

# Audit & Assurance Alert

## CANADIAN STANDARD ON REVIEW ENGAGEMENTS (CSRE)

JUNE 2016

### Comparison between CSRE 2400 and the 8000 Series

This comparison was prepared to highlight key differences between the requirements in Canadian Standard on Review Engagements (CSRE) 2400, *Engagements to Review Historical Financial Statements*, and those in Section 8100, *General Review Standards*, and Section 8200, *Public Accountant's Review of Financial Statements* (referred to as "the 8000 series"). This comparison is not authoritative and is prepared for informational purposes only.

For further information regarding CSRE 2400, please refer to CPA Canada's [Audit & Assurance Alert](#), which highlights the timeline for application of CSRE 2400, includes a summary of the standard and a discussion of some of the key elements.

Users of this comparison should note that it may not identify all the differences between CSRE 2400 and the 8000 series that are significant to a particular engagement. What is significant to any individual user will depend on the particular circumstances. Therefore, readers should perform their own review of the CSRE to understand how it would require changes to their current practices, policies or methodologies.

There are requirements in CSRE 2400 relating to the conduct of a review engagement, ethics and quality control. Comparable requirements are included in Section 5021, *Authority of Auditing and Assurance Standards and Other Guidance for Engagements Other than Audits of Financial Statements and Other Historical Financial Information*, and Section 5030, *Quality Control Procedures for Assurance Engagements Other than Audits of Financial Statements and Other Historical Financial Information* (rather than in the 8000 series). Additionally, there are requirements within Canadian Standard on Quality Control (CSQC) 1, *Quality Control for Firms that Perform Audits and Review of Financial Statements, and Other Assurance*

*Engagements* and the Provincial Codes of Conduct that are not included in this comparison. The table below focuses only on comparing the requirements in CSRE 2400 and those in the 8000 series.

CSRE 2400	8000 Series
<b>Acceptance and Continuance of Client Relationship</b>	
Paragraphs 27-30 require the practitioner to not accept a review engagement unless certain factors and preconditions are met.	Paragraph 8100.10 requires the practitioner to be satisfied that certain factors are present before accepting a review engagement. This requirement is less rigorous than those in CSRE 2400.
Paragraphs 31-33 require the practitioner to address circumstances when the wording of the practitioner's report is prescribed by law or regulation.	No comparable requirements.
Paragraph 34 requires the practitioner to agree the terms of engagement with management or those charged with governance, prior to performing the engagement.	Paragraph 8200.03 requires the practitioner to agree the terms of engagement with those having oversight responsibility for the financial reporting process and management. This requirement is comparable to that in CSRE 2400.
Paragraph 35 sets out the required content of the terms of engagement letter.	Paragraphs 8200.09, 8200.14, and 8200.18 set out the required content of the terms of engagement letter. This required content is less extensive than that in CSRE 2400.
Paragraph 36 requires the practitioner to evaluate whether circumstances require the terms of the engagement to be revised and whether there is a need to remind the entity of the existing terms of the engagement.	No comparable requirement.
Paragraphs 37-39 require the practitioner to deal with a change in the terms or nature of the engagement.	No comparable requirements.
<b>Communication with Management and Those Charged with Governance</b>	
Paragraph 40 requires the practitioner to communicate with management or those charged with governance on a timely basis all matters concerning the engagement that, in the practitioner's professional judgment, are of sufficient importance to merit their attention.	No comparable requirement.

### Performing the Engagement

<p>Paragraphs 41-42 require the practitioner to determine materiality and to revise it in the event of becoming aware of information that would have caused the practitioner to have determined a different amount initially.</p>	<p>No comparable requirements.</p>
<p>Paragraphs 43-44 require the practitioner to obtain an understanding of the entity and its environment, and the applicable financial reporting framework, to identify areas in the financial statements where material misstatements are likely to arise.</p>	<p>Paragraph 8100.15(ii) requires the practitioner to possess or acquire sufficient knowledge of the business so that intelligent inquiry and assessment of information obtained can be made. This requirement is less detailed and rigorous than those in CSRE 2400. Also, the knowledge required is not tied to the practitioner's identification of areas in the financial statements where material misstatements are likely to arise.</p>
<p>Paragraph 45 requires the practitioner to identify areas in the financial statements where material misstatements are likely to arise.</p>	<p>No comparable requirement.</p>
<p>Paragraph 46 requires the practitioner to design and perform inquiry and analytical procedures to address all material items in the financial statements and to focus on addressing areas in the financial statements where material misstatements are likely to arise.</p>	<p>Paragraph 8100.15(iii)(a) requires the practitioner to perform a review consisting of inquiry, analytical procedures and discussion. This requirement is not specifically tied to a need to address all material items in the financial statements and to focus on addressing areas in the financial statements where material misstatements are likely to arise.</p>
<p>Paragraph 47 sets out inquiries that the practitioner is required to make of management and others within the entity.</p>	<p>No comparable requirement.</p>
<p>Paragraph 48 requires the practitioner to consider whether the data from the entity's accounting system and accounting records are adequate for the purpose of performing analytical procedures.</p>	<p>No comparable requirement.</p>
<p>Paragraphs 49-55 require the practitioner to perform procedures to address specific matters, such as related party relationships and transactions, fraud and non-compliance with laws or regulations, going concern, use of work performed by other and opening balances in an initial review engagement.</p>	<p>No comparable requirements.</p>

**Performing the Engagement** *(continued)*

Paragraph 56 requires the practitioner to obtain evidence that the financial statements agree with, or reconcile to, the entity's underlying accounting records.	No comparable requirement.
If the practitioner becomes aware of a matter in the financial statements that may be materially misstated, paragraph 57 requires the practitioner to perform additional procedures sufficient either to conclude that the matter is not likely to cause the financial statements to be materially misstated, or determine that the matter causes the financial statements to be materially misstated.	When the practitioner doubts the plausibility of the information being reported, paragraph 8100.15(iii)(b) requires the practitioner to perform additional or more extensive procedures. However, there is no reference to a need for those procedures to be sufficient to enable the practitioner to conclude that the matter is not likely to cause the financial statements to be materially misstated, or to the practitioner's determination that the matter causes the financial statements to be materially misstated.
Paragraphs 58-59 require the practitioner to accumulate misstatements identified during the review, communicate them to management, and request of management that the misstatements be corrected.	No comparable requirements.
<b>Subsequent Events</b>	
Paragraph 60 requires the practitioner to request management to correct misstatements, if the practitioner becomes aware of events occurring between the date of the financial statements and the date of the practitioner's report that require adjustments of, or disclosure in, the financial statements.	No comparable requirement.
Paragraphs 61-63 sets out the required work effort and reporting in the circumstance when a practitioner becomes aware of a possible misstatement after the date of the practitioner's report but before the date the financial statements are issued.	No comparable requirement.
Paragraph 64-67 sets out the required work effort and reporting in the circumstance when a practitioner becomes aware of a possible misstatement after the financial statements have been issued.	No comparable requirement.

**Written Representations**

Paragraphs 68-70 set out the required content of management's written representations letter.	Paragraph 8200.31 sets out the required content of management's written representations. This required content is less extensive than that in CSRE 2400.
Paragraphs 71-72 require the practitioner to deal with circumstances when management does not provide the requested written representations or when the practitioner concludes that the written representations are not reliable.	Paragraphs 8200.27 and 8200.38 require the practitioner to deal with circumstances when the practitioner doubts the plausibility of management's written representations or when management's refuses to provide written representations. The procedures required are less rigorous than those in CSRE 2400.
Paragraph 73 requires the practitioner to date the written representations as near as practicable to, but not after, the date of the practitioner's report.	Paragraph 8200.35 requires that the written representations be in effect as of the date of the report, but recognizes that the practitioner obtains a signed letter from management on or after the date of the report but before its release.

**Evaluating Evidence Obtained from the Procedures Performed**

Paragraph 74 requires the practitioner to evaluate whether sufficient appropriate evidence has been obtained and, if not, to perform other procedures necessary in the circumstance to be able to form a conclusion.	Paragraph 8100.15(iii) requires the practitioner to perform a review with the limited objective of assessing whether the information being reported on is plausible in the circumstances within the framework of the appropriate criteria. This requirement is comparable to that in CSRE 2400.
Paragraph 75 requires the practitioner to discuss with management the implications of being unable to obtain sufficient appropriate evidence to form an unmodified conclusion.	No comparable requirement.

**Forming the Practitioner's Conclusion on the Financial Statements**

Paragraphs 76-78 require the practitioner to form a conclusion and determine whether limited assurance has been obtained. In making this determination, the practitioner is required to make evaluations relating to the applicable financial reporting framework in relation to the financial statements.	No comparable requirements.
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**Forming the Practitioner's Conclusion on the Financial Statements** *(continued)*

Paragraphs 79-93 require the practitioner to express an unmodified or modified conclusion in the appropriate form in the context of the financial reporting framework applied in the financial statements. The wording of the conclusion depends on whether the applicable financial reporting framework is a "fair presentation framework" or "compliance framework."

Paragraphs 8100.25, 8100.26, 8100.37, 8100.39 and 8200.68 require the practitioner to express a conclusion either without reservation or with reservation in the appropriate form. These requirements are less detailed than those in CSRE 2400 and do not provide the option of withdrawal from the engagement when the practitioner is unable to obtain sufficient appropriate evidence to form a conclusion. Also, the 8000 series does not include the concepts of "fair presentation framework" and "compliance framework."

**The Practitioner's Report**

Paragraph 94 sets out the required content of the practitioner's report.

Paragraph 8100.26 sets out the required content of the review engagement report. This required content is less extensive than that in CSRE 2400.

Paragraphs 95-101 set out the circumstances when an Emphasis of Matter or Other Matter paragraph is required to be included in the practitioner's report. Paragraph 102 requires the practitioner to address, in a separate paragraph in the practitioner's report, any other reporting responsibility that is in addition to the practitioner's responsibility under the CSRE.

Paragraph 8100.46 requires the practitioner to use a separate paragraph in the review engagement report to provide information and explanations not intended as a reservation of the report. This requirement is comparable to that in CSRE 2400, except that there is no distinction between an Emphasis of Matter paragraph and an Other Matter paragraph.

Paragraph 103 requires the practitioner to date the report no earlier than the date on which the practitioner has obtained sufficient appropriate evidence.

Neither Section 8100 nor Section 8200 contains a requirement regarding the date of the practitioner's report. Paragraph 8100.30 states that the date of substantial completion of the review would be used as the date of the review engagement report.

**Documentation**

Paragraphs 104-107 set out aspects of the engagement that the practitioner is required to document.

Paragraph 8100.24 requires the practitioner to document matters that in the practitioner's professional judgment are important to support the content of the report. This requirement is less detailed and rigorous than that in CSRE 2400.

## Related Resources

Please refer to CPA Canada's [Audit & Assurance Alert](#) on CSRE 2400 for further guidance and related resources.

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