

# Audit & Assurance Alert

## OTHER CANADIAN STANDARDS

MARCH 2019

## Section 7170 – Auditor’s Consent to the Use of the Auditor’s Report in Connection with a Designated Document

The purpose of this *Audit & Assurance Alert (Alert)* is to raise awareness of revised Section 7170, *Auditor’s Consent to the Use of the Auditor’s Report in Connection with a Designated Document*, issued in March 2019. This revised standard replaces extant Section 7170<sup>1</sup> and Section 7500.<sup>2</sup>

This *Alert* does not address all aspects of revised Section 7170; practitioners should refer to revised Section 7170 for additional requirements.

### What Was the Objective of Revising Section 7170?

Revised Section 7170 addresses the auditor’s responsibilities when responding to requests to consent to the use of the auditor’s report in connection with designated documents.

One of the issues considered in revising Section 7170 is how the *CPA Canada Handbook – Assurance (Handbook)* should be structured to appropriately address standards on providing consent. Other considerations in revising Section 7170 include:

- addressing the auditor’s deemed association with the Annual Information Form in Section 7500
- setting out appropriate work effort

<sup>1</sup> Section 7170 (Extant), *Auditor’s Consent to the Use of the Auditor’s Report Included in a Business Acquisition Report*

<sup>2</sup> Section 7500, *Auditor’s Consent to the Use of the Auditor’s Report in Connection with Designated Documents*

- clarifying the auditor's responsibilities relating to Other Information under Canadian Auditing Standard (CAS) 720<sup>3</sup>
- addressing the format of the auditor's consent.

## When Do These Requirements Come into Effect?

These requirements come into effect as of, and are applicable to, an auditor's consent provided on or after June 1, 2019. Earlier application is permitted.

## What Other *Handbook* Sections Address Consent in Connection with a Given Document?

The *Handbook* has three standards addressing three different purposes of consent, as presented in the following table:

Scenarios When a Practitioner Is Requested to Consent	Applicable Standard
1. consent engagements regarding the use of the auditor's report in connection with an offering document and non-offering prospectus to assist the entity in raising money and listing on stock exchanges	Section 7150, <i>Auditor's Consent to the Use of a Report of the Auditor Included in an Offering Document</i>
2. consent engagements regarding the use of the auditor's report in connection with a designated document filed with securities regulatory authorities	Revised Section 7170, <i>Auditor's Consent to the Use of the Auditor's Report in Connection with a Designated Document</i>
3. consent engagements regarding the use of the practitioner's communication or name in connection with translated information or accompanying information not covered by Sections 7150 and 7170	Canadian Standard on Association (CSOA) 5000, <i>Use of the Practitioner's Communication or Name</i>

<sup>3</sup> CAS 720, *The Auditor's Responsibilities Relating to Other Information*

## What Is Considered a “Designated Document”?

A designated document under revised Section 7170 is a document other than a document addressed under Section 7150,<sup>4</sup> and consists of the following documents filed with securities regulatory authorities:

- audited financial statements
- document that contains or incorporates by reference the audited financial statements, including:
  - annual report
  - business acquisition report
- management’s discussion and analysis (MD&A) issued by reporting issuers other than investment funds
- management’s report of fund performance issued by investment funds.

## Does the Auditor’s Consent Apply to Other Documents Included or Referenced in a Designated Document?

To clarify whether the auditor’s consent applies to other documents included or referenced in a designated document, the auditor may wish to:

- discuss with the client what information may be included or incorporated by reference in (and what information may be excluded from) the document to which the auditor is requested to consent
- clearly set out the information covered by the auditor’s consent in the terms of engagement.

## Is the Auditor’s Consent Required to be in Writing?

The auditor’s consent may be provided orally or in writing and is not referred to or included in any of the filings to securities regulatory authorities. The auditor’s consent arises through an agreement between the auditor and the entity and is provided only to the entity as agreed to in the terms of engagement. It is preferable for the auditor’s consent to be in writing to avoiding misunderstanding. The revised standard provides illustrations of written auditor’s consents.

## Other Resources

1. Section 7170, *Auditor’s Consent to the Use of the Auditor’s Report in Connection with a Designated Document*, in the *CPA Canada Handbook – Assurance*
2. [Basis for Conclusions: Section 7170, Auditor’s Consent to the Use of the Auditor’s Report in Connection with a Designated Document](#)
3. [Audit and Assurance Alert: CSOA 5000 – Use of the Practitioner’s Communication or Name](#)

<sup>4</sup> Section 7150, *Auditor’s Consent to the Use of a Report of the Auditor Included in an Offering Document*

## Comments

Comments on this *Audit & Assurance Alert* or suggestions for future *Alerts* should be sent to:

**Kaylynn Pippo, CPA, CA**

*Principal*, Audit & Assurance

Research, Guidance and Support

Chartered Professional Accountants of Canada

277 Wellington Street West

Toronto ON M5V 3H2

Email: [kpippo@cpacanada.ca](mailto:kpippo@cpacanada.ca)

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