

Auditing and Assurance Standards Board

Looking to the Future

**Annual Report
2015-2016**



Table of Contents

Message from the Chair	1
Overview	5
Report on Performance	6
Appendix A: Status of Projects	13
Appendix B: Use of Resources	18
Appendix C: Membership – AASB and Task Forces	21

Message from the Chair



*Cathy MacGregor, CPA,
CA, Chair*

I am pleased to present the Auditing and Assurance Standards Board's (AASB) Annual Report for the 2015-2016 operating year. This report provides our stakeholders with an account of the work we did to serve the public interest by establishing high-quality standards and guidance that enable the public accounting profession to provide effective auditing, other assurance and related services.

The theme of this year's Annual report, "Looking to the Future," reflects the commitment and efforts of fellow members and staff in developing our strategic plan for the next five years. It has been said that "the future depends on what you do today." Our focus has been forward looking while also achieving milestones on key

standard-setting projects.

In developing our Strategic Plan for 2016-2021, we considered issues with standard setting in general and specific areas requiring focus going forward. We wanted to ensure that this Strategic Plan responded to our current environment and identified future developments so that our actions proactively identify issues and address concerns on a timely basis.

Under this Strategic Plan, we will continue to focus on ensuring that high-quality standards and implementation material meet the needs of Canadian stakeholders while enhancing Canada's standard-setting capability. We will also continue to contribute to the work of the IAASB in setting international auditing, other assurance and related services standards.

We commit to:

- increased proactive engagement with our stakeholders;
- improved evidence-based focus in all our activities;
- focus on issues including scalability of standards, practice inspection findings and the increasing use of technology by practitioners and their clients;
- enhanced efforts to assist practitioners implement standards; and
- improved awareness of developments that may impact standards and future assurance opportunities.

We strongly believe this Strategic Plan responds to the needs of the current environment and provides us with clear direction as we move forward. We recognize that our plan is a significant development in our evolution as a standard setter and it may require us to rethink aspects of how we set standards today, including the composition of the board and its staff and our due process.

Achievements

- **Approved a new standard on review engagements.** The standard updates an outdated standard and, in its clarified format, sets out a clear work effort for practitioners, including the nature and extent of procedures to be performed in a review engagement. Revisions to the form and content of the practitioner's report result in a report that is more informative for the user.
- **Updated our Joint Policy Statement with the Canadian Bar Association.** This timely update reflects the amount of change in accounting and auditing standards since the Statement was last updated. The updated Statement is easily adaptable across a broad range of financial reporting frameworks to enable effective communication between auditors and law firms regarding claims and possible claims as part of an audit of financial statements. It also addresses communication with in-house legal counsel who are representing or advising the entity with respect to legal claims.
- **Progressed our work on auditor reporting and related standards.** This has been a challenging project. The International Auditing and Assurance Standards Board (IAASB) undertook its project with a goal of providing more information to users of audited financial statements. The changes made by the IAASB to the International Standards on Auditing (ISAs) were significant. We debated issues related to adopting the revisions, including their effect on our Canadian stakeholders. We consulted broadly with our stakeholders and received a number of written responses to our Invitation to Comment, "Implementation Considerations for New Auditor Reporting Standards." We expended considerable effort debating our future direction on this project. We anticipate adopting the final ISAs as Canadian Auditing Standards during 2016-2017 with an effective date that will permit sufficient time for successful implementation.
- **Provided quality Canadian input on the IAASB's Invitation to Comment on enhancing audit quality in the public interest.** The IAASB's Invitation to Comment highlighted the IAASB's discussions on the topics of professional skepticism, quality control and group audits, and identified possible standard-setting activities the IAASB may undertake to enhance audit quality. We held a number of targeted consultations to obtain views from our Canadian stakeholders. The input we received enabled us to issue an informed response to the IAASB. One of our goals in our Strategic Plan for 2016-2021 is to improve stakeholder engagement. This was a great kick-off to meeting this goal. Our work in these areas will continue over the next few years.

On the horizon



So what will the next year hold? As I mentioned, we expect to approve the auditor reporting standards in the next year. We are also in the early stages of several new projects, which we are undertaking in order to provide more updated, relevant, high-quality standards to our stakeholders. These include:

- **Auditing accounting estimates.** This IAASB project will propose revisions to ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*. The IAASB aims to establish more robust requirements and guidance to foster audit quality by driving auditors to perform appropriate procedures in relation to accounting estimates and related disclosures. Scalability of this standard to audits of all sizes of entities is important. We will seek input from our Canadian stakeholders on this and other aspects of this project.
- **Compilation engagements.** Canadian practitioners have communicated a need for clearer requirements and guidance on matters that have caused confusion and ambiguity in performing compilation engagements. Our project will also address how to clarify the limitations of the financial information compiled by the practitioner as well as the practitioner's limited involvement with the information.
- **Public sector auditing standards.** Public sector auditing standards are used by legislative and other external auditors in their audits of public sector entities. These standards require updating as a result of the two standards for assurance engagements other than audits or reviews of historical financial information that we issued in July 2015.
- **Examination of future-oriented financial information.** Also as a result of issuing the umbrella assurance standards, we are considering whether authoritative guidance is needed to address assurance matters pertaining to future-oriented financial information.

For more details of ongoing projects, refer to Appendix A of this report, or our website, www.frascanada.ca.

With many thanks

My term as Chair ends with this Annual Report. I'd like to thank my fellow AASB members who consistently demonstrate their commitment to standard setting by strong contributions and investment of time and expertise during their terms. I want to recognize and thank Andrew Macartney and Alan Reynolds, long-term members who are retiring. I leave the AASB in the capable hands of the new Chair and Vice Chair, Darrell Jensen and Fred Pries, respectively. Under their leadership, the AASB will embark on the journey set out in our Strategic Plan for 2016-2021.

I'd also like to thank Stephenie Fox, Vice President, Standards, Eric Turner, Director, Auditing and Assurance Standards, and their staff, who continue to provide high-quality material and support. Final thanks to Greg Shields, former Director, Auditing and Assurance Standards, who retired. Greg provided us with valuable guidance and insight over a number of years. On behalf of all our members, past and present, I wish him well in his retirement.

As we look to our future, I encourage everyone who has engaged in the standard-setting process with us to continue providing their feedback and reaching out. High-quality, relevant standards set in the public's interest rely on you.

Overview

This report discusses the activities and achievements of the Auditing and Assurance Standards Board (AASB) for its operating year ended March 31, 2016. The performance indicators presented on the following pages provide an overview of our accomplishments in 2015-2016 and how we are progressing in relation to our long-term goals and objectives.

We receive our terms of reference from the [Auditing and Assurance Standards Oversight Council](#) (AASOC). AASOC also appoints our members and publishes its own public report annually. Our strategic plans set out indicators for assessing the success in meeting our goals and objectives.

About the AASB

Our mission is to serve the public interest by setting high-quality standards and guidance that enable the public accounting profession to provide effective auditing, other assurance and related services.

Auditing, other assurance and related services standards are only one of a number of factors that affect the quality of service a practitioner provides. Other factors include:

- professional development and training;
- personal experience and competence;
- an accounting firm's quality control procedures;
- effectiveness of practice inspections; and
- an environment where there is support from, and appropriate interactions among, practitioners and other participants in the financial reporting supply chain.

Accordingly, achieving our mission is subject to contributing factors outside our control. Our strategic plans focus on goals and objectives that are within our control and contribute to achieving our mission.

Report on Performance



In our Strategic Plan for 2013-2016, we identified two long-term goals that we believed were critical to achieving our mission:

- set high-quality standards and guidance that meet the needs of Canadian stakeholders; and
- maintain a strong Canadian standard-setting capability to respond to the needs of Canadian stakeholders for standards.

This section outlines the objectives and performance indicators set in our Strategic Plan for 2013-2016 and actual performance against these measures for the year ended March 31, 2016.

Goal A: Set high-quality standards and guidance that meet the needs of Canadian stakeholders

Performance Indicator	Status for the year ended March 31, 2016
<p><i>Objective: Standards for audits of financial statements and other historical financial information are based on ISAs issued by the IAASB with limited amendments.</i></p> <p>Result: More time is needed to carefully consider implications of new reporting standards and related standards in Canada.</p>	
<p>Follow our established due process for all the IAASB's ISA projects and issue a final CAS within three months of issuance of an ISA by the IAASB.</p>	<ul style="list-style-type: none"> • The IAASB issued its auditor reporting ISAs and ISA 720 (other information) in January and April 2015, respectively. It also approved revisions to various ISAs related to audit of financial statement disclosures in March 2015, and revised ISAs 800, 805 and 810 in late 2015/early 2016. The effective date of all of these ISAs is for audits of financial statements for periods ending on or after December 15, 2016. • We issued an Invitation to Comment on issues related to adopting the auditor reporting ISAs in Canada. We continue to debate the issues, but expect to finalize the standards in 2016-2017. To allow Canadian stakeholders time to implement the standards, we will propose a later effective date than that of the related ISAs, as well as a staged implementation of requirements related to reporting key audit matters.
<p><i>Objective: Other standards are responsive to specifically identified needs of Canadian stakeholders.</i></p> <p>Result: Most aspects of the objective were achieved.</p>	
<p>Complete highest priority projects set out in our annual operating plans by the planned completion dates.</p>	<ul style="list-style-type: none"> • Of our 17 ongoing projects, 14 were on track to meet established targets. The projects that were delayed included: <ul style="list-style-type: none"> – agreed-upon procedures (waiting for the IAASB to proceed on its project); – association (re-exposed based on comments raised on our Exposure Draft); and – reports on compliance with agreements, statutes and regulations (which will likely be re-exposed as a result of issues identified on our Exposure Draft and through our project to revise public sector auditing standards).

Performance Indicator	Status for the year ended March 31, 2016
<p><i>Objective: The structure of our Handbook promotes consistency of application of the assurance standards, reflects how they are used in practice and supports their future development.</i></p> <p>Result: Still some work to be done.</p>	
<p>Establish an operating plan such that the new structure will be in place by March 31, 2016.</p>	<ul style="list-style-type: none"> • Our operating plans for the last few years have been designed with the goal of having all standards in the clarity format in place by March 31, 2016. However some projects were deferred to allow us to complete work on other, similar topics first to avoid overlap on certain issues (for example, compilation engagements, compilation of future-oriented financial information). Other projects are deferred until we determine whether there is a need for more substantive revisions (for example, Section 7200, <i>Auditor Assistance to Underwriters and Others</i>, and Section 7600, <i>Reports on the Application of Accounting Principles</i>). As a result, we did not meet the goal of March 31, 2016. We are continuing work on compilation engagements and expect that it will be completed in the next three years. Other ongoing projects include compliance reporting (expected to be completed in early 2017-2018) and the examination of future-oriented financial information (expected to be completed in the next two years).
<p><i>Objective: We assist in the development of implementation guidance that promotes the consistent and appropriate application of standards.</i></p> <p>Result: Objective achieved.</p>	
<p>Follow our established policy.</p>	<ul style="list-style-type: none"> • Our members performed fatal flaw reviews on various pieces of guidance prepared by CPA Canada's Research Guidance and Support Group. Staff of the Research Guidance and Support Group attend our meetings and provide updates on the status of their guidance. We also monitor the environment, both domestically and internationally, for developments that may be relevant to our stakeholders and how they apply the standards.

Goal B: Maintain a strong Canadian standard-setting capability to respond to the needs of Canadian stakeholders for standards

Performance Indicator	Status for the year ended March 31, 2016
<p><i>Objective: Our standard-setting due process results in standards that are in the public interest.</i></p> <p>Result: Objective achieved.</p>	
<p>Receive AASOC's confirmation that due process was followed prior to issuing all final standards.</p>	<ul style="list-style-type: none"> • AASOC confirmed that we followed due process in issuing: <ul style="list-style-type: none"> – the “Joint Policy Statement Concerning Communications with Law Firms Regarding Claims and Possible Claims in Connection with the Preparation and Audit of Financial Statements” appended to CAS 501, <i>Audit Evidence – Specific Considerations for Selected Items</i>; – Canadian Standard on Assurance Engagements (CSAE) 3000, <i>Attestation Engagements Other than Audits or Reviews of Historical Financial Information</i>; – CSAE 3001, <i>Direct Engagements</i> – Section 7060, <i>Auditor Review of Interim Financial Statements</i>; – Section 7150, <i>Auditor’s Consent to the Use of a Report of the Auditor Included in an Offering Document</i>; – Section 7170, <i>Auditor’s Consent to the Use of the Auditor’s Report Included in a Business Acquisition Report</i>; and – Canadian Standard on Review Engagements (CSRE) 2400, <i>Engagements to Review Historical Financial Statements</i>.

Performance Indicator	Status for the year ended March 31, 2016
<p><i>Objective: Stakeholders are informed about, and have sufficient opportunity to contribute to, the standard-setting process.</i></p>	
<p>Result: Objective achieved.</p>	
<p>The website is updated according to agreed process guidelines.</p> <p>Document response periods – ordinarily at least 90 days, but may be less, depending on circumstances.</p>	<ul style="list-style-type: none"> • All deadlines for website updates were met. • Response periods for Canadian-only documents for comments were as follows: <ul style="list-style-type: none"> – The Auditor's Responsibilities Relating to Other Information: Canadian Amendments – 80 days (fewer than 90 days as extensive consultation was done with stakeholders during the exposure period); – Implementation Considerations for New Auditor Reporting Standards – 235 days; – Association (Re-exposure Draft) – 69 days (re-exposure drafts typically have a shorter comment period); and – Reports on Compliance with Agreements, Statutes and Regulations – 113 days. • Response periods for documents for comment based on the IAASB's documents for comment are typically shorter in order to meet the IAASB's deadlines. Response periods were as follows: <ul style="list-style-type: none"> – Engagements to Report on Summary Financial Statements – 36 days; – Non-compliance with Laws and Regulations – 40 days; and – Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits – 46 days.
<p><i>Objective: We maintain Canada's influence at the IAASB.</i></p>	
<p>Result: Objective achieved.</p>	
<p>Attend the annual National Standard Setters meeting; volunteer to participate on one IAASB initiative arising from the meeting.</p>	<ul style="list-style-type: none"> • The AASB Chair and Vice President, Standards, attended the National Standard Setters meeting in May 2015. • In June 2015, we hosted a roundtable on auditor reporting that IAASB members attended. • Ongoing debriefing of the CPA Canada nominee on the IAASB, who attended all AASB meetings of AASB where IAASB projects were discussed.

Performance Indicator	Status for the year ended March 31, 2016
Place Canadian resources on new IAASB standards projects that are critical to the Canadian environment, as measured by us.	<ul style="list-style-type: none"> • The Canadian nominee on the IAASB is the Chair of the IAASB's project to revise ISRS 4400, <i>Engagements to Perform Agreed-upon Procedures Regarding Financial Information</i>. In addition, our staff are providing staff support to the IAASB. • The Canadian nominee on the IAASB is also a member on: <ul style="list-style-type: none"> – a task force to revise ISA 540, <i>Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures</i>; and – the Integrated Reporting Working Group. • The Director, Auditing and Assurance Standards, is a member of the IAASB's IASB Liaison Working Group and the Professional Skepticism Working Group.
Respond to all the IAASB's documents for comment.	<ul style="list-style-type: none"> • We responded to the following IAASB documents for comment by the response deadline: <ul style="list-style-type: none"> – Responding to Non-compliance or Suspected Non-compliance with Laws and Regulations; – Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks and Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement; and – Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits.
Obtain an "above average" assessment rating from the IAASB (for example, Chair, selected members and IAASB technical staff) annually, as to our contribution to the IAASB's activities, including responses to the IAASB's exposure drafts.	<ul style="list-style-type: none"> • The IAASB does not formally rate the contributions to the efforts made by national standard setters such as us. However, positive informal feedback was received.

Performance Indicator	Status for the year ended March 31, 2016
<p><i>Objective: We promote the understanding and acceptance of new standards by key stakeholders.</i></p> <p>Result: Objective achieved.</p>	
Follow our established communications plan.	<ul style="list-style-type: none"> • Communications were issued according to our communications plan.
<p>The AASB Chair and/or our staff meets at least once a year with each of the following key stakeholders:</p> <ul style="list-style-type: none"> • Canadian Council of Legislative Auditors; • Canadian Securities Regulators; • Canadian Public Accountability Board; • The Office of the Superintendent of Financial Institutions; • CPA provincial and regional accounting bodies; and • CPA Canada groups. 	<ul style="list-style-type: none"> • We proactively engaged all stakeholder groups. Meetings were held as planned.

Overall assessment for 2015-2016: Many objectives were achieved. Significant progress was made on many projects. However, the March 31, 2016 target for having all standards in the clarity format was not met, for the reasons stated. However, we are confident that the structure of the Handbook promotes consistency of application of the standards, meeting our objective. The projects currently underway are expected to be completed within two to four years. Therefore, we continue to make good progress towards achieving our longer term goals.

Appendix A: Status of Projects



Canadian Auditing Standards

Auditor Reporting

Regulators and other users of audited financial statements have asked that more information be provided in auditors' reports about the auditor's perspectives regarding significant matters in the financial statements, as well as about the conduct of the audit. The IAASB approved its final auditor reporting ISAs in September 2014.

During 2015-2016, we discussed issues related to adopting the auditor reporting ISAs in Canada. We issued an Invitation to Comment on related issues in Canada in June 2015 and conducted extensive consultations with stakeholders over the next several months. We received 31 written responses. Several key stakeholders stated that we should not adopt the auditor reporting standards until the U.S. Public Company Accounting Oversight Board's (PCAOB) intended direction is known. In May 2016, the PCAOB issued its proposals. We will consider these as we move towards approving Canadian auditor reporting standards. To allow Canadian stakeholders time to implement the standards, we will propose a later effective date than that of the related ISAs, as well as a staged implementation of requirements related to reporting key audit matters. We expect to finalize the standards in 2016-2017.

Audit of Financial Statement Disclosures

Financial statement disclosures have become more detailed and complex as a result of evolving financial reporting standards. Disclosures are a fundamental part of the financial statements. They are seen as an increasingly important way for preparers to communicate deeper insights about the entity's financial position and financial performance than is possible through the primary financial statements alone.

In March 2015, the IAASB approved revisions to certain ISAs dealing with disclosures in the audit of financial statements. We approved the same revisions to the CASs in September

2015. We decided that the effective date should be the same as for the new auditor reporting standards and revised CAS 720, *The Auditor's Responsibilities Relating to Other Information*, which will be set once those standards are approved. To make stakeholders aware of the pending revisions, staff issued a bulletin in February 2016 that highlights matters that may be of relevance for auditors when addressing disclosures as part of an audit of financial statements. This bulletin promotes good practice in the auditing of financial statement disclosures.

Communication with Law Firms

In November 2014, we issued an Exposure Draft in conjunction with the Joint Policy Statement Review Committee of the Canadian Bar Association. The Exposure Draft proposed a revised "Joint Policy Statement Concerning Communications with Law Firms Regarding Claims and Possible Claims in Connection with the Preparation and Audit of Financial Statements," which is appended to CAS 501, *Audit Evidence – Specific Considerations for Selected Items*. The revisions were proposed to make the Statement compatible with International Accounting Standard 37, *Provisions, Contingent Liabilities and Contingent Assets*, and to reflect the evolution of practice in the thirty-five years since the Statement was first drafted.

In early 2015, we offered a webinar to stakeholders in English and French to inform them of the proposals. We received 15 written responses. The feedback received was positive. We approved the final Statement and conforming amendments to CAS 501 in October 2015. The Canadian Bar Association approved the final Joint Policy Statement in February 2016. The final Handbook material was issued in April 2016.

Non-compliance with Laws and Regulations

The International Ethics Standards Board for Accountants (IESBA) proposed changes to its Code of Ethics dealing with non-compliance or suspected non-compliance with laws and regulations. In early 2015-2016, the IAASB issued an Exposure Draft of proposed changes to certain ISAs to:

- ensure that the international standards and the IESBA Code would not conflict; and
- clarify and emphasize key aspects of the IESBA Code proposals in the international standards.

In August 2015, we issued an Exposure Draft proposing the same revisions. We received one written response. The IAASB is expected to approve final revisions in June 2016. We expect to approve the same revisions in the autumn of 2016.

Responsibilities Relating to Other Information

In December 2014, the IAASB approved ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*. ISA 720 (Revised) addresses responsibilities of the auditor relating to a range of other information in documents containing audited financial information. We continued to discuss issues related to adopting ISA 720 (Revised) and issued an Exposure Draft of proposed Canadian amendments in November 2015. We had extensive consultation

with stakeholders, which included a webinar in English and French and cross-country roundtable consultations. We received 15 written responses. We will continue to discuss issues on this project in conjunction with discussions on auditor reporting.

Assurance and Related Services Standards (other than CASs)

Agreed-upon Procedures

In 2014, we approved a project to revise and clarify Section 9100, *Reports on the Results of Applying Specified Auditing Procedures to Financial Information Other than Financial Statements*. We put the project on hold, as the IAASB noted that it would be starting a project to revise its related standard, ISRS 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*. The IAASB started its project in 2015. Its working group is Chaired by CPA Canada's nominee on the IAASB, Ron Salole. Our staff are also providing staff support to the IAASB working group. During 2015-2016, we provided input to Ron Salole and staff. In May 2016, we met with the IAASB working group to provide Canadian perspectives on certain issues. The IAASB expects to issue a discussion paper in 2016-2017 to obtain further input on this project. We will determine the extent to which we will consult with Canadian stakeholders to inform our input to the IAASB.

Association

In late 2015, we issued an Exposure Draft proposing to revise Section 5020, *Association*. Our Exposure Draft addressed the use of the practitioner's name or communication with accompanying information and the use of the practitioner's communication in another language. We received 8 written responses. A number of issues were raised by stakeholders. The most significant related to the scope of the standard. In response, we made a number of changes to the scope and changed the title to "Use of the Practitioner's Communication or Name," to avoid giving the impression that the standard deals with all aspects of association. In March 2016, we issued a Re-exposure Draft, with a response date of May 13, 2016. We will consider responses received with a goal of approving the final standard in 2016-2017.

Capital Market Standards (7000 series of Sections)

In March 2015, we issued an Exposure Draft of proposed limited amendments to Section 7150, *Auditor's Consent to the Use of a Report of the Auditor Included in an Offering Document*, which would allow an auditor to issue to a stock exchange a consent letter similar to that provided to a securities regulator, with appropriate caveats regarding the intended use of consent. 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. We approved the amendments in September 2015. The amendments were issued in November 2015.

Compilation Engagements

Canadian practitioners have indicated that there is a need for a standard that would better meet their needs by providing requirements and guidance on specific matters that have caused confusion and ambiguity in performing compilation engagements. We started a project that will address key issues including:

- the perception in the marketplace with respect to the level of assurance taken versus assurance given; and
- the usefulness of financial statements compiled using a generally accepted financial reporting framework versus a less rigorous or no framework.

Late in 2015, anticipating commencement of the project, we assembled a task force to assist us. The task force met and discussed various issues over the course of the year. We will continue to discuss issues and conduct targeted consultations to further inform our decisions. We expect that we will complete this project in 2018-2019.

Compliance Reporting

Practitioners are often asked to provide assurance on an entity's compliance with agreements, statutes and regulations. In 2011, we approved a project to draft in the clarity format and revise, if necessary, Sections 5800, *Special Reports – Introduction*, 5815, *Special Reports – Audit Reports on Compliance with Agreements, Statutes and Regulations*, and 8600, *Reviews of Compliance with Agreements and Regulations*. In September 2015, we issued an Exposure Draft of proposed CSAE 3530, *Reports on Compliance with Agreements, Statutes and Regulations*, that would replace the existing Sections. We offered a webinar in English and French to inform stakeholders of our proposals and to obtain feedback on certain key proposals. We also conducted cross-country roundtable consultations with stakeholders. We received 10 written responses.

During 2016-2017, we will consider the input we received on our Exposure Draft, as well as input from our Public Sector Auditing Standards Review Task Force on issues that overlap both projects. We hope to issue either a re-exposure draft or final Handbook material before the end of the operating year.

Public Sector Auditing Standards

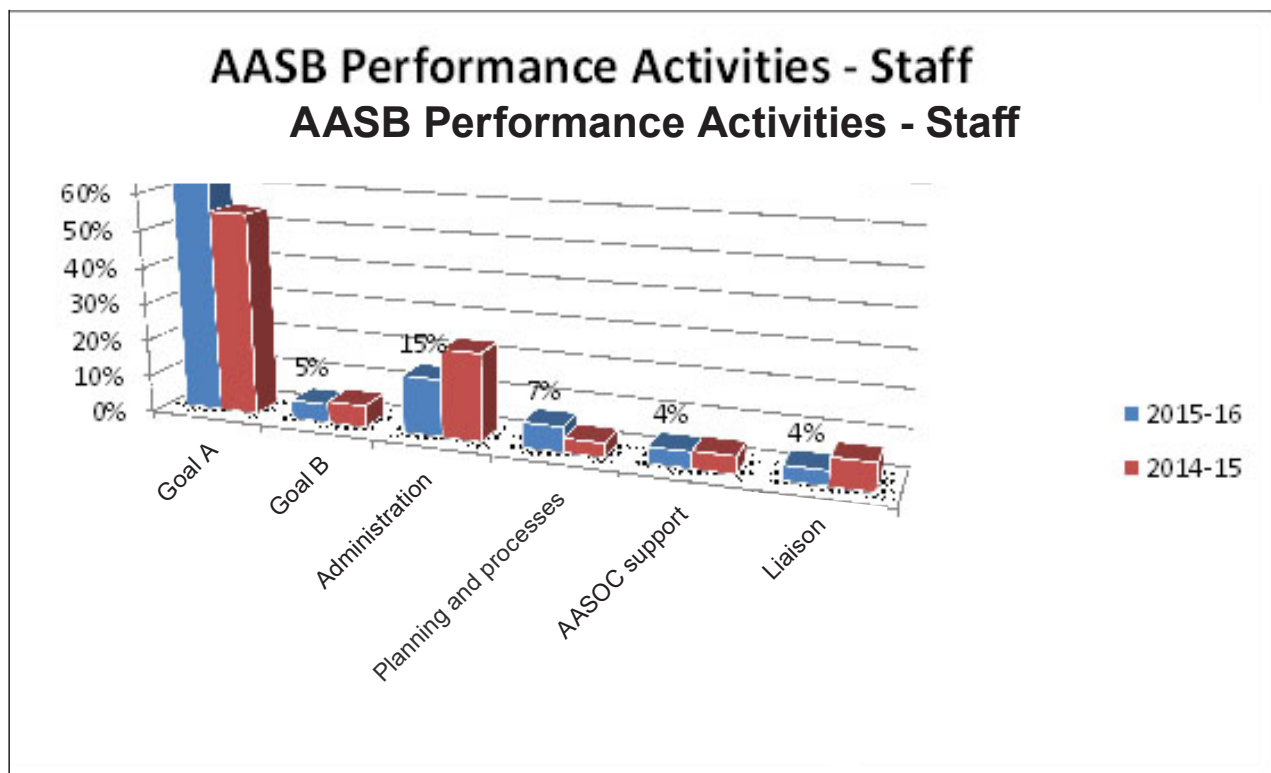
In 2015-2016, we approved a project to revise the standards dealing with the special circumstances that may apply to audits of public sector entities undertaken by legislative and other external auditors. We have heard from public sector auditors that there is a need to retain

and update some of these standards. Our Task Force has also told us that there is overlapping subject matter in one standard with proposed CSAE 3530. We have started to discuss issues. Our goal is to issue an exposure draft of proposed revisions in late 2016-2017.

Review Engagements

In November 2015, we approved CSRE 2400, *Engagements to Review Historical Financial Statements*. This approval represented the culmination of a project that we started several years ago. The project included monitoring and providing input to the IAASB on its ISRE 2400 with the same title, developing a Canadian standard based largely on the IAASB standard, and not only exposing but re-exposing the standard for public comment. Over the course of the project, we conducted extensive consultations, which included two webinars and various roundtable consultations. In May 2015, we issued our Re-exposure Draft, on which we received 19 written responses. The standard was issued in April 2016.

Appendix B: Use of Resources



Staff resources (hours)

Activity	2015-2016	2014-2015
	%	%
Goal A: Set high-quality standards and guidance		
Auditing standards	32	19
Other standards	30	25
Other, including Handbook structure and implementation guidance	3	11
	65	55
Goal B: Maintain a strong Canadian standard-setting capability	5	6
Administration, planning and processes	22	27
Liaison	4	7
AASOC support	4	5
	100	100

Staff resources devoted to auditing standards increased this year, largely due to the need to deal with matters related to auditor reporting standards. Significant staff resources were also devoted to the projects on review engagements, association, public sector auditing standards and compliance reporting, resulting in an increase in the percentage of time spent on other standards. As a result of increased staff activity on standards-related projects, less time was spent on matters such as research, resulting in a decrease in administration, planning and processes.

Financial Resources

Costs	2015-2016	2015-2016	2014-2015
	Actual	Budget	Actual
	\$ 000	\$ 000	\$ 000
Human resources	1,561	1,597	1,378
Meetings and travel	232	246	143
Translation	232	139	188
Occupancy	226	226	173
Consulting	4	0	14
Administration	24	24	21
AASB Total	2,279	2,232	1,917

Human resources costs increased this year as two principals were hired in the last quarter of 2014-2015 and a third in the second quarter of 2015-2016. These principals were hired to fill vacancies and bring staff levels to the approved full complement.

Meetings and travel costs were higher than the prior year because one AASB meeting was held offsite in Halifax during the year. Also, staff travelled extensively across Canada to meet with stakeholders on three projects: auditor reporting, CAS 720, CSAE 3530, as well as on our Draft Strategic Plan. Differences in the timing of various domestic meetings and related project work also contributed to the variance.

Translation costs were significantly higher than budget this year and were also higher than last year. The IAASB issued a very long Invitation to Comment that was not anticipated when the budget was prepared, which incurred a significant translation cost. Further, when the budget was prepared, we anticipated that certain projects would be completed before the beginning of this operating year. The budget did not anticipate re-exposure of both review engagements and association or the exposure of Canadian proposals related to auditor reporting and CAS 720. This resulted in a significant increase in translation activity.

Appendix C: Membership – AASB and Task Forces



Auditing and Assurance Standards Board as at March 31, 2016

Cathy MacGregor, CPA, CA

CHAIR

Grant Thornton LLP

Halifax

Darrell Jensen, CPA, CA

VICE CHAIR

EY LLP

Toronto

Marcel Couture, CPA auditeur, CA

Vérificateur général du Québec

Québec

Michael Frankel, FCPA auditor, FCA

Richter S.E.N.C.R.L.

Montreal

Sophie Gaudreault, CPA, CA

PwC LLP

Toronto

Doug King, CPA, CA

KPMG LLP

Toronto

Andrew Macartney, CPA, CA

Deloitte LLP

Toronto

Jim McCarter, CPA, CA

Toronto

Marian McMahon, CPA, CA

Office of the Auditor General of Canada

Ottawa

Anna Moreton, CPA, CA

Wolrige Mahon LLP

Vancouver

Fred Pries, PhD, CPA, CA

University of Guelph

Guelph

Dave Rasmussen, CPA, CA

BDO Canada LLP

Toronto

Alan Reynolds, MBA

Surrey

Non-Voting Members

Stephenie Fox, CPA, CA

Vice President, Standards

Toronto

Ron Salole

CPA Canada Nominee on the IAASB

Waterdown

Eric Turner, CPA, CA

Director, Auditing and Assurance Standards

Toronto

Staff Support

Jacqui Kuypers, CPA, CA

Auditing and Assurance Standards

Toronto

Audit Reporting Implications of the New CASs Task Force

Gord Briggs, CPA, CA
EY LLP
Toronto

Julie Corden, CPA, CA
Deloitte LLP
Toronto

Sophie Gaudreault, CPA, CA
PwC LLP
Toronto

Claudia Leonardi, CPA auditrice, CA
KPMG LLP
Montreal

Dave Rasmussen, CPA, CA
BDO Canada LLP
Toronto

Gregg Ruthman, CPA, CA
Office of the Auditor General of Canada
Ottawa

Jean-François Trépanier, CPA auditeur, CA
Raymond Chabot Grant Thornton LLP
Montreal

Observer

Mark Pinch, CPA, CA
Ontario Securities Commission
Toronto

Staff Support

Eric Turner, CPA, CA
Auditing and Assurance Standards
Toronto

Compilation Engagements Task Force

Michael Frankel, FCPA auditor, FCA
CHAIR
Richter, S.E.N.C.R.L.
Montreal

Michael Bolton, CPA, CA
BDO Canada LLP
Port Elgin

Penny Fair, FCPA, FCGA
Ashgrove Concepts Inc.
Calgary

Donald Morris, CPA, CA
Grant Thornton LLP
Mississauga

Jocelyn Patenaude, CPA auditeur, CA
Behna, Cormier, Gougeon, Ouellette, S.E.N.C.R.L.
Montreal

Stephen Shupe, CPA, CA
SV Shupe and Associates
Dartmouth

Annie Smargiassi, CPA auditrice, CA
Ordre des CPA du Québec
Montreal

Observer

Samantha Yu, CPA, CA
CPA Ontario

Staff Support

Svetlana Berger, CPA, CA
Auditing and Assurance Standards
Toronto

International Auditing and Assurance Standards Board

Voting Member

Ron Salole
Waterdown

Technical Advisor

Eric Turner, CPA, CA
Director, Auditing and Assurance Standards
Toronto

Joint Policy Statement with CBA Task Force

Darrell Jensen, CPA, CA
EY LLP
Toronto

Anna Moreton, CPA, CA
Wolrige Mahon LLP
Vancouver

Michael Strain, CPA, CA
CIBC
Toronto

Observer

Bill McFetridge, LLP, FCPA, FCA
Bull, Housser & Tupper LLP
Vancouver

Staff Support

Svetlana Berger, CPA, CA
Auditing and Assurance Standards
Toronto

Public Sector Auditing Standards Review Task Force

Chair

Larry Munroe, CPA, CA
Halifax Regional Municipality
Dartmouth

Marise Bedard
Office of the Auditor General of Canada
Ottawa

Sheila Dodds, CPA, CA
Office of the Auditor General of BC
Victoria

Mary Gibson, CPA, CA
Office of the Auditor General of Alberta
Edmonton

Susan Klein, CPA, CA
Office of the Auditor General of Ontario
Toronto

Steve Stewart, CPA, CA
Deloitte LLP
North York

Beili Wong, CPA, CA
Liquor Control Board of Ontario
Toronto

Staff Support

Birender Gill, CPA, CA
Auditing and Assurance Standards
Toronto

Review Engagements Task Force

Gordon Cummings, CPA, CA, CPA (IL)
CHAIR
 D&H Group LLP
 Vancouver

Colleen Cashion, CPA, CA
 Calgary

Mina Farinacci, CPA auditrice, CA
 BDO Canada LLP
 Montreal

Kelly Khalilieh, CPA, CA*
 Accounting Standards
 Toronto

Gordon Moore, FCPA, FCA
 Halifax

Observers

David Kennedy, BMath, CPA, CA
 CPA Ontario
 Toronto

Annie Smargiassi, CPA auditrice, CA
 Ordre des CPA du Québec
 Montreal

Staff Support

Svetlana Berger, CPA, CA
 Auditing and Assurance Standards
 Toronto

* Kelly Khalilieh was employed by EY LLP when she joined the TF. She left EY and joined CPA Canada in its Accounting Standards Department during 2015-2016. She stayed on the TF until the completion of the project.

Securities Regulation Advisory Group

Andrew Macartney, CPA, CA
CHAIR
 Deloitte LLP
 Toronto

Reinhard Dotzlaw, FCPA, FCA
 KPMG LLP
 Toronto

Laney Doyle, CPA, CA
 EY LLP
 Toronto

Johanna Field, CPA, CA
 Grant Thornton, LLP
 Toronto

Jeremy Jagt, CPA, CA
 Grant Thornton LLP
 Mississauga

Laura Moschitto, CPA, CA
 KPMG LLP
 Toronto

Janet Stockton, FCPA, FCA
 BDO Canada LLP
 Toronto

Observer

Cheryl McGillivray, CPA, CA
 Alberta Securities Commission
 Calgary

Staff Support

Chi Ho Ng, CPA, CA, CPA (IL)
 Auditing and Assurance Standards
 Toronto

Auditing and Assurance Standards Staff

Eric Turner, CPA, CA	Director
Svetlana Berger, CPA, CA	Principal
Karen DeGiobbi, CPA, CA	Principal
Birender Gill, CPA, CA	Principal
Jacqui Kuypers, CPA, CA	Principal
Bill Mandelman, CPA, CA	Principal
Chi Ho Ng, CPA, CA, CPA (IL)	Principal
Ritu Parhar	Administrative Assistant

Auditing and Assurance Standards Board
277 Wellington Street West
Toronto, Ontario
M5V 3H2
Canada
Email: fras-nifc-canada@cpacanada.ca
www.frascanada.ca

