

Report – Post-implementation Review of CSRS 4460, *Reports on Supplementary Matters Arising from an Audit or a Review Engagement*

June 2020

Introduction

Between November 2019 and January 2020, the [Auditing and Assurance Standards Board](#) (AASB) conducted a post-implementation review (PIR) of CSRS 4460, *Reports on Supplementary Matters Arising from an Audit or a Review Engagement*.

The PIR served two purposes.

1. It informed us as to whether:
 - CSRS 4460 is meeting its objectives to improve consistency in the manner in which practitioners respond to a third-party request for a report on supplementary matters;
 - there are any challenges with implementing and applying CSRS 4460; and
 - there are any areas where CSRS 4460 may be improved.
2. It served as a basis for evaluating whether our PIR process is efficient and effective and whether there are lessons that could help improve the process.

What We Heard

The PIR consisted of the publication of a [paper providing background information on the PIR](#), an in-person consultation session and surveys to practitioners, preparers of supplementary information and users of CSRS 4460 reports. The feedback to these activities consisted of the following:

- 2 written responses.
- Five representatives from governments and regulatory bodies participated in the consultation session.
- Twenty-two practitioners, three preparers and four users responded to the surveys.

The results from the PIR gave us valuable input, both in terms of informing us on actions that may be taken on CSRS 4460 and for evaluating the PIR process.

Key Findings

1. CSRS 4460 has improved consistency in the way practitioners respond to a third-party request for a report on supplementary matters

Results of the PIR indicate that the issuance of CSRS 4460 has resulted in many reports that were previously issued without following a CPA Canada Handbook – Assurance standard are now being addressed by a report in compliance with CSRS 4460 or a specific engagement standard within the Handbook other than CSRS 4460.

We believe this result provides evidence that CSRS 4460 has addressed a key public interest concern that led us to develop the standard.

2. Practitioners were generally able to overcome first-year implementation challenges

In selecting CSRS 4460 for the PIR, we noted some implementation challenges being experienced by practitioners. Results of the PIR confirmed that there were some first-year implementation challenges.

However, as practitioners gained more experience using the standard and applying non-authoritative guidance that supported the standard, they were generally able to:

- agree with management to report under CSRS 4460 or to use another engagement; and/or
- develop templates in accordance with CSRS 4460 or other standards in the Handbook to address reporting for specific requests.

3. There are some areas where clarity of CSRS 4460 could be improved

On responses indicating that there are challenges in implementing and applying CSRS 4460, a common response is that users often do not understand the differences between the various types of engagements provided by practitioners.

Respondents also provided some suggestions on improving the clarity of CSRS 4460, including clarifying:

- whether the supplementary information contemplated in CSRS 4460 must cover the same period as the information that was audited or reviewed; and
- the differences between supplementary matter and similar terms used in other standards.

4. No pervasive demand for a change in scope of CSRS 4460

Most respondents indicated that the scope of CSRS 4460 is appropriate.

A few responses mentioned specific circumstances not covered by the scope of CSRS 4460. However, there was no pervasive demand for a change in scope in any specific areas.

Next Steps

Results from the PIR indicate that CSRS 4460 is meeting its objective of improving the way practitioners are responding to a third-party request for a report on supplementary matters.

Even though there are some areas of CSRS 4460 that could be clearer, practitioners were generally able to overcome first-year implementation challenges. As no significant flaws with CSRS 4460 were identified and given our other priorities, we are not planning to make extensive revisions to CSRS 4460 in the near future.

However, we will consider stakeholders' comments on improving the clarity of CSRS 4460 and will work with CPA Canada to determine whether further [guidance](#) may be helpful.

Process for Conducting PIR

We will use the lessons learned to strengthen our PIR process. In 2021-2022, we will consider potential PIRs on selected standards as part of our annual planning. We will also continue to collaborate with CPA Canada to include the consideration of implementation guidance in the objectives of future PIRs.

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