

BASIS FOR CONCLUSIONS
Standards Affected by Changes in Canadian Securities Regulations

This Basis for Conclusions has been prepared by staff of the Auditing and Assurance Standards Board (AASB). It relates to, but does not form part of, Section 7110, AUDITOR INVOLVEMENT WITH OFFERING DOCUMENTS OF PUBLIC AND PRIVATE ENTITIES, Section 7115, AUDITOR INVOLVEMENT WITH OFFERING DOCUMENTS OF PUBLIC AND PRIVATE ENTITIES – CURRENT LEGISLATIVE AND REGULATORY REQUIREMENTS, and ASSURANCE AND RELATED SERVICES GUIDELINE AuG-30, The Auditor’s Consent and Comfort in Connection with Securities Offering Documents.

Purpose of this Basis for Conclusions

This Basis for Conclusions provides a brief summary of the AASB’s objectives in making revisions to Section 7110, Section 7115 and AuG-30, the public exposure and approval steps for this project and how the AASB dealt with significant matters arising from comments received in response to its Exposure Draft of proposed changes. This information is set out below.

Background

In May 2011, the AASB issued an Exposure Draft (ED) that proposed to revise or withdraw material in Section 7110, Section 7115 and AuG-30 to reflect changes in Canadian securities regulations. No formal responses to the ED were received. One stakeholder provided input on the ED to the AASB staff but did not submit a formal response.

The AASB approved the proposed revisions at its meeting in September 2011. The Auditing and Assurance Standards Oversight Council confirmed that the AASB followed due process in developing these revisions prior to their issuance in the CICA Handbook – Assurance.

AASB’s Objective in Making Limited Revisions to Section 7110, Section 7115 and AuG-30

Section 7110 sets out the auditor’s professional responsibilities when he or she is involved with a prospectus or other offering document. Section 7115 sets out the auditor’s responsibilities, in addition to those described in Section 7110, that prevail under current legislative and regulatory requirements. AuG-30 provides guidance on the form of consent and comfort letters the auditor could issue. Changes in Canadian securities regulations have resulted in certain material in Section 7110, Section 7115 and AuG-30 becoming outdated. The AASB’s objective in this project is to update Section 7110, Section 7115 and AuG-30 so that they reflect current Canadian securities regulations. The following changes were proposed in the ED:

- (a) Clarify that Canadian securities regulations do not require a compilation report in Section 7110 and withdraw material dealing with a compilation report on pro forma financial statements in Section 7115.
- (b) Withdraw material in Section 7115 and AuG-30 dealing with comfort letters to securities commissions on unaudited financial statements since such letters are no longer required by Canadian securities regulations.

Significant Matters Arising from Comments in Response to the ED

Additional change to AuG-30 to reflect securities regulatory requirement for the author of a consent letter to consent to being named

1. A stakeholder suggested a change to the illustrative consent letters in Examples B and C of AuG-30 to reflect the requirement in National Instrument 41-101 for the consent letter to “state that the person or company being named consents to being named.” The AASB agreed with the suggestion and has made changes to Examples B and C of AuG-30 to address this matter.