Re-exposure Draft
Auditing and Assurance Standards Board
Proposed Canadian Standard on Association

Use of the Practitioner’s Communication or Name

March 2016

COMMENTS TO THE AASB MUST BE RECEIVED BY MAY 13, 2016

Respondents are asked to email their comment letters (in a Word file) to: ed.assurancestds@cpacanada.ca.
Please address your comments to:

Eric Turner, CPA, CA
Director, Auditing and Assurance Standards
Auditing and Assurance Standards Board
277 Wellington Street West
Toronto ON M5V 3H2

This Re-exposure Draft reflects proposals made by the Auditing and Assurance Standards Board (AASB).

Individuals and organizations are invited to send written comments on the Re-exposure Draft proposals. Comments are requested from those who agree with the Re-exposure Draft as well as from those who do not.

Comments are most helpful if they are related to a specific paragraph or group of paragraphs. Any comments that express disagreement with the proposals in the Re-exposure Draft should clearly explain the problem and include a suggested alternative, supported by specific reasoning. All comments received by the AASB will be available on the website shortly after the comment deadline, unless confidentiality is requested. The request for confidentiality must be stated explicitly within the response.
Highlights

The Auditing and Assurance Standards Board (AASB) proposes, subject to comments received on re-exposure, to issue a new Canadian Standard on Association (CSOA) 5000, *Use of the Practitioner’s Communication or Name*. This standard would replace ASSOCIATION, Section 5020.

Background

In January 2012, the AASB approved a project to revise and replace Section 5020. In March 2015, the AASB issued its Exposure Draft of proposed CSOA 5000, “Association.” The AASB received substantial feedback on its Exposure Draft by way of comment letters and consultations with various stakeholders. The AASB carefully considered the input received. Given the extent of the proposed changes to its Exposure Draft, the AASB decided to issue a Re-exposure Draft.

The fundamental principles underlying proposed CSOA 5000, as set out in this Re-exposure Draft, are consistent with those underlying the Exposure Draft. The public interest considerations behind the fundamental principles underlying this CSOA include:

- determining the appropriate balance between the practitioner’s professional responsibility to avoid being associated with misleading information and the potentially unlimited circumstances with which the practitioner’s communication or name could be used;
- clarifying the practitioner’s responsibilities when information on which the practitioner reported, or the practitioner’s communication with respect to that information, is translated into another language; and
- enhancing consistency in practice regarding the application of the association standard.

The changes in this Re-exposure Draft deal primarily with improving the understandability and clarity of the requirements of this CSOA in response to stakeholders’ comments.

Main features of the Re-exposure Draft

Key changes made to clarify the scope

The Re-exposure Draft proposes a number of changes to clarify the scope of this CSOA, which include:

- changing the title of the standard to “Use of the Practitioner’s Communication or Name,” to avoid giving the impression that proposed CSOA 5000 deals with all aspects of association;
• amending paragraphs 1, 2, and A1 of the Exposure Draft (now paragraphs 1, A1 and A2) to clarify that the practitioner’s consent may be provided orally or in writing;

• adding paragraph A3 to clarify that the request for the practitioner’s consent may come from management or those charged with governance of the entity, the legislature or intended users.

• expanding paragraphs 2(b) and A1(c) of the Exposure Draft (now paragraphs 1(b) and A2(c)) to clearly set out the circumstances regarding the translated practitioner’s communication and translated information on which the practitioner reported that are covered by this CSOA; and

• amending paragraphs 1 and A1(a) of the Exposure Draft (now paragraphs A1 and A2(a)) to clarify that this CSOA does not deal with all aspects of association such as services outside the scope of the Handbook or the use of the practitioner’s communication or name in relation to such services.

Considerations relating to expanding the scope

A number of respondents requested that the scope of proposed CSOA 5000 be expanded to include:

• services outside the scope of the Handbook such as consulting and tax services or engagements performed under assurance standards of foreign jurisdictions;

• services addressed by other standards in the Handbook; for example, an auditor conducting an audit of financial statements would comply with the Canadian Auditing Standards and also CSOA 5000; and

• information prepared by the practitioner (other than the practitioner’s communication of information on which the practitioner performed a service in accordance with a Handbook standard) such as presentations and letters.

The AASB carefully considered the reasons provided for expanding the scope but concluded that expansion of the scope is not necessary for the matters indicated above.

Services outside the scope of the Handbook

The AASB reaffirmed that such services are appropriately excluded from proposed CSOA 5000. A key public interest consideration in developing this CSOA is the balancing of the practitioner’s professional responsibilities with avoiding an unreasonable onus being placed on the practitioner and inappropriate encroachment upon relevant ethical requirements. In the AASB’s view, not placing obligations on the practitioner relating to services outside the scope of the Handbook achieves an appropriate balance.
Services addressed by other standards in the Handbook

Respondents from the legislative auditor community indicated that legislative auditors often outsource engagements such as an audit of a public sector entity’s financial statements to public accounting firms. In such cases, the legislative auditor may request the public accounting firm to issue a written report to the legislative auditor regarding the nature and extent of the public accounting firm’s involvement with the financial statements. The legislative auditor’s request is based on the communication requirement in extant paragraph 5020.10. The respondents were concerned that withdrawal of the requirement in paragraph 5020.10 would be problematic in this circumstance. The AASB is of the view that the public accounting firms’ communication responsibilities are beyond the scope of this CSOA.

Information prepared by the practitioner (other than the practitioner’s communication of information on which the practitioner performed a service in accordance with a Handbook standard)

The AASB notes that such information is not applicable in the context of consent. If the practitioner becomes aware of information prepared by the practitioner being inappropriately used and the information includes references to the practitioner’s communication or name, the AASB notes that such circumstances are already covered by paragraph 12 of the CSOA. Therefore, no expansion of the scope is necessary.

Key changes made to clarify the application material

Use of the practitioner’s communication or name in connection with accompanying information (in any language)

The Re-exposure Draft proposes:

- including an entity’s inappropriate use of the practitioner’s communication or name as an example of a circumstance over which the practitioner has no control in paragraph A2(d) (paragraph 1 of the Exposure Draft);
- adding paragraphs A10-A11 to provide guidance on the practitioner’s considerations relating to events in the intervening period from the date of the practitioner’s communication to the date of consent, and determination of whether the accompanying information has been approved by those charge with governance;
- amending paragraph A8 (paragraph 5 of the Exposure Draft) to clarify that:
  - various standards in the Handbook (as set out in the Appendix to this CSOA) contain material dealing with accompanying information (“other information”) in the absence of a request to consent;
  - if the practitioner consents to the use of the practitioner’s communication or name in connection with the accompanying information, the requirements
relating to obtaining a basis to consent and responding to misstatements identified when obtaining a basis to consent (that is, paragraphs 6-7) apply;

- the practitioner may have already met some or all of the requirements in paragraphs 6-7 through performing procedures set out in the other standards (i.e., the practitioner need not reperform these procedures for purposes of providing consent under this CSOA);

- if the practitioner does not consent to the use of the practitioner’s communication or name in connection with accompanying information, the requirements in paragraphs 6-7 do not apply; however, the practitioner is still required under paragraph 8 to consider whether communication of the practitioner’s non-involvement with accompanying information is necessary; and

- expanding paragraph A9 (paragraph A6 of the Exposure Draft) to incorporate paragraphs 5020.11 and 5020.15 to provide examples of when consent is warranted and when it is not warranted respectively.

**Translated information**

With respect to translated accompanying information, the Re-exposure Draft proposes:

- adding paragraph A7 to clarify that the practitioner’s responsibilities relating to accompanying information as set out in paragraphs 5-8 are applicable regardless of whether the accompanying information is in the original language or translated into another language;

- adding paragraph A12 to explain that, in cases when the practitioner has already read and performed the procedures required by paragraph 6 on accompanying information in the original language, the practitioner may be able to fulfil his or her responsibilities relating to the translated accompanying information by satisfying him or herself that the accompanying information in the other language contains the same information and in all material respects carries the same meaning as accompanying information in the original language.

With respect to translated practitioner’s communication or information on which the practitioner reported, the Re-exposure Draft proposes:

- amending the subheadings above paragraphs 9 and A17 to clarify that paragraphs 9-11 and A17-A20 deal with the use of a translated practitioner’s communication or the use of the practitioner’s communication or name in connection with information on which the practitioner has reported in the original language that is translated into another language;

- expanding paragraph A17 (paragraph A11 of the Exposure Draft) to explain that the use of a translated practitioner’s communication or the use of the practitioner’s communication or name in connection with information on which the practitioner has reported in the original language that is translated into another language may often
give the impression that the practitioner has performed work on the information in
the other language. Therefore, the practitioner has responsibilities if he or she
becomes aware of the use of the practitioner’s communication or name regardless
of whether the entity has requested the practitioner to provide consent.

_Inappropriate use of the practitioner’s communication or name_

The Re-exposure Draft proposes to add the following paragraphs to provide further
guidance on inappropriate use of the practitioner’s communication or name:

- In the circumstance when the practitioner requests the entity to notify users that the
  practitioner does not consent to the use of the practitioner’s communication or name
  and the entity does not take the necessary steps to do so, paragraph A20 clarifies
  that this circumstance constitutes an inappropriate use of the practitioner’s
  communication or name.

- Paragraph A21 clarifies that the requirement in paragraph 12 arises only when the
  practitioner becomes aware of an inappropriate use of his or her communication or
  name.

- Paragraph A22 provides a number of other examples of inappropriate uses of the
  practitioner’s communication or name.

_Effective date_

The Exposure Draft proposed that CSOA 5000 be effective as of, and be applicable to,
a practitioner’s consent provided on or after, June 1, 2016. In light of the Re-exposure
Draft, the AASB proposes, subject to input from Canadian stakeholders, that this CSOA
be effective as of, and be applicable to, a practitioner’s consent provided on or after,
June 1, 2017, to allow for effective implementation of this CSOA.

_Consequent amendment to the effective date of Section 7170 (and
withdrawal of Section 7500 from Recently Replaced
Pronouncements)_

In July 2015, the AASB issued Section 7170, _Auditor’s Consent to the Use of the
Auditor’s Report Included in a Business Acquisition Report_. Section 7500, _Auditor’s
Consent to the Use of the Auditor’s Report in Connection with Designated Documents_,
was refilled in the Handbook under “Recently Replaced Pronouncements Still in Effect.”

Section 7170 was to be effective for auditor’s consents to the use of the auditor’s report
in a business acquisition report issued on or after June 1, 2016. The AASB believes that
it is important to align the effective date of Section 7170 with the effective date of
proposed CSOA 5000. Accordingly, the AASB is proposing to defer the effective date of
Section 7170 by one year to June 1, 2017, and to retain Section 7500 in the Recently
Replaced Pronouncements for an additional year.
Considerations relating to further deferral


The revised CAS 720 clarifies that the Management Discussion and Analysis (MD&A) is within the scope of the revised CAS, and sets out the auditor’s responsibilities relating to the MD&A. Extant CAS 720 deals with the auditor’s responsibilities relating to documents containing the audited financial statements. Under Canadian securities legislation, the MD&A is required by securities legislation in many Canadian jurisdictions to be filed concurrently with the financial statements but the MD&A does not technically contain, or incorporate by reference, the audited financial statements. Paragraph 3 of Section 7500 contains a requirement for the auditor to read the MD&A in the absence of consent.

One stakeholder has raised a concern that withdrawing Section 7500 and replacing Section 5020 with proposed CSOA 5000 before the effective date of the revised CAS 720 could lead to a gap in the standards with respect to the requirement for the auditor to read the MD&A in the absence of consent.

The AASB considered whether the effective dates of proposed CSOA 5000, Section 7170 and the withdrawal of Section 7500 need to be deferred to December 15, 2017 to align them with the effective date of the revised CAS 720. In the view of the AASB, a further deferral is not necessary. As the MD&A is meant to complement and supplement the financial statements and to be read in conjunction with the financial statements, the AASB is of the view that the auditor’s responsibilities relating to reading the MD&A in the absence of consent is already covered by extant CAS 720.

Comments requested

The AASB has carefully considered the responses to its Exposure Draft. In issuing its Re-exposure Draft, the AASB is seeking views on the following questions:

1. Do you agree with the proposed changes to the Exposure Draft?
2. Do you agree with the scope of proposed CSOA 5000?
3. Do you agree with the proposed effective date of proposed CSOA 5000?
4. Do you agree with the consequential amendments to defer the effective date of Section 7170?
5. Are there any other matters that you think the AASB should be aware of as it considers finalizing proposed CSOA 5000 for issuance in Canada?
Comments are most helpful if they are related to a specific paragraph or group of paragraphs. Any comments that express disagreement with the proposals in the Re-exposure Draft should clearly explain the problem and include a suggested alternative, supported by specific reasoning. It will also be helpful for the AASB to be made aware of agreement with proposals.

The deadline for providing your comment letter to the AASB is May 13, 2016. You may email your comments (in a Word file), to: ed.assurancestds@cpacanada.ca
CANADIAN STANDARD ON ASSOCIATION 5000,
USE OF THE PRACTITIONER’S COMMUNICATION
OR NAME

(Effective as of, and applicable to a practitioner’s consent provided on or after, [June 1, 2017])

CONTENTS

<table>
<thead>
<tr>
<th>Paragraph</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
</tr>
<tr>
<td>Scope of this CSOA .................................................................</td>
</tr>
<tr>
<td>Effective Date ...........................................................................</td>
</tr>
<tr>
<td>Objectives ................................................................................</td>
</tr>
<tr>
<td>Definitions .............................................................................</td>
</tr>
<tr>
<td>Requirements</td>
</tr>
<tr>
<td>Use of the Practitioner’s Communication or Name in Connection with Accompanying Information (in Any Language) ..................................</td>
</tr>
<tr>
<td>Translated Practitioner’s Communication or Information on Which the Practitioner Reported .........................................................</td>
</tr>
<tr>
<td>Inappropriate Use of the Practitioner’s Communication or Name ..........</td>
</tr>
<tr>
<td>Application and Other Explanatory Material</td>
</tr>
<tr>
<td>Scope of this CSOA ..................................................................</td>
</tr>
<tr>
<td>Definitions ...............................................................................</td>
</tr>
<tr>
<td>Use of the Practitioner’s Communication or Name .........................</td>
</tr>
<tr>
<td>Use of the Practitioner’s Communication or Name in Connection with Accompanying Information (in Any Language) ...........................</td>
</tr>
<tr>
<td>Translated Practitioner’s Communication or Information on Which the Practitioner Reported ..........................................................</td>
</tr>
<tr>
<td>Inappropriate Use of the Practitioner’s Communication or Name ..........</td>
</tr>
<tr>
<td>Appendix: List of Standards Containing Requirements Dealing with Specific Aspects of Association</td>
</tr>
</tbody>
</table>
Introduction

Scope of this CSOA

1. This Canadian Standard on Association (CSOA) deals with the practitioner’s professional responsibilities when the practitioner has performed a service for the entity that is within the scope of the Handbook, and the practitioner:

   (a) Is requested by the entity to consent orally or in writing to the use of the practitioner’s communication or name in connection with accompanying information;

   (b) Is requested by the entity to consent orally or in writing to, or otherwise becomes aware of:

      (i) The use of the practitioner’s communication in another language;

      (ii) The use of the practitioner’s communication in the original language in connection with information on which the practitioner reported that has been translated into another language; or

      (iii) The use of the practitioner’s name in connection with, or other references to the practitioner having performed work on, information on which the practitioner reported that has been translated into another language; or

   (c) Becomes aware of an inappropriate use of the practitioner’s communication or name.

   This standard does not apply when a circumstance noted above is addressed by another standard or Assurance and Related Services Guideline in the Handbook. The Appendix lists standards containing requirements dealing with specific aspects of association. Also, the practitioner may have professional responsibilities as set out in relevant ethical requirements. (Ref: Para. A1-A3)

Effective Date

2. This CSOA is effective as of, and is applicable to a practitioner’s consent provided on or after, [June 1, 2017].

Objectives

3. The objectives of the practitioner are:

   (a) To obtain an appropriate basis to consent if the practitioner intends to provide consent in the circumstances set out in paragraphs 1(a) and (b); and

   (b) To respond appropriately (including consideration of communication responsibilities) if the practitioner does not intend, or is unable, to provide consent in the circumstances set out in paragraphs 1(a) and (b); and
(c) To respond appropriately if the practitioner becomes aware of the inappropriate use of the practitioner’s communication or name.

Definitions

4. For purposes of this CSOA, the following terms have the meaning attributed below:

(a) Accompanying information – Information, other than information on which the practitioner reported or the practitioner’s communication thereon, that contains, or incorporates by reference, the practitioner’s communication or name. (Ref: Para. A4)

(b) Consent – Acknowledgment that the practitioner agrees to the use of the practitioner’s communication or name in a circumstance within the scope of this CSOA. (Ref: Para. A5)

(c) Information on which the practitioner reported – Information on which the practitioner has performed a service and issued a written or oral communication in accordance with another standard or Guideline.

(d) Misstatement of accompanying information – A misstatement of accompanying information exists when such information is incorrectly stated or otherwise misleading (including because it omits or obscures information necessary for a proper understanding of a matter disclosed in the accompanying information).

Requirements

Use of the Practitioner’s Communication or Name in Connection with Accompanying Information (in Any Language)

Obtaining an Understanding of the Context in which the Practitioner’s Communication or Name Is Intended to be Used

5. If the practitioner is requested by the entity to consent to the use of the practitioner’s communication or name in connection with accompanying information, the practitioner shall obtain an understanding of the context in which the practitioner’s communication or name is intended to be used to determine whether consent is warranted. (Ref: Para. A7, A9)

Obtaining a Basis to Consent

6. If the practitioner determines that consent is warranted and intends to consent to the use of the practitioner’s communication or name in connection with accompanying information, the practitioner shall:

(a) Determine that:

   (i) The information on which the practitioner reported and, if applicable, the practitioner’s communication thereon, are accurately reproduced; and
(ii) Any reference to the practitioner’s communication or name, and the context in which it is used, are appropriate; and

(b) Read the accompanying information. If the practitioner becomes aware of a material inconsistency between that information and:

(i) Information on which the practitioner reported; or

(ii) Knowledge obtained by the practitioner in the course of performing the service for the entity,

the practitioner shall determine what effect, if any, the material inconsistency has on information on which the practitioner has reported and the practitioner’s communication thereon. (Ref: Para. A7-A8, A10-A12)

**Material Misstatement of Accompanying Information**

7. In obtaining a basis to consent to the use of the practitioner’s communication or name in connection with accompanying information, if the practitioner becomes aware of a material misstatement of accompanying information, the practitioner shall advise the entity of the material misstatement. If the matter is not resolved, the practitioner shall not provide consent. (Ref: Para. A7-A8, A13-A15)

**Communication of the Practitioner’s Involvement or Non-involvement with the Accompanying Information**

8. When the practitioner is requested to consent to the use of the practitioner’s communication or name in connection with accompanying information, the practitioner shall:

(a) Determine whether a communication is necessary to avoid a misunderstanding regarding the practitioner’s involvement or non-involvement with the accompanying information; and

(b) If a communication is considered necessary, communicate to appropriate parties the nature and extent of the practitioner’s involvement with the accompanying information, or communicate that the practitioner had no involvement with the accompanying information. (Ref: Para. A7-A8, A16)

**Translated Practitioner’s Communication or Information on Which the Practitioner Reported**

9. If the practitioner is requested by the entity to consent to, or otherwise becomes aware of, the use of the practitioner’s communication in another language or the use of the practitioner’s communication or name in connection with information on which the practitioner has reported in the original language that is translated into another language, the practitioner shall either:

(a) Obtain a basis to consent to the use of the practitioner’s communication or name in accordance with paragraph 10; or
Obtaining a Basis to Consent

10. If the practitioner intends to consent to the use of the practitioner’s communication in another language or the use of the practitioner’s communication or name in connection with information on which the practitioner reported in the original language that is translated into another language, the practitioner shall be satisfied that, if applicable:

(a) The information on which the practitioner reported in the original language that is subsequently issued in the other language includes the same information, and in all material respects carries the same meaning, as the information on which the practitioner reported in the original language; and

(b) The practitioner’s communication thereon includes the same information, and in all material respects carries the same meaning, as the practitioner’s communication issued in the original language.

Notification when the Practitioner Does Not Consent

11. If the practitioner does not intend, or is unable to obtain an appropriate basis, to consent to the use of the practitioner’s communication in another language or the use of the practitioner’s communication or name in connection with information on which the practitioner reported in the original language that is translated into another language, the practitioner shall:

(a) Notify the entity that the practitioner does not consent, or is unable to obtain an appropriate basis to consent, to the use of the practitioner’s communication or name; and

(b) If the information in another language has been issued, request the entity to notify users of information in the other language that the practitioner does not consent to the use of the practitioner’s communication or name in connection with that information. (Ref: Para. A18-A20)

Inappropriate Use of the Practitioner’s Communication or Name

12. If the practitioner becomes aware of an inappropriate use of the practitioner’s communication or name:

(a) Before the distribution of the information, the practitioner shall request the entity to correct the inappropriate use of the practitioner’s communication or name; or

(b) After the distribution of the information, the practitioner shall discuss with the entity what action the entity intends to take to inform appropriate parties of the inappropriate use of the practitioner’s communication or name.
In either case, if the entity fails to take appropriate action, the practitioner shall consider what further steps, if any, shall be taken. (Ref: Para. A21-A23)

Application and Other Explanatory Material

Scope of this CSOA (Ref: Para. 1)

A1. Association is a term generally used to indicate a practitioner’s involvement with the entity or with information issued by the entity. For example, association may arise:

- When the practitioner performs services;
- When the practitioner is requested to consent orally or in writing to the use of the practitioner’s communication or name; or
- In circumstances over which the practitioner has no control, such as when the entity or some other party has indicated, without the practitioner’s knowledge or consent, that the practitioner was involved with a subject matter for which the entity is responsible.

However, this CSOA does not deal with all aspects of association.

A2. Various ways that association may arise, and the resulting professional responsibilities, are set out below:

(a) Association arises when a practitioner performs a service for an entity. If the service is an engagement within the scope of the Handbook, the practitioner fulfils the practitioner’s responsibilities by complying with the relevant standard or Assurance and Related Services Guideline regarding both work effort and reporting. If the service is not within the scope of the Handbook, such as the preparation of the entity’s tax returns, relevant ethical standards may set out the practitioner’s responsibilities regarding association. This CSOA does not deal with the practitioner’s responsibilities for services that are outside the scope of the Handbook.

(b) Association arises when the practitioner has performed a service within the scope of the Handbook and subsequently receives a request to consent orally or in writing to the use of the practitioner’s communication or name in connection with accompanying information. If the practitioner is requested to consent to the use of the report of the auditor in connection with an offering document or a business acquisition report, the practitioner fulfils the practitioner’s responsibilities by complying with Section 71501 or

1 AUDITOR’S CONSENT TO THE USE OF A REPORT OF THE AUDITOR INCLUDED IN AN OFFERING DOCUMENT, Section 7150.
Section 7170\(^2\) respectively. This CSOA deals with the practitioner’s responsibilities when the practitioner is requested to provide consent, either orally or in writing, in connection with accompanying information not covered by those Sections.

(c) Association arises when the practitioner has issued a communication in the original language in accordance with a standard or Guideline and subsequently becomes aware of:

(i) The use of the practitioner’s communication in another language;

(ii) The use of the practitioner’s communication in the original language in connection with information on which the practitioner reported that has been translated into another language; or

(iii) The use of the practitioner’s name in connection with, or other references to the practitioner having performed work on, information on which the practitioner reported that has been translated into another language.

This CSOA deals with the practitioner’s responsibilities when the practitioner is requested to consent to, or otherwise becomes aware of, such uses of the practitioner’s communication or name.

(d) Association may arise in circumstances over which the practitioner has no control. For example, the entity may inappropriately use the practitioner’s communication or name. Relevant ethical requirements may set out the practitioner’s responsibilities in such circumstances. Certain standards in the Handbook other than this CSOA also contain requirements addressing circumstances when the practitioner becomes aware of an inappropriate use of the practitioner’s communication or name. For circumstances over which the practitioner has no control, this CSOA only applies when:

(i) The practitioner becomes aware of the inappropriate use of the practitioner’s communication or name; and

(ii) The practitioner’s responsibilities are not otherwise addressed by another standard or Guideline.

A3. The request for the practitioner’s consent may come from management or those charged with governance of the entity, the legislature or intended users.

\(^2\) AUDITOR’S CONSENT TO THE USE OF THE AUDITOR’S REPORT INCLUDED IN A BUSINESS ACQUISITION REPORT, Section 7170.
Definitions

*Accompanying Information* (Ref: Para. 4(a))

A4. Accompanying information includes, for example, extracts or a summary derived from information on which the practitioner reported when the practitioner has not been engaged to report on such extract or summary. Accompanying information may be made available electronically or in hard copy. This CSOA applies regardless of the format in which the accompanying information is issued.

*Consent* (Ref: Para. 4(b))

A5. The phrase “use of the practitioner’s name” includes a reference to the practitioner by virtue of role (for example, auditor).

Use of the Practitioner’s Communication or Name

A6. A practitioner may not always be aware of when the practitioner’s communication or name is used by the entity. Consequently, the practitioner may wish to obtain management's agreement that management will obtain the practitioner’s consent before using the practitioner’s communication or name. It is preferable for this agreement to be in writing (for example, by including appropriate wording in an engagement letter issued for a service provided under a standard or Guideline or other suitable form of written agreement).

Use of the Practitioner’s Communication or Name in Connection with Accompanying Information (in Any Language) (Ref: Para. 5-8)

A7. The requirements in paragraphs 5-8 are applicable if the practitioner is requested to consent to the use of the practitioner’s communication or name in connection with accompanying information regardless of whether the accompanying information is in the original language or another language.

A8. The Appendix provides a list of standards in the Handbook other than this CSOA that contain material dealing with a practitioner’s responsibilities relating to accompanying information (as defined or otherwise described using different terminology such as “other information” in the respective standards) in the absence of a request for the practitioner to consent. If the practitioner intends to consent to the use of the practitioner’s communication or name in connection with accompanying information, paragraphs 6-7 apply. The practitioner may have already met some or all of the requirements in paragraphs 6-7 when performing the procedures on accompanying information as set out in the other standards. In such cases, the practitioner is not required to reperform those procedures for purposes of providing consent under this CSOA. If the practitioner is requested by the entity to consent to the use of the practitioner’s communication or name in connection with the accompanying information but does not intend to do so, the requirements in paragraphs 6-7 do not apply.
However, the practitioner would consider whether communication of the practitioner’s non-involvement with the accompanying information is necessary as required by paragraph 8.

Obtaining an Understanding of the Context in which the Practitioner’s Communication or Name is Intended to be Used (Ref: Para. 5)

A9. The entity may use the practitioner’s communication or name in connection with accompanying information in various ways. In many cases, a practitioner’s consent is not necessary such as when the use of the practitioner’s communication or name does not imply that the practitioner has performed any procedures on the accompanying information or information included therein. This may be the case, for example, if the entity requests the practitioner’s permission to include the practitioner’s name in a section of a document listing general corporate information such as the names of the entity’s lawyers and accountants. The practitioner is required to perform procedures to obtain a basis to consent only if the practitioner intends to consent to the use of the practitioner’s communication or name in connection with the accompanying information, and the practitioner is of the view that consent is warranted. This may be the case, for example, if the entity requests the practitioner to consent to the inclusion of the practitioner’s communication or a reference to the work carried out by the practitioner in a document containing a reproduction, summary or extract of information on which the practitioner reported. Therefore, as part of making a decision regarding whether to provide consent, paragraph 5 requires the practitioner to obtain an understanding of the context in which the practitioner’s communication or name is intended to be used to assist the practitioner in determining whether consent is warranted.

Obtaining a Basis to Consent (Ref: Para. 6)

A10. When reading the accompanying information, the practitioner may become aware of events or developments between the date of the practitioner’s communication and the date of the practitioner’s consent (“intervening period”) that need to be addressed in the accompanying information or in the information on which the practitioner reported and the practitioner’s communication thereon. Paragraph 7 deals with the practitioner’s responsibilities if the accompanying information is materially misstated (for example, as a result of failing to take into account relevant intervening period events or developments). Applicable standards and Guidelines other than this CSOA may deal with how relevant events and developments in the intervening period are addressed in the information on which the practitioner reported and the practitioner’s communication thereon.

A11. The practitioner may consider performing procedures in addition to those set out in paragraph 6 to obtain an appropriate basis to consent. Any additional procedures would be considered in the context in which the practitioner’s
communication or name is intended to be used and the nature of the service(s) for the entity originally performed by the practitioner. Examples of additional procedures the practitioner may wish to perform, if any, to identify relevant events and developments in the intervening period may include:

- Obtaining an understanding of the procedures management has established to ensure that relevant events and developments in the intervening period are identified.
- Inquiring of management as to whether intervening period events were identified and, if so, how they were dealt with.
- Reading minutes of the meetings of the entity’s owners, management and those charged with governance that have been held in the intervening period and inquiring about matters discussed at any such meetings for which minutes are not yet available.

Also, if the accompanying information is required to be approved by those charged with governance, the practitioner may wish to determine that the accompanying information has been approved before providing consent.

A12. There may be circumstances when the practitioner is requested to consent to the use of the practitioner’s communication or name in connection with accompanying information in another language. If the practitioner has already performed the procedures in paragraph 6 on accompanying information in the original language, the practitioner may be able to comply with paragraph 6 by becoming satisfied that the accompanying information in the other language includes the same information, and in all material respects carries the same meaning, as the accompanying information in the original language.

**Material Misstatement of Accompanying Information** (Ref: Para. 7)

A13. An inconsistency or a misstatement of accompanying information is considered to be material if it could reasonably be expected to inappropriately influence the decisions of users.

A14. If discussions with the entity regarding a possible material misstatement of the accompanying information fail to dispel the practitioner’s concerns, the practitioner may take further actions to resolve the matter. If the matter is not resolved, the practitioner does not have a basis to consent. If the entity uses the practitioner’s communication or name when the practitioner does not have a basis to consent, paragraph 12 sets out the practitioner’s responsibilities if the practitioner becomes aware of the inappropriate use of the practitioner’s communication or name.

A15. If the misstatement in accompanying information identified by the practitioner also indicates that the information on which the practitioner reported may be
misstated, the practitioner’s responsibilities may be set out in another relevant standard or Guideline.

**Communication of the Practitioner’s Involvement or Non-involvement with the Accompanying Information** *(Ref: Para. 8)*

A16. There may be circumstances when the practitioner is requested to provide consent but the practitioner does not wish, or is unable, to do so. In such circumstances, the practitioner may determine that it is necessary to communicate the fact that the practitioner is not involved with the accompanying information to avoid misunderstanding. The communication may, for example, take the form of an oral or written notification to the entity that the practitioner does not consent to the use of the practitioner’s communication or name, and may include a request for the entity to either:

- Clearly indicate, in the accompanying information issued by the entity, that the practitioner is not involved with that information; or
- Attach a written communication issued by the practitioner regarding the practitioner’s non-involvement with the accompanying information.

**Translated Practitioner’s Communication or Information on which the Practitioner Reported** *(Ref: Para. 9)*

A17. There may be circumstances when an entity engages a practitioner to perform services on information in one language and decides to also issue the information on which the practitioner reported in another language. In such cases, the entity may request the practitioner to consent to the use of the practitioner’s communication in the other language. Alternatively, the entity may, without requesting the practitioner’s consent:

- Refer to the practitioner as having performed work on the information in the other language;
- Attach the practitioner’s communication in the original language to the information in the other language; or
- Translate the practitioner’s communication into the other language and use the translated practitioner’s communication.

In these circumstances, the use of the practitioner’s communication or name may give the impression that the practitioner has performed work on the information in the other language. Therefore, regardless of whether the entity has requested the practitioner to consent, if the practitioner becomes aware of the use of the practitioner’s communication or name in these circumstances, the practitioner is required to either:

(a) Obtain a basis to consent to the use of the practitioner’s communication or name; or
(b) Notify the entity that the practitioner does not consent to the use of the practitioner’s communication or name and request that the entity notify users of the information in the other language of this fact.

Notification when the Practitioner Does Not Consent (Ref: Para. 11)

A18. In addition to notifying the entity that the practitioner does not consent to the use of the practitioner’s communication or name and requesting the entity to notify users of this fact, the practitioner may request that the entity not use the practitioner’s name, letterhead, or signature in connection with information in the other language.

A19. The entity’s communication to users that the practitioner does not consent to the use of the practitioner’s communication or name may take various forms, such as a statement accompanying the information in the other language that the practitioner has performed services only on the information in the original language.

A20. If the practitioner has requested the entity to notify users that the practitioner does not consent to the use of the practitioner’s communication or name, and management does not take the necessary steps to do so, this would constitute an inappropriate use of the practitioner’s communication or name and paragraph 12 applies.

Inappropriate Use of the Practitioner’s Communication or Name (Ref: Para.12)

A21. The practitioner’s responsibilities under paragraph 12 arise only when the practitioner is aware of an intended or actual inappropriate use of the practitioner’s communication or name. In the absence of a reference to the practitioner having performed work on the information, it is unlikely that users would (nor is it reasonable for users to) assume that the practitioner has been involved with the information.

A22. Examples of inappropriate use of the practitioner’s communication or name may include matters such as:

- Inaccurate reproduction of the practitioner’s communication.

- Inaccurate reproduction of information on which the practitioner has reported when the practitioner’s communication is attached to that information or when there is a reference to the practitioner having performed work on the information.

- Information on which the practitioner has issued a modified conclusion that is distributed without the practitioner’s communication, with a reference that information has been audited or reviewed by the practitioner (but with no references to the modified conclusion).
A23. Paragraph 12 requires the practitioner to consider further steps that should be taken if the entity fails to take appropriate action regarding inappropriate use of the practitioner’s communication or name. Examples of further steps could include:

- Withdrawing from any current engagement(s) with the entity.
- Obtaining legal advice.
Appendix
(Ref: Para. 1, A8)

List of Standards Containing Requirements Dealing with Specific Aspects of Association

The list in this appendix is not a substitute for considering the requirements and related application and other explanatory material in the other standards.

Standards dealing with consent engagements

Section 7150, Auditor’s Consent to the Use of a Report of the Auditor Included in an Offering Document.

Section 7170, Auditor’s Consent to the Use of the Auditor’s Report Included in a Business Acquisition Report.

Standards requiring a practitioner’s involvement with other information in the absence of a request to consent

[Proposed revised] CAS 720, The Auditor’s Responsibilities Relating to Other Information

CSAE 3000, Attestation Engagements Other than Audits or Reviews of Historical Financial Information – paragraph 62

CSAE 3001, Direct Engagements – paragraph 64

CSAE 3410, Assurance Engagements on Greenhouse Gas Statements – paragraph 64

CSAE 3416, Reporting on Controls at a Service Organization – paragraphs 40-41

Section 7060, Auditor Review of Interim Financial Statements – paragraph 12

Standards addressing inappropriate use of the practitioner’s communication or name


Section 7060, Auditor Review of Interim Financial Statements – paragraphs 27-30