
2016-2021 Strategic Plan

Basis for Conclusions

August 2016

CPA Canada Handbook – Assurance

Prepared by the staff of the Auditing and Assurance Standards Board

BASIS FOR CONCLUSIONS

2016-2021 Strategic Plan

This Basis for Conclusions has been prepared by staff of the Auditing and Assurance Standards Board (AASB). It relates to, but does not form part of, the AASB's Strategic Plan 2016-2021.

Purpose of this Basis for Conclusions

This Basis for Conclusions provides a brief summary of the AASB's objectives in developing its 2016-2021 Strategic Plan, the public exposure and approval steps for this plan and how the AASB dealt with significant matters arising from comments received in response to its Invitation to Comment.

Background

In November 2015, the AASB issued an Invitation to Comment, "Draft Strategic Plan for 2016-2021." Ten written responses were received. In addition to the written responses, several consultation sessions with various stakeholders were held to seek input on the Invitation to Comment.

The AASB approved its final Strategic Plan at its meeting in April 2016. The Auditing and Assurance Standards Oversight Council confirmed that the AASB followed due process in developing the Strategic Plan prior to its issuance.

Significant Matters Arising from Comments in Response to the Invitation to Comment

Mission and Vision Statements

1. The majority of respondents agreed with the AASB's proposed mission and vision statements. Respondents expressed the view that the statements will appropriately guide the AASB in its commitment to serve the Canadian public interest through high-quality audit, other assurance and related services standard-setting.
2. One respondent suggested that the mission statement be clarified to explain what is meant by effective auditing, other assurance and related services. Without a definition of the term "effective", it is not clear whether the strategic objectives set out in the Strategic Plan will appropriately cover the mission and vision statements. This respondent suggested that the terms "value added" and "relevant" would be more informative.
3. The AASB agreed and made changes to the mission statement to refer to "value-added and relevant" services as opposed to "effective" services.

Strategic Objectives

4. The majority of respondents agreed with the AASB's proposed strategic objectives.
5. Some respondents encouraged the AASB to include more tangible, quantifiable targets, against which the AASB could measure its degree of success. The AASB agreed, noting that its annual operating plans will establish goals designed to meet the objectives of its Strategic Plan. It will follow up with reports on its achievements in its annual reports.
6. Many respondents made recommendations for how the AASB could implement its Strategic Plan. The AASB has noted these recommendations as it works towards developing its operating plans.

Standards for Audits of Financial Statements

7. The majority of respondents supported the continued adoption of International Standards on Auditing (ISAs) as Canadian Auditing Standards (CASs). However, some respondents suggested that the AASB consider whether reporting standards should be considered separately from performance standards. Given the proximity to the United States and the number of dual-listed entities in Canada, these respondents thought that Canadian reporting standards should remain similar to reporting standards in the United States. The AASB will take this feedback into consideration as it makes decisions about the adoption of certain ISAs.
8. Several respondents supported the AASB's proposal to consider revisions to its criteria for making amendments to ISAs when adopting them as CASs, or to how the AASB applies these criteria. The views of these respondents were split — some expressed the view that the criteria themselves should be revised, while others argued that the AASB criteria are appropriate but that it needs to consider whether it should be more flexible in their application. The AASB will take this feedback into consideration as it undertakes a project to reconsider its amendment criteria.
9. Some respondents also agreed with the AASB's approach to consider issues related to scalability of the standards. They believe that tailoring standards for audits of smaller, domestic entities would help serve the public interest by recognizing the resource and cost implications of applying ISAs on smaller, less complex Canadian entities.

Development of Standards for Engagements Other than Audits of Financial Statements

10. The majority of respondents supported the AASB's strategic objective to continue to set standards for engagements other than audits of financial statements that respond to the needs of Canadian stakeholders.
11. One respondent questioned whether the AASB would overly focus its activities on standard-setting projects for engagements other than audits of financial statements

given that it is adopting ISAs for audits of financial statements that are set by the IAASB.

12. The standard-setting activity of the AASB related to standards other than CASs is done in response to requests from stakeholders for new or updated standards in these areas.
13. Further, the AASB believes that it has a significant role to play in informing the IAASB on Canadian input the AASB receives about international projects so that international standards are fit for purpose in Canada. One of the major benefits of adoption of the ISAs is that the AASB is well positioned to respond to the needs of Canadian stakeholders for standards and guidance in areas other than audits of financial statements that are in the public interest. The AASB's operating plans reflect where the greatest standard-setting emphasis may be required to balance the needs of Canadian stakeholders.
14. One respondent supported the AASB proactively identifying and considering trending economic matters that affect businesses and periodically presenting newsletters to address the current state of auditing in light of the emerging issues.

Assisting in the Successful Implementation of Standards

15. The majority of respondents supported the AASB's strategic objective to identify and respond to challenges faced by practitioners in implementing standards. Some respondents suggested that the AASB itself should be involved in the production of implementation material, including an authoritative audit manual. Another suggested that the AASB consider a variety of methods to support the effective implementation of standards, ensuring that the public interest is met by the AASB's actions. The AASB will take these comments into consideration as it determines how it can be involved in assisting practitioners to successfully implement the standards.

List of Respondents to the Invitation to Comment

BDO Canada LLP
Canadian Public Accountability Board
Canadian Securities Administrators Chief Accountants' Committee
Catholic Centre for Immigrants
Chartered Professional Accountants of British Columbia
Lynessa Dias, CPA, CGA, CFA, FRM, CAIA
Office of the Auditor General of Alberta
Office of the Superintendent of Financial Institutions Canada
PricewaterhouseCoopers LLP
Tim Donnelly, CPA, CA, CFP

Summary of Participants in Face-to-Face Consultations

Roundtable Consultations Statistics

Location	Date	Practitioners Small-medium	Practitioners Large	Regulators	Preparers	Auditors General	CPA Provincial Staff	Others	Total
Halifax	October 2015	3	4						7
St John's	October 2015	4	2		1	1		1	9
Regina	November 2015	4			4	2	2	1	13
Calgary	November 2015	2	1	2	2		1		8
Edmonton	November 2015	4	1				2	1	8
Vancouver	November 2015	7	1	2			4		14
Montreal	November 2015	14			7		3	4	28
Toronto	December 2015	1	1	1	1		3	1	8
TOTAL		39	10	5	15	3	15	8	95

© 2016 Chartered Professional Accountants of Canada

Publications produced by any Financial Reporting & Assurance Standards Canada board, oversight council, or committee are protected by copyright.

All rights reserved. This publication is protected by copyright and written permission is required to reproduce, store in a retrieval system or transmit in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise).

For information regarding permission, please contact permissions@cpacanada.ca.
