



Intro music fades in

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You're listening to the In Brief podcast.

In this episode, hear from Karen DeGiobbi, Auditing and Assurance Standards Board principal and project lead, give a plain and simple overview of key considerations for practitioners required to report on controls at a service organization under both Canadian and U.S. standards.

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In December 2018, the AASB issued an Exposure Draft on Reporting on Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting. In issuing this Exposure Draft, the AASB continues to be committed to maintaining its current alignment between the Canadian and U.S. Standards for these engagements. However, some key changes have been proposed that will impact the way practitioners required to report under both Canadian and U.S. standards undertake their engagements.

Earlier this year we issued our first In Brief Podcast for this Exposure Draft outlining each of the AASB's project objectives. While the AASB's primary objective is to align CSAE 3416 with the American Institute of Chartered Professional Accountant's equivalent standard, developing a comprehensive Canadian standard covering all the AICPA's requirements was determined to be problematic.

Practitioners required to report under both Canadian and U.S. standards need to understand how their approach to these engagements will change should the proposed standard become effective.

There are two key changes that practitioners should be aware of:

Firstly, the AICPA introduced two new overarching standards required to be applied by practitioners, in addition to their standalone service organization standard. The requirements and application material from these overarching standards have not been specifically addressed in CSAE 3416 and may differ from those in the Canadian overarching standard, CSAE 3000.

Secondly, there are some areas within proposed CSAE 3416 where the AASB concluded that additional requirements, beyond those in the AICPA equivalent standard, are necessary. These include requirements around:

- Sampling;
- Identified or suspected instances of non-compliance with laws and regulations;
- Using the work of the internal audit function; and
- Written representations.

Stakeholders are encouraged to obtain an understanding of how all these changes will affect them.

We want to know what you think.

How will you address the differences between the Canadian and U.S. standards on your engagements?

Is non-authoritative guidance highlighting differences between the U.S. and Canadian overarching standards necessary?

Help us make this standard work for you.

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Visit FRASCanada.ca/CSAE3416ED to access the document for comment and other related material, including the history of this project.

Send us your comments by February 28, 2019 or sign up to attend one of our virtual roundtables to provide your feedback.

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