



**CPA**SK

# Focus FIRMS

The Institute of Chartered Professional Accountants  
of Saskatchewan Firm Newsletter | Spring 2024

## INDEPENDENCE— How fine is the line?





# WHAT IS A FIRM

FREE PD OFFERING

1 Verifiable Hour



## REGINA

Tuesday, June 18  
CPA Saskatchewan Office  
101-4581 Parliament Ave  
11:00 am - 12:30 PM  
Lunch is provided

## SASKATOON

Wednesday, June 19  
Delta Hotel Saskatoon Downtown  
405 20th St. E  
11:00 am - 12:30 PM  
Lunch is provided

**EVERYTHING YOU NEED TO  
KNOW ABOUT SUCCESSFULLY  
OPERATING YOUR FIRM**

From registration and licensing to ongoing firm obligations, including guidance on our top five practice advisory calls!

**REGISTER NOW**

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**DISCLAIMER**

The content within this newsletter is provided for informational purposes and is not an official interpretation of any applicable rules or standards.

**LAND ACKNOWLEDGEMENT**

We live and work on lands covered by Treaties 2, 4, 5, 6, 8, and 10. These are the territories of the Anihšīnāpēk/Saulteaux, Dakota, Dene, Lakota, Nakoda, nēhiyaw/Plains Cree, nēhinaw/Swampy Cree, nehithaw/Woodland Cree, and Stoney Nations. They are also the homeland of the Métis/Michif Nation. We pay our respects to the First Nations and Métis ancestors of this place and reaffirm our relationship with one another.

We respect and honour the Treaties that were made on all territories, we acknowledge the harms and mistakes of the past, and we are committed to moving forward in partnership with Indigenous Nations in the spirit of reconciliation and collaboration.

## INTRODUCTION

### You say you are independent, ARE YOU REALLY?

If there was ever a section of the Rules of Professional Conduct most challenged in its application by members and firms, it is the section on Independence, Rule 204.

Independence rules are designed to ensure members and firms remain uninfluenced in their decisions and can be fully objective when assessing information. Independence is crucial for maintaining the integrity of each assurance report conclusion.

Independence requirements are extremely specific as the profession has viewed its ability to maintain objectivity as a cornerstone. The requirement for an assurance practitioner to be independent is often legislated for public companies, not-for-profit organizations, credit unions and cooperatives, among others. Despite this, members and firms have historically managed their compliance with the independence rules on a really fine line. Many firms continue to deliver multiple services to clients and attempt to reduce the threat to their independence through one or more potential safeguards—mostly by isolating staff assigned to each distinct service role.

In this past inspection cycle, it was observed that the documented safeguards against independence threats were either not effective or not implemented in the engagement. Further, CPAs appear to misunderstand the requirements for independence and continue to deliver prohibited services. There is no ability to safeguard a prohibited service, but there are interpretations which may provide more explicit direction.

### So, how do you know if you are really as independent as you think or say you are?

Most professional accountants may genuinely believe they are independent due to their commitment to professional ethics and standards. They might overlook certain influences or threats that could compromise their independence because they perceive themselves as more ethical or unbiased than they actually are. Ask yourself – do you know the rules? Have you read them lately, or are you simply filling out a form?

In addition to influences and threats, consider the pressure professional accountants feel to prioritize the interests of their employers or clients over their professional judgment. This pressure can sometimes lead them to overlook threats or to rationalize behaviour that may compromise their independence. Are you offering help because of the need for services you perceive the client has? Does doing it yourself make the work “easier”? Are you doing it to be “nice” and avoid conflict?

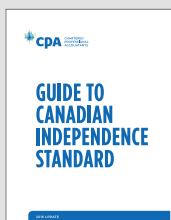
Consider independence in the worst-case scenario – a breach or perceived breach. A member or firm may be surprised or taken off-guard knowing that others consider them to have breached their independence and objectivity. Documentation of your analysis as to how you have sustained your independence is key. Have you considered how you would react if accused of breaching independence?

Professional accountants are trained to prioritize independence. However, various psychological, organizational, and contextual factors can sometimes lead to a disconnect between their perceived independence and the reality of their situation. Continuing professional development in learning and application of professional standards is essential in mitigating these risks and upholding independence.

This edition of the firm newsletter is focused on helping you stay independent.



Leigha Hubick  
CPA, CA, Registrar



### GUIDE TO CANADIAN INDEPENDENCE STANDARD

This Guide has been prepared to assist members, firms, students, candidates and applicants in understanding and applying the independence standard.

### DUTY TO REPORT

If you have information to support a member or firm is in breach of the rules of professional conduct, including independence, you have a duty to report this. Contact [monitoring@cpask.ca](mailto:monitoring@cpask.ca).



**You say you are  
independent...**



**ARE YOU  
REALLY?**

# MEMBER RECOGNITION AWARDS

**Do you know an outstanding CPA  
deserving of recognition?**

Nominate them for a Fellow Chartered Professional Accountant (FCPA), Early Achievement, or Lifetime Achievement Award today!

# PROVIDING PAYROLL SERVICES TO ASSURANCE CLIENTS: AN INDEPENDENCE ISSUE?

Modified from: Ordre des CPA du Québec, May 2022

*As a CPA, you are definitely familiar with the concept of independence, and you have probably had to assess some complex independence issues so far in your career. To what extent do you feel you have a good handle on the issue? In the situation below—can you tell whether there is an independence issue?<sup>1</sup>*

## SCENARIO

Your firm performs both review engagement and bookkeeping services for a private company. This company also provides you with the information necessary to prepare payroll. One of your employees enters the payroll information in the system and initiates a bank transfer. Employees are then paid their salaries automatically by direct deposit.

### In Addition

- The client approves the monthly bookkeeping, financial statements, and all journal entries.
- The employee who does the bookkeeping and processes payroll is not part of the review engagement team but rather of a distinct group supervised by a different manager.

**Bookkeeping for the client:** All questions on this topic are addressed to either the client directly or to the manager of the other group.

**Payroll:** Once the information has been entered, the employee sends the payroll register to the client for approval and initiates the direct deposit transfer to the employees' accounts once approval has been received.

- You fine-tuned your processes last year and now prepare two separate letters, one for the review engagement and another for the bookkeeping services.

### Question

Does the situation described above create an independence issue?

### Answer

YES. Irrespective of the fact that client approval is obtained for all journal entries and that the firm employee who processes payroll is not part of the review engagement team, the firm

is performing a management function for the entity in that they are initiating the direct deposit transfer to the employees' accounts. Payroll expenditures and liabilities are subject to the review engagement. A specific prohibition exists. The firm shall not accept or continue the engagement.

## RELEVANT RULES OF PROFESSIONAL CONDUCT

### Prohibitions

204.4(22)(a) A member or firm shall not perform an assurance engagement for an entity if, during the period covered by the assurance report or the engagement period, a member of the firm makes a management decision or performs a management function for the entity or a related entity, including:

- authorizing, approving, executing or consummating a transaction;
- having or exercising authority on behalf of the entity;
- determining which recommendation of the member or firm will be implemented; or
- reporting in a management role to those charged with governance of the entity;

Unless the management decision or management function is not related to the subject matter of the assurance engagement that is performed by the member or firm.

204.4(23) A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, a member of the firm or a network firm:

- prepares or changes a journal entry, determines or changes an account code or a classification for a transaction or prepares or changes another accounting record for the entity or a related entity that affects the financial statements subject to audit or review by the member or firm without obtaining the approval of management of the entity; or
- prepares a source document or originating data, or makes a change to such a document or data underlying such financial statements.

<sup>1</sup> Caveat: This example is for illustrative purposes only. There are many situations where the independence of professionals and their firms can be affected. Since each situation is unique, you should perform a detailed analysis of the facts and circumstances specific to the situation to determine whether you or your firm are independent.





# TRUST ASSET ADMINISTRATION

*With recent proceedings in other jurisdictions relating to a CPAs involvement with money laundering activities and anti-money laundering requirements, the risks relating to managing funds on behalf of another individual and the related compliance requirements are increasing.*

*This article outlines the expectations and requirements of CPAs involvement in administering trusts and provides guidance and resources to assist you in understanding the requirements and how to comply.*

## ADMINISTRATION OF TRUST ASSETS

Within the Regulatory Bylaws of CPA Saskatchewan, the administration of trust assets is defined as the holding of an account established at a financial institution or assets of another person by a registrant of CPA Saskatchewan under an agreement which specifies parameters relating to their handling and administration (Bylaw 2.1 (uu)-(ww)). Members acting solely in a personal capacity as executor, power of attorney or personal representative for another person or estate are exempt under Rule 328.10.

The Board of CPA Saskatchewan requires regulatory oversight over all registrants engaged in the administration of trust assets to ensure proper protection of the public.

## REQUIREMENTS

Under Bylaw 28.2, registrants who are engaged in the administration of trust assets at a minimum must comply with:

- the provisions of [The Trustee Act, 2009 \(Saskatchewan\)](#) as amended from time to time;
- the trust agreement; and
- the [Rules](#).

In brief, Section 328 of the Regulatory Board Rules requires the following (see above for a link to the complete rules):

- Each trust relationship shall be documented in writing.
- Trust assets shall be registered in the name of the registrant with a name or file number that definitively identifies the client for which the assets are held.
- Each trust account shall be clearly designated as a "trust account" or "client's account" within the registrant's and financial institution's records.
- The registrant shall take steps to protect the trust assets, including adequate insurance coverage and proper safekeeping.

- Unless the trust agreement specifies otherwise, money received in trust shall be deposited into a trust account within seven (7) days of receipt.
- All withdrawals or disbursements from a trust account shall be in accordance with the specific trust agreement and be properly required for:
  - payment to or on behalf of the client;
  - payment with respect to the reasonable fees for services rendered by the registrant; and
  - disbursements on behalf of the client made by the member or firm for which an invoice has been submitted.
- The receipt and disbursement or distribution of trust assets shall be properly documented.

We encourage you to read *The Trustee Act, 2009* (Saskatchewan) and the relevant CPA Saskatchewan Bylaws and Rules in their entirety to ensure you are in full compliance with the minimum requirements.

## TRUST ASSET REVIEW

In addition to the requirement to advise CPA Saskatchewan if you hold trust funds or trust assets at the time of member renewal (commencing annually on April 1), Bylaw 28.3 stipulates that all records relevant to the administration of trust assets are subject to inspection by CPA Saskatchewan.

The Registration Committee of CPA Saskatchewan approves all matters relating to the administration of trust assets. In discharging their responsibilities in this regard, you may receive either an information request under Bylaw 4.4 or a formal notice for the review of relevant records by a CPA Saskatchewan inspector under Bylaw 28.3 in a future year.

We encourage you to prepare in advance for a potential review by educating yourself on the minimum requirements and ensuring your records are in order.



# When in Doubt, Check it Out.

Concerned about making an ethical decision?  
Contact us.



Free and confidential member advisory services  
are available through CPA Saskatchewan.  
Contact [monitoring@cpask.ca](mailto:monitoring@cpask.ca).

# PRACTICE INSPECTION:

## RESIST THE URGE TO “TIDY UP” BEFORE YOUR INSPECTOR’S VISIT

*Modified from: Ordre des CPA du Québec, May 2022*

*You have received notice of practice inspection from CPA Saskatchewan and have received their listing of selected engagement files for inspection. Your first instinct is probably to ensure everything is in order so you have nothing to worry about.*

*However, you need to tread carefully. While organizing your files properly can facilitate the inspection process, there are things you must avoid doing. Otherwise, you could end up facing serious consequences.*

### MODIFYING YOUR ENGAGEMENT FILES BEFORE THE INSPECTION: A SERIOUS MISTAKE

It can be tempting to add missing signatures or documents or to adjust dates. Be aware that these actions can have far more serious consequences than handing over imperfect engagement files to the inspector.

Serious infractions include altering an engagement file in the following ways:

- Forging clients’ signatures on engagement letters, representation letters or journal entries or having clients sign backdated documents prior to the inspection;
- Changing the contents of files;
- Altering or adding documents or information in files;
- Involving employees of the firm, in whole or in part, in falsifying files.

### SERIOUS CONSEQUENCES

When CPA Saskatchewan practice inspectors discover undocumented engagement file modifications, they raise a reportable deficiency, and the Professional Practice Committee considers how the matter may affect the inspection as a whole.

It comes as no surprise that the Professional Practice Committee finds these infractions a serious offence, as it goes against the values and the spirit of the profession. This type of behaviour undermines the proper functioning of an important public protection mechanism and erodes public

trust in the profession. Where it has been determined that a firm has breached one or more of the Rules of Professional Conduct, there is a heavy price to pay:

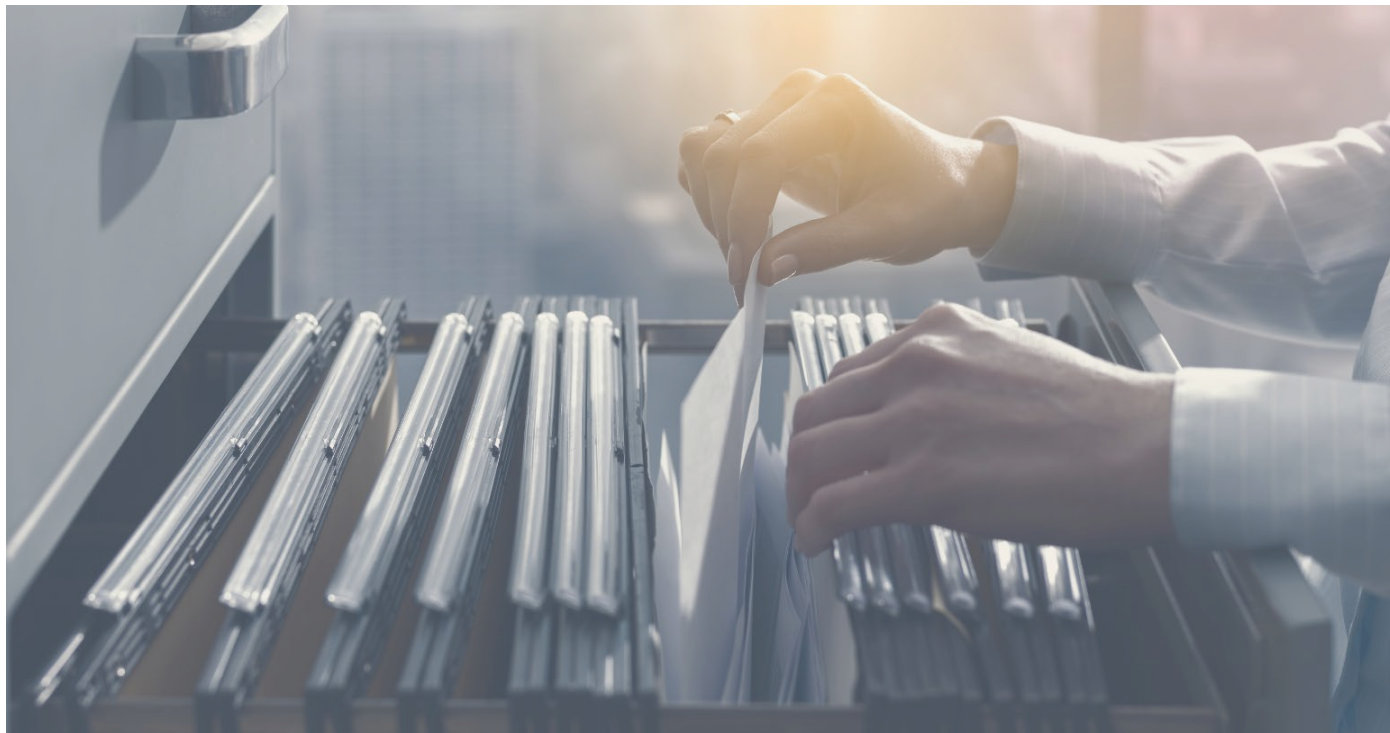
- **Referral to Conduct:** Showing a lack of integrity is a serious offence and may result in a complaint to the Professional Conduct Committee. Not all matters are referred for investigation. Outcomes may include mandated continuing professional development, the requirement to undertake a practice administration review, re-inspection of the firm, or provision of guidance. If a complaint proceeds to investigation, a referral may be made to the Discipline Committee.
- **Discipline Hearing:** The Discipline Committee may make an order specifying sanctions against the firm (rehabilitative, deterrent, expulsion). Notices of discipline hearings, decisions, and orders are published on the CPA Saskatchewan website and newsletters.
- **More rigorous monitoring:** In the eyes of the Professional Practice Committee, an offending firm is more likely than other firms to commit a subsequent offence, thus receiving practice inspection notifications at shorter intervals.

Additionally, your team members and candidates may question your ethics and competency, or they may even interpret your way of preparing for an inspection as being correct. Further, if you approach clients to sign or alter a document after the fact, they are likely to question your competency and integrity.

Conversely, by being forthright, you will be entitled to a confidential process and the guidance of the practice inspection program, which is designed in part to help you improve the quality of your files and your system of quality management. Depending on the situation, certain measures may be taken, such as:

- **Action plan:** you may be required to submit an action plan to CPA Saskatchewan outlining the remedial measures you will take to avoid repeating your mistakes.
- **Re-inspection:** you may be re-inspected so that CPA Saskatchewan can confirm that you have implemented the remedial measures.
- **Supervision:** your files may need to be reviewed by an appropriately licensed CPA approved by CPA Saskatchewan, either before or after the engagement reports have been executed.

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## **PREVENTION: THE BEST WAY TO AVOID PROBLEMS**

The best way to prepare for an inspection visit is by focusing on prevention. Here is some useful advice:

- Every year, CPA Saskatchewan publishes an article on the previous year's practice inspection common findings (the current year's article is within this newsletter). There may be some relevant content to apply in your firm to improve your processes.
- Before accepting an engagement, take into consideration your knowledge of the client's industry, the availability of your experienced staff, the availability of outside resources, and the risk level. Do not take on any engagements that expose your firm or staff to undue risk.

- Consider the benefits of appointing an engagement quality reviewer to evaluate completed work or consider the need to have an expert review relevant sections of an engagement file before preparing an engagement report.

Even if the prospect of a practice inspection is stressful and you want to make a good impression, handling this entire process with integrity and transparency is always the best course of action.

You should also be aware that if you are subject to a regulatory committee inquiry, you must adhere to the same principles of transparency and integrity. Do not alter documents or an engagement file, as this could have serious consequences, as we've noted within this article.

## **CPA SASKATCHEWAN FOCUS ON FIRMS CALL FOR AUTHORS**

If you would like to author an article for a future version of this newsletter, we would be happy to hear from you.

**Contact [monitoring@cpask.ca](mailto:monitoring@cpask.ca)**





# PRACTICE INSPECTION:

## COMMON FINDINGS 2023-24

*In this report, we highlight the results of practice inspections for the 2023-24 inspection year, as well as trends, key observations, upcoming changes, and areas for improvement that will assist firms in performing high-quality engagements.*

### OBJECTIVES OF THE PRACTICE INSPECTION PROGRAM

Practice inspection is a key component of CPA Saskatchewan's overall regulatory processes. The main objective of practice inspection is to protect the public. This is done by assessing the compliance of licensed firms with relevant accounting, assurance and related services standards and the Rules of Professional Conduct (i.e., professional standards). Another objective of practice inspection is to provide an educational experience to firms by guiding practitioners on ways to improve the quality of their engagement files through enhancing their knowledge and application of professional standards (e.g., advising firms about upcoming changes in professional standards and the availability of tools and guidance materials developed by the profession).

### Firms Subject to Inspection

Regardless of the services offered, all firms are subject to notification of practice inspection. Some firms may be approved for a waiver of practice inspection when they carry out certain services (defined within the Bylaws as "other regulated services"). Firms who practice assurance engagements (e.g., execute audit, review, and/or other assurance reports) and compilation engagements must be licensed for these services. Nearly all registered firms are also licensed in Saskatchewan.

Practice inspections are carried out on all licensed firms on a four-year, risk-adjusted cycle. A practice inspection is completed for newly licensed firms within the first twelve months of operations or when a minimum number of engagements have been completed. For a firm that has registration primarily within another CPA jurisdiction (i.e., an affiliate firm), the firm is subject to notification of inspection, and, in most cases, the recent inspection completed by their primary CPA provincial or territorial body is relied upon.

### The Inspection Process & Outcomes

During the practice inspection, the inspector selects a sample of the firm's client engagements, covering:

- service areas practiced by the firm (audits, reviews, other assurance, compilations);
- various financial reporting frameworks for assurance clients;
- various industries; and
- any areas of higher risk or engagements requiring engagement quality reviews as identified by the firm or through regulatory activities, as applicable.

Within the sample of engagements selected for inspection, the inspector may identify deficiencies in the firm's compliance with professional standards in material or significant classes of transactions, account balances, and disclosures (these are classified into and referred to as reportable deficiencies). Reportable deficiencies are reported to the Professional Practice Committee ("Committee"). Based on the nature, frequency, and significance of the reportable deficiencies identified, as well as the pervasiveness of the deficiencies across the engagement files inspected, the inspector assesses and recommends for Committee determination one of three categories of inspection outcomes:

1. **Meets Requirements:** no further action is required but the firm is expected to address the reportable deficiencies (if any) within its next engagements. The firm will be inspected in the next practice inspection cycle;
2. **Meets Requirements with Action Plan:** the firm is required to submit an action plan for review and approval that outlines what the firm will undertake going forward to address all reportable deficiencies. The inspector may also recommend the Committee consider other remedial actions, such as, for example, recommending the members of the firm complete professional development in specific topics or that the firm develop review processes to ensure its templates and checklists are reflective of current professional standards. After review, when the action plan and any other actions are deemed satisfactory, the firm will then be inspected in the next practice inspection cycle; and

*continued on page 11*



3. **Does Not Meet Requirements:** Within this category, there are a range of consequences to the firm:
- The firm is required to undergo a re-inspection within a certain period of up to one year, either in one area specifically (e.g., partial re-inspection) or in all areas of practice (i.e., full re-inspection). Other actions may be considered by the Committee, such as the requirement for the members of the firm to complete professional development in a specific topic, or to update/amend firm templates, tools or checklists to be reflective of current standards, or for the firm to update its quality management policies and procedures to be reflective of current standards.
  - The Committee may place conditions or restrictions on the licences of a member and firm, which may include specific reporting requirements or the requirement for the licensed member(s) of the firm to obtain monitoring/supervisory services from another licensed member (either internal or external to the firm).
  - Considering the seriousness of risks posed to the public, the Committee may cancel a licence and/or may raise a complaint to the Professional Conduct Committee to proceed through the professional conduct process.

For each inspection, the inspector's recommendation of the result of the firm's inspection and the related reportable deficiencies undergoes a detailed consistency review by CPA Saskatchewan professional staff. The finalized practice inspection reports are brought forward to the Committee for determination.

## **ALERT: AUDITOR REPORTING AND COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

Learn about [changes to your responsibilities](#) related to your statement in the auditor's report and communication with those charged with governance regarding independence.

The Committee determines the outcomes on **all** completed inspections, considering the recommendations made by the inspector, including any additional requirements or comments raised by the firm, and finalizes the inspection reports.

To ensure objectivity of all inspection decisions, all information provided to the Committee is on an anonymous and redacted basis. The Committee is provided with certain demographic information about the firm (e.g., the number of licensed partners, number of engagements recently completed and total hours for each type of engagement, whether the firm trains CPA candidates, whether there is a history of re-inspections within the inspection cycle, information about any licence conditions or restrictions, and indication whether the firm has undergone a practice administration review previously). This demographic information is used to determine the extent of risk to the public.

In determining the outcome of a practice inspection, the Committee's considerations include, but are not limited to:

- the public interest;
- the extent to which the requirements of the Practice Inspection Program have not been met;
- the nature, pervasiveness and severity of the reportable deficiencies;
- the adequacy of the firm's action plan and commitment towards rectification of issues identified;
- the cooperation of the member/firm and commitment towards improving overall firm quality; and
- on a re-inspection, the results of the previous practice inspection(s) of the member/firm and the degree to which the member/firm addressed deficiencies identified in the previous inspection(s) and the extent of new deficiencies.

## **Committee Composition and Representation**

During 2023-24, the Committee was comprised of 12 individuals: 11 CPAs practicing through licensed firms, with 9 CPAs holding one of the three available licences (comprehensive, specified, or compilation), and one public representative. The Committee met 6 times throughout the year to discuss various matters, including making practice inspection determinations.

Committee members represent various geographic regions across the province and range in representation of all firm sizes (sole practitioner, regional and large national firms).

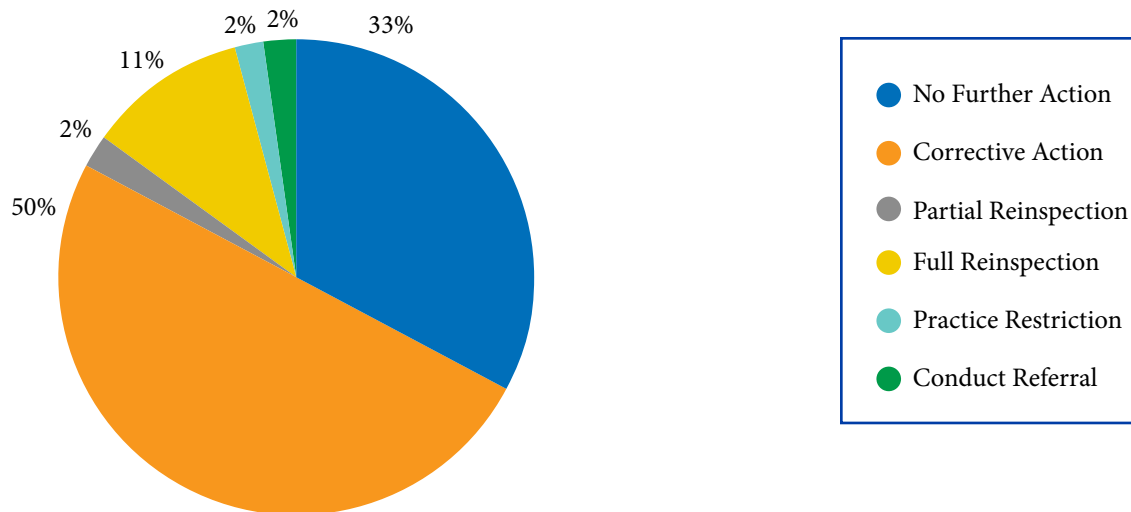
CPA Saskatchewan is always looking for volunteers to bring their valuable expertise to one of our regulatory committees. If this interests you, reach out to [monitoring@cpask.ca](mailto:monitoring@cpask.ca).

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## HIGHLIGHTS FROM 2023-24 INSPECTIONS

- 110** | practice inspection notices were sent during 2023-24
- 66** | inspections were completed during the year
- 27** | inspections were waived (for affiliate firms or no inspectable services)
- 7** | firms ceased providing services subject to inspection and/or were closed
- 10** | inspections were deferred to be completed in 2024-25

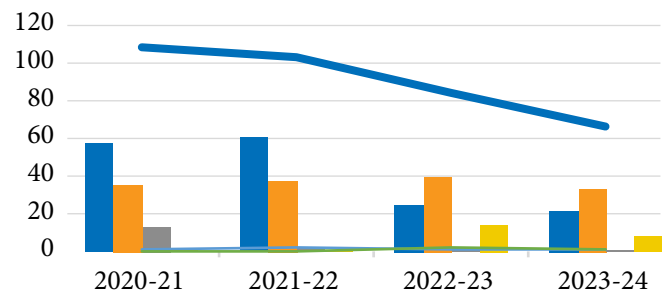
Of the 66 completed inspections, 22 did not require further action, 33 required submission of a corrective action plan, 9 required re-inspection, 1 firm had a restriction imposed, and 1 firm was referred to the conduct process.



## COMPLETED 2023-24 INSPECTIONS (66 TOTAL)

The results in 2023-24 were comparable to those of previous years, with a notable increase in the number of full reinspections over the last two years. This coincides with a firm's adoption of the compilation engagement standard, CSRS 4200.

## 4-YEAR CYCLE OF INSPECTION RESULTS



*continued on page 13*



## FAQ: CAS 315 AND THE AUDITOR'S RESPONSIBILITIES FOR GENERAL INFORMATION TECHNOLOGY CONTROLS

Learn about General Information Technology Controls (GITCs) as part of the revised Canadian Auditing Standard (CAS) 315, which includes new and updated material about the [auditor's responsibilities and understanding of IT](#).

## **TRENDS IDENTIFIED IN THIS YEAR'S INSPECTION RESULTS**

### **Independence – Prohibited Services and Documentation of Threats and Safeguards**

One common issue noted during many inspections of all areas of practice in 2023-24 related to the firm's understanding of and compliance with independence requirements within the Rules of Professional Conduct. Within both assurance and compilation engagements, several firms either did not adequately identify and document independence prohibitions or threats to the practitioner's independence, or the safeguards that were used by the firm were either not adequate to address the independence threat identified or circumstances had changed during the engagement and independence was not re-assessed. While compilation engagement standards do not require the firm to be independent, this must be documented and assessed within the engagement file. Disclosure may be required within the compilation engagement report.

Firms are reminded to ensure that:

- All members and staff are aware of all prohibited services (for assurance engagements specifically). Firms can access the guidance resources provided with the Rules of Professional Conduct to help in their assessment of whether the service they intend to provide is a prohibited service. Firms cannot carry out a prohibited service for any reason to ensure they maintain full independence (including the perception thereof) and objectivity (i.e. a threats and safeguards approach cannot be used for these situations).<sup>1</sup>
- Where there is a threat to independence that is not clearly insignificant but is not a prohibited service, ensure the engagement file accurately and clearly describes the threat, fully documents all services provided by the firm, and clearly documents all safeguards used to mitigate the threat. If there are changes to services provided or staff on the engagement at any point throughout the engagement, this assessment must be re-visited. Reconfirm the appropriateness of the safeguards and that they were adequately used before completing the engagement.
- The assessment of a clearly insignificant threat is well-documented within the engagement file. This assessment cannot be made as a blanket across all engagements of a similar type completed by the firm and must be made for each file individually based on its own merits.

Remember – the very top of an audit or review engagement report clearly states this is the work of an independent practitioner! Be prepared to decline the engagement or to adjust the services the firm provides if independence and objectivity cannot be maintained for any reason. Firms who do not maintain their independence and objectivity may face a complaint raised to the Professional Conduct Committee.

### **ON DEMAND LEARNING – ETHICS AND INDEPENDENCE: CASE STUDIES OF WHAT CAN GO WRONG**

Offered by CPA Ontario, this course will assist with your understanding of auditing independence violations by analyzing real-life case studies.  
[Click here to register.](#)

### **Adoption of CSRS 4200, CAS 315, and CSQM 1 and 2**

2023-24 was the second full year of inspections for completed engagements under the recently adopted compilation engagements standard, Canadian Standards on Related Services 4200, Compilation Engagements (CSRS 4200). For firms who carry out compilation engagements solely, 82% were assessed to be meeting requirements or meeting requirements with an action plan (2022-23 – 74%). The improvement from the prior year can be attributed to improved knowledge and awareness of the standard and use of available tools, guides, and other educational resources by firms.

For firms practicing in audits, we noted the overall successful implementation of Canadian Auditing Standard 315 – Identifying and Assessing the Risks of Material Misstatement. However, one common area of struggle within CAS 315 related to the firm's documentation of the understanding of their client's information processing activities, resources and policies, and how information flows throughout the system ultimately into the entity's financial statements. CAS 315 requires robust documentation of the auditor's understanding of the entity in all areas impacting financial reporting, which is then used to identify significant risk areas within the entity to focus audit efforts.

<sup>1</sup> [https://www.cpassk.ca/public/CKeditorUpload/Protecting\\_the\\_Public/Documents/2022-06-01\\_FINAL\\_BOARD\\_APPROVED\\_RPC\\_with\\_Guidance.pdf](https://www.cpassk.ca/public/CKeditorUpload/Protecting_the_Public/Documents/2022-06-01_FINAL_BOARD_APPROVED_RPC_with_Guidance.pdf)

*continued on page 14*

2023-24 was the first full year of inspections for assurance-based firms that were required to adopt the new quality management standards, Canadian Standards on Quality Management 1 & 2 (CSQM 1 & 2). Many firms were not well-prepared for this standard, had not fully updated their documented system to comply with quality management standards, nor had they completed the required annual evaluation, which was a new aspect with the quality management standards. These firms were required to submit documentation reflecting the full adoption of the quality management standards as part of their submission of a satisfactory corrective action plan.

Firms who practice in compilations only were required to adopt CSQM 1 & 2 one year later than assurance-based firms (by December 15, 2023, with full evaluation to be completed within one year by December 15, 2024). The upcoming 2024-25 inspection year will reflect the results of the adoption of quality management standards for these firms. CPA Saskatchewan continues to promote ongoing awareness and education of these standards to firms through various regulatory activities, including our newsletters.

### Compliance by Firms Undergoing Re-inspection

One key measure used to assess the overall effectiveness of practice inspections, that is closely monitored by CPA Saskatchewan, is the rate of compliance for firms undergoing re-inspection.

**15** re-inspections were scheduled to be completed during 2023-24 (6 in 2022-23). Of these:

**40%**

assessed by the Committee as “Meets Requirements” or “Meets Requirements with Action Plan” (2022-23: 3 inspections and 33%)

**27%**

assessed by the Committee as “Does Not Meet Requirements,” thereby requiring further re-inspection of the office. One firm had a restriction imposed on the firm’s licence, requiring the firm to have a supervised practice.

**33%**

3 inspections were not yet completed by March 31, 2024, as the firms had not yet completed engagement files ready for inspection, and 2 firms ceased practicing in the area subject to re-inspection.

Supported by the re-inspection results noted above, most firms take immediate action to address deficiencies noted in their practice inspection. In some cases, however, we noted that some firms subject to re-inspection did not implement corrective action plans fully, did not undertake appropriate CPD, or did not successfully implement tools and resources available to increase overall quality within their engagements as a result of re-inspection.

We continued to carry out an informal root cause analysis of firms who were not successful on practice inspection. Some key reminders for all firms:

- Engagement files must be fully documented. The engagement file needs to “tell the story” of the work of the practitioner. In some instances, through discussion with the firm by the practice inspector, the practitioner could describe their work and how they had made the necessary risk assessments/conclusions or had obtained the understanding required but had failed to demonstrate this through adequate documentation within the engagement file. It is important to document the engagement file to the extent that an experienced practitioner, having no prior knowledge of the client or engagement, can understand the situation of the entity, can understand how the engagement was performed by following the documentation process and can draw the same conclusions of the practitioner.
- Engagement files must be finalized within an appropriate time period after report issuance. The Committee takes instances of modifications to file documentation after the documentation date or just prior to inspection very seriously, as it may indicate a breach of the Rules of Professional Conduct. Firms are strongly advised to establish and follow appropriate policies for file engagement documentation. Undocumented modifications to engagement files after the file assembly period has elapsed may result in further inspection work, which is more costly to the firm.
- Encourage staff to take CPD and allow for time to build this valuable learning into engagement files. In some inspections, the practitioner had recently taken CPD courses in the relevant subject matter but had failed to apply this learning effectively or accurately to their engagement files. For CPD courses taken through CPA Saskatchewan or another provincial body, tools and checklists or educational reference materials are usually indicated and/or provided. It is important to ensure high-quality CPD is taken from reputable providers and that sufficient time is taken to apply the CPD to future engagement work.

*continued on page 15*



- Embrace all aspects of the quality management standards in your practice. The quality management standards are designed to be scaled to your practice specifically and revisited often for any changes and updates. Firm risks can change suddenly, and having a strong system of quality management can help the firm navigate their way through difficult situations while maintaining high engagement quality.
- Develop and use a system to ensure templates, tools, programs and checklists are regularly updated. As the standards are always changing, it is important to establish strong processes within the firm to regularly check for updates to any subscribed engagement software programs or tools and materials purchased from CPA Canada (i.e., the Professional Engagement Guide (PEG), the Practice Management, Advisory, Compilations, and Tax Guide (PACT), or Avenir's quality management tool). In some inspections, firms were utilizing checklists and programs that reflected outdated requirements or standards that were no longer effective or did not confirm their subscription to tools and checklists within engagement software programs was accurate and complete for the engagement. For firms who carry out compilations, they must ensure their engagement documentation complies with all requirements of CSRS 4200. Prior checklists and programs under Section 9200 do not have all the necessary documentation requirements reflected to fully comply with CSRS 4200. We recommend firms adopt current checklists and programs reflecting CSRS 4200.

We encourage firms to utilize the wide range of available resources and guidance materials published by CPA Canada that relate to the above-noted changes in professional standards and other upcoming changes. CPA Saskatchewan staff can direct you to applicable resource materials by contacting [monitoring@cpask.ca](mailto:monitoring@cpask.ca).

The goal of firms should always be to continually improve the quality of their work performed in line with professional standards, regardless of the inspection results.

## REMINDERS

*Canadian Standards on Quality Management 1 & 2* (CSQM 1 & 2) came into effect for firms practicing in assurance on December 15, 2022, and one year later on December 15, 2023, for firms practicing in related services engagements (i.e., compilations). While there are new aspects incorporated into the quality management standards, we remind firms to:

- Regularly review and assess their quality risks for any changes or new risks identified through completed engagements and monitoring activities;
- Carry out an evaluation of their quality management system within one year of implementing the new standard and annually thereafter; and
- Assess and complete cyclical monitoring within an appropriate timeframe either by an internal or external qualified CPA, depending on the size of the firm.

*Canadian Standard on Related Services – Compilation Engagements* - CSRS 4200. We continue to emphasize that all engagements to compile financial information must be carried out by licensed CPAs only and follow the requirements of CSRS 4200. Notice to Reader-reports cannot be issued by CPAs for any reason and shall not be attached to compiled financial information. **CPAs who either practice compilations while unlicensed or continue to issue Notice to Reader reports are subject to the cease and desist process, including a penalty of up to \$3,000.**

## Upcoming

The CPA profession and regulatory landscape continues to shift and evolve. In the coming years, practitioners will face challenges relating to the rapid advancements in technology, enhanced data analytics, and the development of new and unique industries, while continuing to adopt new and changing professional standards and changing areas of competency<sup>2</sup>. CPA Saskatchewan will be monitoring how practitioners address these challenges and opportunities while ensuring educational materials and guidance are provided to firms through our practice inspections and newsletters.

[Appendix A](#) includes a list of upcoming effective standards within the CPA Canada Handbook.

2 <https://www.cpacanada.ca/become-a-cpa/why-become-a-cpa/the-cpa-certification-program/the-cpa-competency-map/competency-map-2-0> and <https://cpaleadstheaway.ca/> Accessed April 8, 2024

## MOST COMMON DEFICIENCIES REPORTED IN 2023-24

We include below the most commonly reported deficiencies by each area: audit engagements, review engagements, compilation engagements, and quality management standards, and the various financial reporting frameworks (note: IFRS is not included as this framework is not frequently inspected). These deficiencies alone or in combination with other deficiencies may or may not result in a firm being unsuccessful on a practice inspection. The deficiencies listed below are those that have occurred on multiple engagement files inspected; therefore, you may use this listing to assess where your engagement files may require more documentation to comply with the professional standards.

### Audit Engagement Documentation

#### OUT OF 54 AUDIT ENGAGEMENT FILES INSPECTED, WE OBSERVED IN SEVERAL FILES:

1. Documentation of audit procedures designed and performed did not adequately respond to the risk of management override within the engagement. One or more of the following fraud risk assessment audit procedures were not adequately documented within the engagement file:

- Testing the appropriateness of journal entries
- Reviewing accounting estimates for any biases
- Evaluating the business rationale for significant transactions
- Additional risks of management override that are not covered by the previous procedures.

*CAS 240 paragraphs 33, 34, CAS 330 paragraph 20*

2. The auditor did not document the design and performance of substantive audit procedures for each material class of transactions, account balance, and disclosure. Substantive audit procedures were not sufficiently documented most often within revenue, accounts receivable, accounts payable, payroll, and inventory balances.

*CAS 330 paragraph 18; CAS 500 paragraph 6*

3. Documentation of risk assessment procedures with respect to obtaining an understanding of the entity's information system and communication did not include the entity's information processing activities for significant classes of transactions, account balances

and disclosures, including its data and information, the resources to be used in such activities, and the policies that define:

- How information flows through the system;
- The accounting records, specific accounts and other supporting records relating to the flows of information;
- The financial reporting process used to prepare the entity's financial statements, including disclosures;
- The entity's IT resources and IT environment relating to the flow of information.

*CAS 315 paragraphs 13-16, 25, 29, 38*

4. As part of the risk assessment procedures, the auditor did not document discussion with those charged with governance regarding:
  - Understanding how those charged with governance exercise oversight of management's processes and internal controls for identifying and responding to the risks of fraud.
  - Knowledge of any actual, suspected or alleged fraud.

These inquiries are made in part to corroborate the responses to the inquiries of management.

*CAS 240 paragraphs 21, 22, 47; CAS 315 paragraph 14*

5. Analytical procedures were not performed as part of risk assessment procedures and related activities to obtain an understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control.

*CAS 240 paragraphs 17, 23; CAS 315 paragraphs 13-16, 38*

The auditor did not perform analytical procedures near the end of the engagement to ensure the financial statements were consistent with the auditor's understanding of the entity.

*CAS 520 paragraph 6*

6. When the auditor used audit sampling to provide a reasonable basis to conclude the population from which the sample was selected, the documentation did not reflect how the auditor met the requirements of the standard.

The auditor shall determine a sample size sufficient to reduce sampling risk to an acceptably low level and select items for the sample in such a way that each sampling

*continued on page 17*

unit in the population has a chance of selection. The auditor shall perform audit procedures on each item selected for the sample, with a replacement item selected if the procedure is not applicable to the selected item or treat it either as a misstatement in a test of detail if the auditor is unable to apply the designed audit procedure on it (and project the misstatements found to the population) or as a deviation in a control test. The auditor shall then evaluate the results of the sample and whether it provided a reasonable basis for conclusions about the population that had been tested.

*CAS 530 paragraphs 6-15*

7. The auditor did not establish an understanding of the terms of the engagement at the beginning of the current audit engagement.

*CAS 300 paragraph 6*

8. Documentation of risk assessment procedures concerning obtaining an understanding of control activities did not include the identification of:
- Controls over journal entries, including non-standard journal entries used to record non-recurring, unusual transactions or adjustments.
  - Other controls that the auditor considers appropriate.
  - IT applications and other aspects of the entity's IT environment are subject to risk arising from the use of information technology.
  - The related risks arising from the use of information technology and the entity's general information technology controls that address such risks.

*CAS 315 paragraphs 13-16, 26, 38*

9. The risks of material misstatement, including the risks of material misstatement due to fraud, were not identified and assessed at the assertion level for classes of transactions, account balances and disclosures.

*CAS 240 paragraphs 26, 45; CAS 315 paragraphs 28, 31, 33-34, 38*

10. Modifications or additions to audit documentation were made after the assembly of the final audit file had been completed. The auditor did not document specific reasons for the changes and when and by whom the changes were made and reviewed.

*CAS 230 paragraphs 14-16*

Another common deficiency that we continue to highlight relates to the auditor's assessment of threats and safeguards of their independence on the engagement. Increasingly, we are observing auditor reliance on insufficient safeguards over identified independence threats within engagement files. This typically relates to the provision of adjusting journal entries for the entity to record into their accounting system. In many cases, these adjusting entries are extensive and complex and are often accompanied by documentation supporting identified weaknesses in the technical competence of management or governance. Auditors must take adequate precautions to ensure management or those charged with governance are able to interpret, understand, and then approve the journal entries proposed to reduce the threat to an appropriate level, as well as evidence their approval through signature or other documentation. In other cases, we are observing that the provision of tax services and tax advice or tax planning is not identified as a threat to independence within the engagement file nor, in some cases, provision of bookkeeping services.

*CAS 200 paragraph 14; 220 paragraphs 11, 14, 16-24; CPA Saskatchewan Rules of Professional Conduct 204.1 - 204.6*

## **Review Engagement Documentation**

### **OUT OF 77 REVIEW ENGAGEMENT FILES INSPECTED, WE OBSERVED IN SEVERAL FILES:**

1. The documentation of the practitioner's inquiries of management and others within the entity, as appropriate, did not include some or all of the inquiries required by paragraph 47. In a review, inquiry includes seeking information of management and other persons within the entity, as the practitioner considers appropriate in the engagement circumstances. The practitioner may also extend inquiries to obtain non-financial data if appropriate. Evaluating the responses provided by management is integral to the inquiry process.
2. The written agreement documenting the terms of the engagement (typically recorded in an engagement letter) did not include all required elements. Appendix 1 to CSRE 2400 contains an example of the review engagement letter.

*CSRE 2400 paragraphs 47, 104-107*

*CSRE 2400 paragraphs 28, 34-35*

*continued on page 18*

3. The practitioner did not sufficiently document the inquiry and analytical procedures performed on the material items and/or areas in the financial statements where material misstatements are likely to arise. In obtaining sufficient appropriate evidence as the basis for a conclusion on the financial statements, the practitioner shall design and perform analytical procedures on material items in the financial statements and focus on addressing areas in the financial statements where material misstatements are likely to arise. The documentation shall be sufficient to enable an experienced practitioner, having no previous connection with the engagement, to understand the nature, timing, and extent of the procedures performed to comply with CSRE 2400 and applicable legal and regulatory requirements.

*CSRE 2400 paragraphs 46, 104-107*

4. The practitioner did not assemble the final engagement file on a timely basis after the date of the engagement report.

*CSQC 1 paragraph 45 / CSQM 1 paragraph 31*

5. The practitioner did not document the following aspects of the engagement in a timely manner, sufficient to enable an experienced practitioner, having no previous connection with the engagement to understand:

- The nature, timing, and extent of the procedures performed to comply with CSRE 2400 and applicable legal and regulatory requirements.
- The results obtained from the procedures and the practitioner's conclusions formed based on those results.
- Significant matters arising from the engagement, the practitioner's conclusions reached thereon, and significant professional judgements made in reaching those conclusions.

*CSRE 2400 paragraph 104*

6. The practitioner's report for the review engagement did not include all required elements. The report was missing the correct title of the financial statements and/or the date or period covered within the introductory paragraph, an appropriate addressee, a description of management's responsibilities for preparing the financial statements, and a description of the review engagement and its limitations.

*CSRE 2400 paragraph 94*

7. In designing analytical procedures, the practitioner did not document whether the data from the entity's accounting system and accounting records were adequate for the purpose of performing the analytical procedures.

*CSRE 2400 paragraphs 48, 104, A102*

8. The date of the written representations was not as near as practicable to or was after, the date of the practitioner's report.

*CSRE 2400 paragraph 73*

9. The documentation of the practitioner's understanding of the entity's accounting system and accounting records did not include all applicable account balances and transactions.

*CSRE 2400 paragraphs 43, 44*

10. The practitioner dated the report earlier than the date on which those with recognized authority have asserted that they have taken responsibility for those financial statements.

*CSRE 2400 paragraph 103*

## Compilation Engagement Documentation

### OUT OF 143 COMPILATION ENGAGEMENT FILES INSPECTED, WE OBSERVED IN SEVERAL FILES:

1. Prior to accepting or continuing a compilation engagement, the practitioner did not:
  - a. Make inquiries of management regarding the intended use of the compiled financial information, including whether that information is intended to be used by a third party.
  - b. Obtain an acknowledgment from management of the basis of accounting expected to be applied in the preparation of the compiled financial information.
  - c. At the time of engagement acceptance and continuance, the acknowledgment from management of the basis of accounting expected to be applied in the preparation of the compiled financial information may take different forms. This acknowledgment may be a written communication (e.g., in paper form, electronically, or other medium) or orally documented by the practitioner.

*CSRS 4200 paragraphs 24, 41*

*continued on page 19*



2. The agreed terms of the engagement recorded in an engagement letter or other suitable form of written agreement did not include all required elements, including:
- The expected form and content of the compilation engagement report.
  - The objective and scope of the compilation engagement.
  - The intended use of the compiled financial information, including whether the compiled financial information is intended to be used by a third party.
  - The acknowledgment of management that it is responsible for selecting the basis of accounting to be applied in the preparation of the compiled financial information that is appropriate for the intended use.
  - When the compiled financial information is intended to be used by a third party, and the basis of accounting to be applied in the preparation of the compiled financial information is other than a general purpose framework, the acknowledgment of management that the third party:
    - Is in a position to request and obtain further information from the entity;
    - Has agreed with management the basis of accounting to be applied in the preparation of the compiled financial information.

Appendix 1 to CSRS 4200 contains an example of a compilation engagement letter.

*CSRS 4200 paragraphs 27, 41*

3. The compilation engagement report did not include all required elements:
- A reference to the note in the compiled financial information that describes the basis of accounting applied in the preparation of the compiled financial information.
  - An addressee (management or those charged with governance, as appropriate).
  - Identification of the financial information that has been subject to the compilation engagement.
  - The date of the compiled financial information.

Appendix 2 to CSRS 4200 contains an illustration of a compilation engagement report.

*CSRS 4200 paragraph 39*

4. The practitioner did not date the compilation engagement report on the date the practitioner had completed the compilation engagement in accordance with CSRS 4200.

*CSRS 4200, paragraph 40*

5. The practitioner did not document a description of:
- The entity's business and operations.
  - The entity's accounting system and accounting records.
  - The basis of accounting to be applied in the preparation of the compiled financial information.
  - Where applicable, the accounting policies used in the preparation of the compiled financial information.

The practitioner shall obtain knowledge of the above matters sufficient to perform the compilation engagement.

*CSRS 4200 paragraphs 29, 41*

6. The engagement letter or other suitable form of written agreement, agreeing with the terms of the engagement with management or those charged with governance, as appropriate, was not obtained prior to performing the engagement.

*CSRS 4200 paragraphs 26, 41*

7. The practitioner did not document the discussion with management regarding significant judgments for which the practitioner had assisted in preparing the compiled financial information.

*CSRS 4200 paragraphs 31, 41*

8. The practitioner dated the compilation engagement report at a date earlier than the date on which the practitioner obtained an acknowledgment from management or those charged with governance, as appropriate, that it has taken responsibility for the final version of the compiled financial information.

*CSRS 4200 paragraph 40*

9. The practitioner did not document a reconciliation of the entity's accounting records to the compiled financial information, including any adjusting journal entries or other amendments to the compiled financial information that the practitioner has agreed with management in the course of the engagement.

*CSRS 4200 paragraph 41*

*continued on page 20*

10. The compiled financial information was not prepared in accordance with the basis of accounting as described in the note in the compiled financial information.

*CSRS 4200 paragraphs 30, 41*

### Quality Management – Policies and Procedures

A firm's system of quality management should be designed, implemented, and reviewed regularly to continuously improve overall engagement quality both to ensure that the firm does not issue unmodified opinions on materially misstated financial statements or an incorrect compilation engagement report and to prevent the firm from performing inadequate work to support their engagement reports.

As noted earlier in this report, many firms had not taken adequate steps to fully document their system of quality management in compliance with CSQM 1 and 2. In all cases, this documentation was required to be submitted with the firm's corrective action plan in order to deem it satisfactory.

### FINANCIAL STATEMENTS – BY FINANCIAL REPORTING FRAMEWORK

#### Accounting Standards for Private Enterprises (ASPE)

1. The costs of property, plant and equipment held for leasing purposes and the related accumulated amortization were not disclosed.
2. The disclosure of related party transactions did not include:
  - The terms and conditions relating to amounts due to and/or from related parties.
  - A description of the transaction(s), including those for which no amount has been recognized.
  - The measurement basis used to record the transaction.
  - A description of the relationship between the transacting parties.

*Part II 3065.80*

3. Non-current assets were inappropriately classified as current assets. Only assets ordinarily realizable within one year from the date of the balance sheet or within the

normal operating cycle when that cycle is longer than a year can be classified as current assets.

*Part II 1510.03*

4. Disclosure with respect to inventories did not include:
  - a. The carrying amount of inventories in classifications appropriate to the entity.
  - b. The accounting policies adopted in measuring inventories, including the cost formula.
  - c. The total carrying amount of inventories.
  - d. The amount of inventories recognized as an expense during the period.

*Part II 3031.35*

5. Disclosures of cash and cash equivalents did not include a reconciliation of the amounts in the cash flow statement with the equivalent amounts shown in the balance sheet and the policy adopted in determining the composition of cash and cash equivalents.

*Part II 1540.43*

#### Accounting Standards for Non-Profit Organizations (ASNPO)

1. For revenues of a not-for-profit organization, other than revenues from contributions, the revenue recognition policy was not disclosed.

*Part II 1505.03, 1505.06, 3400.31*

2. The statement of changes in net assets of a not-for-profit organization did not present changes to the following in the period:

- Total net assets
- Unrestricted net assets
- Internally restricted net assets

*Part III 4400.41*

3. A not-for-profit organization used fund accounting. The financial statements did not disclose:

- The amount and purpose of interfund transfers.
- The amounts, terms and conditions of interfund loans outstanding

*Part III 4400.13-14*

*continued on page 21*

4. A not-for-profit organization using the deferral method did not disclose:

- The amounts of deferred contributions attributable to each major category of external restrictions outside net assets.
- A description of the external restrictions.
- The nature and amount of changes in deferred contributions for the period.
- The amount of net assets subject to external restrictions requiring that they be maintained permanently as endowments.
- The amount of net assets subject to internal restrictions.
- The amount of net assets subject to external restrictions, other than those required to be maintained permanently as endowments.

*Part III 4400.26, Part III 4410.53*

5. Disclosure of related party transactions of a not-for-profit organization did not include:

- a. A description of the transactions and amounts classified by financial statement category, including those for which no amount had been recorded.
- b. The measurement basis used.
- c. Amounts due to or from related parties and the terms and conditions relating thereto.
- d. A description of the relationship between the transacting parties.

*Part III 4460.07*

## **Public Sector Accounting Standards (PSAS)**

1. Disclosure of related parties did not include:

- Adequate information about the nature of the relationship with related parties involved in related party transactions.
- The types of related party transactions that have been recognized.
- The amounts of the transactions recognized are classified by financial statement category.

- The basis of measurement used.
- The amount of outstanding balances, and the terms and conditions attached to them.

*PS 2200.17*

2. Disclosure with respect to a multiemployer retirement benefit plan for which the entity is a participating employer and not the plan sponsor did not include:

- General description of benefit plans, contribution formulae and funding policy.
- Available information about any surplus or deficit, the basis used to determine the surplus or deficit and the implications, if any, to the government.

*PS 3250.100, .110, .111*

3. The financial statements did not include or were not accompanied by an acknowledgement of the government's responsibility for their preparation. Such an acknowledgement could be expressed in narrative form signed by an appropriate government official.

*PS 1200.005<sup>3</sup>*

4. Disclosure with respect to solid waste landfill closure and post-closure liability did not include:

- Remaining capacity of the site and the estimated remaining landfill life in years.
- Basis of recognition and measurement of the liability for closure and post-closure care.
- Amount of the liability remaining to be recognized.

*PS 3270.21<sup>4</sup>*

5. The statement of changes in net debt did not include a comparison of the items that comprise the change in net debt for the period, as well as the change in net debt for the period, with those figures originally planned. Planned results should be shown for the same scope of activities and on a basis consistent with that used for actual results.

*PS 1200.123<sup>3</sup>*

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<sup>3</sup> In October 2023, this standard was withdrawn and replaced by PS 1202 which applies to fiscal years beginning on or after April 1, 2026.

<sup>4</sup> This standard was withdrawn and replaced by PS 3280 which applies to fiscal years beginning on or after April 1, 2022.

*continued on page 22*

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## APPENDIX A – NEWLY EFFECTIVE OR UPCOMING CHANGES IN PROFESSIONAL STANDARDS<sup>5</sup>

### Accounting Standards – CPA Canada Handbook

#### Part I – International Financial Reporting Standards

*Effective for annual periods beginning on or after January 2024:*

Amendments to IFRS 16 Leases re: Lease Liability in a Sale and Leaseback - In accordance with specific requirements in IFRS 16

Amendments to IAS 1 Presentation of Financial Statements re: Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants – Retrospective

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures re: Supplier Finance Arrangements - In accordance with specific requirements in IAS 7

*Effective for annual periods beginning on or after January 2025:*

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates re: Lack of Exchangeability - In accordance with specific requirements in IAS 21

#### Part II – Accounting Standards for Private Entities

*Effective for annual periods beginning on or after January 2024:*

AcG-20, Customer's Accounting for Cloud Computing Arrangements - In accordance with the specific requirements in AcG-20

*Effective for annual periods beginning on or after January 2025:*

Amendments to Section 3840, Related Party Transactions - In accordance with the specific requirements in Section 3840

<sup>5</sup> <https://www.frascanada.ca/en/> Accessed April 8, 2024

*continued on page 23*

## TEST YOUR OWN BIAS

Harvard University has a series of online tests you can take to help identify bias. Learn more at: [Outsmarting Implicit Bias](#) | [Harvard Online Certificate Course](#).

[Take a Test \(harvard.edu\)](#) to learn more about your implicit biases!



### Part III – Accounting Standards for Non-for-Profit Organizations

*Effective for annual periods beginning on or after January 2024:*

AcG-20, Customer's Accounting for Cloud Computing Arrangements - In accordance with the specific requirements in AcG-20

### Public Sector Accounting Standards

*Effective April 1, 2023:*

Revenue, Section PS 3400 - Fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

Purchased Intangibles, PSG-8 - Fiscal years beginning on or after April 1, 2023. Earlier adoption is encouraged.

Public-private partnerships, Section PS 3160 - Fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

*Effective April 1, 2026:*

The Conceptual Framework for Financial Reporting in the Public Sector - Fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted.

Financial Statement Presentation, Section PS 1202 - Fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted—only if The Conceptual Framework for Financial Reporting in the Public Sector is also adopted at the same time.

### Assurance Standards – CPA Canada Handbook

*Effective March 31, 2023:*

CAS 500, Audit Evidence and Appendix: Joint Policy Statement Concerning Communications between Actuaries Involved in the Preparation of Financial Statements and Auditors - Communications between the auditor and the actuary initiated on or after March 31, 2023.

*Effective December 31, 2023:*

CAS 600, Group Audits - Audits of financial statements for periods beginning on or after December 15, 2023.

## ANTI-MONEY LAUNDERING

### Understanding whistleblower protection: International laws, practices and trends

The accountancy profession has a central role to play in championing the protection of whistleblowers from retaliation as well as accountability for wrongdoers. Learn how more jurisdictions are recognizing the importance of [dedicated whistleblower protection law](#).



## GUIDE TO CPD REPORTING

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# CPAIPW Q&A

## WITH DAVID FILEWICH



David Filewich, CPA

*We sat down with David Filewich, CPA, to learn more about CPA Insurance Plans West.*

### **Q: David, how does a CPA end up a Senior Director of Operations at a not-for-profit insurance organization?**

Like some of the best career moves, it was a random chance. After getting my CPA, I started working in various roles within technology start-ups and eventually founded a company. Every dollar the company made was reinvested in growing the business, and with our second child on the way, we needed to find an additional source of income. So, I applied for every accounting job offering casual work arrangements, and CPA Insurance Plans West was the first to call me. As the company grew, I saw incredible potential and became more involved until I joined full-time about three years ago. Today, I oversee all the operations of the business.

### **Q: What exactly does CPAIPW do?**

We provide insurance products and services to CPAs, their families, and CPA firms on a not-for-profit basis. We exist for one reason: to provide value to CPAs.

### **Q: What insurance products does CPAIPW offer?**

We specialize in Life Insurance, Critical Illness Insurance, Accident Insurance, Disability Insurance, Health & Dental Insurance, Home & Auto Insurance, and Travel Insurance. Each of these products is designed with CPA professionals in mind, ensuring they meet the specific needs and challenges faced by individuals in our field.

### **Q: What differentiates CPAIPW from other insurance providers?**

CPAIPW is the only not-for-profit in Western Canada that exclusively serves CPAs. We recognize CPAs have options, so we must provide as much value as everyone else. We offer the lowest cost to CPAs while providing a delightful experience.

Some other differentiators that contribute to our advantage include:

We only serve CPAs and their families, who are generally a low-risk pool relative to the general public, which leads to lower prices.

We also have an advantage over other providers as we don't pay taxes, and no shareholders expect a return on investment, interest, or dividends.

We don't pay commissions, which reduces costs and ensures our Advisors offer unbiased advice.

We promise every interaction is our 5-star experience designed to delight our CPAs, partners, and employees. At the heart of our 5-star experience are enthusiastic team members eagerly providing thoughtful, helpful solutions.

### **Q: What are three things you wish everyone knew about Life Insurance?**

The most common response I get when I speak to people about Life Insurance is, "I have mortgage insurance, and my employer provides some coverage, so I'm fine." I want everyone to know they are likely not fine.

Mortgage insurance through the banks is rarely the best choice. Firstly, it's just a fancy name for Life Insurance. There are many reasons to avoid mortgage insurance—I could go on quite the rant about this one, but to keep it short, it is more expensive, the beneficiary is always the lender, the policy is not portable, the coverage decreases as you pay down the mortgage, underwriting is done post-claim (have to wait until there is a claim before you know if you qualify), and it expires when you pay off your mortgage. A Life Insurance policy that includes the value of the mortgage is usually a much better option.

Regarding the second part of that statement, "My employer provides Life Insurance." Most people need more coverage than what their employer provides. I'd encourage each person to take a detailed [needs assessment](#) to determine how much coverage makes sense for them, but as a good starting point, you should have at least 10 times your annual salary. So, if you make \$100,000, you should have a million-dollar policy. It's rare for an employer to provide more than 3x salary, so that's only \$300,000; even if you factor in \$500,000 in mortgage insurance, that's well short.

One other common misconception is that Life Insurance is expensive. For a 30-year-old, rates start at just \$10 per month for a \$500,000 policy. For most CPAs, that's a really affordable price to protect loved ones against the unexpected.

### **Q: How can CPAs get started with insurance from CPAIPW?**

Our website, [www.cpaipw.ca](http://www.cpaipw.ca), is a great place to start! We have a [Needs Assessment tool](#) as well as an [online quote system](#). You can also reach our fabulous team at 1-800-661-6430 – they'd love to hear from you.

# CPA Assist is here for you: Make the call.

CONFIDENTIAL COUNSELLING LINE (TOLL-FREE)

**1.855.596.4222**

**67%** 

of people experience major stressors on a typical day.

 **61%**

listed meaningful work as one of the top workplace factors that charges their battery.

Based on the 2022 CPA Assist Health and Wellness Study

**CPA Assist provides confidential counselling to CPAs, CPA PEP candidates, and their immediate families.**

## When is it okay to seek help?

It's normal to feel hesitant about seeking support. Even if you are unsure, taking early steps to prevent symptoms from turning into bigger problems is important in managing your health.



**1.855.596.4222**  
**[cpa-assist.ca](https://cpa-assist.ca)**

## CPA Assist can help with:

- Addiction
- Anxiety
- Burnout
- Career dissatisfaction
- Depression
- Diet and physical fitness
- Family or parenting issues
- Grief
- Stress management
- Time management

You can also call CPA Assist for advice on how to support someone who is experiencing difficult times, to learn ways to stay mentally healthy, or to get referrals to long-term resources if needed.

Confidentiality is a core function and commitment of the CPA Assist program. The confidentiality of clients who use this program is strictly protected. Professional services are delivered by third party professionals who are governed by their profession's requirements and ethical standards. No personal information is ever disclosed by the service provider.

# REGULATORY NOTICES

## LICENCE CANCELLATIONS

*A member licence may be voluntarily cancelled at any time throughout the year or at the time of licence expiry (i.e. if not renewed annually prior to December 31) when that member no longer authorizes assurance or compilation engagement reports in Saskatchewan. A firm's licence is cancelled when there are no longer any licensed members at a firm.*

*Adjustments to the firm's tier of licensing (i.e., from comprehensive to specified or from comprehensive to compilation or from specified to compilation) may be required when there is no longer a licensed member at the firm with that tier of licence held.*

### CONFIRM THE CURRENT LICENSING STATUS OF A MEMBER OR FIRM

Click here to check on a [member's licensing status](#) or a [firm's licensing status](#) or to confirm the type of licence held by a member or firm. A description of the services permitted under each licence type is included within the links above.

### HOW LICENCES BECOME CANCELLED

A member licence may be cancelled through regulatory processes by the Registrar in the following situations as outlined in Regulatory Board Rule 333.18:

- The licensed member is suspended or ceases to be registered;
- The licensed member dies or becomes incapacitated;
- The licensed member does not renew its licence;
- The licensed member voluntarily cancels their licence by submitting in writing a request for cancellation, including a declaration that the licensed member has ceased to practice professional accounting.

A firm licence may be cancelled through regulatory processes by the Registrar in the following situations as outlined in Regulatory Board Rule 333.19:

- The firm is suspended or ceases to be a registered firm of the Institute;
- The firm no longer has a licensed member;
- The licensed firm voluntarily cancels their licence by submitting in writing a request for cancellation, including a declaration that the licensed firm has ceased to practice professional accounting.

The Professional Practice Committee has the authority to cancel a licence for any matter not specified above.

### PUBLIC NOTICE

As required in our Rules, all licence expiries and cancellations, whether made voluntarily by the member or through our regulatory processes (such as through practice inspection or registration processes), must be published and made publicly available through our website and newsletter. Here is the list of [licensing cancellation notices](#).

The members and firms listed below are **no longer authorized** to practice professional accounting in Saskatchewan, which means these members and firms cannot authorize the release of any assurance engagement reports (in the case of a comprehensive or specified licence cancellation) or compilation engagement reports (for cancellation in all licence types) or any other certification, declaration or report on behalf of a firm in Saskatchewan after the effective date noted.

Contact [licensing@cpask.ca](mailto:licensing@cpask.ca) for any licensing inquiries or if you have questions or concerns about the individuals and firms listed below.

### Member licences voluntarily cancelled after May 2023 up to April 30, 2024, with the effective date of licence cancellation and type of licence noted:

#### Voluntary licence cancellations in 2024:

**Jordan Nathan Brown, CPA, CA** – member and firm licence cancellation effective March 8, 2024 (Compilation), Jordan N. Brown, CPA, Prof. Corp. – Firm Closed

**Nolan Grant Proctor, CPA** – member and firm licence cancellation effective February 15, 2024 (Comprehensive), Proctor & Rodgers, Chartered Professional Accountants, Professional Corporation – Firm Closed

*continued on page 27*

### **Licence expiries (not renewed for the following calendar year, all effective January 1, 2024):**

**Todd Michael Birkhan, FCPA, FCA** – member licence expiry (Comprehensive)

**Irene Chiu, CPA** – member licence expiry (Comprehensive)

**Bonnie Melissa Delanoy, CPA, CA** – member and firm licence expiry (Compilation), **Bonnie Delanoy, CPA Prof. Corp** – Firm Closed

**David Nicholas Moedt, CPA, CGA** – member and firm licence expiry (Specified), **David N Moedt Professional Corporation**

**Liza Dawn Richer, CPA, CA** – member and firm licence expiry (Comprehensive), **Richer Currie LLP**

### **Voluntary licence cancellations after May 2023 up to December 31, 2023:**

**Sandra L. Jackson, CPA, CGA** – member and firm licence cancellation effective December 31, 2023 (Specified), **Sandra Jackson CPA Prof. Corp.** – Firm Closed

**Hong Lian, CPA, CA** – member licence cancellation effective December 31, 2023 (Specified)

**Alan Edward Lightfoot, CPA, CA** – member licence cancellation effective December 31, 2023 (Compilation)

**Suzanne Odishaw, CPA, CA** – member licence cancellation effective December 31, 2023 (Comprehensive)

**Rodney Glen Sieffert, CPA, CA** – member licence cancellation effective December 31, 2023 (Comprehensive)

**Rita Stevenson-Ellis, CPA, CA** – member and firm licence cancellation effective December 31, 2023 (Compilation), **R. Stevenson-Ellis, CPA, Prof. Corp.**

**Trevor Ray Sundbo, CPA, CA** – member licence cancellation effective December 31, 2023 (Specified)

**Jason A. Watt, CPA, CA** – member licence cancellation effective December 31, 2023 (Specified)

**Neil F. Weber, CPA, CMA, CA** – member licence cancellation effective December 31, 2023 (Compilation)

**Dena M. Weiss, CPA, CMA** – member licence cancellation effective December 31, 2023 (Compilation)

**Darren Samuel Whittaker** – resigned, member licence cancellation effective December 31, 2023 (Comprehensive)

**Richard Alexander Donaldson, CPA, CA** – member and firm licence cancellation effective December 15, 2023 (Compilation), **Richard Donaldson CPA, CA Professional Corporation**

**Bradley Edwin Jay Wightman, CPA, CA** – member and firm licence cancellation effective November 30, 2023 (Comprehensive), **Pearce Professional Corporation, Chartered Professional Accountant** – Firm Closed

**Ronald Peter Friesen, CPA, CA** – member licence cancellation effective November 7, 2023 (Compilation)

**Scot Richard Lorenson, CPA, CA** – member licence cancellation effective November 2, 2023 (Specified)

**Arlene Claudette Janzen, CPA, CA** – member and firm licence cancellation effective November 1, 2023 (Compilation), **Arlene Janzen, CPA, CA** – Firm Closed

**Craig Archibald Mitchell, CPA, CA** – member licence cancellation effective October 31, 2023 (Specified)

**Sayem Sofiul Hasan, CPA** – member and firm licence cancellation effective September 14, 2023 (Compilation), **Sayem Hasan CPA Prof. Corp.** – Firm Closed

**Blair Murray Davidson, FCPA, FCA** – member and firm licence cancellation effective August 31, 2023 (Compilation), **Blair Davidson, CPA Prof. Corp.** – Firm Closed

**Patricia E. Scott, CPA, CMA** – member and firm licence cancellation effective July 31, 2023 (Compilation), **Patricia Scott, CPA** – Firm Closed

**Orlo Grant Drewitz, CPA, CA** – member licence cancellation effective July 1, 2023 (Specified)

**Ravinder Basahti** – resigned with member licence cancellation effective July 7, 2023 (Comprehensive)

**Keith Lawrence Gagnon** – resigned with member licence cancellation effective July 7, 2023 (Comprehensive)

**Barry John Slusarchuk** – resigned with member licence cancellation effective July 7, 2023 (Comprehensive)

**Rob Stephanson, FCPA, FCGA** – member licence cancellation effective June 10, 2023 (Comprehensive)

**Kathryn Tian, CPA, CGA** – member and firm licence cancellation effective June 2, 2023 (Compilation), **Kathryn Tian CPA P.C. Inc**

**Matthew Sinclair Flath, CPA, CA** – member licence cancellation effective June 1, 2023 (Comprehensive)

## **UPDATE YOUR FIRM ROSTER**

Firm Administrators can update their firm roster throughout the year as necessary. To update your firm roster, click on "My Profile," then select the "Manage Your Firm" tab and click on the firm name. Click on the "Roster" tab to access your firm roster and follow the onscreen instructions to add or remove from your roster. Email [registrar@cpask.ca](mailto:registrar@cpask.ca) for assistance.

# DISCIPLINARY NOTICE



The Institute of Chartered Professional Accountants of Saskatchewan

## NOTICE OF DISCIPLINE DETERMINATION AND ORDER

On December 22, 2023, the Discipline Committee of the Institute of Chartered Professional Accountants of Saskatchewan issued its Determination and Order for:

JEANNE ELIZABETH GILCHRIST, CPA, CMA

The member has been found guilty of professional misconduct under Section 26 of *The Accounting Profession Act* related to failures in the delivery of taxation services for one client over the period of 2013 through 2020. The failures included not preparing and not filing T2 Corporation Income Tax Returns for the client over multiple years and not advising the client that the Returns had not been filed at each missed deadline.

Visit [www.cpsask.ca/Gilchrist, Jeanne - Discipline](http://www.cpsask.ca/Gilchrist, Jeanne - Discipline) for the full Determination and Order.

Authorized by:  
Leigha Hubick, CPA, CA  
Registrar

January 8, 2024

## PRACTITIONER'S PORTAL

Find resources to advance your career, learn about the latest technical changes, and enhance your skillset with useful tools such as:

- The Professional Engagement Guide (PEG)
- Audit Quality and Tax Blogs
- Podcasts
- Webinars and e-learning

Find all of this and much more at [Home | CPA Canada](#).





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