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This *Auditing and Assurance Bulletin* is intended to help raise practitioners' awareness in a timely manner of significant new or emerging issues or other noteworthy circumstances related to engagements addressed by the AASB pronouncements. It is also meant to direct practitioners to relevant requirements, application and other explanatory material in the CICA Handbook – Assurance.

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auditing and assurance BULLETIN

FOR PUBLIC ACCOUNTANTS PERFORMING AUDIT AND REVIEW ENGAGEMENTS

Requirements Related to the Dating of Auditor's Reports

This *Auditing and Assurance Bulletin* is being issued in response to certain matters identified by practice inspectors and questions received by provincial practice advisors on the interrelationship of various requirements in Canadian Auditing Standards (CASs) related to the dating of auditor's reports. These requirements are, in some cases, different from previous generally accepted auditing standards.

Interrelationship of dating requirements in CASs

Auditor's report

CAS 700, *Forming an Opinion and Reporting on Financial Statements*, requires that the auditor's report be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base his or her opinion on the financial statements. This



includes evidence that all the financial statements have been prepared, and evidence that those with the recognized authority have taken responsibility for them. The audit cannot be complete before the financial statement preparation process is complete.

Certain other dating requirements in CASs are all driven, to some extent, by this same fundamental principle, as set out in CAS 700. These include dating requirements related to management representations, subsequent events, communications with management, communications with those charged with governance, engagement quality control review, and file completion. These requirements are discussed briefly below.

Written representations

CAS 580, *Written Representations*, states that written representations are necessary information that the auditor requires in connection with the audit of the entity's financial statements. Accordingly, written representations are audit evidence (paragraph 3 of CAS 580). As a result, the auditor's opinion cannot be expressed, and the auditor's report cannot be dated, before the date of the written representations. Also, because the auditor is concerned with events occurring up to the date of the auditor's report that may require adjustment to or disclosure in the financial statements, the written representations are dated as near as practicable to, but not after, the date of the auditor's report on the financial statement (paragraphs 14 and A15 of CAS 580).

Subsequent events

The auditor is also required to obtain sufficient appropriate audit evidence about whether events occurring between the date of

the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework (paragraph 4a of CAS 560, *Subsequent Events*). Depending on the risk assessment, the audit procedures related to subsequent events may involve the review or testing of accounting records or transactions occurring between the date of the financial statements and the date of the auditor's report (paragraph A6 of CAS 560).

Communications with management

Timely communication with management is essential to obtaining sufficient appropriate audit evidence. CAS 450, *Evaluation of Misstatements Identified during the Audit*, requires the auditor to communicate, on a timely basis, all misstatements accumulated during the audit with the appropriate level of management, unless prohibited by law or regulation. The auditor requests management to correct those misstatements. This timely communication of misstatements to the appropriate level of management enables management to evaluate whether the items are misstatements, inform the auditor if it disagrees, and take action as necessary. Since management prepares the financial statements, the adjustments would have to be made before the financial statements are approved by the Board of Directors and before the date of the auditor's report.

Communications with those charged with governance

Timely communications with those charged with governance are also an integral part of any audit. CAS 260, *Communications with*

Those Charged with Governance, and many other CASs (as indicated in the in the Appendix to CAS 260) contain requirements to communicate specific matters to those charged with governance. CAS 260 requires that communication be made on a timely basis but does not specify required dates. In determining what constitutes a timely communication, the auditor may consider, for example, that those charged with governance may assist the auditor in understanding the entity and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events.

Quality control for an audit of financial statements

When some audits are near completion, an engagement quality control review is performed. For example, such a review is required for an audit of the financial statement of a listed entity. As a policy, a public accounting firm may make these reviews mandatory for other audit engagements. An engagement quality control review assists the auditor in determining whether sufficient appropriate evidence has been obtained. Paragraph 19 of CAS 220,

Quality Control for an Audit of Financial Statements, requires the engagement partner to not date the auditor's report until the completion of the engagement quality control review.

File completion

When the audit has been completed, an assembled, complete audit file supports the auditor's conclusion that sufficient appropriate audit evidence has been obtained. CAS 230, *Audit Documentation*, requires that the auditor assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis after the date of the auditor's report. An appropriate time limit within which to complete the assembly of the final audit file is ordinarily not more than 60 days after the date of the auditor's report (paragraphs 14 and A21 of CAS 230)).

In conclusion

Auditors are encouraged to carefully consider the matters set out in this Bulletin regarding the interrelationship of dating requirements, as part of their ongoing efforts to continually improve the quality of the audits they perform.

