

5. How will the change to new auditing standards impact audit fees?

As with all significant changes to standards, audit time and related costs may well increase during the transition period. However, the move to new auditing standards will create opportunities for the auditor to re-evaluate how the current audit is conducted and for you to modify the assistance you give the auditor to allow them to conduct an efficient audit. Use this occasion to talk to your auditor about your needs.

6. How can I learn more?

As the recognized leaders in providing guidance and education in applying standards, Chartered Accountants are uniquely positioned to support the business community in managing these changes.

Additional information on Canadian Auditing Standards is available on the Chartered Accountants of Canada website at www.cica.ca/CAS

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Existing Canadian auditing standards are to be replaced with international auditing standards that will be adopted as new Canadian Auditing Standards (CASs). The CASs come into effect for audits of financial statements for periods ending on or after December 14, 2010.

New Canadian Auditing Standards: What does it mean to you?

Auditors across Canada will soon be following new, high-quality, international standards that deal with audits of financial statements. The Auditing and Assurance Board (AASB) have issued the new Canadian Auditing Standards (CASs) that will soon be used in Canada and are now being used in a number of countries around the world. These new auditing standards will provide your auditor with the latest audit tools and procedures to address today's complex business environment.

The new auditing standards apply to audits of all entities, whether public or private, for profit or not-for-profit, and in both the public and private sector. They will be used to audit financial statements prepared in accordance with any acceptable financial reporting framework, including International Financial Reporting Standards, the new Canadian accounting standards for private enterprises and others.

The form of the audit report under the CASs is consistent with that used in many jurisdictions globally and provides increased clarity as to the roles of management and the auditor in the preparation and audit of the financial statements.

Questions you may be asking yourself:

1. Why are auditing standards changing now?

International standards have recently been upgraded and are high-quality, clear and understandable. More than 100 countries have already adopted these standards or are in the process of doing so. The move to CASs enables auditors to conduct consistent and comparable audits using standards that are recognized worldwide. It reduces confusion in the Canadian marketplace as to how our auditing standards compare internationally. There is nothing unique about auditing in Canada, so the adoption of international standards eliminates the need for Canada to maintain its own separate set of standards.

2. When will CASs come into effect?

The new Canadian Auditing Standards come into effect for audits of financial statements for periods ending on or after December 14, 2010.

For periods ending before this date, audits will be performed using existing standards (GAAS). Early adoption of the CASs is not permitted; however, auditors may decide to implement aspects of the CASs before the effective date, as long as they can still demonstrate compliance with existing Canadian GAAS. This might be done, for example, where a new Canadian Auditing Standard provides more guidance for the auditor than the current standards.

3. How will the new audit standards affect me?

The nature and extent of differences you might notice from prior year audits will depend on your entity's circumstances. Overarching standards dealing with professional ethics and how the auditor gains an understanding of your entity and identifies and assesses risks of misstatement of the financial statements, are fundamentally unchanged. However, the CASs contain several new or significantly changed auditing standards that may have implications if they are relevant to the audit of your entity.

Your auditor will help you to understand how the new auditing standards may change the audit in your entity's specific circumstances. These changes may also affect the assistance that you give the auditor in conducting an efficient audit. It will also affect the nature and extent of communications between the auditor and the audit committee relating to specific aspects of the audit.

4. How will the new standards affect the auditor's report?

The new auditor's report will look quite different from the existing report. Financial statement users will find auditor's reports to be a more useful source of information about the audit and the financial statements. The CASs contain an expanded form of auditor's report that more clearly explains the roles of management and the auditor and contain standards that allow the auditor, where considered necessary, to include additional information that is considered fundamental to users' understanding of the financial statements or the audit.

