|  |
| --- |
| **Acceptance Template** |
| The information requested in this template has been designed to facilitate the Office’s evaluation of the decision to accept a new engagement.  Note: OAG Audit 2321 (Annual Audit Manual) provides additional guidance for group audits. |

|  |  |
| --- | --- |
| **Background—Entity and Engagement Profile** | |
| Entity Name | *[Document the entity name and any applied names.]* |
| Source of Appointment | *[Document the source of appointment; for example, by Order in Council, by change in legislation, or other.]* |
| Engagement Type | *[e.g. CAS 700,CAS 805, CSRS 4400, Other]* |
| Statutory or Other Reporting Deadline | *[Document the reporting deadline (e.g. required to submit its annual report to the appropriate Minister not later than 90 days after the end of its financial year).]* |
| Previous Auditor (if applicable) | *[Document the name of the previous auditor.]* |

| **PART 1—General Considerations (OAG Specific)** | |
| --- | --- |
| **Required Procedure** | **Assessment Response** |
| 1. What are the terms of the engagement? 2. What is the appointment period? 3. Has the Office conducted this type of engagement in the past or possibly refused other similar engagements? 4. Is such an engagement within the Office’s mandate? 5. Are we already performing other work of this type? 6. What are the costs and timelines of the engagement? |  |
| 1. How does this work meet the needs of at least one of our primary stakeholders—namely, Legislatures, Parliament, Boards of Directors of Crown corporations, and government departments and agencies? 2. Describe who the users of the audited work are. 3. Describe the intended use of this work. 4. Describe how this work will add value or if not, why not. |  |
| 1. Describe the strategic importance of this work to Canadians, to the Government in general, or to the Office: 2. Consider whether there are any fiduciary responsibilities. Is the entity responsible to manage assets belonging to a third party? 3. Consider the likelihood that we would be asked “where is the Office” on this topic. 4. Will this information be consolidated with the information of another entity that we are required to audit? 5. Are there any accountable parties outside of Parliament (i.e. provinces)? 6. Does the work have implications for other mandates of the Office such that our involvement can be leveraged elsewhere? |  |
| 1. Can assurance be obtained in a more efficient or economic way by a third party service provider? 2. Does the mandate duplicate other audit efforts? 3. Can the cost of such audits be recovered by the entity and as a result have no net cost to the government? 4. Would having the work performed by the private sector question our relevance as a provider of assurance services? |  |
| 1. What are the consequences of this new mandate on the overall human and financial resources of the Office? 2. Can the work be provided with the existing resource envelopes of the Office and by an individual product line? 3. If an additional funding request is needed, can a satisfactory proposal be prepared that would be accepted by Treasury Board? |  |

| **PART 2—General Considerations (CSQM1.30(a)(i) and CSQM1.A67, A68, A69, CA71)** | |
| --- | --- |
| **Required Procedure** | **Assessment Response** |
| 1. Describe the nature and circumstances of the engagement: 2. Industry of entity 3. Nature of entity (nature of operations, form of entity, ownership structure, governance structure, business model, source of funding/financing) 4. Nature of underlying subject matter and applicable criteria (eg. financial reporting, IFRS) |  |
| 1. Confirm the integrity and ethical values of the client (including management and, when appropriate, those charged with governance): 2. Document the identity, and business reputation of key management, and those charged with governance   Information sources may include:   * Information from current or previous engagements with the same client * Inquiry of others who have performed other engagements for the client * Discussions with other third parties * Background searches of relevant databases |  |
| 1. For a new entity, previously audited by another auditor: 2. Assess the relationship between the previous auditor and the entity and/or its internal audit group, as applicable; 3. In accordance with professional standards, communicate in writing with the previous auditor to ascertain whether there are any circumstances the Office should take into account that might influence the Office's decision to accept the assurance engagement; and 4. Document the reason for the change in the previous auditor’s professional appointment and consider the nature and extent of any disagreements with the entity about accounting issues or audit scope and procedures, and management's integrity and ethics. |  |

| **PART 3—Assessment of Our Ability to Perform the Engagement (CSQM1.30(a)(ii) and CSQM1.A72)** | |
| --- | --- |
| **Required Procedure** | **Assessment Response** |
| 1. Assess whether the appropriate resources are available to perform the engagement. |  |
| 1. Assess whether the Office will have access to information to perform the engagement, or to the persons who provide such information. |  |
| 1. Assess whether the Office and the engagement team are able to fulfill their responsibilities in relation to the relevant ethical requirements.   Consider:   1. The circumstances of the engagement and the reporting deadline 2. The availability of individuals with the appropriate competence and capabilities, including sufficient time, to perform the engagement including having    1. Individuals to take overall responsibility for directing and supervising the engagement    2. Individuals with knowledge of the relevant industry or the underlying subject matter or criteria to be applied in the preparation of the subject matter information and experience with relevant regulatory or reporting requirements    3. Individuals to perform audit procedures on the financial information of a component for purposes of an audit of group financial statements 3. The availability of experts, if needed; 4. The need for an Engagement quality Reviewer; 5. The need for technological resources; 6. The need for intellectual resources; and 7. Relevant ethical requirements including the OAG Code of Values, Ethics and Professional Conduct.   If a potential threat to compliance with relevant ethical requirements, including independence, is identified, consult with Legal Services or the Internal Specialist, Values and Ethics and document the following:   1. description of the potential threat; 2. assessment of the significance of the threat identified; 3. possible safeguards to eliminate or reduce the threat to an acceptable level; and 4. when we intend to accept the engagement, how the threat was eliminated or reduced to an acceptable level.   (OAG Audit 1031)  Note: Consider if the specific assessment of engagement team competencies has been completed for this engagement. If so, the completed template “Engagement Team Competency, Capabilities and Resource Assessment Template” may be a source of information. |  |

| **Part 4 – Financial and Operational Priorities of the Office (CSQM1.30(b) and CSQM1.A73,CA74)** | |
| --- | --- |
| **Required Procedure** | **Assessment Response** |
| 1. Review the response to Part 3 question 1. 2. Does engagement acceptance create undue pressure on Office resources? 3. Are fees to be charged (in the case of cost recovered/respendable revenue engagements) sufficient to recover costs incurred? 4. Conclude whether financial or operational priorities of the Office are inappropriately influencing engagement acceptance decisions. |  |

| **PART 5—Overall Conclusion** | | |
| --- | --- | --- |
| **Required Procedure** | **Assessment Response** | |
| 1. Is the engagement of sufficient importance to our stakeholders and to the Office that the work should be performed by the Office? | |  |
| 1. Was information identified that lead us to conclude the integrity and ethical values of the entity is in question? | |  |
| 1. Is the Office capable of performing the engagement? | |  |
| 1. Are financial and operational priorities having an inappropriate influence on engagement acceptance? | |  |
| 1. Accept or Decline engagement? | |  |
| 1. Perform and document consultation directed under policy in Audit Manual Section 3011. | |  |
|  | | |