

# Technical BULLETIN



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**October 2016**

## TABLE OF CONTENTS

### ACCOUNTING

IFRS	2
ASPE	5
ASNPO	6
PSAB	7
ASSURANCE	9

This Technical Bulletin covers the various developments from July to September 2016.

Acknowledgement: The content of the Technical Bulletin has been summarized or reproduced from the CPA Canada, IASB and IFRIC, IAASB, AcSB, PSAB, AASB press releases, updates, publications, meeting summaries and other publications referenced within the Bulletin.

A summary of acronyms used in this Bulletin is included at the end.

To discuss implementation or interpretation issues with respect to these or any other accounting or assurance matters, please contact your local Collins Barrow service provider.

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Collins Barrow regularly publishes *Technical Bulletin* for the general interest of clients and friends to highlight the continually changing accounting and assurance standards, and the interpretations thereof, in Canada. Since this is not intended to be a complete reproduction or summarization of the standard or document reviewed, we recommend that you refer to the original document(s) discussed in this Bulletin and/or discuss the matter with your professional advisor before acting upon any of the matters discussed herein.

# Technical BULLETIN



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October 2016

## 1. Accounting

### International Financial Reporting Standards (IFRS)

#### New developments

##### Better Communication

The theme for IASB's work in the coming years is "Better Communication." Future projects will tackle the "face of the financial statements," focusing on improving the organization of the statements of financial performance, cash flows and financial position, as noted by Hans Hoogervorst, Chairman, International Accounting Standards Board, at the IFRS Foundation Conference in Zurich.

##### Definition of a Business and Accounting for Previously Held Interests (Proposed amendments to IFRS 3 and IFRS 11)

The IASB issued this exposure draft in June 2016. The Post-implementation Review of IFRS 3 carried out by the IASB identified that stakeholders find it difficult to apply the definition of a business in IFRS 3. Defining a business is important. This is because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The

proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

The IASB was also informed that there is diversity in practice in accounting for previously held interests in the assets and liabilities of a joint operation in two types of transactions: those in which an entity obtains control of a business that is a joint operation and those in which it obtains joint control of a business that is a joint operation. The proposed amendments to IFRS 3 and IFRS 11 are intended to clarify the accounting for each of these types of transactions.

Comment period ends on October 31, 2016.

#### Active projects – watch for further activity on these matters

Proposed change	Summary	Status
Insurance Contracts	Project aimed at improving comparability through a coherent, principles-based framework and one accounting model for all types of insurance contracts and increased transparency.	Final standard is expected to be issued by the IASB and AcSB in Q1 of 2017.
Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value	Clarification that an entity should measure the fair value of quoted investments and quoted CGUs as the product of the quoted price for the individual financial instruments that make up the investments held by the entity and the quantity of financial instruments.	The work carried out in this project will be fed into the Post-Implementation Review of IFRS 13. Direction of this project will be determined in 2017.

Proposed change	Summary	Status
<b>Reporting the Financial Effects of Rate Regulation</b>	This DP considers the common features of rate regulation and explores which of them, if any, creates a combination of rights and obligations that is distinguishable from the rights and obligations arising from activities that are not rate-regulated.	Currently in discussions. Another DP is expected in 2017.
<b>Accounting for Dynamic Risk Management</b>	The DP explores a possible approach (portfolio revaluation approach) to better reflect dynamic risk management activities in entities' financial statements.	Discussion Paper issued by the IASB in April 2014. Currently in deliberations. Another DP is expected in 2017.
<b>Classification of Liabilities</b>	Proposed amendments to IAS 1 clarify the criteria for the classification of a liability as either current or non-current.	Currently in deliberations. IASB and AcSB expect to issue amendments in Q1 of 2017.
<b>Conceptual Framework and Updating References to the Conceptual Framework</b>	The proposals aims to provide a more complete, clearer and updated set of concepts that can be used by the IASB when it develops IFRSs and others to help them understand and apply those standards and to provide transition to the revised Conceptual Framework.	EDs published by the IASB in May 2015. Currently in deliberations. Conceptual Framework is expected to be issued in Q1 of 2017.
<b>Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan</b>	The proposed amendments to IAS 19 specify that the entity is required to use the updated assumptions about obligations and fair value of the plan to determine current service cost and net interest for the period followed by these changes. The proposed amendments to IFRIC 14 address how the powers of other parties, such as the trustees of the plan, affect an entity's right to a refund of a surplus from the plan.	Currently in deliberations.
<b>Uncertainty over Income Tax Treatments</b>	This draft IFRIC Interpretation gives guidance on how uncertainty over income tax treatments should affect the accounting for income taxes.	Currently in deliberations. IFRIC Interpretation is expected in 2017.
<b>Foreign Currency Transactions and Advance Consideration</b>	This draft IFRIC Interpretation addresses which exchange rate should be used to report foreign currency transactions when payment is made or received in advance.	Currently at the drafting stage. IFRIC Interpretation is expected in Q4 of 2016.
<b>Annual Improvements 2014-2016 Cycle</b>	This ED proposes amendments to IFRS 1, IFRS 12 and IAS 28.	Currently at the drafting stage. IASB expects to issue amendments in Q4 of 2016.
<b>Application of Materiality to Financial Statements – Draft IFRS Practice Statement</b>	The objective of this publication is to assist management in applying the concept of materiality to general purpose financial statements prepared in accordance with IFRS.	Draft guidance issued by the IASB in October 2015. Currently in deliberations.
<b>Transfers of Investment Property</b>	Proposed amendment to IAS 40 clarifies the guidance on transfers to, or from, investment properties.	Currently at the drafting stage. IASB and AcSB expect to issue amendment in Q4 of 2016.

## Questions?

Here are some resources that will assist in the application of the standards.

### CPA Canada Reporting Alerts for IFRS

CPA Canada issues Reporting Alerts aimed at assisting companies in determining the impact of new and revised standards on their business. Reporting Alerts provide a summary of the standard, highlight significant items, summarize key changes and address

common questions. The following alert has recently been issued: [IFRS 16 Leases – March 2016](#)

### Viewpoints

This series discusses views of the Oil and Gas Task Force and the Mining Task Force on IFRS application issues relevant to junior oil and gas companies and junior mining companies, respectively. Recent issues: [Calculating depletion – Units of production method](#)

(Oil & Gas, April 2016), [Reporting of Funds Flow](#) (Oil & Gas, April 2016)

whether the group has discussed an issue that you face in applying IFRSs and get the [meeting report extract and audio webcast](#) for each issue you find.

#### IFRS Discussion Group Meeting Topics

Established by the AcSB, the IFRS Discussion Group implements and maintains a regular public forum to discuss issues that arise in Canada when applying IFRS. The Financial Reporting & Assurance Standards Canada website allows for topics and issues discussed by the IFRS Discussion Group to be searched and sorted. Find out

### Digest of issued standards and amendments

Standards affected	Summary of changes	Effective date
<b>IAS 7 Statement of Cash Flows</b>	Amendments will require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	Annual periods beginning on or after January 1, 2017
<b>IAS 12 Income Taxes</b>	Amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.	Annual periods beginning on or after January 1, 2017
<b>IFRS 2 Share-based Payment</b>	Amendments clarify how to account for certain types of share-based payment transactions.	Annual periods beginning on or after January 1, 2018; amendments have not been issued by the AcSB, expected in Q4 of 2016.
<b>IFRS 9 Financial Instruments</b>	IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Certain changes were made to the fair value option for financial liabilities to address the issue of own credit risk. IFRS 9 includes a new hedge accounting model. In addition, a single, forward-looking expected loss impairment model is introduced, which will require more timely recognition of expected credit losses.	Annual periods beginning on or after January 1, 2018
<b>IFRS 4 Insurance Contracts</b>	Amendments designed to address the concerns about the different effective dates of IFRS 9 and the forthcoming new Insurance Contracts standard.	Annual periods beginning on or after January 1, 2018; amendments have not been issued by the AcSB, expected in Q4 of 2016.
<b>IFRS 15 Revenue from Contracts with Customers</b>	<p>The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard contains enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. IFRS 15 supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31.</p> <p>Amendments to IFRS 15 have been issued by the IASB which clarify how to identify the performance obligations, determine whether a company is a principal or an agent and determine whether the revenue from granting a license should be recognized at a point in time or over time. Two additional reliefs are included, which reduce cost and complexity for a company when it first applies the new standard.</p>	Annual periods beginning on or after January 1, 2018

Standards affected	Summary of changes	Effective date
<b>IFRS 16 Leases</b>	This new standard replaces IAS 17 Leases and brings leases onto companies' balance sheets, increasing the visibility of their assets and liabilities. IFRS 16 removes the classification of leases as either operating leases or finance leases (for the lessee – the lease customer), treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the requirements.	Annual periods beginning on or after January 1, 2019
<b>IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures</b>	These standards were amended to eliminate an inconsistency between IFRS 10 and IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. Subsequent to the amendments, a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not), and a partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	Effective date to be determined. These amendments are available for application.

## Accounting Standards for Private Enterprises (ASPE)

### New developments

#### 2017 Annual Improvements

ED issued by the AcSB in September 2016, with comment period ending on December 15, 2016. The following amendments are proposed:

#### Disclosure of Accounting Policies, Section 1505

- Currently, accounting policies should be disclosed in the first note
- Proposed amendment states that disclosure of accounting policies should be provided “in one of the first notes”

#### Accounting Changes, Section 1506

- The proposed amendments remove the requirement to disclose the amount of an adjustment related to an accounting policy change for the current period and require disclosure “for each of the prior period(s) presented”

#### Balance Sheet, Section 1521

- Proposed amendments clarify the existing presentation and disclosure requirements related to assets under capital leases

#### Foreign Currency Translation, Section 1651

- Proposed amendments remove requirement that previously recorded write-downs of inventory should not be reversed in

the translated financial statements of an integrated foreign operation, as it is inconsistent with requirement in Section 3031

#### Leases, Section 3065

- Proposed amendment clarifies that only the amount of the allowance for impairment is required to be disclosed and not the carrying amount of impaired operating lease receivables
- Would be similar to the impairment disclosure for current trade receivables

#### AcSB Strategic Plan

2016-2021 Strategic Plan notes that the private enterprise world is changing with domestic entities expanding their global operations and entering into complex transactions, resulting in greater attention being placed on the financial statements of those companies by various users, and not just creditors. The plan reaffirms that the AcSB has no intention to move private enterprises to IFRSs. AcSB will use its connections with international standard setters to ensure that the global best practices are considered when making private enterprise decisions, while also contributing to the development of those global practices.

## Active projects – watch for further activity on these matters

Proposed change	Summary	Status
<b>Redeemable Preferred Shares Issued in a Tax Planning Arrangement</b>	Amendment to Section 3856 regarding the current exemption of classifying redeemable preferred shares issued in a tax planning arrangement as equity. Currently, the AcSB is considering retaining the exception.	Currently in deliberations. The AcSB has decided that the effective date of any such change will be no earlier than January 1, 2018.
<b>Subsidiaries and Investments</b>	Amendments to Sections 1591 and 3051 will clarify the accounting for a subsidiary and an investment subject to significant influence when the cost method is used.	Currently in deliberations. Amendments expected to be issued in Q4 of 2016 and will be effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted.
<b>Agriculture</b>	As a result of a lack of specific authoritative guidance, there is diversity in accounting by private enterprises for biological assets and agricultural produce. Stakeholder input to this Discussion Paper will assist the AcSB in deciding whether to develop authoritative guidance, and, if so, the issues to be addressed and how they could be addressed.	This Discussion Paper was published by the AcSB in December 2015. Currently in deliberations.
<b>Clarifications to Sections 1591 and 3056</b>	This ED proposes narrow-scope amendments to clarify the application of transition provisions.	Currently in deliberations, amendments expected in Q4 of 2016.

### Questions?

Here are some resources that will assist in the application of the standards.

#### CPA Canada Publications for ASPE

The following publications have recently been issued:

Financial Reporting Alert: [2015 Annual Improvements to ASPE](#) (March 2016)

ASPE Briefing: [A New Light on Accounting for Investments](#) – Section 1591 Subsidiaries, Section 3051 Investments and Section 3056 Interests in Joint Arrangements (May 2016)

#### Private Enterprise Advisory Committee

Established by the AcSB in 2010, the committee assists the AcSB in maintaining and improving accounting standards for private enterprises and advises on the need for non-authoritative guidance about the standards. At the request of the AcSB, the committee may also undertake research into the financial reporting needs of private enterprises.

Click [here](#) to access recent meeting notes.

### Accounting Standards for Not-For-Profit Organizations (ASNPO)

#### Questions?

Here are some resources that will assist in the application of the standards.

#### Not-for-Profit Advisory Committee

Established by the AcSB in 2015, the committee's purpose is to advise the AcSB on maintaining and improving ASNPO and in identifying the need for non-authoritative guidance about the standards. The committee makes recommendations to the AcSB but is not authorized to interpret or provide authoritative guidance.

Click [here](#) to access recent meeting notes.

## Public Sector Accounting (PSA)

### New developments

#### Employment Benefits

Look out for the Invitation to Comment related to the Employment Benefits Project – first Discussion Paper is expected in the fall of

2016 to address the deferral provisions in Sections PS 3250 and PS 3255.

### Active projects – watch for further activity on these matters

Proposed change	Summary	Status
Retirement Obligations	The objective of this Statement of Principles is to gather comments on retirement obligations associated with tangible capital assets controlled by a public sector entity.	Currently in deliberations. Exposure draft is expected in Q1 of 2017.
Revenue	The Statement of Principles proposes definitions and principles applying to a broad range of revenues public sector entities report on. The proposals apply to exchange transactions involving a sale of goods or services and also cover other forms of revenue that do not involve an exchange, such as fines and penalties.	Statement of Principles issued by the PSAB in August 2013. Currently in deliberations. ED to be issued in Q1 of 2017.
Financial Instruments: Transition	Proposed amendments clarify aspects of the section's scope of application, specifically, the receivables and payables that the section does not apply to, and add transitional provisions and new guidance relating to certain specialized forms of agreements.	Consideration of amendments proposed in this ED is currently deferred until a later date.
Conceptual Framework Fundamentals and the Reporting Model	Consultation paper proposes a new reporting model and draft principles on public sector characteristics, financial statement objectives, qualitative characteristics, elements, recognition, measurement and presentation.	Consultation Paper 3, issued by the PSAB in March 2015. Currently in deliberations. Statement of Principles is being developed.
Withdrawal of Disclosure of Related Party Transactions by Not-for-Profit Organizations, Section PS 4260	This ED proposes to withdraw Section PS 4260 given the completion of PSAB's Related Party Transactions project and amend the transitional provisions in Section PS 2200 Related Party Disclosures. Sections PS 2200 and PS 4260 are very similar, and while some minor terminology differences exist, the basic intent of each section is the same.	ED issued by PSAB in January 2016. Comment period ended on April 29, 2016.

### Questions?

Here are some resources that will assist in the application of the standards.

#### PSA Discussion Group Meeting Topics

Established by the PSAB, the PSA Discussion Group provides a public forum for discussion of issues arising on the application of the PSA Handbook. Summaries of topics and discussions from [past meetings](#) are available on the Financial Reporting & Assurance Standards Canada website.

## Digest of issued standards and amendments

Standards affected	Summary of changes	Effective date
<b>Related Party Disclosures, Section PS 2200</b>	This new section defines a related party and establishes disclosures required for related party transactions.	Fiscal years beginning on or after April 1, 2017
<b>Inter-entity Transactions, Section PS 3420</b>	This new section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.	Fiscal years beginning on or after April 1, 2017
<b>Assets, Section PS 3210</b>	This new section provides guidance for applying the definition of assets set out in Section PS 1000 and establishes general disclosure standards for assets.	Fiscal years beginning on or after April 1, 2017
<b>Contingent Assets, Section PS 3320</b>	This new section defines and establishes disclosure standards on contingent assets.	Fiscal years beginning on or after April 1, 2017
<b>Contractual Rights, Section PS 3380</b>	This new section defines and establishes disclosure standards on contractual rights.	Fiscal years beginning on or after April 1, 2017
<b>Restructuring Transactions, Section PS 3430</b>	This new section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction.	Fiscal years beginning on or after April 1, 2018
<b>Financial Statement Presentation, Section PS 1201</b>	This section revises and replaces Financial Statement Presentation, Section PS 1200. The new standard introduces a new statement for reporting of remeasurement gains and losses.	Fiscal years beginning on or after April 1, 2019
<b>Foreign Currency Translation, Section PS 2601</b>	This section revises and replaces Foreign Currency Translations, Section PS 2600. Definition of currency risk is aligned with the new Financial Instruments Section, PS 3450. The new standard also removes certain previously available exceptions to measurement of items on initial recognition. The deferral and amortization of foreign exchange gains and losses relating to long-term foreign currency denominated monetary items, hedge accounting and presentation of items as synthetic instruments are removed. In addition, the new statement of remeasurement gains and losses introduced in Section PS 1201 is used to reflect exchange gains and losses until the period of settlement, rather than reflecting them in the statement of operations.	Fiscal years beginning on or after April 1, 2019
<b>Portfolio Investments, Section PS 3041</b>	This section replaces Section PS 3040, Portfolio Investments. In addition, Section PS 3030 is withdrawn as the distinction between temporary and portfolio investments is removed with the issue of Section PS 3041. The scope in the new standard is expanded to include interests in pooled investment funds, and requirement for application of cost method is removed. The new standard is also aligned with the new Financial Instrument Section, PS 3450.	Fiscal years beginning on or after April 1, 2019
<b>Financial Instruments, Section PS 3450</b>	This new section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. The standard introduces two measurement categories: fair value and cost or amortized cost. The statement of remeasurement gains and losses will reflect gains and losses arising on fair value remeasurement until an item is derecognized. The standard also introduces new disclosure requirements of items reported and the nature and extent of risks arising from financial instruments.	Fiscal years beginning on or after April 1, 2019



October 2016

## 2. Assurance and Related Services

### In the works

#### The IAASB's project to revise ISA 540

The IAASB has a project to revise the standard on Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures. This project is intended to address auditing challenges that have arisen as a result of new accounting standards, as well as issues identified by regulators, auditors and others. Refer to the publication [An update on the project and initial thinking on the auditing challenges arising from the adoption of expected credit loss models](#). This publication describes the project and is particularly relevant for those involved in entities where the financial statements have one or more accounting estimates that require significant judgment. In addition, the publication addresses audit challenges that may arise from entities' adoption and future application of Expected Credit Loss (ECL) models, and helps auditors develop appropriate audit procedures in that respect.

#### Compilation engagements

Exposure Draft is being developed to address needed changes to the standard on compilation engagements. As the project develops, consultations with stakeholders are being considered. ED is expected to be approved in Q4 of 2016.

#### Audit Data Analytics Committee

CPA Canada has formed an Audit Data Analytics Committee (the

Committee) comprising audit practitioners, internal auditors, members in business, and academia, to:

- obtain up-to-date information on the nature and extent of use of technology-enabled data analytics by auditors;
- monitor developments in auditors' use of audit data analytics (e.g., innovative approaches being used by some auditors to keep pace with a changing technological environment, including accessing and making effective use of greater volumes and diverse types of data); and
- provide useful input to auditors and other interested parties by developing non-authoritative guidance on these matters.

Representatives of the Committee are now proactively collaborating with the AICPA and their Audit Analytics Guide Task Force on the development of an updated version of the AICPA Audit Guide Analytical Procedures. This comprehensive Guide, with appropriate amendments, will be issued as non-authoritative audit guidance in Canada and will provide foundational guidance to auditors of all sizes on the use of data analytics in the audit of financial statements.

Refer to [Audit data analytics alert: Keeping up with the pace of change](#) for more information.

## Active projects – watch for further activity related to Canadian Auditing Standards

Proposed change	Summary	Status
New and Revised Auditor Reporting Standards and Related Conforming Amendments	IAASB issued new ISA 701, Communicating Key Audit Matters in the Independent Auditor's Report, and revised ISA 700, 705, 706, 570 and 260, along with some conforming amendments to other ISAs. New section to communicate key audit matters and disclosure of the name of the engagement partner are mandatory for audits of listed entities. Enhanced reporting on going concern, affirmative statement about the auditor's independence, enhanced description of the responsibilities of the auditor and key feature of an audit and change in order of the opinion and basis for opinion sections are mandatory for all audits.	The IAASB issued new and revised standards in January 2015. The AASB issued an invitation to comment in June 2015 to obtain input on implementation challenges in Canada. Currently in deliberations. Tentative effective dates: <ul style="list-style-type: none"> <li>▪ CASs other than CAS 701 – for audits of financial statements for periods ending on or after December 15, 2017,</li> <li>▪ CAS 701 – for audits of financial statements of TSX-listed entities for periods ending on or after December 15, 2017 and for audits of financial statements of other entities for periods ending on or after December 15, 2018.</li> </ul>
Changes for Reporting on Special Purpose Financial Statements	Amendments to CAS 800 and CAS 805 provide guidance on how the enhancements to the auditor's report issued by the IAASB in January 2015 would apply in audits of special purpose financial statements.	The IAASB issued final amendments in March 2016. The AASB has not issued the final amendments yet.
Engagements to Report on Summary Financial Statements	Amendments to ISA 810, Engagements to Report on Summary Financial Statements explain how the enhancements resulting from the new and revised Auditor Reporting standards apply to engagements to report on summary financial statements.	The IAASB issued final amendments in March 2016. The AASB has not issued the final amendments yet.
Addressing Disclosures in the Audit of Financial Statements	The changes clarify the concept of disclosures as an integral part of the financial statements and emphasize the need for auditor consideration of disclosures earlier in the audit process, including understanding of relevant aspects of the information system relating to information disclosed in the financial statements, identifying and assessing the risks of material misstatements in quantitative and qualitative disclosures, obtaining sufficient appropriate audit evidence relating to disclosures, and evaluating the overall presentation of the financial statements, including their relevance and understandability.	The IAASB issued revisions in July 2015. The AASB has not yet issued the final amendments in the Handbook, which are expected in Q4 of 2016. These revisions are expected to be effective for periods ending on or after December 15, 2017.
The Auditor's Responsibilities Relating to Other Information	Specifies responsibilities of auditors relating to the range of other information in documents containing audited financial information. Improves transparency by requiring auditors to articulate in their reports their responsibilities under the revised ISA 720 and the outcome of their work.	Revised ISA 720 issued by the IAASB in April 2015. The AASB issued an exposure draft in November 2015 relating to adoption issues in Canada, designed to clarify the scope of application of CAS 720. Currently in deliberations. Effective date is expected to be aligned with the new and revised auditor reporting standards.
Responding to Non-Compliance or Suspected Non-Compliance with Laws or Regulations	The IAASB's proposal is intended to allow for flexibility when ethical requirements other than the IESBA Code are applied. For instance, in Canada, the rules of professional conduct/code of ethics issued by various professional accounting bodies are followed, rather than the IESBA's Code of Ethics; however, Canadian rules are at least as stringent as the IESBA Code.	No Canadian amendments were proposed by the AASB. Currently in deliberations. Final amendments are expected to be issued by the AASB in Q4 of 2016.

Proposed change	Summary	Status
Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits	This ITC highlights the IAASB's discussions on the topics of professional skepticism, quality control and group audits, and flags potential standard-setting activities the IAASB could take to enhance audit quality.	Invitation to Comment (ITC) issued by the IAASB in December 2015 (AASB in February 2016). Comment period closed. Currently in deliberations.

### Active projects – watch for further activity related to Other Canadian Standards

Proposed change	Summary	Status
Use of the Practitioner's Communication or Name – Canadian Standard on Association (CSOA)	The fundamental principles underlying proposed CSOA 5000 are consistent with Section 5020, which is being replaced; however, certain aspects may differ significantly from some practitioners' interpretations of Section 5020, including: scope; use in connection with accompanying information; use in another language; and issuing consent in cases of adverse or disclaimed conclusion.	Currently in deliberations. Final standard expected to be issued by the AASB in Q4 of 2016. Proposed CSOA 5000 would be effective as of, and would be applicable to a practitioner's consent provided on or after, June 1, 2017.
Reports on Compliance with Agreements, Statutes and Regulations	The new standard, CSAE 3530, Reports on Compliance with Agreements, Statutes and Regulations, will replace Sections 5800, 5815 and 8600. Objective of the proposal is to update the standards and to rewrite them in a clarity format. The proposed standard will cover both audit and review engagements.	Currently in deliberations. Re-ED is expected to be issued in Q4 of 2016.

### Digest of issued standards and amendments – Canadian Auditing Standards

Standards affected	Summary of changes	Effective date
Communication with Law Firms	The new Joint Policy Statement Concerning Communications with Law Firms Regarding Claims and Possible Claims in Connection with the Preparation and Audit of Financial Statements ("Statement") replaces the existing Statement and AuG-46. The new Statement includes an expanded scope that also includes in-house legal counsel, excludes guidance relating to a specific financial reporting framework, clarifies the communication protocols and timelines, includes new guidance with respect to the auditor's role, updated response letters and format and content of the inquiry and response letter.	Effective for inquiry letters dated on or after December 1, 2016

### Digest of issued standards and amendments – Other Canadian Standards

Standards affected	Summary of changes	Effective date
CSRS 4460 – Reports on Supplementary Matters Arising from an Audit or a Review Engagement	Addresses matters beyond the scope of the audit or review of financial statements that come to the attention of the practitioner when performing the audit or review. Includes requirements related to acceptance of engagement, performing the engagement and reporting.	Effective for reports dated on or after April 1, 2016
Section 7170, Auditor's Consent to the Use of the Auditor's Report Included in a Business Acquisition Report	Replaces Section 7500. Section 7170 sets out new requirements relating to the auditor's responsibilities in responding to requests to consent to the use of the auditor's report on the audited financial statements of the acquired business that are to be included in a business acquisition report issued by the acquirer. In addition, the standard sets out requirements for the format and content of the auditor's consent.	Effective for an auditor's consent to the use of the auditor's report in a business acquisition report issued on or after June 1, 2017. Previously, the effective date was set to June 1, 2016; however, it was deferred to align with the effective date of <a href="#">CSOA 5000</a>

## October 2016

Standards affected	Summary of changes	Effective date
CSAE 3000, Attestation Engagements Other than Audits or Reviews of Historical Financial Information and CSAE 3001, Direct Engagements	Replaces Sections 5025, 5030, 5049 and 5050. CSAE 3000 is adopted from ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information. CSAE 3000 contains Canadian amendments to address differences between ISAE 3000 and the applicable Canadian assurance standards. These differences include narrowing the scope of CSAE 3000 to address attestation engagements only, references to relevant ethical requirements and terminology. CSAE 3001 sets out requirements related to planning, performing and reporting on direct engagements. Differences in wording between CSAE 3000 and CSAE 3001 relate only to differences between the performance of an attestation engagement and the performance of a direct engagement.	Effective for attestation and direct engagements where the assurance report is dated on or after June 30, 2017
CSRE 2400, Engagements to Review Historical Financial Statements	This new standard sets out requirements related to quality control, acceptance, communication with management and those charged with governance, performance of the engagement, reporting and documentation. CSRE 2400 replaces Sections 8100, 8200, 8500, AuG-20 and AuG-47. <a href="#">Audit &amp; Assurance Alert – Engagements to review historical financial statements (CSRE 2400)</a> <a href="#">Audit &amp; Assurance Alert – Comparison between CSRE 2400 and the 8000 series</a>	Effective for reviews of financial statements for periods ending on or after December 14, 2017, with earlier application not permitted.

## Digest of issued amendments to the Code of Professional Conduct

Standards affected	Summary of changes
Rule 216 Commissions or Similar Compensation Arrangements	New Rule 216 adopts a threats and safeguards framework that applies to all members and firms providing professional services as defined in the CPA Code. The new Rule retains a specific prohibition in respect of a member and/or firm paying or receiving commissions or referral fees for the provision of assurance services and in respect of the provision of other professional services to a client for whom the member or firm also provides assurance services.
Revisions to Independence Standards	Revisions address recent amendments issued by the International Ethics Standards Board for Accountants (IESBA) in relation to breaches of the Code of Ethics for Professional Accountants (Code) and approach related to the impact that contingent fees charged to an assurance client have on independence.

### ACRONYMS USED

AASB – Auditing and Assurance Standards Board  
 AcSB – Accounting Standards Board  
 ED – Exposure Draft  
 GAAP – Generally Accepted Accounting Standards  
 IAASB – International Auditing and Assurance Standards Board  
 IASB – International Accounting Standards Board  
 IFRIC – International Financial Reporting Interpretations Committee  
 CMA – Certified Management Accountants CPA – Chartered Professional Accountants  
 CPAB – Canadian Public Accountability Board  
 CSA – Canadian Securities Administrators  
 PSAB – Public Sector Accounting Board