



Auditing and Assurance
Standards Board

Annual Plan

April 1, 2021 – March 31, 2022

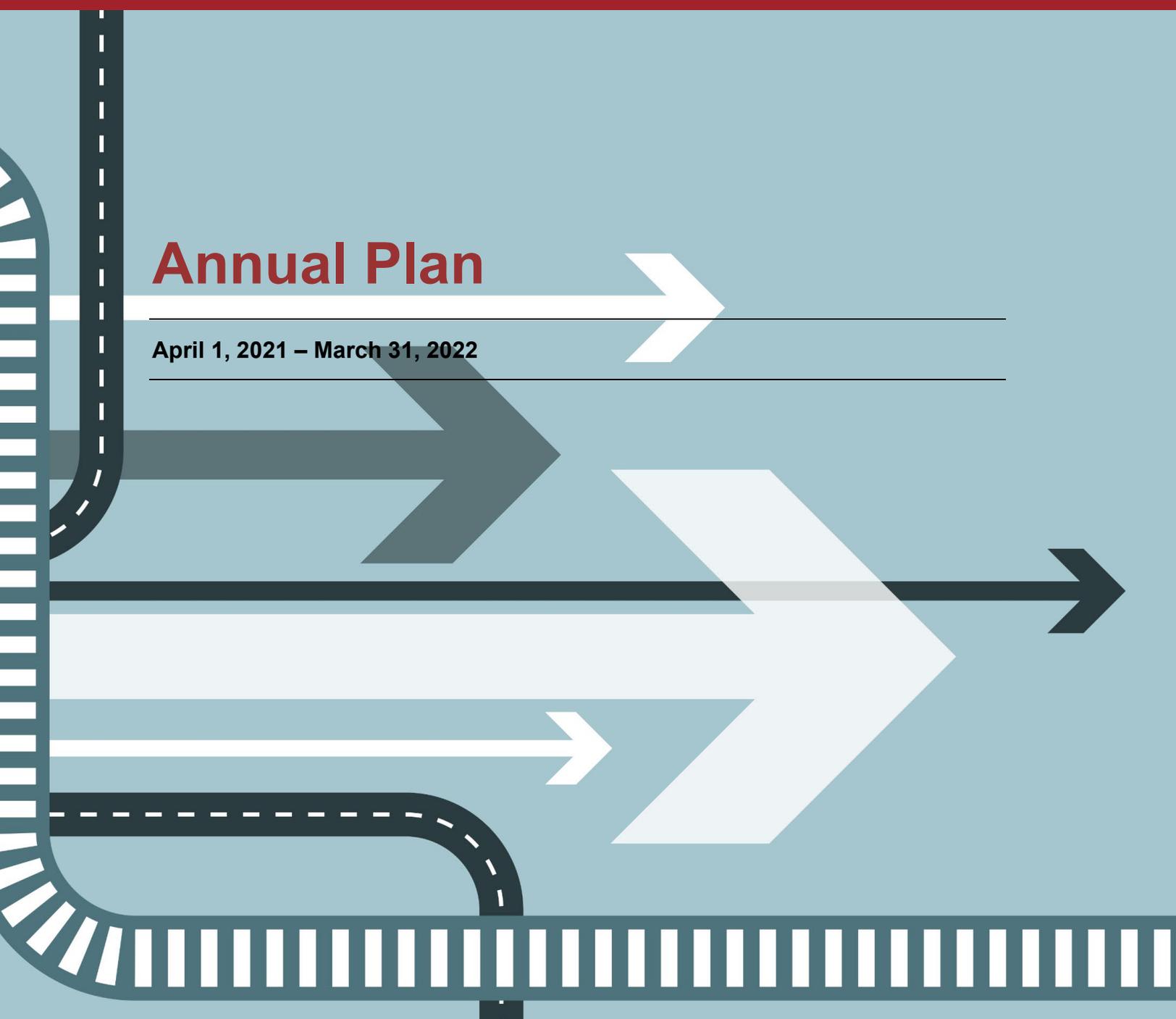


Table of Contents

Our mission.....	4
Serving the public interest	4
Our strategy	4
Strategic Goal #1: Monitor and understand emerging issues in the changing environment to better anticipate standard-setting issues	5
Strategic Goal #2: Engage and collaborate with stakeholders to understand their needs and expectations	6
Strategic Goal #3 – Set high-quality standards and guidance that respond to the evolving needs and expectations of stakeholders	7
Strategic Goal #4 – Enhance our standard-setting processes and capabilities to develop more timely solutions	9
Strategic Goal #5 – Support the effective implementation and application of standards and guidance to enhance consistency and quality in engagement performance	10
Monitoring for success.....	11
Appendix 1 – Public interest considerations and related risks	12



We are an independent body with the authority and responsibility to set standards for quality management, audit, other assurance and related services engagements, and guidance in Canada.



The AASOC is an independent, volunteer body established in 2002 to serve the public interest by overseeing and providing input into the activities of the AASB.

Our mission

We serve the public interest by setting high-quality standards and guidance and supporting their effective application to address the evolving needs of Canadian stakeholders.

Serving the public interest

The public interest is an overriding consideration for all the AASB's activities. To guide the development of this Annual Plan, we monitored the environment and actively sought the input of stakeholders. Input was obtained through outreach sessions, surveys, and responses to documents for comment.

Our risk assessment process helps us to identify public interest considerations that pose the greatest risk to achieving our [2022-2025 Strategic Plan](#). Our planned activities address the public interest considerations and associated risks. See [Appendix 1](#) for a table of the public interest considerations that our stakeholders raised, and the related risks.

Our strategy

The 2022-2025 Strategic Plan outlines our five strategic goals and supporting objectives. Our Annual Plan includes specific activities that will support the achievement of these objectives.

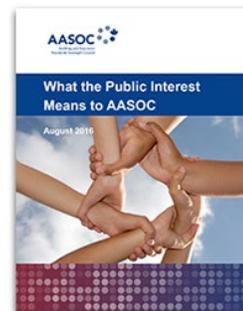
Our 2021-2022 Annual Plan is effective April 1, 2021 to March 31, 2022. It is the first Annual Plan under the 2022-2025 Strategic Plan— the activities we undertake as a Board are critical in laying a strong foundation for the next four years.

For the period of April 1 to June 30, 2021, we continued our International and Canadian standard-setting activities, including assisting in the development of implementation guidance for recently approved standards (read more about this period in our March 1, 2021 article, [Bridging the Gap – 2021-2022 Annual Plan Issue Date and Other Upcoming Activities](#)). We participated in discussions with various stakeholders, including audit and securities regulators, and provincial Chartered Professional Accountant (CPA) bodies to understand the emerging issues in assurance and related services engagements.

Canada's auditing and assurance standards board and oversight council operate in the public interest.

But what does that mean exactly?

Our Oversight Council clarified what the public interest means to them in their 2016 paper, "What the Public Interest Means to AASOC." They outline who their public are, what the interests of their public are, and how they assess whether an action, decision, or policy is in the public interest.



Strategic Goal #1: Monitor and understand emerging issues in the changing environment to better anticipate standard-setting issues

Activities
<p>Review findings from stakeholder initiatives to understand stakeholders' expectation of the auditor's role related to fraud and going concern in an audit of financial statements, by the end of Q4. Initiatives may include:</p> <ul style="list-style-type: none"> • Canadian Public Accountability Board (CPAB) activities on fraud, going concern, professional skepticism, novel/emerging issues; and • International Auditing and Assurance Standards Board (IAASB) Discussion Paper, "Fraud and Going Concern in an Audit of Financial Statements."
<p>Develop a Board strategy or process on how to understand emerging technologies and how to assess the impact on standards and guidance, by the end of Q4.</p>
<p>Monitor current trends and the evolving needs of stakeholders, and review semi-annually the potential impact on standards and guidance. This will include considering:</p> <ul style="list-style-type: none"> • challenges practitioners are facing performing engagements remotely in the evolving work environment; • extended external reporting and assurance beyond the financial statements; • financial reporting in emerging industries and changing business practices; • emerging technologies used by entities and by practitioners; and • the needs of stakeholders for new or different services. <p>Initiatives may include:</p> <ul style="list-style-type: none"> • Chartered Financial Analyst (CFA) Alternative Performance Measures project; • International Accounting Standards Board Exposure Draft, General Presentation and Disclosures; • Canadian Securities Administrators (CSA) National Instrument 52-112, Non-GAAP and Other Financial Measures Disclosure; and • The Trustees of the IFRS® Foundation's Consultation Paper on Sustainability Reporting.

Strategic Goal #2: Engage and collaborate with stakeholders to understand their needs and expectations

Activities
<p>Seek input from stakeholders, including practitioners that audit less complex entities, on all documents for comment, and leverage input received to inform response letters, by the comment deadline.</p> <p>Anticipated documents for comment to be issued by the IAASB include:</p> <ul style="list-style-type: none"> • Complexity, Understandability, Scalability and Proportionality (CUSP) discussion paper; and • Audits of Less Complex Entities Separate Standard exposure draft.
<p>Develop a stakeholder engagement process to identify the needs of key stakeholder groups and to determine how and when to appropriately engage them in the standard-setting process, by the end of Q4.</p>
<p>Seek input from stakeholders, and review semi-annually the potential impact on standards and guidance. This may include specific outreach activities with different stakeholder groups, such as:</p> <ul style="list-style-type: none"> • practitioners that audit less complex entities; • audit, securities, and prudential regulators including CPAB, CSA Chief Accountants Committee, and the Office of the Superintendent of Financial Institutions; • legislative auditors, including the Canadian Council of Legislative Auditors; • professional associations or bodies, such as Financial Executives International Canada and the CFA Society; • industry groups; and • provincial CPA bodies.

Strategic Goal #3 – Set high-quality standards and guidance that respond to the evolving needs and expectations of stakeholders

Activities
<p>Participate in discussions with other National Standard Setters (NSSs) to strengthen relationships. This may include:</p> <ul style="list-style-type: none"> • quarterly interactions with other NSSs; and • attending IAASB NSS meetings.
<p>Develop a plan, working jointly with CPA Canada, to address the evolving needs of stakeholders for assurance beyond the financial statements, by the end of Q4.</p>
<p>Publish co-branded CPA Canada, AASB, Chartered Accountants Australia and New Zealand, and Association of Chartered Certified Accountants report on fraud, going concern, and the expectation gap, by the end of Q2.</p>
<p>*<u>Audit Evidence</u></p> <ul style="list-style-type: none"> • Provide Canadian perspective as project continues.
<p>*<u>Audits of Less Complex Entities - Separate Standard</u></p> <ul style="list-style-type: none"> • Provide Canadian perspective as project continues. • Respond to IAASB Separate Standard exposure draft, by comment deadline. • Issue Canadian discussion paper, by the end of Q2. Use input received from stakeholders to discuss way forward in Canada, by the end of Q4.
<p>*<u>Auditor Reporting</u> – Post Implementation Review (PIR) of Enhanced Auditor Reporting Standards, including Other Information</p> <ul style="list-style-type: none"> • Provide Canadian perspective as IAASB reviews results of PIR survey. • Determine if any specific domestic actions are needed, by the end of Q4.
<p><u>Compilations of Future-oriented Financial Information</u></p> <ul style="list-style-type: none"> • Approve project proposal, by the end of Q1.
<p>*<u>Complexity, Understanding, Proportionality and Scalability (CUSP)</u></p> <ul style="list-style-type: none"> • Provide Canadian perspective as project continues. • Respond to IAASB CUSP discussion paper, by the comment deadline.

Activities
<ul style="list-style-type: none"> Use input received from stakeholders to explore options for addressing complexity, understandability, scalability, and proportionality of standards in Canada, by the end of Q4.
<p>*Fraud</p> <ul style="list-style-type: none"> Provide Canadian perspective as activities continue.
<p>*Going Concern</p> <ul style="list-style-type: none"> Provide Canadian perspective as activities continue.
<p>*<u>Group Audits</u></p> <ul style="list-style-type: none"> Provide Canadian perspective as project continues. Approve final Canadian Auditing Standard (CAS), by the end of Q4.
<p>*<u>Quality Management</u> – CSQM 1¹, CSQM 2², and CAS 220³</p> <ul style="list-style-type: none"> Issue final Handbook material in accordance with due process, by the end of Q1.
<p>*<u>Quality Management</u> – Conforming Amendments to Other Canadian Standards, resulting from the approval of CSQM 1</p> <ul style="list-style-type: none"> Issue exposure draft on conforming amendments to other Canadian standards, resulting from the approval of CSQM 1, CSQM 2, and CAS 220, by the end of Q1. Respond to IAASB Exposure Draft, Conforming Amendments to the IAASB's Other Standards and Framework Due to the New and Revised Quality Management Standards, by the comment deadline. Issue final Handbook material in accordance with due process, by the end of Q4.
<p>Definition of Listed Entity and Public Interest Entity</p> <ul style="list-style-type: none"> Provide Canadian perspective as project continues. Respond to questions on matters for IAASB consideration in the International Ethics Standards Board for Accountants Exposure Draft, Proposed Revisions to the Definition of Listed Entity and Public Interest Entity in the Code, by the comment deadline.

*IAASB project

¹ Canadian Standard on Quality Management (CSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

² CSQM 2, *Engagement Quality Reviews*

³ CAS 220, *Quality Management for an Audit of Financial Statements*

Strategic Goal #4 – Enhance our standard-setting processes and capabilities to develop more timely solutions

Activities
<p>Monitor the progress of the piloted approach to developing a standard being applied to replace the guideline on compilations of future-oriented financial information. Assess whether the approach is achieving anticipated process improvements, by the end of Q4.</p>
<p>Monitor and understand the IAASB Framework for Activities and consider how it may impact the AASB processes, by the end of Q4.</p>
<p>Provide AASB staff support to the Independent Review Committee on Standard Setting throughout the year, as it undertakes its review of Canadian standard setting, including assessing the impact of the recommendations in the Monitoring Group Paper, “Strengthening the International Audit and Ethics Standard-Setting System,” and the proposals in the Trustees of the IFRS® Foundation’s Consultation Paper on Sustainability Reporting. Monitor the progress of the Committee and assess implications on AASB processes, if any, by the end of Q4.</p>
<p>Monitor and understand the work being undertaken by the IAASB to implement the recommendations in the Monitoring Group Paper and consider how it may impact the AASB processes, by the end of Q4.</p>

Strategic Goal #5 – Support the effective implementation and application of standards and guidance to enhance consistency and quality in engagement performance

Activities
Complete an implementation risk analysis on all standard-setting projects, that includes the nature, timing, and extent of guidance needed to address potential implementation challenges, at the exposure draft and final approval stages.
<p>Raise awareness of all recently issued standards and consider annually the effectiveness of these activities. Activities may include:</p> <ul style="list-style-type: none"> • speaking engagements at CPA Canada conferences; • seeking opportunities to attend stakeholder seminars or conferences; and/or • participating in discussions with provincial CPA bodies.
Issue guidance in applying Canadian Standard on Assurance Engagements (CSAE) 3000, <i>Attestation Engagements Other than Audits or Reviews of Historical Financial Information</i> , to extended external reporting assurance engagements, by the end of Q4.
Monitor issues identified from practice inspection results from CPAB and provincial CPA bodies, and review the potential impact on standards and guidance, by the end of Q4.
Develop implementation guidance, to be issued by the AASB, that assists practitioners in communicating key audit matters, by the end of Q1.
Assist in the development of guidance for the CIO Strategy Council as it drafts data standards. The guidance, to be issued by CPA Canada, aims to identify characteristics of suitable criteria so a practitioner can report against data standards.
<p>Monitor and assist in the development of implementation guidance, possibly in collaboration with other NSSs, to be issued by CPA Canada, and review progress quarterly. Topics may include:</p> <ul style="list-style-type: none"> • identifying and assessing risks of material misstatement; • quality management at the firm and engagement level; • group audits; and/or • attestation and direct engagements over information other than historical financial information.

Monitoring for success

We want to make sure we achieve what we set out to do. We actively monitor our progress towards achieving the activities in our Annual Plan. AASOC oversees our activities and assesses our performance for the year to ensure the effective, efficient, and economic fulfillment of our public interest mandate.

Appendix 1 – Public interest considerations and related risks

	Public Interest Considerations	Risk
I	The Canadian and international standard-setting processes are under review with potential implications on the capability of the AASB to influence the international agenda and set standards that are responsive to Canadian stakeholder needs.	The Independent Review Committee on Standard Setting may identify changes to the AASB's governance and structure, including due process, that impact the AASB's capability to set high-quality standards. The IAASB's review of its processes to address the Monitoring Group recommendations in the paper " Strengthening the International Audit and Ethics Standard-Setting System ," may result in significant changes that affect the AASB's current processes, including the AASB's ability to influence international standard setting.
II	Assurance and related services standards should reflect emerging technologies used by entities and in the performance of engagements.	The increased use of technology by entities and in the performance of assurance and related services engagements, caused by the rapidly evolving and changing environment may result in assurance and related services standards no longer being fit for purpose in the current environment.
III	Assurance and related services standards should be scalable, understandable, and proportional to audits of less complex entities, to ensure the performance of consistent high-quality engagements across entities of all natures and sizes.	The increased complexity and length of recently issued standards caused by the increased complexity in the business environment may result in assurance and related services standards that are not fit for purpose in audits of less complex entities. This may result in the inefficient performance of engagements.
IV	Assurance and related services standards should meet the evolving needs of stakeholders who are increasingly using information outside the financial statements for decision making.	The increasing demand from stakeholders for assurance beyond the financial statements may result in a need for new or revised standards or guidance.
V	Assurance and related services standards should remain fit for purpose in an evolving work environment, including remote work arrangements.	The evolving work environment, including remote work arrangements, may result in practitioners being unable to implement current assurance and related services standards.

	Public Interest Considerations	Risk
VI	Timely implementation guidance is needed so revised assurance and related services standards are implemented consistently across engagements.	The untimely issuance of implementation guidance may result in assurance and related services standards being inconsistently applied.
VII	Readers of practitioner reports should understand the level of assurance provided and the role of the practitioner in the engagement.	Users are misinformed as to the role of a practitioner in the performance of an engagement caused by a lack of understanding of assurance and related services standards. This may result in users incorrectly relying on a practitioner's report in their decision making.
VIII	The AASB's due process allows it to respond to emerging issues in a timely manner.	The AASB is unable to respond to emerging issues in a timely manner caused by the time it takes to follow due process or the lack of formal processes to address rapidly emerging issues. This may result in standards not being fit for purpose in the current environment.



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