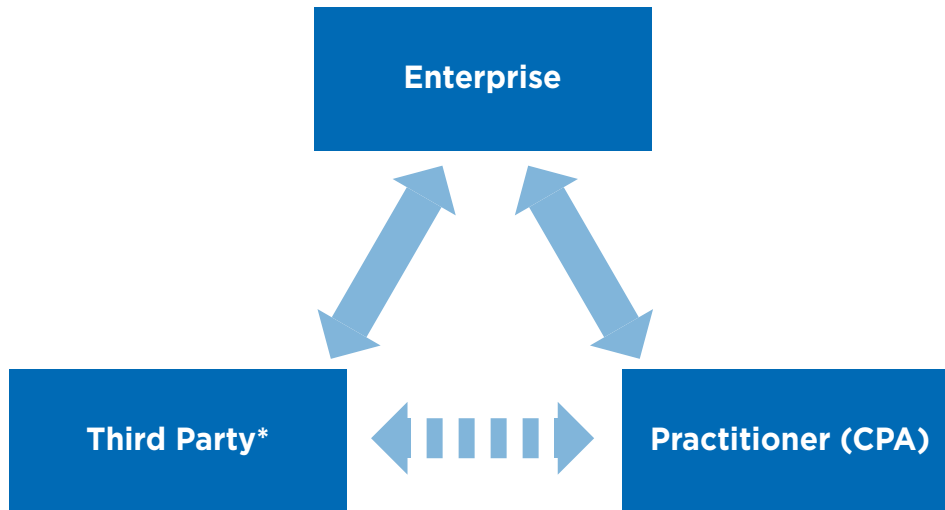
In the course of your practice, you regularly receive requests from regulators, funders and other third parties wanting information about specific matters regarding your client. You are also, where a requirement exists by law, regulation or agreement, required to provide a written report on a supplementary matter arising from an audit or review engagement. Whether it is a matter of verifying that your client maintains adequate books and records or ascertaining whether they have made changes to their bylaws during the year, in the eyes of the third party, you—as the person who has audited or reviewed the entity’s financial statements and other information—are best equipped to answer these questions.

### **Why should I discuss this Briefing with my clients (Part B) and/or the third party (Part C)?**

*CPA Canada’s Handbook – Assurance, Canadian Standard on Related Services (CSRS) 4460, Reports on Supplementary Matters Arising from an Audit or Review Engagement* helps determine how to address the many requests for reports from outside parties or “third parties” that you may encounter. This *Briefing* will help with any request-related discussions, as it provides a summary of the key issues to consider from the viewpoint of each of the three parties involved in the request. It is important to note that while your client may ask you to become involved in the discussions with the third party, ultimately, the engagement will be resolved between your client and the third party.

## Who is involved in meeting the request?

The request for a report on supplementary matters arises out of a need by the third party to obtain information that cannot generally be obtained from general-purpose financial statements. The request creates a relationship between the three parties that can be depicted as follows:



\* In CSRS 4460, a third party is defined as “the party, other than management or those charged with governance, that requests the other reporting responsibility” (see paragraph 4460.5(f)), and examples include provincial or federal ministries, regulators, funding bodies and other organizations.

This *Briefing* will prove useful as you address requests for supplementary information by:

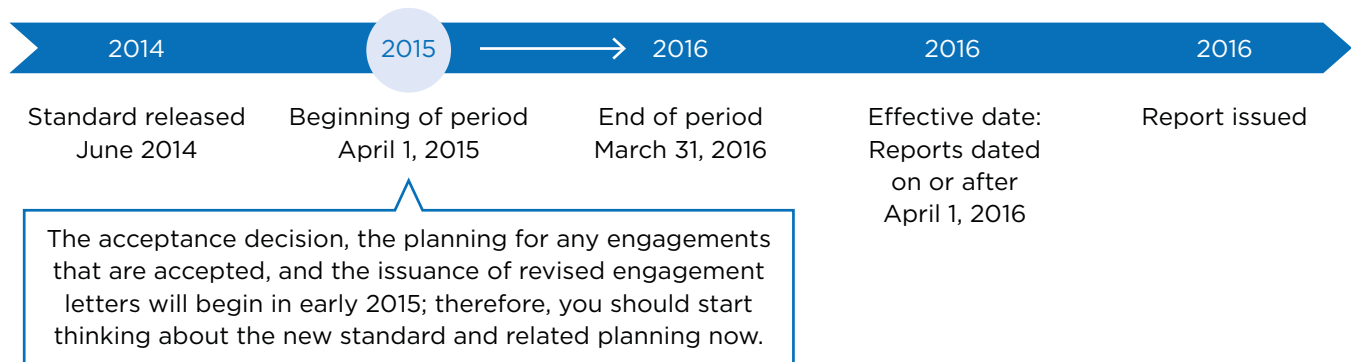
- helping you identify the effective date and planning implications of CSRS 4460
- providing you with some preliminary steps for getting started, including an overview of the key aspects of CSRS 4460
- providing all of the parties involved with a framework for discussion
- helping you identify whether there are any engagements that you cannot accept, and
- providing preliminary guidance to you as you prepare an engagement under CSRS 4460

CPA Canada has also released an [Implementation Tool for Practitioners on the application of CSRS 4460](#).

## When will CSRS 4460 be effective?

CSRS 4460 is effective for reports dated on or after April 1, 2016, though early adoption is possible. While you may feel that you have plenty of time to prepare for the new standard's implementation, it is important to realize that the planning for some engagements may be sooner than you expect.

The following timeline indicates the importance of planning for an entity that has its year end on March 31, 2016:



It is possible that the application of CSRS 4460, and any related discussions with your client and the party requesting the supplementary matter, may result in changes to the request itself. It is also possible that discussions that take place in view of the new standard may lead to a better understanding of the nature of the request and the ways in which the needs of the third party can be met. (For example, the forms or questionnaires requested by third parties—and even the relevant legislation—may change.) If changes are required, they may take time to implement, so we strongly advise that you begin planning sooner than you think you need to.

The nature of requests for a report on supplementary matters can vary significantly and sometimes a request will be unique to a particular situation or set of circumstances.

## What are the first things I should do to prepare for CSRS 4460?

There are four steps that we recommend you follow in order to prepare for the new standard:

1. Complete a full reading of the new standard.
2. Identify which of your current and pending engagements fall under CSRS 4460.
3. Ascertain which standard may apply to your current and pending engagements.
4. Discuss this new standard with your clients.

### **Step 1: Complete a full reading of the new standard**

The first thing to do is to complete a full reading of this new standard to obtain an understanding of its requirements. A careful reading of CSRS 4460 will help you understand what to expect from the requirements and exactly how the standard may affect you. Read the other standards identified in this *Briefing*, as needed.

### **Step 2: Identify which of your current and pending engagements fall under CSRS 4460**

The next step is to identify all current and pending engagements and determine which ones fall under CSRS 4460. Some requests for supplementary matters may be met by providing services covered under another standard; others may be of a consulting nature. With certain requests, it may not be immediately clear to you whether CSRS 4460 applies, or whether another standard may be more appropriate. This *Briefing* provides examples to help you identify some of the situations where it may be necessary to determine if CSRS 4460 applies. And, of course, there may be some requests from third parties that cannot be met at all.

The following list may help identify potential engagements to which CSRS 4460 applies:

- Consider which of your clients operate in **industries or businesses** that are more likely than others to incur requests. These might include:
  - **not-for-profit organizations (NFPOs)** (e.g., reporting to contributors or funders)
  - **First Nations**
  - **hospitals and health care centres** (e.g., seniors' homes, children's aid, etc.)
  - **real estate industry** (e.g., reporting to governments, debt-holders, etc.)
  - **franchisees** (e.g., reporting to franchisors)
  - **financial institutions** including **credit unions** (e.g., reporting to regulators)
  - **collection agencies** (e.g., reporting to regulators)
  - **private schools** (e.g., **post-secondary, career colleges, private day care**, etc., reporting to regulators and funders)
  - **construction industry** (e.g., reports for bonding requests, liquidity assessments, etc.)
  - **others** (i.e., this is not a finite list)

- For all of your clients, consider the types of **situations or transactions** that are more likely to carry requests. If you answer “yes” to any of the following questions, then a request is likely.
  - Is your client a **lessee** with requests included in the lease agreement?
  - Is your client filing an **insurance application**?
  - Is your client **submitting contract bids** that require supplementary information?
  - Is your client **submitting a bonding application**?

Examples of possible requests covered by CSRS 4460 may include the following:

- To complete or report separately on detailed schedules underlying financial statement items (without performing an audit or a review with respect to these detailed schedules), e.g., gross sales (see paragraph 4460.A5)
- To complete or report on a third party-designed questionnaire based on your knowledge obtained from related audit or review of financial statements or financial information (see paragraph 4460.A6)
- To report instances of non-compliance with laws, regulations or funding agreements (see paragraph 4460.A7)
- To report on facts or figures other than the information on which you are performing an audit or a review engagement, for example, to report how many times the board of directors met during the year (see paragraph 4460.A8)
- To report on observations made or items of interest to the third party, for example, to report departures from the entity’s by-laws or policies (see paragraph 4460.A9)
- To provide recommendations, for example, on issues that the third party may wish to follow up on with management (see paragraph 4460.A10)

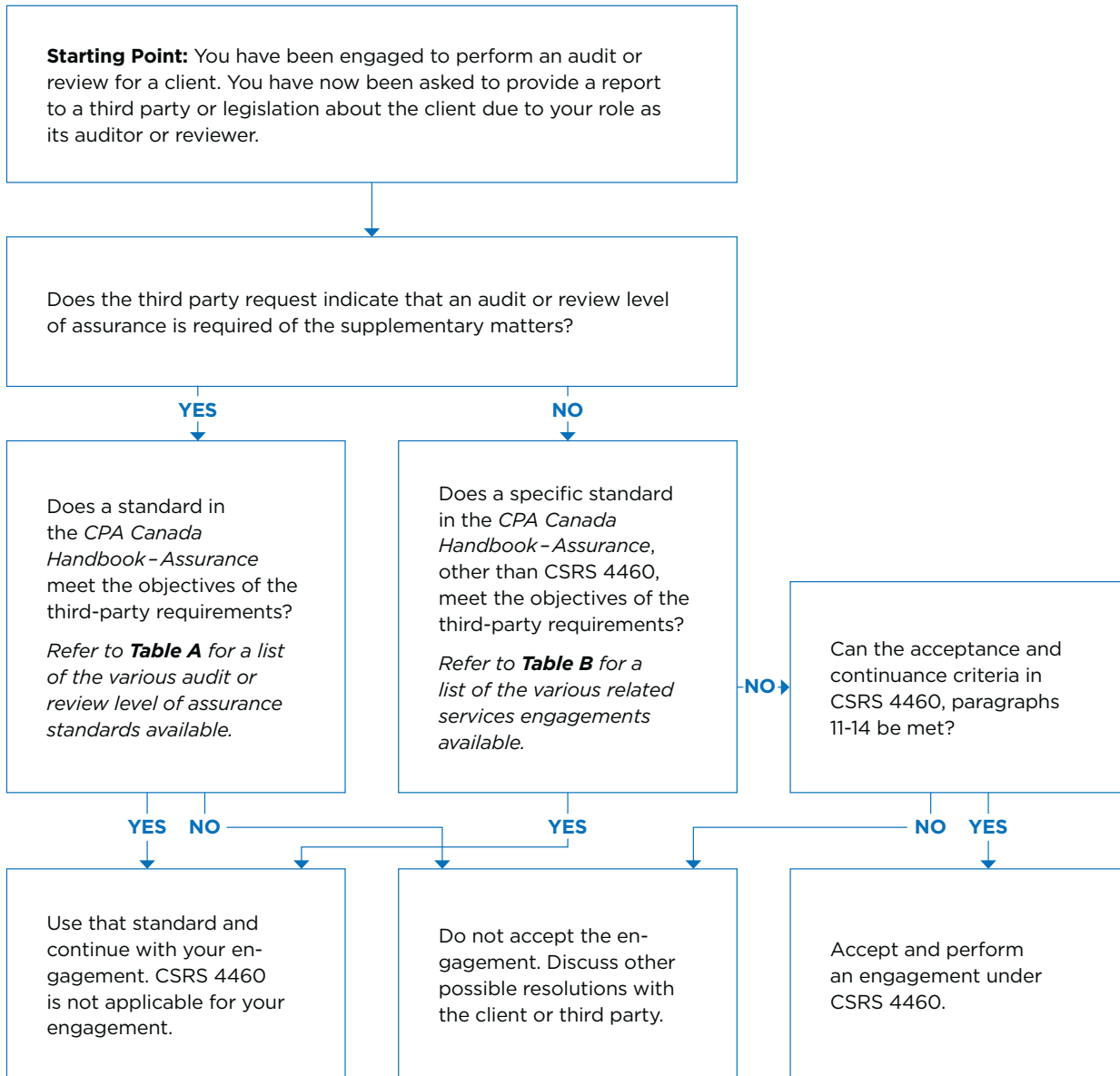
### **Step 3: Ascertain which standard might be applicable**

When a third party requires a report on a supplementary matter, the following factors should be considered in order to determine the nature of the request and the resulting engagement:

- the nature of the supplementary matter being requested
- the level of assurance desired
- the possible alternative reporting engagements
- the costs, and
- the applicability of other relevant professional standards, including association and the rules of professional conduct

Misunderstandings or “expectation gaps” can occur among the three parties with respect to what can be provided and is being asked for. It is important, therefore, to discuss both of these factors, particularly the level of assurance desired and whether it is the appropriate level (the levels of assurance are discussed further in the Part B of this *Briefing*).

The following decision tree will assist in your assessment of which engagements are covered either by CSRS 4460, other standards, or should not be accepted at all:





**Table A**  
**Audit or Review Level of Assurance Standards Available**

Audit Level of Assurance	Review Level of Assurance
<ul style="list-style-type: none"> <li>CAS 805, <i>Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i></li> </ul>	<ul style="list-style-type: none"> <li>CSRE 2400, <i>Engagements to Review Historical Financial Statements</i>, adapted as necessary to reviews of historical financial information other than financial statements</li> </ul>
<ul style="list-style-type: none"> <li>Section 5815, <i>Special Reports—Audit Reports on Compliance with Agreements, Statutes and Regulations</i> (effective for reports dated before April 1, 2019)</li> </ul>	<ul style="list-style-type: none"> <li>Section 8600, <i>Reviews of Compliance with Agreements and Regulations</i> (effective for reports dated before April 1, 2019)</li> </ul>
<p>Replacing Section 5815 and Section 8600: Canadian Standard on Assurance Engagements (CSAE) 3530, <i>Attestation Engagements to Report on Compliance</i> and CSAE 3531, <i>Direct Engagements to Report on Compliance</i> effective for reports dated on or after April 1, 2019</p>	
<ul style="list-style-type: none"> <li>Section 5925, <i>An Audit Of Internal Control Over Financial Reporting that Is Integrated with an Audit of Financial Statements</i></li> </ul>	
<p>CSAE 3000, <i>Attestation Engagements Other than Audits or Reviews of Historical Financial Information</i> and CSAE 3001, <i>Direct Engagements</i></p>	

**Table B**  
**Related Services Engagements Available**

- Section 9100, *Reports on the Results of Applying Specified Auditing Procedures to Financial Information Other than Financial Statements*. (Note that the examples of reports relating to the amount of gross sales in paragraphs 9100.15-.17 were deleted at the same time as the issuance of CSRS 4460. If these reports have been issued in the past, it is time to revisit the nature of the request.)
- Section 9110, *Agreed-Upon Procedures Regarding Internal Control Over Financial Reporting*
- Section 9200, *Compilation Engagements*

**Specific to Financial Institutions**

- AuG-17, *Transactions or Conditions Reportable under the “Well-Being Reporting Requirement” in Federal Financial Institutions Legislation*. This guideline has been amended to reflect the issuance of, and to adopt the terminology in, CSRS 4460.
- AuG-18, *Criteria for Reports Issued Under Subsection 295(5) of “An Act Respecting Trust Companies and Savings Companies” in Québec*. This guideline has been amended to reflect the withdrawal of AuG-13, and the issuance of CSRS 4460.

(**Note:** AuG-13, *Special Reports on Regulated Financial Institutions* has been withdrawn, as a result of the issuance of CSRS 4460.)

#### **Step 4: Discuss this new standard with your clients**

Discuss this new standard with your clients, and possibly the third party who made the request. Use Parts B and C of this *Briefing* to facilitate the discussion, as appropriate.

#### **Questions for Discussion**

One of the objectives of this *Briefing* is to provide an avenue for the discussion required to assess the needs, objectives and possible limitations of all the parties involved. The following questions will facilitate the discussion between your client and the third party:

1. What does the third party want or need?
2. Does the third party need audit level assurance, or will a lower level of assurance meet their needs?
3. Is the request possible within the current professional standards?
4. Is the request prohibited by CSRS 4460? (See below.)
5. What will fulfilling the request cost? In other words, since this engagement is not covered by the audit or review fee, some planning may be required to determine the estimated cost to complete the engagement.
6. Can the engagement be completed in a timely manner? Is there a strict timeline? (Deadlines, the time required to complete and the level of assurance all affect cost.)
7. Is there any flexibility in the request? Can the request or related regulation be changed? If it is a prescribed form or questionnaire, can it be changed? Is there any relevant regulation or laws that are prescriptive?
8. Will a report under another standard be acceptable? For example, a Section 9100, *Reports on the Results of Applying Specified Auditing Procedures to Financial Information Other than Financial Statements* engagement?

Regulators or funders have to state clearly the types of matters on which they want more information, and you will have to determine whether you are in a position (with respect to your area of expertise, staff availability, etc.) to provide them with what they need. In order to do that, you will have to determine the nature and scope of the work required. For example, you must determine how much work will be required over and above that already performed in the course of auditing or reviewing the entity's financial statements or financial information. Your client must also be aware that there may be additional information required from them to enable you to complete the agreed-upon engagement.

As illustrated at the bottom of the decision tree on page 8, the discussion about the types of engagement that are appropriate will involve using professional judgment and could include the following possible outcomes:

- completing the engagement in accordance with CSRS 4460
- completing the engagement using a different standard
- not accepting the engagement

**The ultimate goal is to reach a conclusion as to what is the most cost effective alternative that will meet the needs of the third party.**

Before attending a meeting with a third party and your client, you should consider contacting your provincial practice advisory service to see if there has been any discussion with the third party in question. It is hoped that a coordinated effort can be achieved, so that discussions with third parties that will affect many parties are conducted efficiently. For example, if the third party is a provincial government, the discussions should be completed on a collective basis. If you are the first practitioner to ask the question of the practice advisory group, consider getting involved in the process.

### **What level of assurance is needed or required?**

Reports issued under CSRS 4460 are not designed to provide an audit or review level of assurance. The fact that they are performed by someone who is bound by the professional rules of conduct and the standards applicable to the related review or audit, however, may result in the third party taking some indirect assurance. Be sure to discuss the desired level of assurance with the third party and ensure that the agreed-upon level is clearly understood by both or all sides.

### **Are there any constraints or prohibitions under CSRS 4460?**

You cannot accept the engagement under CSRS 4460 on supplementary matters if an audit or review level of assurance is required (see paragraph 4460.13(d)), or when:

- the third party provides a *prescribed form* that:
  - has a title that implies an audit or a review engagement was performed on the supplementary matter, or
  - refers to an audit or a review having been performed with respect to the supplementary matter (see paragraph 4460.13(a))
- the wording of the report to be issued by you is prescribed by the third party and it is not in accordance with the requirements of CSRS 4460 (see paragraph 4460.13(b))

- the matter is outside the area of expertise required by you and your engagement team to complete the related audit or review engagement (see paragraph 4460.13(c))
- you are required to report *in electronic format*, and the applicable technology does not allow you to attach a copy of the report prepared in accordance with CSRS 4460 (see paragraph 4460.14)

### **When a CSRS 4460 engagement is to be completed, what should you do?**

If CSRS 4460 is the appropriate standard, then the requirements in CSRS 4460 must be followed. These requirements can be classified into four general categories:

- accepting the engagement
- planning and performing the engagement
- documenting that the requirements have been met, and
- reporting under CSRS 4460.

Once you have accepted the engagement, you and your client will need to articulate the expectations and deliverables in an engagement letter that addresses the third party's specific requests. Please note that this engagement letter does not need to be a separate letter (see paragraph 4460.A32) from any other engagement letter you may already be in the process of preparing; you may include its contents within the related audit or review engagement letter.

The following activities will help you prepare for an engagement under CSRS 4460:

- Obtain and read the document or legislation which outlines the specific request.
- Determine if there are any terms that are not clear. Any unclear terms may need to be interpreted, and you will need to determine whether:
  - you can make the interpretation yourself,
  - you need to ask the client to make interpretations, or
  - you need to consult with the third party.
- Watch for words and phrases that imply a level of assurance, or work, that may make it difficult or impossible to complete, such as the following (see paragraph 4460.A23):
  - “in my opinion”
  - “verifying”
  - “certify”
  - “confirm”
- Determine if your client plans on preparing the supplementary matter.

An [\*Implementation Tool for Practitioners\*](#) is also available to help you implement the requirements of the four categories mentioned above.

To summarize, there are many steps to be taken, and judgments to be made, in the application of this new standard, CSRS 4460. As noted, achieving clarity of expectations and a satisfactory resolution to a request for reporting on a supplementary matter may take some discussion and cooperation between all parties involved: client, practitioner and third party. The remaining two sections of this *Briefing* raise many of the same issues and make many of the same points as have been presented in Part A, but they have been tailored to a client audience and a third-party audience, respectively. You may choose to present these sections directly to your clients and/or third parties, to facilitate your discussions with them.

## PART B

# Client Briefing

### **A NEW Standard: CSRS 4460, Reports on Supplementary Matters Arising from an Audit or a Review Engagement**

You receive a request from a regulator, funder or other third party asking you, or your CPA, to provide supplementary information. What do you do? One of the first steps will be to provide your CPA with the details and source of the request, i.e. the legislation, letter or other document. Sometimes the source will be a report that has to be prepared or a questionnaire that must be completed electronically.

Regulators, funders and others often want to know about specific matters regarding your entity as a condition for registration, funding, etc. The request can be seeking qualitative or factual information, such as whether you maintain adequate books and records or whether you have made changes to your bylaws during the year. In addition, the request often asks that such information be provided by, or reported on, by an independent public accountant who has audited or reviewed your financial statements or financial information. These requests will now have to be reviewed by all parties in the context of a new *CPA Canada Handbook—Assurance* standard, CSRS 4460, *Reports on Supplementary Matters Arising from an Audit or a Review Engagement*.

This *Briefing* has been prepared to help you understand how this new standard will affect you. It will also facilitate discussions with your CPA, and possibly the third party making the request.

It may not always be easy for your CPA to respond to all requests directly, because the information requested lies beyond the scope of what is reported in your or your organization's financial statements—it's supplementary in nature. This standard, however, provides a new format for reporting that may allow your CPA to meet these requests more readily.

### **What is a supplementary matter?**

These third parties often want to know “something” about specific matters regarding your entity. From the viewpoint of the third party, requesting the information from the CPA who has audited or reviewed your financial statements or other information increases the reliability of the information.

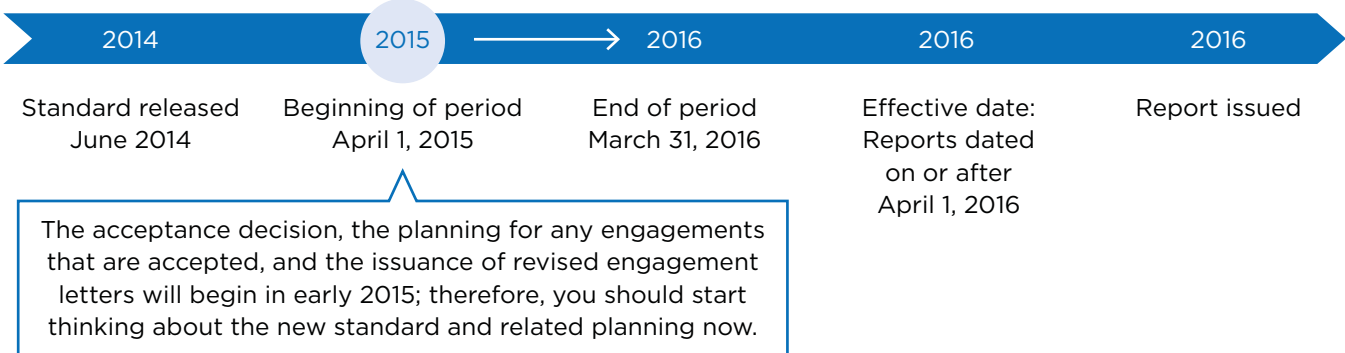
If you have already had a review or audit performed by your CPA on the financial statements or other financial information, the engagement may be performed under this new standard. If you do not have this “assurance”

relationship with your CPA, however, CSRS 4460 may not be an option. Of course, there may be other types of engagements that will meet the needs of the third party, and these alternatives can be discussed with them.

### When will the new CSRS 4460 be effective?

CSRS 4460 will apply to reports dated on or after April 1, 2016 (although in certain circumstances, it may be adopted sooner). Your CPA will inform you of this new standard and its effective date if you have had requests from a third party in the past; regardless, you should be sure to inform the CPA of all requests in a timely manner.

The planning for some engagements may need to begin sooner than you think. In addition, if any changes to the request (such as changes to wording of a prescribed report) are required, it may take time for them to be implemented. The following timeline indicates the importance of planning for an entity that has its year end on March 31, 2016:



As the timeline illustrates, if the request is for a report due after April 2016, the planning by your CPA should get underway in 2015.

### What do I need to do?

Under normal circumstances, you, the client, are responsible for preparing the supplementary matter. In order to meet the request from a third party and facilitate the reporting thereon, there are a number of steps you can take:

- Review Part C of this *Briefing* document, which has been prepared for the third party, so that you are prepared for any discussion required to clarify the nature of the engagement.
- Once you are clear on the nature of the engagement, you should document any methods you used to prepare the supplementary matter.

- Establish or identify the criteria to be used in preparing the supplementary matter. These include:
  - an applicable financial reporting framework, e.g., IFRS or ASPE
  - criteria established by a regulator
  - criteria established by a contractual agreement
  - other requirements specified by the third party
- Identify and document any interpretations of terms or other items you make while preparing the supplementary matter. In some cases, the supplementary matter may include terms or other items that are not well defined. You may consider discussing these matters with the third party before developing your own interpretation.
- Discuss the criteria used and interpretations made with your CPA.
- You must be able to explain the nature and extent of the information that needs to be provided to the third party to enable your CPA to develop an appropriate report.

At this point, you may be asking yourself the following questions:

- How much will reports on supplementary matters change as a result of this new standard?
- Will the increased work and the related cost be high?

### **How much will reports on supplementary matters change as a result of this new standard?**

In the past, CPAs were often asked to sign a report prepared by the regulator or funder. Now they will be submitting reports written according to the new standard. These reports will more clearly set out what the CPA has done and the related limitations of the results of such work. Your CPA is not performing an audit or review of this supplementary matter. The Appendix to this *Briefing* includes two sample reports that illustrate how the reports will be prepared.

### **Will the increased work and the related cost be high?**

That depends on the particular circumstances of the request, including the nature and extent of supplementary matter that needs to be reported. The work might be as simple as your CPA asking you additional questions or performing simple procedures. In other cases, more time might be needed to determine exactly what it is that the regulator or funder wants.



## PART C

# Third Party Briefing

### **A NEW Standard: CSRS 4460, Reports on Supplementary Matters Arising from an Audit or a Review Engagement**

As a regulator, funder or other third party, you often want to know about specific matters regarding an entity that you are dealing with, such as whether that entity maintains adequate books and records or has made changes to its bylaws during the year. You would like some “comfort” as to the reliability of the matter and an independent public accountant who has audited or reviewed the entity’s financial statements can increase your confidence in that reliability.

It is not always easy for a public accountant to respond to all requests, however. In many cases, a request lies beyond the scope of what is reported in an entity’s financial statements—the request is supplementary in nature.

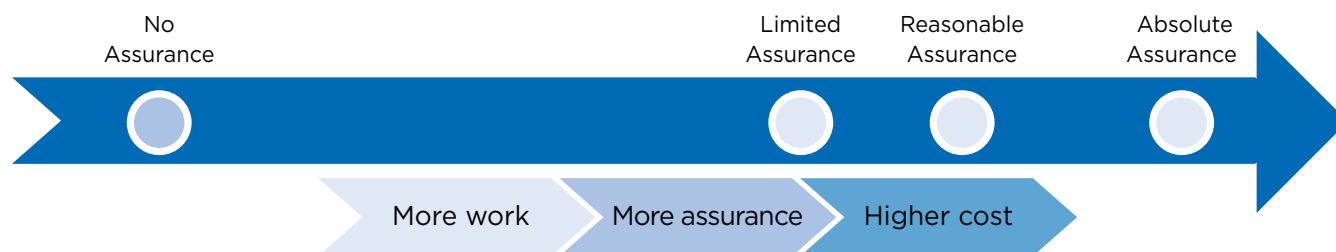
As the party requesting the supplementary matter, you need to articulate your request clearly. You must also consider in what format the response to your request will be communicated to you—in a prescribed form, a report, an electronic questionnaire, etc. Finally, you must communicate clearly the level of assurance you want on the supplementary matter.

Questions you might want to consider to help you determine the nature of the request are:

- Do I need assurance from a CPA, and if so, what are the different levels of assurance available? (see next paragraph)
- What alternative engagements exist?
- How great an expense should be incurred to meet my request?
- Am I willing to accept alternatives? How difficult would it be to change the request? Is there flexibility? Is legislation involved?

## What are the different levels of assurance?

Reports issued under CSRS 4460 are not designed to provide an audit or review level of assurance. However, the fact that they are performed by a CPA who is bound by professional rules of conduct and the standards applicable to the related review or audit engagement, may result in your taking some indirect assurance. It is important that there be a clear and shared understanding of the level of assurance desired. The following graphic depicts the continuum of assurance, from no assurance to absolute assurance:



Not all work performed by the CPA is intended to provide the same level of assurance. An **audit engagement** (a reasonable assurance engagement)—which involves obtaining a significant depth of knowledge of the entity and the performance and documentation of very detailed procedures on classes of transactions, account balances and disclosures—provides what is known as “reasonable assurance” as depicted on the diagram above.

A **review engagement** (a limited assurance engagement) involves more limited knowledge—and procedures that include inquiry, analysis and discussion—provides “limited” assurance also seen on the diagram above.

The *CPA Canada Handbook—Assurance* includes standards that address services that are neither audits nor reviews. With these standards, the CPA may not be required to perform additional procedures on the information, and therefore cannot provide assurance on that information, which is noted as “no assurance” in the diagram above.

Please note that reliance on the professional competence and skill of the CPA is not the same as assurance. Note as well that reports under this new section do not provide assurance by the CPA related to the supplementary matter. The Appendix to this *Briefing* includes two sample reports that illustrate how the reports will be prepared.

## What alternative engagements exist?

The following summary will assist you in assessing which engagements may be useful:

### ***Audit (Reasonable) or Review (Limited) Level of Assurance Standards Available from the CPA***

Audit (Reasonable) Level of Assurance	Review (Limited) Level of Assurance
<ul style="list-style-type: none"> <li>CAS 805, <i>Special Considerations—Audits of Single Financial Statements and Special Elements, Accounts or Items of a Financial Statement</i></li> </ul> <p>These engagements are useful if you want a reasonable level of assurance on a specific financial element such as revenue, costs, etc.</p>	<ul style="list-style-type: none"> <li>CSRE 2400, <i>Engagements to Review Historical Financial Statements</i>, adapted as necessary to reviews of historical financial information other than financial statements</li> </ul> <p>These engagements are useful if you want a limited level of assurance on a specific financial element such as revenue, costs, etc.</p>
<ul style="list-style-type: none"> <li>Section 5815, <i>Special Reports—Audit Reports on Compliance With Agreements, Statutes and Regulations</i> (effective for reports dated before April 1, 2019)</li> </ul> <p>These engagements are useful if you want a reasonable level of assurance on the entity's compliance with your agreement or a specific regulatory matter, such as a franchise agreement, lease, funding formula, regulatory criteria, etc.</p>	<ul style="list-style-type: none"> <li>Section 8600, <i>Reviews of Compliance with Agreements and Regulations</i> (effective for reports dated before April 1, 2019)</li> </ul> <p>These engagements are useful if you want a limited level of assurance on the entity's compliance with your agreement or a specific regulatory matter, such as a franchise agreement, lease, funding formula, regulatory criteria, etc.</p>
<p>Replacing Section 5815 and Section 8600: CSAE 3530, <i>Attestation Engagements to Report on Compliance</i> and CSAE 3531, <i>Direct Engagements to Report on Compliance</i> effective for reports dated on or after April 1, 2019</p> <p>These engagements are useful if you want a reasonable or limited level of assurance. The standards deal with engagements to report on management's statement of an entity's compliance with agreements, specified authorities, or a provision thereof, or to report on an entity's compliance with agreements, specified authorities, or a provision thereof.</p>	
<ul style="list-style-type: none"> <li>Section 5925, <i>An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements</i></li> </ul> <p>These engagements are useful if you want a reasonable level of assurance on the entity's internal controls over financial reporting such as spending authorization, etc.</p> <p>See Section 9110, <i>Agreed-Upon Procedures Regarding Internal Control over Financial Reporting</i>, below, which is also related to internal controls.</p>	
<p>CSAE 3000, <i>Attestation Engagements Other than Audits or Reviews of Historical Financial Information</i> and CSAE 3001, <i>Direct Engagements</i>.</p> <p>These engagements are useful if you want a reasonable or limited level of assurance on a matter that is not a financial statement or financial information. These engagements may require the development of criteria for the CPA to provide assurance on and could be developed as a direct reporting engagement or could be based on management's statement. These engagements can be costly to develop because of their unique nature. For more information please see CPA Canada's <a href="#">Audit and assurance alert: CSAE 3000 and CSAE 3001</a></p>	

## Related Services Engagements Available

The following engagements do involve a CPA but do not provide assurance in the report:

- **NEW** Section 4460, *Reports on Supplementary Matters Arising from an Audit or a Review Engagement*

These engagements are useful if you do not need a reasonable or limited level of assurance. In these engagements, the CPA is already engaged to complete an audit or review but you have a request for the CPA to:

- complete or report on supplementary matters
- complete or report on questionnaires
- report instances of non-compliance with laws, regulations or agreements
- report facts or figures other than matters on which the CPA is performing an audit or review engagement
- report observations made or items of interest to you
- provide recommendations

See the Appendix to this *Briefing* for two illustrations of reports under CSRS 4460.

- Section 9100, *Reports on the Results of Applying Specified Auditing Procedures to Financial Information Other than Financial Statements*.

These engagements are useful if you do not need a reasonable or limited level of assurance. The CPA will perform and report on the completion of specified auditing procedures that are agreed upon in advance.

Note that the examples of reports relating to the amount of gross sales in paragraphs 9100.15-.17 were deleted at the same time as the issuance of CSRS 4460 and if these reports have been issued in the past, it is time to revisit the nature of the request.

- Section 9110, *Agreed-Upon Procedures Regarding Internal Control over Financial Reporting*

These engagements are useful if you do not need a reasonable or limited level of assurance. The CPA will perform and report on the completion of specified auditing procedures regarding internal controls over financial reporting only.

- Section 9200, *Compilation Engagements*

These engagements are useful if you do not need a reasonable or limited level of assurance. The CPA will compile financial statements for the entity and attach a “Notice to Reader” report.

***There are some specific engagements related to Financial Institutions:***

- AuG-17, *Transactions or Conditions Reportable under the “Well-Being Reporting Requirement” in Federal Financial Institutions Legislation*. This Guideline has been amended to reflect the issuance of, and to adopt the terminology in CSRS 4460.
- AuG-18, *Criteria for Reports Issued Under Subsection 295(5) of “An Act Respecting Trust Companies and Savings Companies” in Québec*. This Guideline has been amended to reflect the withdrawal of AuG-13, and the issuance of CSRS 4460.

(**Note:** AuG-13, *Special Reports on Regulated Financial Institutions*, has been withdrawn as a result of the issuance of CSRS 4460.)

**Are there any constraints or prohibitions under CSRS 4460 that would stop the CPA from accepting an engagement?**

The CPA cannot accept the engagement under CSRS 4460 on supplementary matters if an audit or review level of assurance is required, or when:

- You, the third party, provide a *prescribed form* that:
  - has a title that implies an audit or a review engagement was performed on the supplementary matter, or
  - refers to an audit or a review having been performed with respect to the supplementary matter
- the wording of the report to be issued by the CPA is prescribed by the third party and it is not in accordance with the requirements of CSRS 4460
- the matter is outside the area of expertise required by the engagement team to complete the related audit or review engagement
- the CPA is required to report *in electronic format*, and the applicable technology does not allow them to attach a copy of the report prepared in accordance with CSRS 4460

For all of the reasons noted above, it is important that you, as the third party, make sure that your request does not make it impossible for the CPA to accept the engagement; you must ensure as well that your request can be completed.

## APPENDIX

# Illustrations of Practitioners' Reports Under CSRS 4460

### Illustration 1:

Circumstances include the following:

- The practitioner has completed an audit on the financial statements of the entity.
- The other reporting responsibility does not contain items that required significant interpretation.

### Report on Supplementary Matters Arising from an Audit Engagement

To ABC Regulator:

In accordance with [describe the law, regulation or agreement from which the other reporting responsibility arose], we have been engaged to [describe the other reporting responsibility, including, where applicable, the date or period to which it relates] (the "other reporting responsibility"). This other reporting responsibility relates to our audit of the financial statements of XYZ Company Limited for the year ended December 31, 20X1 on which we issued our report dated March 31, 20X2. We [or management, where applicable] prepared the supplementary matter.

This report has been prepared in accordance with Canadian Standard on Related Services (CSRS) 4460, *Reports on Supplementary Matters Arising from an Audit or a Review Engagement*. Our responsibility is to report on the supplementary matter. This standard requires us to comply with ethical requirements and to plan and perform procedures to address the other reporting responsibility. The procedures were selected based on our professional judgment to enable us to form a basis for this report. The procedures vary in nature from, and are less in extent than for, those required when providing an audit opinion or a review conclusion. Users are cautioned that the procedures performed may not be suitable for their purposes.

Accordingly, we do not express an audit opinion or a review conclusion on the supplementary matter.

In response to the other reporting responsibility, [include description of how the other reporting responsibility has been met].

This report is intended solely for use by ABC Regulator and should not be used by other parties.

[Practitioner's signature]

[Date of the practitioner's report]

[Practitioner's address]

**Illustration 2:**

Circumstances include the following:

- The practitioner has not yet completed the review engagement on the financial statements of the entity.
- The other reporting responsibility includes items that required significant interpretation and the practitioner has chosen to include the interpretations in the body of the report.

**Report on Supplementary Matters Arising from a Review Engagement**

To ABC Regulator:

In accordance with [describe the law, regulation or agreement from which the other reporting responsibility arose], we have been engaged to [describe the other reporting responsibility, including, where applicable, the date or period to which it relates] (the “other reporting responsibility”). This other reporting responsibility relates to our review of the financial statements of XYZ Company Limited for the year ended December 31, 20X1 which we have not yet completed. We [or management, where applicable] prepared the supplementary matter.

This report has been prepared in accordance with Canadian Standard on Related Services (CSRS) 4460, *Reports on Supplementary Matters Arising from an Audit or a Review Engagement*. Our responsibility is to report on the supplementary matter. This standard requires us to comply with ethical requirements and to plan and perform procedures to address the other reporting responsibility. The procedures were selected based on our professional judgment to enable us to form a basis for this report. The procedures vary in nature from, and are less in extent than for, those required when providing an audit opinion or a review conclusion. Users are cautioned that the procedures performed may not be suitable for their purposes.

Accordingly, we do not express an audit opinion or a review conclusion on the supplementary matter.

The other reporting responsibility contains certain items that are subject to significant interpretation for which we have not received an interpretation from ABC Regulator. These items, and our interpretations of them, are as follows: [list items and interpretations].

Our interpretations may differ from other interpretations.

In response to the other reporting responsibility, [include description of how the other reporting responsibility has been met].

This report is intended solely for use by ABC Regulator and should not be used by other parties.

[Practitioner’s signature]

[Date of the practitioner’s report]

[Practitioner’s address]

# About This Publication

The Research, Guidance and Support group of the Chartered Professional Accountants of Canada (CPA Canada) undertakes initiatives to support practitioners and businesses in the implementation of professional standards.

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This publication was originally published on February 2015. It was updated in October 2018 for references to new and revised standards. No content related to the application of CSRS 4460 has been revised. Practitioners are expected to use professional judgment in determining whether the material in this publication is both appropriate and relevant to the circumstances of each engagement.

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