

Preparing for the New Review Engagement Standard

A new standard, the Canadian Standard on Review Engagements (“CSRE”) 2400, *Engagements to Review Historical Financial Statements*, is effective for reviews of financial statements for periods ending on or after December 14, 2017 and cannot be early adopted. Practitioners need to understand how the new standard will change their current practices, policies or methodologies, and develop plans on how best to implement this standard in their practices. Below are some suggestions to help with a smooth transition to the new standard.

TRAINING AND STAFFING LEVELS

Training should be provided for all employees involved in review engagement work. The amount of training required should not be underestimated. The training should cover two aspects — the new standard and how to complete a review engagement using the new standard. There are new requirements in a number of areas, such as planning procedures, using professional judgment and completing documentation. Practitioners should be aware that the increased level of professional judgment required under the new standard will impact training requirements and may also require that more experienced staff be used on review engagements.

CPA Canada has a number of [resources](#) available to assist with the transition to the new standards, including their free publication “Guide to Review Engagements (CSRE 2400)”, which provides excellent suggestions for the conduct of a review engagement. There are also a number of professional development courses available through CPA Ontario. Visit pd.cpaontario.ca for more information.

FILE DOCUMENTATION

CSRE 2400 has additional and different documentation requirements. A summary of the key changes is set out in CPA Canada’s Assurance Alert “[Comparison between CSRE 2400 and the 8000 Series.](#)” Working paper documentation requirements should be reviewed and checklists updated well in advance of starting the first engagement under the new standard to ensure that none of these requirements are missed.

It is recommended that one of your most experienced employees prepare the file for the first engagement under the new standard and that a file review be completed to highlight any deficiencies. This will likely assist with identifying any deficiencies in understanding of the new requirements and in the training that was completed.

STANDARD LETTERS AND REPORTS

Requirements for acceptance and continuance of review engagements have changed. A new engagement letter should be completed for every client *prior* to commencing the review engagement. The client needs to be aware of the changes, so it is important that these changes are discussed with the client. (As a best practice, consider obtaining a new engagement letter *every* year to ensure that the client understands the terms of the engagement.)

Other communications affected by CSRE 2400 include the representation letter and the communications with those charged with governance.

The biggest change is in the practitioner's report, which is longer and more detailed.

It is recommended that all standard letter and report templates be updated well in advance of conducting the first engagement under the new standard.

IN SUMMARY

The new standard *is* different from the old standard. A practitioner cannot expect to do the same as always with small changes to the file — a full makeover of practices, procedures and documentation is required. Updating file documentation, letter and report templates in advance will help with a smooth transition to the new review engagement standards.

For additional guidance, a Practice Advisor can be contacted at 416-962-1841 ext. 4456 or 1-800-387-0735 ext. 4456 or by email at practiceadvisory@cpaontario.ca or memberadvisory@cpaontario.ca.