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| **INDEPENDENCE CONFIRMATION** | | |
| **A** | To: | Office of the Auditor General of Canada­ |
| **B** | From: | *[name of the individual]* |
| **C** | Group: | *[group number]* |
| **D** | Engagement Title: | *[document the type of engagement (AA, SE, PA) and the engagement title]* |
| **E** | Assurance Entity(s) Name: | *[document the Assurance Entity(s) covered by this engagement]* |
| **F** | Related**[[1]](#endnote-1)** Entity(s) Name: | *[consult with the engagement leader and document the names of related****1****entities to the Assurance Entity(ies)]*  *[“related entity” concept differs for independence and accounting purposes. Please consult the revised definition (endnote) and FAQ document.]* |
| **G** | Engagement Specific Prohibited holdings***[[2]](#endnote-2)***: | *[consult with the engagement leader to identify and document those financial interests2 or assets that if held directly or indirectly by an engagement team member, a spouse (or equivalent) or a dependent may give rise to an independence threat on this engagement]* |
| **H** | Period covered by this Independence Confirmation form[[3]](#endnote-3): | from\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20\_\_ (beginning of the period covered by the  assurance engagement report)  to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20\_\_ (estimated date of assurance engagement report issuance) |

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| **OFFICE INDEPENDENCE POLICIES** | |
|  | I have read the Office’s independence policies as contained in ***OAG Audit 3031***, the ethical requirements relating to an assurance engagement as contained in ***OAG Audit 1031 and*** the ***Code of Values, Ethics and Professional Conduct*** of the Office of the Auditor General of Canada. |
|  | I have taken the time to understand the meaning, application, terms and conditions of these policies. |

Please read and consider the independence threats outlined below (this list is not meant to be exhaustive). Promptly notify the engagement leader if threats to independence are noted and initiate an ***Exception Report*** as necessary.

Note: An [Independence—Frequently Asked Questions (FAQ)](http://cmsprd.oag-bvg.gc.ca/intranet/audit/templates/Independence_FAQ_15613E.docx) document has been developed to facilitate the proper completion of this Independence confirmation.

| **THREATS TO INDEPENDENCE** | |
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| I confirm, with respect to myself, my spouse (or equivalent) and dependents (collectively “us”) that: | |
|  | 1. None of us, as individuals or as a trustee, has a direct financial ownership interest**[[4]](#endnote-4)** or a material indirectfinancial ownership interest**[[5]](#endnote-5)**, or are committed to acquire such an interest, in this assurance entity **(see E above)**, any related**1**entity **(see F above)** or an engagement specific prohibited holding **(see G above)** (self-interest). |
|  | 1. None of us, directly or indirectly, has a loan or a loan guarantee to, or from, this assurance entity **(see E above)**, its management, those charged with governance or any related**1**entity **(see F above)** except where this assurance entity or the related**1**entity is a bank or similar financial institution where the loan or guarantee is made under normal commercial terms and conditions and the loan is in good standing (self-interest). |
|  | 1. None of us has personal relationships with the assurance entity or related**1** entity, management of either, or with those charged with governance (self-interest). |
|  | 1. None of us has a close business relationship with the assurance entity **(see E above)**, a related**1**entity **(see F above)**, the management of either, or those charged with governance (self-interest). |
|  | 1. None of us has served as an officer or director with this assurance entity (whether a reporting issuer[[6]](#endnote-6) / listed entity[[7]](#endnote-7) or not) **(see E above)** or a related**1**entity **(see F above)**, or is/was in a position to exert significant influence over the subject matter of the engagement (self-review, familiarity, self-interest). |
| Further, I confirm that: | |
|  | 1. with respect to myself, my spouse (or equivalent), dependents, and my close family members (a parent, child or sibling who is not an immediate family member) (collectively “us”), none of us has an accounting role or a financial reporting oversight role**[[8]](#endnote-8)** with the assurance entity, or had such a position during the period covered by this Independence Confirmation form. |
|  | 1. I have not been loaned to the assurance entity or a related**1**entity during the period covered by this Independence Confirmation form. |
|  | 1. I have not been involved in an assurance engagement for this assurance entity **(see E above)** as an Engagement Leader, Engagement Quality Reviewer (QR), key audit partner**[[9]](#endnote-9)** or engagement team member for more than seven consecutive years [refer to ***OAG Audit 1071***] (familiarity). |
|  | 1. I have not performed any of the following management functions for this assurance entity **(see E above)** or a related**1**entity **(see F above)** during any period covered by this Independence Confirmation form(self-review, familiarity). 2. authorizing, approving, executing or consummating a transaction; 3. having or exercising authority on behalf of the entity; 4. determining which recommendation of the member or firm will be implemented; or 5. reporting in a management role to those charged with governance of the entity |
|  | 1. I have not prepared or changed a journal entry, determined or changed an account code or a classification for a transaction or prepared or changed another accounting record for this assurance entity **(see E above)** or a related**1**entity **(see F above)**, during any period covered by this Independence Confirmation form,without obtaining the approval of management of the assurance entity. I have not prepared a source document or originating data, or made a change to such a document or data during any period covered by this Independence Confirmation form (self-review). |
|  | 1. I have not accepted a gift or hospitality, including a product or service discount, from this assurance entity **(see E above)**, any related**1**entity **(see F above)** or an engagement specific prohibited holding **(see G above)** that is other than clearly insignificant or of minimal value (self-interest). |
|  | 1. I am not seeking employment with this assurance entity **(see E above)** or any related**1**entity **(see F above)** (self-interest). |
|  | 1. In the past 5 years I have not provided any of the services listed below to this assurance entity **(see E above)** or a related**1**entity **(see F above)** (self-reviews, familiarity, advocacy).    * legal services;    * corporate finance services;    * valuation services;    * actuarial services;    * internal audit services;    * IT systems services;    * expert services;    * litigation support services;    * human resource services;    * tax planning or other tax advisory services;    * tax calculations for the purpose of preparing accounting entries; or    * any other service that directly affects the subject matter of this assurance engagement. |

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| **EXCEPTION REPORT** | |
|  | As I have been unable to confirm one or more matters set out in (i) to (xiii) above, I have initiated an exception report setting out any threats to independence and I will not commence work on this assurance engagement without clearance by the engagement leader and the Internal Specialist - Values and Ethics. |
|  | The engagement leader and the Internal Specialist - Values and Ethics have reviewed and approved my completed Exception Report, and safeguards have been applied to eliminate or reduce the threat(s) to an acceptable level. The ***Exception Report*** has been provided to Human Resources to be added to my personnel file. |

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| **INDEPENDENCE CONFIRMATION** | | | | |
|  | I agree to promptly inform the engagement leader if during the course of this engagement I have access to information not generally available to the public, which is related to a direct or indirect financial interest held by me, my spouse (or equivalent) or dependents. | | | |
|  | I agree to continue to abide by the Office’s policies on independence and acknowledge my responsibility to promptly notify the engagement leader of changes in our circumstances and relationships occurring subsequent to the date of this confirmation that may create threats to my independence or the independence of the Office with respect to this assurance engagement. | | | |
|  | I understand that my signature on this form is a representation to the Office that the statements made are true and accurate as of the date of my signature. | | | |
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| **Individual’s signature[[10]](#footnote-1):** | |  | **Date:** |
| **Engagement Leader’s signatureA:** | |  | **Date:** |

1. ***related entity*** *means any one of the following:*

   1. *in the case of an engagement to audit the financial statements of a client that is a reporting issuer or listed entity:*
   2. *an entity over which the client has control;*
   3. *an entity that has control over the client, provided that the client is material to such entity;*
   4. *an entity that has significant influence over the client, provided that the client is material to such entity;*
   5. *an entity which is under common control with the client, provided that such entity and the client are both material to the controlling entity; or*
   6. *an entity over which a client has significant influence, provided that the entity is material to the client;*

   *(b) in the case of an engagement to audit or review the financial statements of a client that is not a reporting issuer or listed entity:*

   *(i) an entity over which the client has control; or*

   *(ii) any of the following entities where the engagement team knows or has reason to believe that the existence of an activity, interest or relationship involving the member or firm and that other entity is relevant to the evaluation of the independence of the member or firm with respect to the audit or review of the financial statements of the client:*

   1. *an entity that has control over the client, provided the client is material to such entity;*
   2. *an entity that has significant influence over the client, provided that the client is material to such entity;*
   3. *an entity which is under common control with the client, provided that such entity and the client are both material to the controlling entity; or*
   4. *an entity over which a client has significant influence, provided that the entity is material to the client; and*

   *(c) in the case of an assurance engagement that is not an engagement to audit or review the financial statements of a client, any of the following entities where the engagement team knows or has reason to believe that the existence of an activity, interest or relationship involving the member or firm and that other entity is relevant to the evaluation of the independence of the member or firm with respect to the assurance engagement:*

   *(i) an entity over which the client has control;*

   *(ii) an entity that has control over the client, provided that the client is material to such entity;*

   *(iii) an entity that has significant influence over the client, provided that the client is material to such entity;*

   *(iv) an entity which is under common control with the client, provided that such entity and the client are both material to the controlling entity; or*

   *(v) an entity over which a client has significant influence, provided that the entity is material to the client.*  [↑](#endnote-ref-1)
2. ***financial interest*** *includes a direct or indirect ownership interest in an equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest.* [↑](#endnote-ref-2)
3. ***period covered by this Independence Confirmation form*** *means the period covered by the assurance engagement report, and the period of the current assurance engagement. The* “period of the current assurance engagement*” means the period that starts at the earlier of the date when the member or firm signs the engagement letter or commences procedures in respect of the engagement and ends when the assurance report is issued, except when the engagement is of a recurring nature, in which case the engagement period ends with:*

   *(a) notification by either the client or the firm that the professional relationship has terminated or the issuance of the final assurance report, whichever is later; or*

   *(b) in the case of an audit engagement for a reporting issuer or listed entity, notification by either the client or the firm to the relevant Securities Commission that the audit client is no longer an audit client of the firm.*

   *For recurring engagements (eg. Annual Audits), team members may leave the end date (estimated date of assurance engagement report issuance) blank if the team member expects to be involved in the recurring engagement in future years. In these circumstances, team members should:*

   * *Manually sign the form and include a scanned version of the form in the audit file*
   * *Roll forward (re-use) their independence confirmation form in each subsequent year provided:*
     + *There is no change to the engagement circumstances outlined in sections A-H of the independence confirmation form*
     + *There is no changes in the team members individual circumstances or required considerations as set out on the confirmation form*
   * *Ensure the Engagement Leader reviews the independence confirmation form included in the engagement file each year*

   [↑](#endnote-ref-3)
4. ***direct financial ownership interest*** *means an ownership interest in an equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest that is:*

   *(a) owned directly by and under the control of an individual or entity (including those managed on a discretionary basis by others);*

   *(b) beneficially owned through a collective investment vehicle, estate, trust or other intermediary over which the individual or entity has control or ability to influence investment decisions; or*

   *(c) owned through an investment club or by a private mutual fund in which the individual participates in the investment decisions.* [↑](#endnote-ref-4)
5. ***indirect financial ownership interest*** *means an ownership interest in an equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest that is beneficially owned through a collective investment vehicle such as a mutual fund, estate, trust or other intermediary over which the beneficial owner has no control or ability to influence investment decisions.* [↑](#endnote-ref-5)
6. ***reporting issuer*** *means: an entity that is defined as a reporting issuer under the applicable Canadian provincial or territorial securities legislation, other than an entity that has, in respect of a particular fiscal year, market capitalization and total assets that are each less than $10,000,000.* [↑](#endnote-ref-6)
7. ***listed entity*** *means: an entity whose shares, debt or other securities are quoted on, listed on or marketed through a recognized stock exchange or other equivalent body, whether within or outside of Canada, other than an entity that has, in respect of a particular fiscal year, market capitalization and total assets that are each less than $10,000,000.* [↑](#endnote-ref-7)
8. ***accounting role / financial reporting oversight role*** *means: a role in which a person is in a position to or does exercise more than minimal influence over / or does exercise influence over:*

   *(a) the contents of the client’s accounting records related to the financial statements subject to audit or review by the member or firm; or*

   *(b) anyone who prepares such financial statements.* [↑](#endnote-ref-8)
9. ***key audit partner*** *means:*

   *(a) an audit partner who is the lead engagement partner;*

   *(b) the engagement quality reviewer; or*

   *(c) any other audit partner on the engagement team who makes important decisions or judgments on significant matters with respect to the audit or review engagement.*  [↑](#endnote-ref-9)
10. alternatively this confirmation may be signed off electronically in the audit working paper software [↑](#footnote-ref-1)