

# Audit & Assurance Alert

## CANADIAN STANDARD ON ASSOCIATION (CSOA)

FEBRUARY 2017

### CSOA 5000—Use of the Practitioner’s Communication or Name

This Audit & Assurance Alert is being issued to raise awareness about the Canadian Standard on Association (CSOA) 5000, *Use of the Practitioner’s Communication or Name*, issued in January 2017. This new standard is meant to clarify the practitioner’s responsibilities relating to the use of a practitioner’s communication or name and replaces Section 5020, *Association*.

#### **Why Should I Read This Alert?**

Practitioners need to be aware of the more rigorous requirements under CSOA 5000.

This Alert will:

- provide practical considerations for practitioners to help them determine when this standard applies
- highlight the differences between Section 5020 and CSOA 5000
- highlight the differences in the practitioner’s responsibilities and communication requirements under CSOA 5000, depending on whether they consent to the use of their communication or name with accompanying information or translated information.

This Alert does not address all aspects of CSOA 5000; practitioners should refer to CSOA 5000 for additional requirements.

## What Are the Objectives of CSOA 5000?

The objectives of CSOA 5000 are to:

- obtain an appropriate basis to consent if the practitioner intends to provide consent
- respond appropriately (including consideration of communication responsibilities) if the practitioner does not intend, or is unable, to provide consent
- respond appropriately if the practitioner becomes aware of the inappropriate use of the practitioner's communication or name.

## When Are These Requirements Effective?

These requirements are effective as of, and are applicable to, a practitioner's consent provided on or after, June 1, 2017. Early application is permitted.

Practitioners should also be aware of the amendment to the effective date of Section 7170, *Auditor's Consent to the Use of the Auditor's Report in a Business Acquisition Report*. In order to align with the effective date of CSOA 5000, the effective date of Section 7170 has been deferred by one year to June 1, 2017. Section 7500, *Auditor's Consent to the Use of the Auditor's Report in Connection with Designated Documents*, will be retained in the *Handbook* and applicable for an auditor's consent to the use of the auditor's report in a business acquisition report between June 1, 2016, and May 31, 2017. Section 7500 will continue to apply to consent in connection with other designated documents after this date.

## What Has Changed?

The fundamental principles underlying CSOA 5000 are consistent with those underlying Section 5020. However, certain aspects of CSOA 5000 may differ significantly from some practitioners' interpretations of Section 5020.

The following aspects have been updated in the new standard to clarify the:

- **scope of CSOA 5000**
- **practitioner's responsibilities when requested to consent in connection with accompanying information**
- **practitioner's responsibilities when requested to consent to, or becomes aware of, the use of the practitioner's communication or information reported on in another language.**

Each of these areas is discussed further on the next page.

## How Does the Scope of CSOA 5000 Differ from That of Section 5020?

Section 5020	CSOA 5000
Describes how practitioners associate themselves with information; however, it does not define "information" and is unclear with respect to what services are within the scope of the section.	Clarifies that not all services fall under the scope of this standard (see below).
Consent is not defined.	Consent is defined as an acknowledgement, orally or in writing, that the practitioner agrees to the use of the practitioner's communication or name in a circumstance within the scope of the CSOA.

A request for the practitioner to consent may come in many forms. It may arise from:

- a requirement in law or regulation (e.g., a request to consent to the use of the practitioner's communication or name in an offering document)
- a contractual agreement (e.g., a practitioner may include a clause in their audit engagement letter that management must request consent prior to using their communication or name)
- management's request for the practitioner's consent on a voluntary basis.

CSOA 5000 deals with the practitioner's professional responsibilities when the practitioner has performed a service for the entity that is within the scope of the *Handbook* (other than the CSOA), and the practitioner:

- is requested by the entity to consent to the use of the practitioner's communication or name in connection with accompanying information
- is requested by the entity to consent to, or otherwise becomes aware of, the use of the practitioner's communication in another language
- becomes aware of inappropriate use of the practitioner's communication or name.

## What Is Not Covered by CSOA 5000?

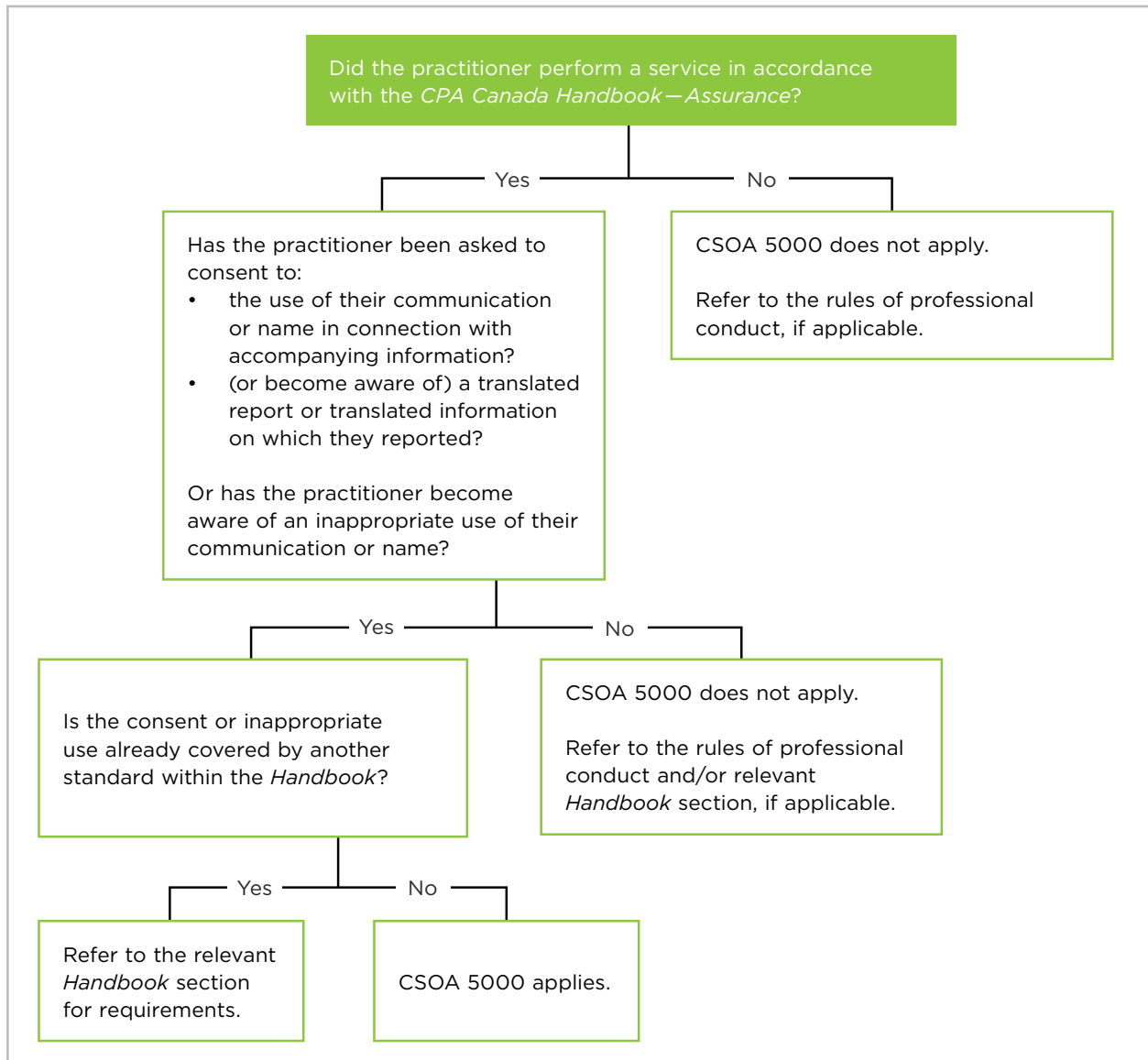
Section 5020	CSOA 5000
Unclear whether services outside the <i>Handbook</i> are within the scope of the section.	<p>Clarifies that the standard does not deal with association arising from performing services outside the scope of the <i>Handbook</i>, such as bookkeeping, consulting and tax services or engagements performed under assurance standards of foreign jurisdictions.</p> <p>For example, if a practitioner performs a tax compilation engagement or an engagement under the AICPA standards, CSOA 5000 would not apply.</p> <p>The practitioner would refer to the applicable rules of professional conduct regarding association arising from such services.</p>
Unclear whether the practitioner is required to comply with the section if they are unaware of circumstances giving rise to association.	<p>Clarifies that the standard does not deal with circumstances giving rise to association issues of which the practitioner has not become aware.</p> <p>It is not practical for the practitioner to deal with such circumstances.</p>
Unclear whether the practitioner is required to comply with the section if the services are already covered by another section of the <i>Handbook</i> .	<p>Clarifies that the standard does not deal with association matters that are already addressed by another standard in the <i>Handbook</i>.</p> <p>The practitioner would refer to the other relevant standard in the <i>Handbook</i> for such matters (see table on the next page).</p>

The following table provides examples of scenarios covered by other sections of the *Handbook*:

Scenarios When a Practitioner Is Requested to Consent	Applicable Standard
Consent engagements regarding the use of the auditor's report in connection with an offering document	Section 7150, <i>Auditor's Consent to the Use of a Report of the Auditor included in an Offering Document</i>
Consent engagements regarding the use of the auditor's report in connection with a business acquisition report	[Proposed] Section 7170, <i>Auditor's Consent to the Use of the Auditor's Report included in a Business Acquisition Report</i> <b>Effective date:</b> June 1, 2017* *Prior to June 1, 2017, Section 7500 (below) would apply
Consent in connection with a designated document	Section 7500, <i>Auditor's Consent to the Use of the Auditor's Report in Connection with Designated Documents</i>  After June 1, 2017, Section 7170 (referred to above) would apply to consent in connection with Business Acquisition Reports. Section 7500 will continue to apply to consent in connection with other designated documents.
Scenarios When a Practitioner Becomes Aware of Inappropriate Use	Applicable Standard
The practitioner is engaged to report on summary financial statements and becomes aware that the entity plans to state that the practitioner has reported on summary financial statements but does not plan to include the related auditor's report.	CAS 810, <i>Engagements to Report on Summary Financial Statements</i> , paragraph 25
The practitioner is engaged to report on the financial statements and not on the summary financial statements. However, the practitioner becomes aware that the entity plans to make a statement that the summary financial statements are derived from the financial statements audited by the auditor.	CAS 810, <i>Engagements to Report on Summary Financial Statements</i> , paragraph 26

## Decision Tree—Determining When CSOA 5000 Applies

The decision tree below may help the practitioner determine when they are within the scope of CSOA 5000:



## What Is Required When the Practitioner’s Communication or Name Is Used with Accompanying Information?

Section 5020 highlights the steps a practitioner is required to take regarding the accompanying information prior to providing consent. However, it does not set out the requirement to first consider whether consent is necessary.

CSOA 5000 clarifies that the practitioner is required to:

- obtain an understanding of the intended use of consent, which may be accomplished by talking with management to understand the nature of their request; in many cases consent is not necessary (e.g., when use of the practitioner’s communication or name does not imply that the practitioner has performed any procedures on the accompanying information)
- perform procedures on accompanying information only if they intend to consent
- advise the entity of a material misstatement of the accompanying information, if applicable.

If the practitioner is required by another *Handbook* section to read accompanying information or “other information” in the absence of a request for consent, the practitioner does not need to re-perform the procedures required under CSOA 5000 if asked by the entity to consent.

## What Is Required When the Practitioner’s Communication Is Used in Another Language?

There are additional requirements to consider when a practitioner’s communication or information reported on is translated. As compared to consent with accompanying information, the practitioner’s responsibilities are triggered not only when the practitioner is requested to consent to the use of the practitioner’s communication in another language, but also when they become aware of such use.

Section 5020 is unclear whether the practitioner is required to perform procedures on information issued in another language if the practitioner does not intend, or is unable to obtain an appropriate basis, to provide consent. CSOA 5000 clarifies that the practitioner is required to either:

- obtain a basis to consent by performing procedures on the information in another language, if the practitioner intends to provide consent
- notify the entity that the practitioner does not consent to the use of the communication in another language.

CSOA 5000 deals with the circumstance when the practitioner is requested by the entity to consent to, or otherwise becomes aware of the use of:

- the practitioner’s communication in another language
- the practitioner’s communication or name in connection with information on which the practitioner has reported in the original language that is translated into another language.

This means that CSOA 5000 does not deal with circumstances when, for example, the practitioner is performing an audit on the English and French financial statements simultaneously. In such circumstances, the practitioner would refer to the CASs in performing the audits of the English and French financial statements.

## What Are the Practitioner’s Communication Responsibilities?

Accompanying Information	Translated Information
Clarifies that the practitioner is required to communicate only if they determine that such a communication is necessary to clarify the practitioner’s involvement or non-involvement.	Clarifies that when the practitioner does not consent, a practitioner must notify the entity and request that the entity notify users if the information in another language has been issued.

## What Is Required When an Entity Uses the Practitioner’s Communication or Name without Obtaining Consent?

There may be scenarios where the client uses the practitioner’s communication or name without the practitioner’s consent. The table below sets out requirements in CSOA 5000 addressing various circumstances:

Scenario	Requirement
For <i>accompanying information</i> , the practitioner learns that their communication or name has been used without their knowledge but is not aware it has been used inappropriately.	No action required.
For <i>translated information</i> , the practitioner learns that their communication or information reported on has been used.	Obtain basis to provide consent or notify the entity that the practitioner does not consent.
For <i>accompanying and translated information</i> , the practitioner’s communication or name has been used inappropriately.	Refer to section below — <b>action required due to inappropriate use of communication or name</b>

**Tip:** Practitioners may wish to obtain management’s agreement that management will obtain the practitioner’s consent prior to using their communication or name. It is preferable for this agreement to be in writing.



## What Is Required When the Practitioner's Communication or Name Is Used Inappropriately?

Similar to Section 5020, if the practitioner becomes aware of an inappropriate use of the practitioner's communication or name:

- *before the distribution of the information*: The practitioner is required to request that the entity correct the inappropriate use of the practitioner's communication or name.
- *after the distribution of the information*: The practitioner is required to discuss what action the entity intends to take to inform appropriate parties of the inappropriate use of the practitioner's communication or name.

It is important to note that the above requirements arise only when the practitioner is aware of an intended or actual inappropriate use of their communication or name.

For example, if an entity's financial statements make no reference to the practitioner, the practitioner has no responsibilities under CSOA 5000. However, the practitioner may still have responsibilities under the rules of professional conduct to not be knowingly associated with false or misleading information.

## What Information on CSOA 5000 Is Available to Management?

Practitioners may wish to provide their clients with the CPA Canada FAQ for Management on CSOA 5000: *What Management Needs to Know about the New Association Standard in Canada*. Refer to [Appendix A](#).

## Other Resources

1. Canadian Standard on Association (CSOA) 5000, *Use of the Practitioner's Communication or Name*, in the *CPA Canada Handbook – Assurance*
2. [Basis for Conclusions: CSOA 5000, Use of the Practitioner's Communication or Name](#)
3. [FAQ for Management: What Management Needs to Know about the New Association Standard in Canada](#)

## Comments

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

**Kaylynn Pippo**, CPA, CA

Principal, Research, Guidance and Support

Audit & Assurance

Chartered Professional Accountants of Canada

277 Wellington Street West

Toronto ON M5V 3H2

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



# Appendix A—FAQ for Management

## CANADIAN STANDARD ON ASSOCIATION (CSOA)

## What Management Needs to Know about the New Association Standard in Canada

This FAQ for management addresses key questions that management should be aware of prior to using their audit/assurance practitioner's communication or name with *accompanying information*<sup>1</sup> or *translated information*.

### What Is CSOA 5000 and When Is It Effective?

CSOA 5000, *Use of the Practitioner's Communication or Name*, is a new standard found in the *CPA Canada Handbook—Assurance (Handbook)* that your auditor or assurance provider (practitioner) is required to comply with on or after June 30, 2017. CSOA 5000 replaces Section 5020, *Association*, which is a current standard found in the *Handbook*.

CSOA 5000 deals with your practitioner's professional responsibilities when they have performed a service for your organization within the scope of the *Handbook* (other than the CSOA), and they:

- are requested by your organization to use their communication or name in connection with accompanying information
- are requested by your organization to consent to, or otherwise become aware of, the use of their communication in another language
- become aware of inappropriate use of their communication or name.

### What Is Consent and When Might You Request It from Your Practitioner?

Consent is defined as an acknowledgement, orally or in writing, whereby your practitioner agrees to the use of their communication or name in a circumstance within the scope of the CSOA.

<sup>1</sup> Information, other than information on which the practitioner reported or the practitioner's communication thereon, that contains, incorporates by reference, or otherwise accompanies the practitioner's communication or name. (CSOA 5000—*Use of the Practitioner's Communication or Name*, in the *CPA Canada Handbook—Assurance*)

You may request your practitioner to provide consent because of:

- a requirement in law or regulation (e.g., a request to consent to the use of your practitioner’s communication or name in an offering document)
- a contractual agreement (e.g., you may have signed an audit engagement letter prepared by your practitioner which might include a clause that you, management, must request consent prior to using their communication or name)
- a voluntary request for your practitioner’s consent.

## **When Are Your Practitioner’s Responsibilities Triggered Regarding Accompanying Information?**

*Assuming no inappropriate use of the practitioner’s communication or name, your practitioner only has responsibilities relating to the accompanying information if and when you, management, request consent regarding the use of their communication or name in connection with the accompanying information.*

Accordingly, you are encouraged to obtain your practitioner’s consent (preferably in writing) prior to using their communication or name.

## **When Are Your Practitioner’s Responsibilities Triggered Regarding Translated Information?**

Your practitioner has responsibilities over translated information not only when they are requested by you, management, to consent to the use of their communication in another language, but also when they become aware of such use.

This further supports the importance of requesting your practitioner’s consent prior to using the translated communication or information. If you do not request consent and your practitioner becomes aware of such use and does not consent or is unable to obtain an appropriate basis to consent, you as management may be requested to notify users that your practitioner does not consent to the use of the translated information.

## **What Is Required When You Use Your Practitioner’s Communication or Name Inappropriately?**

If your practitioner becomes aware of an inappropriate use of their communication or name:

- *before the distribution of the information:* Your practitioner is required to request that you correct the inappropriate use of their communication or name.
- *after the distribution of the information:* Your practitioner is required to discuss what action you intend to take to inform appropriate parties of the inappropriate use of their communication or name.

If you as management proactively request your practitioner’s consent prior to distributing the information, this will prevent having to inform the users of the information of any potential inappropriate use.

## What Work Is Required by Your Practitioner When Providing Consent in Connection with Accompanying Information?

When your practitioner is providing consent to you in connection with accompanying information, they are required to:

- obtain an understanding of the context in which the information is intended to be used and whether consent is warranted
- determine whether the information reported on is accurately reproduced and the context in which their communication or name used is appropriate
- read the accompanying information for material consistency with the information reported on
- consider whether procedures to identify intervening period events are necessary and, if so, perform the procedures.

You, management, should be aware that your practitioner is *not* auditing, reviewing or otherwise attempting to verify the completeness and accuracy of the information consented on.

## What Work Is Required by Your Practitioner When Providing Consent on Translated Information?

When your practitioner is providing consent on translated information, they need to satisfy themselves that:

- the translated information includes the same information and carries the same meaning as the information they reported on in the original language
- your practitioner's translated communication includes the same information and carries the same meaning as their communication issued in the original language.

## Other Resources

1. Canadian Standard on Association (CSOA) 5000, *Use of the Practitioner's Communication or Name*, in the *CPA Canada Handbook—Assurance*
2. [Basis for Conclusions: CSOA 5000, Use of the Practitioner's Communication or Name](#)
3. [Audit and Assurance Alert: CSOA 5000—Use of the Practitioner's Communication or Name](#)

### DISCLAIMER

This publication was prepared by the Chartered Professional Accountants of Canada (CPA Canada) as non-authoritative guidance.

CPA Canada and the authors do not accept any responsibility or liability that might occur directly or indirectly as a consequence of the use, application or reliance on this material. This Audit & Assurance Alert has not been issued under the authority of the Auditing and Assurance Standards Board.

Copyright © 2017 Chartered Professional Accountants of Canada