

May 2017

TABLE OF CONTENTS

ACCOUNTING	2
ASPE	2
ASNPO	3
IFRS	4
PSAB	7
ASSURANCE AND RELATED SERVICES	10

This *Technical Bulletin* covers the various developments from February 2017 to April 2017.

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.

Contact Information

Website: collinsbarrow.com

Email: info@collinsbarrow.com

Collins Barrow regularly publishes *Technical Bulletin* for the general interest of its 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.

May 2017

1. Accounting

ACCOUNTING STANDARDS FOR PRIVATE ENTERPRISES (ASPE)

Active projects – watch for further activity on these matters

Proposed change	Summary	Status
Redeemable Preferred Shares Issued in a Tax Planning Arrangement	<p>Amendment to Section 3856 regarding the current exemption of classifying redeemable preferred shares issued in a tax planning arrangement as equity.</p> <p>The AcSB reaffirmed its view that the basis for the exception should be on the condition of retention of control of the enterprise and decided that the control of the enterprise must be retained by the party receiving the redeemable preferred shares. The AcSB further decided on the additional conditions necessary to qualify for equity classification which determine that control of the future cash outflows of the enterprise has not changed.</p> <p>The AcSB noted that at least some of the tax planning arrangements that meet the classification exception under the current guidance will not qualify for the exception under the proposed basis.</p>	<p>Currently in deliberations. The AcSB is expecting to issue a re-exposure draft in the 3rd quarter of 2017.</p>
Agriculture	<p>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.</p>	<p>This Discussion Paper was published by the AcSB in December 2015. Currently in deliberations. The AcSB plans to issue and exposure draft by 1st quarter of 2018.</p>
2017 Annual Improvements	<p>This ED proposes amendments to Sections 1505, 1506, 1521, 1651, 3031 and 3065.</p>	<p>Comment period closed on December 15, 2016. The amendments are expected to be issued by the AcSB in the 3rd quarter of 2017. The proposed updates will be effective for annual periods beginning on or after January 1, 2018.</p>

Questions?

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

CPA Canada Publications for ASPE

The following publication has recently been issued:

[ASPE Briefing: Amalgamation of Wholly-Owned Enterprises](#)

Private Enterprise Advisory Committee

This 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.

Digest of issued standards and amendments

Standards affected	Summary of changes	Effective date
Section 3056, Interests in Joint Arrangements	Amendments clarify that the transitional provisions may not be applied when an enterprise changes its accounting policy choice to consolidate its subsidiaries at any time in the future and that this relief is only available when transitioning to this Section for the first time. FYI Article – Accounting For Investments: Are You Ready For the Changes?	Annual financial statements relating to fiscal years beginning on or after January 1, 2017.
Section 1591, Subsidiaries	Amendments: <ul style="list-style-type: none">clarify that the transitional provisions may not be applied when an enterprise changes its accounting policy choice to consolidate its subsidiaries at any time in the future and that this relief is only available when transitioning to this Section for the first time, andexplicitly state that an enterprise preparing non-consolidated financial statements is not required to assess whether contractual arrangements give rise to control. Amendment sets out the underlying principle that an interest in a subsidiary that is subsequently accounted for using the cost method is initially measured on a basis that is similar to other business combinations. FYI Article – Accounting For Investments: Are You Ready For the Changes?	Annual financial statements relating to fiscal years beginning on or after January 1, 2017.
Section 3051, Investments	Amendments add guidance on how to apply the cost method and add two indicators of impairment relating to the acquisition of an additional interest, sale of a portion of an interest or dilution of an investor's interest in an investee. FYI Article – Accounting For Investments: Are You Ready For the Changes?	Annual financial statements relating to fiscal years beginning on or after January 1, 2018.

ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS (ASNPO)

New developments

Accounting Standards Improvements for Not-for-Profit Organizations

This exposure draft, issued by the AcSB in February 2017, proposes to replace sections on tangible capital assets, intangible assets and collections held by Not-For-Profit Organizations. Not-For-Profit organizations would follow Part II of the Handbook for tangible capital assets and intangible assets, except for items such as contributed assets and write-down of assets. Tangible capital assets, intangible assets, and collections will need to be assessed and, if impaired, written down to reflect the decline in their value. Collections would need to be recorded on the statement of financial position, at cost or at nominal value. Further details of the proposal can be found [here](#).

Comment period ends on May 31, 2017.

Questions?

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

Not-for-Profit Advisory Committee

This 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.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

New developments

Improvements to IFRS 8 Operating Segments

(Proposed amendments to IFRS 8 and IAS 34)

The IASB issued this exposure draft in March 2017. The proposed improvements to IFRS 8 include amendments:

- to clarify and emphasise the criteria that must be met before two operating segments may be aggregated;
- to require companies to disclose the title and role of the person or group that performs the function of the chief operating decision maker; and
- to require companies to provide information in the notes to the financial statements if segments in the financial statements differ from segments reported elsewhere in the annual report and in accompanying materials.

Proposed amendments to IAS 34 will require companies that change their segments to provide restated segment information for prior interim periods earlier than they currently do.

Comment period ends on July 31, 2017.

Disclosure Initiative – Principles of Disclosure

This Discussion Paper, issued by the IASB in March 2017, describes and seeks stakeholders' views on disclosure issues that the IASB has identified during its outreach before and during its Principles of Disclosure project (one of several projects within the Disclosure Initiative, a broad-based initiative exploring how to make disclosures

more effective in financial statements) and approaches to address these issues, including the Board's preliminary views, where these have been developed.

IAS 1 - Presentation of Financial Statements contains general requirements for disclosures in the financial statements. Consequently, this Discussion Paper considers the existing requirements in IAS 1 as a starting point with a view to either making amendments to parts of IAS 1 or creating a new disclosure standard to replace parts of IAS 1.

Comment period ends on October 2, 2017.

Prepayment Features with Negative Compensation

(Proposed amendments to IFRS 9)

The IASB issued this exposure draft in April 2017, proposing minor amendments to IFRS 9 to enable companies to measure at amortised cost certain prepayable financial assets with so-called negative compensation. This narrow exception to IFRS 9 would apply to particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature. Applying the proposal, some such financial assets would be eligible to be measured at amortised cost or at fair value through other comprehensive income, subject to the assessment of the business model in which they are held, if particular conditions are met.

Comment period ends on May 24, 2017.

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, one accounting model for all types of insurance contracts and increased transparency.	Final standard is expected to be issued by the IASB in the first half of 2017, followed by final Handbook material to be issued by the AcSB in the second half 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.
Reporting the Financial Effects of Rate Regulation	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 the second half of 2017.

Proposed change	Summary	Status
Accounting for Dynamic Risk Management	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 the second half of 2017.
Classification of Liabilities	Proposed amendments to IAS 1 clarify the criteria for the classification of a liability as either current or non-current.	Currently in deliberations. IASB expects to issue amendments in the second half of 2017, followed by final Handbook material to be issued by the AcSB.
Conceptual Framework and Updating References to the Conceptual Framework	The proposal aims to provide a more complete, clear 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 the second half of 2017.
Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan	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. IASB expects to issue amendments in the second half of 2017.
Uncertainty Over Income Tax Treatments	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 the first half of 2017, followed by final Handbook material to be issued by the AcSB in the second half of 2017.
Application of Materiality to Financial Statements – Draft IFRS Practice Statement	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.
Definition of a Business and Accounting for Previously Held Interests	The proposed amendments to IFRS 3 will help distinguish between a business and a group of assets when applying the definition of a business. The proposed amendments to IFRS 3 and IFRS 11 are also intended to clarify the 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.	Comment period ended on October 31, 2016. Currently in deliberations.
Annual Improvements Cycle 2015-2017	The IASB issued this exposure draft in January 2017, proposing amendments to IAS 12, IAS 23 and IAS 28.	Comment period ended on April 12, 2017. Currently in deliberations.

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.

Implementing IFRS 15

A panel discussion on the implementation of IFRS 15 Revenue from Contracts with Customers was held by the AcSB in October 2016. You can watch the [video](#) from the discussion and download the [slides](#).

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.

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 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.

Changes to Published Exchange Rates

Effective March 1, 2017, the Bank of Canada reduced the number of foreign currency exchange rates published and no longer publishes noon and closing rates. Instead, a single indicative rate per currency pair will be published each day. For a summary of IFRS Discussion Group's discussion on the implication this change may have when applying the requirements in IAS 21, The Effects of Changes in Foreign Exchange Rates, click [here](#).

Digest of issued standards and amendments

Standards affected	Summary of changes	Effective date
IFRS 12 Disclosure of Interests in Other Entities	Amendments clarify the scope of the standard.	Annual periods beginning on or after January 1, 2017.
IAS 7 Statement of Cash Flows	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.
IAS 12 Income Taxes	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.
IFRS 1 First-time Adoption of International Financial Reporting Standards	Amendments remove short-term exemptions for first-time adopters.	Annual periods beginning on or after January 1, 2018.
IFRS 2 Share-based Payment	Amendments clarify how to account for certain types of share-based payment transactions.	Annual periods beginning on or after January 1, 2018.
IFRS 4 Insurance Contracts	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.
IFRS 9 Financial Instruments	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.
IFRS 15 Revenue from Contracts with Customers	<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 licence 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
IAS 28 Investments in Associates and Joint Ventures	Amendments with respect to measuring an associate or joint venture at fair value clarify that an entity makes the election separately for each associate or joint venture.	Annual periods beginning on or after January 1, 2018.
IAS 40 Investment Property	Amendments clarify the requirements on transfers to, or from, investment property.	Annual periods beginning on or after January 1, 2018.
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	This Interpretation addresses the exchange rate to be used in transactions that involve advance consideration paid or received in a foreign currency.	Annual periods beginning on or after January 1, 2018.
IFRS 16 Leases	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.
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	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.

PUBLIC SECTOR ACCOUNTING (PSA)

New developments

Asset Retirement Obligations, Proposed Section PS 3280

This exposure draft, issued by the PSAB in March 2017, proposes to issue a new section on asset retirement obligations and withdraw Solid Waste Landfill Closure and Post-Closure Liability, Section PS 3270. This new Section would enhance comparability of financial statements among public sector entities by establishing uniform criteria for recognition and measurement of asset retirement

obligations, including obligations that may not have previously been reported. This Section also would enhance the decision usefulness of the information provided to financial statement users by requiring disclosures related to asset retirement obligations. The new Section would apply to fiscal years beginning on or after April 1, 2021.

Comment period ends June 15, 2017.

Active projects – watch for further activity on these matters

Proposed change	Summary	Status
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 May 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.

Proposed change	Summary	Status
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 was issued by the PSAB in March 2015. Currently in deliberations. Statement of Principles is being developed.
Employment Benefits: Deferral Provisions in Sections PS 3250 and PS 3255	The objectives of this Invitation to Comment are to explain why PSAB is considering whether the deferral provisions in the standards remain appropriate; identify potential alternatives and related considerations; and seek stakeholder input prior to PSAB establishing its preliminary views on this issue. The ultimate objective of this project is to issue a new employment benefits Section, replacing Sections PS 3250 and PS 3255.	Invitation to Comment related to the Employment Benefits Project was issued by PSAB in November 2016. Comment period ended on March 3, 2017. Second Invitation to Comment will be developed in the 2 nd quarter of 2017.

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
Related Party Disclosures, Section PS 2200	This new Section defines a related party and establishes disclosures required for related party transactions. Section PS 4260, Disclosure of Related Party Transactions by Not-For-Profit Organizations, has been withdrawn.	Fiscal years beginning on or after April 1, 2017.
Inter-entity Transactions, Section PS 3420	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.
Assets, Section PS 3210	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.
Contingent Assets, Section PS 3320	This new Section defines and establishes disclosure standards on contingent assets.	Fiscal years beginning on or after April 1, 2017.
Contractual Rights, Section PS 3380	This new Section defines and establishes disclosure standards on contractual rights.	Fiscal years beginning on or after April 1, 2017.
Restructuring Transactions, Section PS 3430	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.
Financial Statement Presentation, Section PS 1201	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.

Standards affected	Summary of changes	Effective date
Foreign Currency Translation, Section PS 2601	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.
Portfolio Investments, Section PS 3041	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.
Financial Instruments, Section PS 3450	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.

May 2017

2. Assurance and Related Services

New developments

Reporting on Compliance

The AASB issued this re-exposure draft in April 2017, proposing to issue CSAE 3530, Special Considerations – Attestation Engagements to Report on Compliance and CSAE 3531, Special Considerations – Direct Engagements to Report on Compliance. These standards would replace Sections 5800, 5815 and 8600. In addition, the standards would also replace certain paragraphs of Section 5300. Objective of the proposal is to update the standards and rewrite them in a clarity format.

The public interest considerations behind the fundamental principles underlying these CSAEs include improving consistency in how practitioners perform these engagements and requiring more transparency and clarity in reporting. The proposed standards will cover both audit and review engagements.

Comment period ends on July 28, 2017.

ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures

The IAASB has issued an exposure draft in April 2017 to revise the standard on Auditing Accounting Estimates and Related Disclosures. The objective of the revised standard is for the auditor to obtain sufficient appropriate audit evidence to evaluate whether accounting estimates and related disclosures are reasonable in the context of the applicable financial reporting framework, or are misstated. The revised standard:

- includes enhanced requirements for risk assessment procedures and the auditor's work effort in responding to the assessed risks of material misstatement to support this evaluation;
- highlights that the auditor's identification and assessment of the risks of material misstatement for accounting estimates, and the auditor's responses to those assessed risks, are affected by complexity, the need for the use of judgment by management, and estimation uncertainty;

- emphasizes the important considerations regarding complex models, forward-looking information, and internal controls in auditing accounting estimates; and
- contains several key provisions that are designed to enhance the auditor's application of professional skepticism and consideration of the potential for management bias, including enhanced risk assessment requirements, more granular requirements with respect to obtaining audit evidence, and requirements to "stand back" and evaluate the audit evidence obtained.

Comment period ends on August 1, 2017.

In the works

Compilation engagements

Exposure Draft is being developed to address needed changes to the standard on compilation engagements. ED is expected to be approved in the second half of 2017. Issues being discussed by the AASB include:

- the scope and definition of a compilation engagement;
- engagement acceptance and continuance;
- documentation requirements;
- whether CSQC 1 should be applicable to compilation engagements; and
- whether communication with management and those charged with governance is needed.

The task force is starting to obtain input from stakeholders.

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 the use of technology-enabled data analytics by auditors;
- monitor developments in auditors' use of audit data analytics (e.g. innovative approaches being used by

Page 10

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 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 anticipates approving the CASs in the spring of 2017. The AASB is still considering whether key audit matter reporting should be required for audits of entities that are not TSX-listed.
Changes for Reporting on Special Purpose Financial Statements	Amendments to ISA 800 and ISA 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 in the Handbook, which are expected to be approved in the spring of 2017.
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 in the Handbook, which are expected to be approved in the spring of 2017.
Addressing Disclosures in the Audit of Financial Statements	The changes to various ISAs 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 to be approved in the spring of 2017.

Proposed change	Summary	Status
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.	The IAASB issued revisions 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. The AASB expects to approve the final amendments in the spring of 2017.
<i>The ISAs referred to above, which are effective for audits of financial statements for periods ending on or after December 15, 2016, have not been adopted as CASs. Accordingly, auditors performing audits of financial statements in accordance with CASs for periods ending on or after December 15, 2016 should not represent compliance with ISAs unless they have also complied with these ISAs issued by the IAASB. The AASB currently does not anticipate making the CASs effective prior to periods ending on or after December 15, 2018.</i>		
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
Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards	This Discussion Paper, issued by the IAASB, resulted from a higher demand for agreed-upon procedures engagements either as stand-alone engagements or in combination with other engagements. The IAASB has established a working group to explore such engagements and inform the IAASB's decisions in this regard. The objective of the AASB's project is to update Section 9100, Reports on the Results of Applying Specified Auditing Procedures to Financial Information Other than Financial Statements.	The AASB issued this Invitation to Comment in December 2016 to encourage Canadian stakeholders to provide feedback to the IAASB's Discussion Paper of the same name. AASB's comments period ended on February 10, 2017.

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, and 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.

Standards affected	Summary of changes	Effective date
Responding to Non-Compliance or Suspected Non-Compliance with Laws or Regulations	<p>The Revised CAS 250 incorporates changes to address actual or perceived inconsistencies in the approach to identifying and responding to instances of identified or suspected non-compliance with laws and regulations between the standard and relevant ethical requirements. Revised standard:</p> <ul style="list-style-type: none"> aligns aspects of the standard to the International Ethics Standards Board for Accountants' revised Code of Ethics for Professional Accountants, particularly the definition of non-compliance and the examples of laws and regulations within the scope of CAS 250; clarifies the requirement regarding the auditor's determination of whether to report identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity and the auditor's duty of confidentiality, in order to recognize the different provisions of laws, regulations or relevant ethical requirements; highlights that the auditor may have additional responsibilities under law, regulation or relevant ethical requirements, including possible documentation requirements and communicating to other auditors; enhances the consideration of the implications of non-compliance with laws and regulations on the audit; and emphasizes the fact that, in certain cases, communication with management or those charged with governance may be restricted or prohibited by law or regulation. <p>CPA Canada Audit and Assurance Alert: CAS 250 non-compliance with laws and regulations</p>	Effective for audits of financial statements for periods beginning on or after December 15, 2018.

Digest of issued standards and amendments – Other Canadian Standards

Standards affected	Summary of changes	Effective date
Section 7170, Auditor's Consent to the Use of the Auditor's Report Included in a Business Acquisition Report	<p>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.</p>	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.
CSOA 5000, Use of the Practitioner's Communication or Name	<p>CSOA 5000 replaces Section 5020 and sets out requirements relating to:</p> <ul style="list-style-type: none"> use of the practitioner's communication or name in connection with accompanying information; translated practitioner's communication or information on which the practitioner reported; and inappropriate use of the practitioner's communication or name. <p>The fundamental principles underlying CSOA 5000 are consistent with Section 5020 being replaced.</p> <p>CPA Canada Audit & Assurance Alert: CSOA 5000 – Use of the Practitioner's Communication or Name</p>	Effective as of, and applicable to a practitioner's consent provided on or after, June 1, 2017.

May 2017

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. CPA Canada Practitioner Client Briefing	Effective for reviews of financial statements for periods ending on or after December 14, 2017.

ACRONYMS USED

AASB – Auditing and Assurance Standards Board
 AcSB – Accounting Standards Board
 ED – Exposure Draft
 Re-ED – Re-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