

Town of Wolfville

For the year ended March 31, 2025

Report to members of the audit committee
Audit strategy

April 25, 2025

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Executive summary

Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the consolidated financial statements of Town of Wolfville (the "Town") for the year ended March 31, 2025. This communication will assist members of the audit committee in understanding the terms of the audit engagement, our proposed audit strategy and the level of responsibility assumed by us.

The information in this document is intended solely for the information and use of Council, Audit Committee, and management. It is not intended to be distributed to or used by anyone other than these specified parties.

We have obtained our engagement letter dated March 27, 2025, which outlines our responsibilities and the responsibilities of management.

Approach

Our audit approach requires that we establish an overall strategy that focuses on risk areas. We identify and assess risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The greater the risk of material misstatement associated with an area of the consolidated financial statements, including disclosures, the greater the audit emphasis placed on it in

terms of audit verification and analysis. Where the nature of a risk of material misstatement is such that it requires special audit consideration, it is classified as a significant risk.

Our approach is discussed further in Appendix A.

Independence

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to the Town
- Confirming the independence of our engagement team members

We have identified no information regarding our independence that in our judgment should be brought to your attention

Audit plan and risk assessment

We have planned our audit in accordance with our approach summarized in Appendix A.

Materiality

The purpose of our audit is to provide an opinion as to whether the consolidated financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards as at March 31, 2025. Therefore, materiality is a critical auditing concept and as such we apply it in all stages of our engagement.

The concept of materiality recognizes that an auditor cannot verify every balance, transaction or judgment made in the financial reporting process. During audit planning, we made a preliminary assessment of materiality for the purpose of developing our audit strategy, including the determination of the extent of our audit procedures.

During execution of the audit, we will consider whether materiality should be re-assessed due to changes or events identified. At completion, we will consider not only the quantitative assessment of materiality, but also qualitative factors, in assessing the impact on the consolidated financial statements, our audit opinion and whether matters should be brought to your attention.

Considerations

The following is a summary of matters that relate to changes to the Town and its environment that were considered in preparing our audit plan.

Matter	Discussion and impact
Entity specific change or transaction	At the time of planning, the audit team did not identify any changes in circumstances or significant transactions that would have an impact on the audit approach or should be communicated to the Audit Committee.
Laws and regulations	<p>During the course of the audit, we will perform specified audit procedures to help identify instances of non-compliance with laws and regulations that may have a material effect on the consolidated financial statements. An audit of financial statements is not designed to detect all instances of non-compliance with laws and regulations and does not represent an audit of the Town's compliance with applicable laws and regulations.</p> <p>While we have not identified any instances of non-compliance, we would like to know if you are aware of any instances of non-compliance.</p>
Fraud	<p>We are responsible for obtaining reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected, and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with those charged with governance and management.</p> <p>During our audit planning, we enquired of management as to their views on the risks of fraud and their processes for identifying and assessing fraud risks. We are not aware of any fraud-related matters that could affect our audit approach. However, we would like to obtain your input on the following areas:</p> <ul style="list-style-type: none">• How you oversee management's processes for identifying and responding to the risks of fraud and the related internal controls that management has put in place• Whether you are aware of any actual, suspected or alleged fraud affecting the Town

Significant risks

We identified the following significant risks on which we plan to focus our attention:

Area of risk	Why there is a risk	Planned audit response
Fraud risk from revenue recognition	<p>There is a presumed risk of fraud in revenue.</p> <p>The risk primarily relates to sales of services and other revenue from own sources.</p>	<ul style="list-style-type: none">• Perform a recalculation of tax revenue from assessments provided by PVSC and approved tax rates.• Perform a test of details on the transactions within the applicable revenue accounts. A test of details involves selecting a sample and tracing the items selected to the underlying supporting documentation, either in the form of invoices, statements of accounts, service contracts, or other similar items.• Where necessary, the audit team will work with Town staff to identify the applicable supporting documentation required to satisfy the test.• As well, revenue will be compared against expected amounts and, where applicable, further verification procedures will be performed on unexpected variances.
Fraud risk from management override / segregation of duties	<p>This is a presumed fraud risk. Management is in a unique position where they are responsible for the design and implementation of controls over the financial reporting process while also able to circumvent controls in order to realize personal gain.</p>	<ul style="list-style-type: none">• Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.• Review accounting estimates for biases.• Evaluate the business rationale for significant transactions that are or appear to be outside the normal course of operations.

Other planning matters

The following is a discussion of relevant planning matters we have considered that are specific to Town of Wolfville.

Use of experts

We intend to use the work of independent third-party specialists for the valuation of future employee benefits. The Town typically obtains new actuarial valuations annually. Audit procedures relating to the valuations included evaluation of the expert's expertise, and the deliverable provided by the expert including the reliability and relevance of their work.

Audit fees

Proposed fees

Service	Current year fees	Prior year fees
Annual audit	\$ 40,000	\$ 40,000**

*before administrative costs, disbursements and applicable taxes

** audit fee only, additional fees for out of scope services were \$28,750

Deliverables

Deliverable
Communication of audit strategy
Report on the March 31, 2025 consolidated financial statements
Communication of audit results

Fee proposal considerations

Upfront and periodic discussions are central to our approach in dealing with fees. Our goal is to avoid surprises by having early and frank communication. We wish to provide you with a competitive price and fair value, while also allowing sufficient audit hours to conduct an effective audit and deliver quality service.

We have established a proposed fee for the audit for the year ended March 31, 2025 that is based on the level of activity and the anticipated complexity of the audit of the Town's consolidated financial statements. If there are any variances to the above plan, we will discuss them with you and agree on any additional fees before costs are incurred, wherever possible. Any unforeseen work outside the scope of this proposal will be billed separately after discussion with management and/or the audit committee.

The proposed fee is based on receiving the following from management:

- Draft consolidated financial statements including the notes to the financial statements
- All working papers and schedules as outlined in our requirements letter
- Trial balance together with reconciled control accounts
- All books and records when requested
- Use of Town staff to help us locate information and provide explanations

Team, timing and communications

Timing and communications

We are committed to delivering exceptional client service and executing our audit in the most effective, efficient and timely manner. The planned timing of our audit work and the deliverables we will provide to members of the audit committee are as follows:

Stage or deliverable	Timing/Status
Discussions and communications regarding planning	April 2025
Planning	January 2025
Performance of fieldwork	June-August 2025
Communication of audit results	July-September 2025

In our communication of audit results, we will report on the following matters:

- Our views on significant accounting practices
- Significant difficulties, if any, encountered during the audit
- Misstatements, other than trivial errors
- Actual or suspected fraud or illegal acts
- Significant deficiencies in internal control
- Other significant audit matters, as applicable

Team

Engagement team member	Role
Jessica, Clahane, CPA, CA Partner P +1 902 690 2011 E Jessica.Clahane@doane.gt.ca	As Lead Audit Services Partner, Jessica will act as the main point of contact; attending meetings and keeping in contact with management throughout the year.
Victoria Ells, CPA Senior Manager P +1 902 690 2038 E Victoria.Ells@doane.gt.ca	As Senior Manager, Victoria will provide oversight and direction to the field audit engagement team, as well as completing high level file and financial statement review.

Technical updates – highlights

Accounting

Accounting standards issued by the Accounting Standards Board that may affect the Town in the current year and future years include:

- **Section PS 1202 Financial Statement Presentation**
- **Conceptual Frame for Financial Reporting in the Public Sector**

Further details of the changes to accounting standards are included in the Appendices. If you have any questions about these changes, we invite you to raise them during our next meeting. We will be pleased to address your concerns.

Assurance

Canadian auditing standards issued that may affect the Town in the current year and future years include:

- **CSQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Information, or Other Assurance or Related Services Engagements, CSQM 2 Engagement Quality Reviews and revised CAS 220 Quality Management for an Audit of Financial Statements**
- **Potential revisions to CAS 500 *Audit Evidence***
- **Potential revisions to CAS 570 *Going Concern***
- **Potential revisions to CAS 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements***

Further details of the changes to assurance standards are included in the Appendices. If you have any questions about these changes, we invite you to raise them during our next meeting. We will be pleased to address your concerns.

Appendix A – Overview and approach

Our audit is planned with the objective of obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, so that we are able to express an opinion on whether the consolidated financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards. The following outlines key concepts that are applicable to the audit, including the responsibilities of parties involved, our general audit approach and other considerations.

Roles and responsibilities

Role of the audit committee	<ul style="list-style-type: none">• Help set the tone for the organization by emphasizing honesty, ethical behaviour and fraud prevention• Oversee management, including ensuring that management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting• Recommend the nomination and compensation of external auditors to the board• Directly oversee the work of the external auditors including reviewing and discussing the audit plan
Role of management	<ul style="list-style-type: none">• Prepare financial statements in accordance with Canadian public sector accounting standards• Design, implement and maintain effective internal controls over financial reporting processes, including controls to prevent and detect fraud• Exercise sound judgment in selecting and applying accounting policies• Prevent, detect and correct errors, including those caused by fraud• Provide representations to external auditors• Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements
Role of Doane Grant Thornton LLP	<ul style="list-style-type: none">• Provide an audit opinion that the financial statements are in accordance with Canadian public sector accounting standards• Conduct our audit in accordance with Canadian Generally Accepted Auditing Standards (GAAS)• Maintain independence and objectivity• Be a resource to management and to those charged with governance• Communicate matters of interest to those charged with governance• Establish an effective two-way communication with those charged with governance, to report matters of interest to them and obtain their comments on audit risk matters

Audit approach

Our understanding of the Town and its operations drives our audit approach, which is risk based and specifically tailored to Town of Wolfville.

The five key phases of our audit approach



Phase	Our approach
1. Planning	<ul style="list-style-type: none">• We obtain our understanding of your operations, internal controls and information systems• We plan the audit timetable together
2. Assessing risk	<ul style="list-style-type: none">• We use our knowledge gained from the planning phase to assess financial reporting risks• We customize our audit approach to focus our efforts on key areas
3. Evaluating internal controls	<ul style="list-style-type: none">• We evaluate the design of controls you have implemented over financial reporting risks• We identify areas where our audit could be more effective or efficient by taking an approach that includes testing the controls• We provide you with information about the areas where you could potentially improve your controls
4. Testing accounts and transactions	<ul style="list-style-type: none">• We perform tests of balances and transactions• We use technology and tools, including data interrogation tools, to perform this process in a way that enhances effectiveness and efficiency
5. Concluding and reporting	<ul style="list-style-type: none">• We conclude on the sufficiency and appropriateness of our testing• We finalize our report and provide you with our observations and recommendations

Our tailored audit approach results in procedures designed to respond to an identified risk. The greater the risk of material misstatement associated with the account, class of transactions or balance, the greater the audit emphasis placed on it in terms of audit verification and analysis.

Throughout the execution of our audit approach, we will maintain our professional skepticism, recognizing the possibility that a material misstatement due to fraud could exist notwithstanding our past experiences with the Town and our beliefs about management's honesty and integrity.

Internal control

Our audit will include gaining an understanding of the Town's internal control over financial reporting. Our understanding will focus on processes associated with the identified risk areas, as described in this report. We use this understanding to determine the nature, extent and timing of our audit procedures.

Our understanding may also result in valuable internal control findings for your consideration. Note that the auditor's objectives with regards to internal control are different from those of management and those charged with governance. For example, we primarily target controls that relate to financial reporting and not those that relate to the Town's operations or compliance which may also be relevant to its objectives. Therefore, management and those charged with governance cannot solely rely on our findings to discharge their responsibilities in this area.

Quality management

We have a robust system of quality management that forms a core part of our client service and is designed to ensure the firm is meeting its quality objectives by designing responses to address identified quality risks. We combine numerous specific responses including the application of our internationally developed audit methodology, advanced audit technology, rigorous review procedures, mandatory professional development requirements, and the use of specialists to consistently deliver high quality audit services to our clients. We also monitor the design, implementation and operating effectiveness of each element of our system of quality management to ensure that we are appropriately addressing the quality risks and to identify deficiencies and required remedial actions in the system of quality management. In addition to our internal processes, we are subject to inspection and oversight by standard setting and regulatory bodies. We are proud of our firm's approach to quality management and would be pleased to discuss any aspect with you at your convenience.

Data analysis software

We apply our audit methodology using advanced software tools. Doane Grant Thornton continues to invest in developing industry-leading advanced audit data analytics tools.

IDEA

IDEA Data Analysis Software is a powerful analysis tool that allows audit teams to read, display, analyze, manipulate, sample and extract data from almost any electronic source. The tool has the advantages of enabling the audit team to perform data analytics on very large data sets in a very short space of time, while providing the checks, balances and audit trail necessary to ensure that the data is not corrupted and that the work can be easily reviewed. SmartAnalyzer, an add-on to IDEA, further improves the efficiency and effectiveness of the audit by providing automated routines for certain common analytical tasks, such as identifying unusual and potentially fraudulent journal entries.

MindBridge

Advances in artificial intelligence and machine learning have changed the face of the accounting profession. Doane Grant Thornton has access to MindBridge's advanced data analytics platform. When used on appropriate engagements, MindBridge gives audit teams the capability to analyze 100% of the transactions included in the general ledger and, based on an assessment of each transaction against criteria based on traditional business rules, statistical methods and machine learning, the software assigns each transaction a risk score. This, in combination with the many powerful and customisable visual representations available in the software, enables audit teams to identify patterns and connections between transactions and across sub-ledgers and accounts. In appropriate circumstances, use of MindBridge may provide new insights and identify risks much more effectively and efficiently than was possible using traditional audit techniques, which facilitates a higher quality, more insightful and increasingly efficient audit.

Appendix B – PSAS

Accounting developments

Public Sector Accounting Standards	Effective date
<p>Section PS 1202 <i>Financial Statement Presentation</i></p> <p>New Section PS 1202 <i>Financial Statement Presentation</i> replaces Section PS 1201 <i>Financial Statement Presentation</i>.</p> <p>The main features of the new Section include:</p> <ul style="list-style-type: none"> • Changes to the statement of financial position to present financial assets, non-financial assets, total assets, financial liabilities, non-financial liabilities total liabilities and net assets/net liabilities • Separate statement of changes in net assets or net liabilities (formerly known as accumulated surplus) by required categories • The addition of a statement of net financial assets or net financial liabilities that presents a revised net financial assets or net financial liabilities (formerly known as “net debt”) calculation • The option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities • Ability to present an amended budget when there is an election or the majority of the governing body of a government organization is newly elected or appointed • The requirement to provide a subtotal prior to financing activities in the statement of cash flow • Guidance on assessing the going concern assumption <p>As a result of the issuance of the new Section, various Sections and Guidelines of the Handbook have been amended to include references to the Section. The impacted Sections and Guidelines include:</p> <ul style="list-style-type: none"> • PS 1300 <i>Government Reporting Entity</i> • PS 2120 <i>Accounting Changes</i> • PS 2500 <i>Basic Principles of Consolidation</i> • PS 2510 <i>Additional Areas of Consolidation</i> • PS 2601 <i>Foreign Currency Translation</i> • PS 3041 <i>Portfolio Investments</i> • PS 3060 <i>Interest in Partnerships</i> • PS 3070 <i>Investments in Government Business Enterprises</i> • PS 3100 <i>Restricted Assets and Revenues</i> • PS 3160 <i>Public Private Partnerships</i> • PS 3230 <i>Long-Term Debt</i> • PS 3250 <i>Retirement Benefits</i> • PS 3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i> • PS 3260 <i>Liability for Contaminated Sites</i> • PS 3280 <i>Asset Retirement Obligations</i> • PS 3300 <i>Contingent Liabilities</i> • PS 3310 <i>Loan Guarantees</i> • PS 3400 <i>Revenue</i> • PS 3410 <i>Government Transfers</i> • PS 3430 <i>Restructuring Transactions</i> • PS 3450 <i>Financial Instruments</i> • PS 4200 <i>Financial Statement Presentation by Not-for-Profit Organizations</i> • PSG-2 <i>Leased Tangible Capital Assets</i> • PSG-4 <i>Funds and Reserves</i> • PSG-5 <i>Sale-Leaseback Transactions</i> 	<p>Fiscal years beginning on or after April 1, 2026.</p> <p>Earlier adoption is permitted <u>only if</u> the Conceptual Framework is also adopted at the same time.</p> <p>Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information in Section PS 1202.</p>

Public Sector Accounting Standards**Effective date**

Conceptual Framework for Financial Reporting in the Public Sector

PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces Sections PS 1000 *Financial Statement Concepts* and PS 1100 *Financial Statement Objectives*.

Fiscal years beginning on or after April 1, 2026.

Earlier adoption is permitted.

The new Conceptual Framework includes:

- Characteristics of public sector entities
- Objectives of financial reporting
- Primary users of financial reporting and their expectations
- Role of financial statements
- Foundations and objectives of financial statements
- Qualitative characteristics of information in financial statements
- Qualitative characteristics of information in financial statements and related considerations
- Definitions of elements
- Criteria of general recognition and derecognition; and
- Concepts of general measurement and presentation

As a result of the issuance of the Conceptual Framework, various Sections and Guidelines of the Handbook have been amended to include references to the new Conceptual Framework, add/clarify key definitions that are consistent with the Conceptual Framework, and/or remove references to qualitative characteristics that are no longer qualitative characteristics in the new Conceptual Framework. These Sections include:

- Introduction to the Public Sector Accounting Handbook (formerly the Introduction to the Public Sector Accounting Standards)
- PS 1150 *Generally accepted Accounting Principles*
- PS 1201 *Financial Statement Presentation*
- PS 1300 *Government Reporting Entity*
- PS 2100 *Disclosure of Accounting Policies*
- PS 2120 *Accounting Changes*
- PS 2130 *Measurement Uncertainty*
- PS 2200 *Related Party Transactions*
- PS 3150 *Tangible Capital Assets*
- PS 3200 *Liabilities*
- PS 3210 *Assets*
- PS 3400 *Revenue*
- PS 3430 *Restructuring Transactions*
- PS 3450 *Financial Instruments; and*
- PS 4230 *Capital Assets Held by Not-for-Profit Organizations*

The Conceptual Framework will be applied prospectively.

2022-2023 Annual Improvements

Immediate

The following relevant amendments have been made to PSG 2 *Leased tangible capital assets*

- deleted an outdated cross-reference in Appendix A to Section 3065 *Leases* in former Part V of the CPA Canada Handbook – Accounting, pre-changeover accounting standards and added specific guidance which outlines that lease rentals under an operating lease are included in the determination of surplus or deficit over the lease term on a straight-line basis, unless another systematic and rational basis is more representative of the time pattern of the entity's benefit.
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Appendix C – Auditing developments

Canadian Auditing Standards (CASs) and other Canadian Standards issued by the AASB	Effective date
<p>Issuance of CSQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</i>, CSQM 2 <i>Engagement Quality Reviews</i> and revised CAS 220 <i>Quality Management for an Audit of Financial Statements</i></p> <p>Auditors must effectively manage audit quality, both at the firm level and the engagement level. The IAASB recognised a need to strengthen standards addressing quality control and the AASB implemented similar changes to those made at the international level. In January 2021, the AASB unanimously approved the suite of quality management standards.</p> <p>CSQM 1 introduces a new approach to “managing quality”. Quality management is intended to be proactive in nature and to be a continuous process. Implementing the new standard requires firms to analyse and enhance many of their internal processes to achieve effective quality management. This standard replaces the extant standard, CSQC 1 <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</i></p> <p>CSQM 2 deals specifically with the topic of engagement quality reviews (EQRs), which are performed by firms to obtain an objective evaluation of the significant judgments made by the engagement team and the conclusions reached. The standards setters recognized the importance of EQRs and noted that many stakeholders (including oversight bodies) were concerned that the requirements of CSQM 1 with respect to EQRs were not sufficiently robust. As a result, CSQM 2 was issued. CSQM 1 deals with the topic of when an EQR should be performed, while CSQM 2 covers the appointment and eligibility considerations related to the person performing the EQR and the performance and documentation requirements.</p> <p>CAS 220 was revised to clarify and strengthen the key elements of quality management at the engagement level by:</p> <ul style="list-style-type: none"> • emphasizing that the engagement partner is responsible for managing and achieving quality at the engagement level • clarifying the engagement partner’s responsibilities, and acknowledging the engagement partner can assign certain tasks/procedures to members of the engagement team who are appropriately skilled or suitably experienced in managing and achieving quality • modernizing the standard for the evolving environment 	<p>CSQM 1 is effective for audits or reviews of financial statements or other assurance engagements as of December 15, 2022 and related services engagements as of December 15, 2023.</p> <p>CSQM 2 is effective for audits or reviews of financial statements with periods beginning on or after December 15, 2022, other assurance engagements beginning on or after December 15, 2022 and related services engagements beginning on or after December 15, 2023.</p> <p>CAS 220 is effective for audits of financial statements for periods beginning on or after December 15, 2022.</p>

Canadian Exposure Drafts issued by the AASB**Effective date**

Potential revisions to CAS 500 *Audit Evidence*

The current audit evidence standard was issued many years ago. Since then, developments in technology have affected how entities operate and process information and how audits are performed. In December 2020, the IAASB initiated a project to revise the current standard to respond to changes in the business environment. The Exposure Draft proposes several key changes:

- To respond to changes in the information auditors use, including the nature and source of the information, a set of attributes has been developed to enhance the auditor's principle-based judgments related to audit evidence in a wide variety of circumstances. Enhancements and clarifications have also been made regarding the auditor's role when using information prepared by management's expert
- To modernise the standard and support a principles-based approach that recognises the evolution in technology, new application material has been added, including explanations of how automated tools may affect auditor bias and examples that recognise the use of technology by the entity or the auditor
- To foster professional skepticism when making judgments about information to be used as audit evidence and sufficient appropriate audit evidence, language has been added to emphasise the importance of maintaining professional skepticism at various stages, such as when attempting to ensure that audit procedures are being designed and performed in an unbiased manner

The comment period for the Exposure Draft ended on March 15, 2023. It is expected that the effective date for the revised standard will be for periods beginning in 2025, but the exact effective date will depend on when the standard is approved.

Potential revisions to CAS 570 *Going Concern*

Auditors are required to obtain sufficient appropriate audit evidence on the appropriateness of management's use of the going concern basis of accounting and conclude on whether a material uncertainty exists in relation to going concern. Financial statement users have raised questions about how much auditors should be able to detect from their audit procedures in this area, and what is communicated to users about the entity's ability to continue as a going concern. This led the IAASB to initiate a project to revise the standard. In April 2023, the IAASB issued its Exposure Draft and the AASB has issued a corresponding Exposure Draft. The Exposure Draft proposes several key changes, which include:

- Defining material uncertainty related to going concern
- Enhancing the risk identification and assessment requirements so they are consistent with those set out in CAS 315 (Revised) *Identifying and Assessing the Risks of Material Misstatement*
- Enhancing the auditor's evaluation of management's going concern assessment, including requirements to support the auditor's application of professional skepticism
- Adding a requirement for the auditor to request management to extend its going concern assessment of the entity to cover at least 12 months from the date of approval of the financial statements if management has not already done so
- Enhancing the auditor's consideration of information related to management's going concern assessment that becomes available to the auditor after the date of the auditor's report but before the date the financial statements are issued
- Adding requirements to enhance communications about going concern in the auditor's report

The comment period for the Exposure Draft ended on July 31, 2023. It is expected that the effective date for the revised standard will be for periods beginning in 2026, but the exact effective date will depend on when the standard is approved.

Canadian Exposure Drafts issued by the AASB**Effective date**

Potential revisions to CAS 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

High quality audits contribute to the efficiency of capital markets and financial stability. In recent years, corporate failures and scandals have brought the topic of fraud to the forefront and led to questions from stakeholders about the role and responsibilities of the auditor relating to fraud in an audit of financial statements. This led the IAASB to initiate a project to revise the standard. In February 2024, the IAASB issued its Exposure Draft and the AASB has issued a corresponding Exposure Draft. The Exposure Draft proposes several key changes, which include:

- Clarifying the roles and responsibilities of the auditor with respect to fraud
 - Establishing more robust requirements if fraud or suspected fraud is identified
 - Reinforcing the importance of exercising professional skepticism in fraud-related audit procedures
 - Strengthening communications through the audit with management and those charged with governance about matters related to fraud
 - Adding transparency on fraud-related responsibilities and procedures in the auditor's report
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The comment period for the Exposure Draft ended on May 6, 2024. It is expected that the effective date for the revised standard will be for periods beginning in 2026, but the exact effective date will depend on when the standard is approved.