

# What are CAS's?

*and what do I need to know now?*



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# Canadian Auditing Standards (CASs)

- Current 5000 series in Auditing Handbook will eventually be replaced with Canadian Auditing Standards or CAS's
- Effective dates
  - CAS's will be effective for periods ending on or after **December 14, 2010.**
  - Quality control standard CSQC1 will be effective after **December 15, 2009.**
- HB has adopted the numbering system used by International Standards on Auditing or ISAs
  - For example CICA Handbook section 5145 will become CAS 230
- All ISAs have now been “clarified” and AASB in Canada have approved their release as CAS's.
  - Early adoption is Ok **IF** no conflict with existing Canadian standards

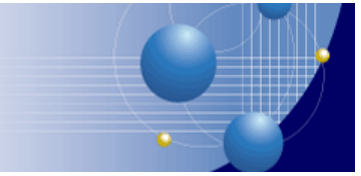
# Changes in QC Standards (CSQC1)

*effective Dec 14 2009*

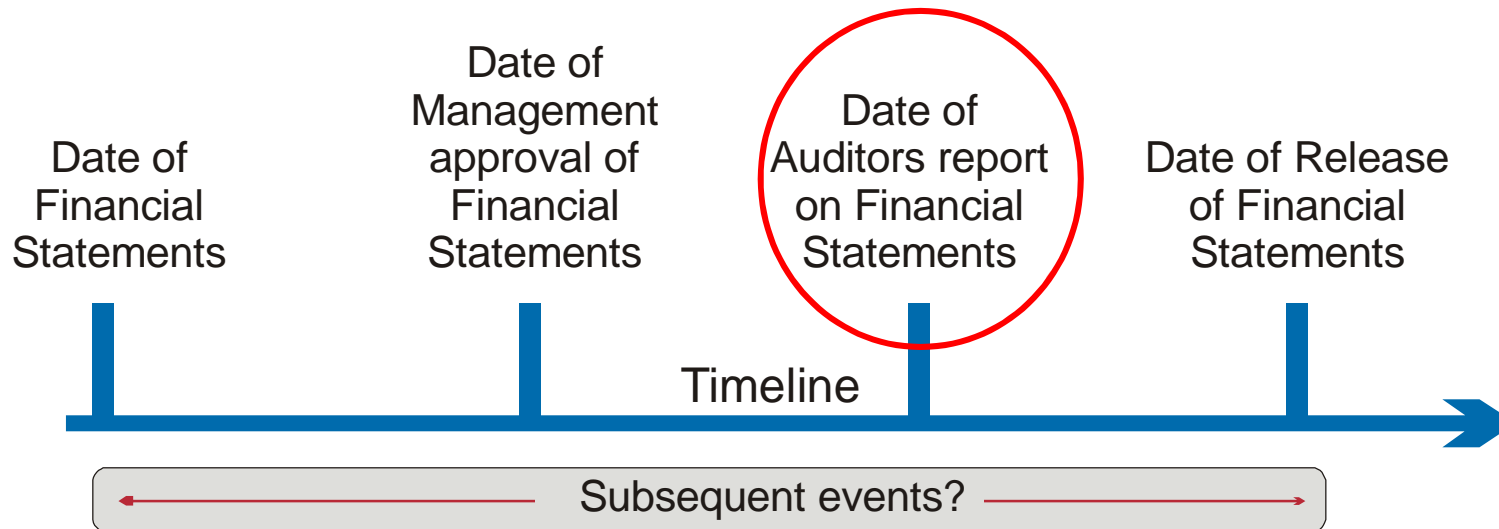
- **File Quality Review**
  - Complete and sign off the FQR (ECQR) **before date** of audit report
  
- **Monitoring**
  - **No more self assessments** of completed files. Now requires appointing an independent and suitably qualified person.
  - A three year monitoring cycle would include some monitoring each year. (i.e. Not all performed in year 3)

# The File Quality (EQCR) review?

- A **process** designed to provide an **objective evaluation**, on or **before the date of the report**, of:
  - the **significant judgments** the engagement team made
  - the **conclusions** team reached in formulating the report.
- Applies to:
  - audits of financial statements of **listed entities**,
  - those other engagements, if any, for which the firm has determined an engagement quality control review is required.



# Timing for File Quality Reviews



# What is a Clarified Standard?

- The *structure* of a Clarified Standard -
  - Introduction
  - Objectives
  - Definitions
  - Requirements (the auditor *shall...*)
  - Explanatory material



# Listing of CAS's

<b>CSA Reference and Title</b>	
CSQC 1	Quality Control for Firms that Perform Audits And Reviews of Financial Statements and Other Assurance and Related Services Engagements
200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing
210	Agreeing the Terms of Audit Engagements
220	Quality Control for an Audit of Financial Statements
230	Audit Documentation
240	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
250	Consideration of Laws and Regulations in an Audit of Financial Statements
260	Communication with those Charged with Governance
265	Communicating Deficiencies in Internal Control to those Charged with Governance and Management
300	Planning an Audit of Financial Statements
315	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment
320	Materiality in Planning and Performing an Audit
330	The Auditor's Responses to Assessed Risks
402	Audit Considerations Relating to an Entity Using a Service Organization
450	Evaluation of Misstatements Identified during the Audit

# Listing of CAS's *(continued)*

<b>CSA Reference and Title</b>	
500	Audit Evidence
501	Audit Evidence—Specific Considerations for Selected Items
505	External Confirmations
510	Initial Audit Engagements—Opening Balances
520	Analytical Procedures
530	Audit Sampling
540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
550	Related Parties
560	Subsequent Events
570	Going Concern
580	Written Representations
600	Special Considerations—Audits of Group Financial Statements (including the Work of Component Auditors)
610	Using the Work of Internal Auditors
620	Using the Work of an Auditor's Expert
700	Forming an Opinion and Reporting on Financial Statements
705	Emphasis of Matter Paragraphs and Other Matter Paragraphs in The Independent Auditor's Report
706	Comparative Information—Corresponding Figures and Comparative Financial Statements
710	The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements

# Proposed Auditors Report - *Dec 15 2010*

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ABC Company, which comprise the balance sheet as at December 31, 20X1, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ■ **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ■ **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ■ **Opinion**

In our opinion, the financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of ABC Company as at December 31, 20X1, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

# Clarified CAS's to note...

- 250 Consideration Of Laws And Regulations In An Audit Of Financial Statements
- 265 **Communicating Deficiencies** In Internal Control
- 320 **Materiality** In Planning And Performing An Audit
- 402 Audit Considerations Relating To An Entity Using A Service Organization
- 550 Related Parties
- 540 Auditing Accounting Estimates
- 570 **Going Concern**
- 600 **Audits Of Group Financial Statements** (Including Work Of Component Auditors)
- 700 **Form content and dating of Audit Reports**

# Resources

- Many of the CAS's are already included in the CICA Handbook now. Others can be obtained free of charge from the bookstore at [www.IFAC.org](http://www.IFAC.org)
- A new version of PEM (called C-PEM), which addresses the new CAS's, will be published by the end of 2009
- Provincial Institutes are offering some basic training on the new CAS's this fall

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