## Illustrative Management Representation Letter under CASs for [consolidated] financial statements prepared in accordance with Canadian public sector accounting standards, including when an organization applies CPA Canada Public Sector Accounting Handbook, sections PS 4200 to PS 4270

Management Representation Letter—PSAS

Oct-2023

Template Owner: Audit Services

Maintained by: Desktop Publishing

## INSTRUCTIONS FOR THE AUDITOR

Note: This introductory section provides instructions for the preparation of the Management Representation Letter in connection with audits of financial statements. The following instructions, which precede the Management Representation Letter template, should not be transmitted to the audit entity.

#### CAS Requirements

The following Management Representation Letter template has been prepared to comply with the requirements of CAS 580 *Written Representations* and other CASs that require subject‑matter specific written representations.

CAS 580.3—*Audit evidence is the information used by the auditor in arriving at the conclusions on which the auditor’s opinion is based. Written representations are necessary information that the auditor requires in connection with the audit of the entity’s financial statements. Accordingly, similar to responses to inquiries, written representations are audit evidence*.

CAS 580.9—*The auditor shall request written representations from management with appropriate responsibilities for the financial statements and knowledge of the matters concerned*.

List of CASs containing requirements for written representations (CAS 580, Appendix 1)

* CAS 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*—paragraph 40
* CAS 250 *Consideration of Laws and Regulations in an Audit of Financial Statements*—paragraph 17
* CAS 450 *Evaluation of Misstatements Identified during the Audit*—paragraph 14
* CAS 501 *Audit Evidence—Specific Considerations for Selected Items*—paragraph 12
* CAS 540 *Auditing Accounting Estimates and Related Disclosures*—paragraph 37
* CAS 550 *Related Parties*—paragraph 26
* CAS 560 *Subsequent Events*—paragraph 9
* CAS 570 *Going Concern*—paragraph 16(e)
* CAS 710 *Comparative Information—Corresponding Figures and Comparative Financial Statements*—paragraph 9
* CAS 720 *The Auditor's Responsibilities Relating to Other Information*—paragraph 13(c)

Auditors should refer to CAS 580 and other relevant CASs when additional guidance is required regarding written representations.

#### Qs and As

### To whom should the Management Representation Letter be addressed, and when should it be dated?

The Management Representation Letter should be addressed to the auditor, usually the engagement leader, and should be dated as near as practicable to, **but never after**, the date of the auditor’s report on the financial statements. See CAS 580.14 for additional guidance and requirements regarding the date of the representation letter.

### Who should sign the Management Representation Letter on behalf of the entity to affirm representations?

Written representations should be obtained from those who are responsible for the preparation of the financial statements and who may make “informed representations.” These people are typically the chief executive officer and the chief financial officer, or the equivalent persons in entities that do not use such titles. In some cases, those charged with governance may also be responsible for the preparation of financial statements. See CAS 580.A2–A6 for additional guidance on this topic.

In addition, under certain circumstances, the auditor may wish to obtain representations from other members of management. For example, the auditor may wish to obtain a written representation from the internal counsel about the provision related to a significant legal claim, or from the individual responsible for keeping minutes about the completeness of all minutes of the board of directors and important committees (CAS 580.13).

If there is a change of management (those responsible for the preparation of the financial statements) during the period, this does not diminish management’s responsibilities for the financial statements as a whole. Accordingly, obtaining written representations from management that cover the whole of the relevant period(s) still applies.

### What should the audit team do in the following situations?

1. The audit team considers it necessary to obtain other written representations about the financial statements.

The representation letter should be tailored to include any additional appropriate representations from management. This may include obtaining representations on matters specific to the entity’s business or industry, on specific assertions in the financial statements, or to support other audit evidence related to the financial statements.

Appendix 1 to the Management Representation Letter template contains examples of additional representations that may be appropriate for financial statements prepared in accordance with PSAS, including when an organization applies CPA Canada Public Sector Accounting Handbook, sections PS 4200 to PS 4270.

The audit team should critically evaluate and modify other representations as appropriate, considering specific entity circumstances, significant risks, significant judgments and estimates, unusual or troublesome circumstances, and materiality.

1. Management modifies a written representation from that requested by the auditor.

Refer to CAS 580.A26 and A27 for additional guidance and requirements.

1. The audit team has concerns about the competence, integrity, ethical values, or diligence of management or about its commitment to or enforcement of these.

Refer to CAS 580.16 and .20(a) and A24–A25 for additional guidance and requirements.

1. The audit team has identified inconsistencies between one or more representations and audit evidence obtained from another source.

Refer to CAS 580.17 and A23 for additional guidance and requirements.

1. Management does not provide one or more of the required written representations.

Refer to CAS 580.19 and 20(b) for additional guidance and requirements.

### What can management do if it disagrees with uncorrected misstatements in the financial statements that are included in the Management Representation Letter?

If management believes certain identified items are not misstatements, its belief may be acknowledged by adding to the representation, for example, “We do not agree that items XX and XX constitute misstatements because [describe reasons].” See CAS 450.14 and A24 for additional guidance.

### Should the Management Representation Letter be prepared in both official languages?

Since this communication is coming from the entity, entity management should communicate in accordance with the entity’s own internal policies on official languages.

### What about management representation letters for group audits and component audits?

For guidance regarding management representation letters for group or component audits, consult OAG Audit 2343.

*Note: Auditors of components of the Public Accounts of Canada should also refer to audit instructions received from the public accounts team.*

### How should audit teams handle the transition to a new financial reporting framework?

When doing the audit of the first full year of adoption of the new financial reporting framework, ensure that the periods referred to in the first paragraph of the Management Representation Letter include all periods referred to in the auditor’s report (that is, the date of the opening statement of the financial position during the first year of transition and the comparative period for which you are providing an audit opinion—CAS 710.9 and A1).

Also, when stating amounts for specific items (such as inventory), be sure to include the comparative amount and the comparative period.

Audit teams should also refer to guidance or instructions sent by Audit Services in relation to the transition to a new financial reporting framework.

#### Preparing the draft Management Representation Letter

* The Management Representation Letter must be printed on the Entity’s letterhead.
* Text in blue font should be tailored or removed, as appropriate, and text in black font modified only as indicated in instructions (which appear in *blue italics*).
* Search and replace (Ctrl+H) [Entity] with the short-form name of the entity mentioned in the first paragraph of the letter.
* The engagement team should discuss with the engagement leader whether any “**Other Written Representations**” are necessary to support other audit evidence obtained (CAS 580.13). If the engagement leader determines that “**Other Written Representations**” are necessary, auditors may refer to Appendix 1 for proposed wording to assist with the preparation of the Management Representation Letter. **Note:**Appendix 1 is not to be used as a checklist for inclusion of any and all possible relevant representations.
* The engagement team must tailor the addressee/signature section of the engagement letter according to the characteristics of the engagement.
* Complete the Summary of Unadjusted Misstatements (SUM) in Appendix A to this letter. The audit team may also consider completing the Summary of Adjusted Misstatements (SAM) in Appendix B to this letter.
* There are no hard page breaks in this document—please insert page breaks as appropriate once you have tailored the letter.
* Paragraphs are not numbered in the template. Audit teams may decide to add numbers.
* Ensure that the following are deleted before submitting the final draft to the Entity:
* Instructions preceding page 1 of the letter, including Q and A
* All text in [brackets]
* All blue text
* Bottom-of‑page footnotes
* Appendix 1

#### Other instructions

CAS 260.16(c)(ii) requires the auditor to communicate with those charged with governance the written representations that the auditor has requested from management. A copy (draft or final version) of this letter should be attached to the Report to the Audit Committee—Annual Audit Results.

## [Entity letterhead]

Management Representation Letter—PSAS

Oct-2023

Template Owner: Audit Services

Maintained by: Desktop Publishing

[Date][[1]](#footnote-2)

[Name of the Engagement Leader]  
Office of the Auditor General of Canada  
240 Sparks Street  
Ottawa, Ontario  K1A 0G6  
[or the regional Office address]

We are providing this letter in connection with your audit of the[consolidated] financial statements of [Insert the full entity name here, followed by the short form in brackets. This short form will be used to replace “[Entity]” everywhere it appears in the following template.] [and its subsidiaries together [Entity]] as at [date of the statement of financial position] and for the year then ended for the purpose of expressing an opinion as to whether such [consolidated] financial statements present fairly, in all material respects, the [consolidated] financial position of [Entity], and the [consolidated] results of its operations, [its [consolidated] remeasurement gains and losses[[2]](#footnote-3)], [[consolidated] changes in its [net debt/net financial assets] *(only for PSAS entities without PS 4200 series, as the audit opinion for GNFPOs did not include the statement of changes in net assets)*], and its [consolidated] cash flows, in accordance with Canadian public sector accounting standards (the [consolidated] financial statements).

We have fulfilled our responsibilities[[3]](#footnote-4), as set out in the terms of the audit engagement letter dated [date].

We confirm the following representations:

* We prepared the [consolidated] financial statements in accordance with Canadian public sector accounting standards, in particular the [consolidated] financial statements including disclosures and other information referred to below are fairly presented in accordance therewith.
* We designed, implemented, and maintained an effective system of internal control over financial reporting to enable the preparation and fair presentation of [consolidated] financial statements that are free from material misstatement, whether due to fraud or error.
* We designed, implemented, and maintained an effective system of internal control to prevent and detect fraud.
* We complied with legislative and other authorities that govern [Entity], including [list significant legislative authorities mentioned in the engagement letter and/or the auditor’s report].
* We provided you with all relevant information and access, as agreed in the terms of the audit engagement.
* We ensured all transactions have been recorded in the accounting records and are reflected in the [consolidated] financial statements.

### Preparation of [consolidated] financial statements

The [consolidated] financial statements are fairly presented in accordance with Canadian public sector accounting standards and include all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which [Entity] is subject. We have prepared [Entity]’s [consolidated] financial statements on the basis that [Entity] is able to continue as a going concern. In addition, the [consolidated] financial statements have been prepared on a basis consistent with that of the preceding year[, except for the change in method of accounting for [item affected] as explained in the **Accounting policies** section below].

We have appropriately reconciled our books and records (for example, general ledger accounts) underlying the [consolidated] financial statements to their related supporting information (for example, subledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the [consolidated] financial statements. There were no material unreconciled differences or material items in the general ledger suspense accounts that should have been adjusted or reclassified to another account balance. There were no material items in the general ledger suspense accounts written off to a statement of financial position account that should have been written off to an operations account, nor were there such items written off to an operations account that should have been written off to a statement of financial position account. [All consolidating entries have been properly recorded.] All intra-entity [and inter-entity] accounts have been eliminated or appropriately measured and considered for disclosure in the [consolidated] financial statements.

### Other information

We have informed you of all of the documents, listed below, that we expect to issue or that are otherwise required to be issued in accordance with law, regulation, or custom that will contain or accompany the [consolidated] financial statements and the auditor's report and that will include information on [Entity]’s operations and [Entity]’s financial results and financial position as set out in the [consolidated] financial statements.

|  |  |
| --- | --- |
| **Name of document(s) provided before the auditor’s report date that will contain or accompany the [consolidated] financial statements** | **Name of document(s) that will not be provided before the auditor’s report date that will contain or accompany the [consolidated] financial statements** |
| [Identify which of the other information has been provided prior to the auditor’s report date   * Management's Discussion and Analysis * Annual Report * Financial Statement Discussion and Analysis * other] | [Identify which of the other information has not been provided prior to the auditor’s report date   * Management's Discussion and Analysis * Annual Report * Financial Statement Discussion and Analysis * other] |

We have provided you with the document[s] listed above. The [consolidated] financial statements and this other information included in such document(s) are consistent with one another, and the other information does not contain any material misstatements.

[Add the following paragraph if the entity has not provided other information that will contain or accompany the [consolidated] financial statements.] With respect to the document[s] that you have not yet received, we intend to prepare, and provide to you before issuing such document[s], so you may complete your procedures in accordance with your responsibilities.

### Accounting policies

We confirm that we have reviewed [Entity]’s accounting policies and, with regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the [consolidated] financial statements are appropriate in [Entity]’s particular circumstances. [If applicable, add the following: We are eligible to apply, and have applied, the standards for government not‑for-profit organizations in CPA Canada Public Sector Accounting Handbook, sections PS 4200 to PS 4270.]

[Add the following paragraph if the entity made any changes to its accounting policies. If not, delete the entire paragraph.]Any changes to accounting policies voluntarily adopted by [Entity] for the year ended [date of the statement of financial position] provide reliable and more relevant information about the effects of transactions, other events, or conditions on [Entity]’s financial position, results of operations, [remeasurement gains and losses], changes in [net debt/net financial assets], or cash flows. Choose one of the following sentences: [The revised comparative information resulting from the retroactive application of the change in accounting policy is complete and accurate.] OR[Management has determined that it is impractical to provide retroactive application for the change in accounting policy, as (provide reason here, for example, no information is available, it would require assumptions about management’s intent, or it would require significant estimates).] This fact and the circumstances that led to the existence of that condition, and a description of how and from when the change in accounting policy has been applied, have been disclosed in the notes to the [consolidated] financial statements. All of the disclosures that are related to the change in accounting policy required by the Canadian public sector accounting standards have been provided by [Entity] and are complete and accurate.

### Internal control over financial reporting

We have designed disclosure controls and procedures to ensure that material information related to [Entity] [, including its consolidated subsidiaries,] is made known to us by others within [Entity] [and its consolidated subsidiaries].

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the [consolidated] financial statements for external purposes in accordance with Canadian public sector accounting standards.

We have established and maintained effective internal control over financial reporting.

We have communicated to you all changes of which we are aware in the design and implementation or maintenance of internal control over financial reporting during the period from [date of prior [consolidated] statement of financial position] to the date of this letter. We believe that our internal controls continued to operate effectively in that period.

Choose one of the following sentences:

[We have disclosed to you all deficiencies that we are aware of in the design or operation of [Entity]’s disclosure controls and procedures and internal control over financial reporting.

*OR*

[We have not identified any deficiency in the design and operation of [Entity]’s disclosure controls and procedures and internal control over financial reporting.

### Minutes

All matters requiring disclosure to or approval of the [board of directors or equivalent] have been brought before the [board or equivalent] at appropriate meetings and are reflected in the minutes.

### Disclosure of information

We have provided you with

* access to all information of which we are aware that is relevant to the preparation of the [consolidated] financial statements, such as records, documentation, and other matters, including
* all financial records and related data;
* information regarding significant transactions and arrangements that are outside the normal course of business;
* minutes of the meetings of the board of directors, committees of directors, and management [*change the name of committees, as appropriate*]. The most recent meetings were held [*state by group and date*];
* additional information that you have requested from us for the purpose of the audit; and
* unrestricted access to persons within [Entity] from whom you determined it necessary to obtain audit evidence.

### Completeness of transactions

All contractual arrangements entered into by [Entity] with third parties have been properly reflected in the accounting records and/or have been disclosed to you where material (or potentially material) to the [consolidated] financial statements. [Entity] has complied with all aspects of contractual agreements that could have a material effect on the [consolidated] financial statements in the event of non‑compliance. There are no side agreements or other arrangements (either written or oral) undisclosed to you.

### Fraud

We have disclosed to you

* the results of our assessment of the risk that the [consolidated] financial statements may be materially misstated as a result of fraud;
* all information of which we are aware that is related to fraud, or suspected fraud, affecting [Entity] and involving senior management, management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the [consolidated] financial statements; and
* all information related to any allegations of fraud, or suspected fraud, that could affect [Entity]’s [consolidated] financial statements, and that was communicated by employees, former employees, analysts, regulators, investors, or others.

### Compliance with laws and regulations

We have disclosed to you all aspects of laws, regulations, and contractual agreements that may affect the [consolidated] financial statements, including any known instances of non-compliance or suspected non‑compliance with laws and regulations whose effects should be considered when preparing the [consolidated] financial statements.

We are not aware of any illegal or possibly illegal acts committed by [Entity]’s directors, officers, or employees acting on [Entity]’s behalf. [If there are any illegal or possibly illegal acts, replace previous sentence with the following: We have disclosed to you all facts related to illegal or possibly illegal acts committed by [Entity], including . . .]

There have been no communications from regulatory agencies concerning non‑compliance with or deficiencies in financial reporting practices. [If there are communications from regulatory agencies concerning non-compliance, replace the previous sentence with the following: We have provided you with all communications from regulatory agencies concerning non‑compliance with or deficiencies in financial reporting practices.]

All transactions of [Entity] have been within its statutory powers and enabling legislation. [Entity] has complied with [Indicate legislative authorities the entity must comply with. If the auditor’s report includes an opinion on compliance with authorities, indicate authorities mentioned in the report. If not, indicate significant legislative authorities that govern the entity. The following example is for Crown corporations.] Part X of the *Financial Administration Act* and regulations, the [Entity’s full name] *Act* [and regulations] and the bylaws, [if appropriate, add the following: and any directive given to [Entity] under section 89 of the Financial Administration Act].

We are not aware of any conflicts of interest involving [Entity] where it has, directly or indirectly, entered into any purchase, sale, or other transaction with a member of Parliament, a member of the board of directors, a member of senior management, or a manager; or with an organization in which any of these persons had a direct or indirect interest.

[*Depending on the entity’s facts and circumstances, it may be appropriate for management to represent compliance with applicable sanctions related to the military conflict between Russia and Ukraine. Engagement teams should consider whether the following should be included in the management representation letter:*

**Military conflict between Russia and Ukraine**

We have evaluated the effects or possible effects on our business arising from the military conflict between Russia and Ukraine (“the conflict”) that commenced in February 2022. Our assessment considered [Entity] and our related parties and our relationships and interactions with counterparties and employees. Matters considered in this assessment included, but were not limited to, the implications of the conflict and related global sanctions on accounting, disclosure, and internal control over financial reporting.

[*Add one of the following options, based on the circumstances*]

[*Option 1—No impact*]

On the basis of the results of our evaluation, we confirm that we did not identify any significant impact that affects or may affect [Entity]'s operations. Therefore, we have not made any adjustments or additional disclosures pertaining to the effects or possible effects arising from the conflict in the [consolidated] financial statements.

[*Option 2—With impact*]

On the basis of the results of our evaluation, we identified effects or possible effects arising from the conflict on [Entity]’s operations. We confirm that we have appropriately accounted for and/or disclosed the effects or possible effects arising from the conflict in the [consolidated] financial statements.]

### Accounting estimates and judgments

We are responsible for all significant estimates and judgments affecting the consolidated financial statements. These include fair value measurements and disclosures. [The significant judgments we made have taken into account all relevant information of which we are aware.] The methods, underlying data, and significant assumptions used in developing accounting estimates and the related disclosures are reasonable and appropriate to achieve recognition, measurement, or disclosure in the consolidated financial statements in accordance with Canadian public sector accounting standards. The methods used in developing accounting estimates have been consistently applied in the periods presented and the data used in developing accounting estimates is accurate and complete. Accounting estimates and judgments appropriately reflect management's intent and ability to carry out specific courses of action, where relevant. Disclosures related to accounting estimates are complete and reasonable under Canadian public sector accounting standards. [Appropriate specialized skills or expertise have been applied in making the accounting estimates.] There have been no subsequent events that would require the adjustment of any significant estimates and related disclosures.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CPA Canada Public Sector Accounting Handbook Section 2130, Measurement Uncertainty, have been appropriately disclosed.

[*Where management has not recorded or disclosed fair value measurements—for example, contributions of property, plant and equipment or other non-monetary assets because this information cannot be determined with sufficient reliability, we obtain the following additional representation:* The fair value amounts of [describe fair value information] cannot be determined with sufficient reliability because [describe reasons].

*[In the case of an accounting estimate not recognized or disclosed in the financial statements, the auditor agrees with management’s accounting treatment of the item: For those estimates not recognized or disclosed in the financial statements because management is of the view that the recognition or disclosure criteria of the applicable fair presentation financial reporting framework have not been met, written representations may include the following:*

### We used an appropriate basis for determining that the recognition or disclosure criteria of [specify applicable fair presentation financial reporting framework] have not been met for [identify accounting estimate], an accounting estimate that was not recognized or disclosed in the [consolidated] financial statements.]

### Fair value measurements

We have no plans or intentions that have not been disclosed to you, which may impact the determination of whether a fair value measurement is required in the [consolidated]financial statements.

In instances where fair value measurements are required in the [consolidated]financial statements, we believe the fair value measurement[s] used is [are] consistent with the principle that the fair value is the amount of consideration that would be agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act at the measurement date, consistent with the requirements of CPA Canada Public Sector Accounting Handbook Section PS 3450, Financial instruments. In particular:

* The measurement methods make maximum use of relevant and publicly available and observable market inputs.
* The significant assumptions used in determining fair value measurements represent our best estimates and are reasonable.

We have appropriately disclosed information on fair value measurements used in the [consolidated] financial statements in accordance with the requirements of CPA Canada Public Sector Accounting Handbook, Section PS 3450, Financial instruments. We have appropriately classified fair value measurements in Level 1, Level 2, or Level 3 of the fair value hierarchy[ and have appropriately disclosed the categorization of such financial instruments and any changes in the level for which they are carried in the fair value hierarchy].

### Related parties

We confirm that we have disclosed to you the identity of [Entity]’s related parties as defined by CPA Canada Public Sector Accounting Handbook, Section PS 2200, Related party disclosures, and all the related party relationships and transactions.

The identity and relationship of, and balances and transactions with, related parties have been properly recorded and adequately disclosed in the [consolidated] financial statements, as required by CPA Canada Public Sector Accounting Handbook, Section PS 2200, Related party disclosures. [We provided support for any assertion that a transaction with a related party was conducted on terms equivalent to those prevailing in an arm’s length transaction.]

We confirm that we have identified to you all members of key management and close family members of key management, as defined by CPA Canada Public Sector Accounting Handbook, Section PS 2200, Related party disclosures.

[In addition to the representations obtained from management in this letter, circumstances may exist in which it is appropriate to obtain written representations from those charged with governance. For example, such circumstances may include when those charged with governance

* have approved specific related party transactions that (a) materially affect the [consolidated] financial statements or (b) involve management;
* have made specific oral representations to the auditor on details of certain related party transactions; or
* have financial or other interests in the related parties or the related party transactions.

If such circumstances exist, engagement teams should consider obtaining a separate representation letter from those charged with governance to address any specific representations required.]

### Going concern

There are no events or conditions that, individually or collectively, may cast significant doubt on [Entity]'s ability to continue as a going concern.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the [consolidated] financial statements (for example, to dispose of the business or to cease operations).

[*Remove the first paragraph of this section and add the following paragraph if events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern* *have been identified. (Note that in these circumstances, the auditor’s report would ordinarily be modified to reflect such uncertainty.)*]

The [consolidated] financial statements disclose all matters of which we are aware that are relevant to [Entity]’s ability to continue as a going concern, including all significant conditions and events, mitigating factors, and [Entity]’s plans. [Entity] also has the intent and ability to take actions necessary to continue as a going concern. We have made available to you all relevant information on [Entity]’s ability to continue as a going concern that could affect the [consolidated] financial statements, including the recoverability or classification of recorded assets or the amounts and classification of liabilities.]

Accordingly, [Entity]’s [consolidated] financial statements are appropriately prepared on a going concern basis.

[If events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern have been identified, the engagement team may want to include written representations from management and, where appropriate, those charged with governance regarding their plans for future action and the feasibility of these plans.]

[Where the Entity’s cash flow projections are a significant factor in concluding that the going concern assumption is appropriate with or without an uncertainty disclosure, the engagement team may want to include specific representations about the cash flow projections. For example:

You have been made aware of and given access to inside and outside sources of information on which [Entity] relied in preparation of the forecast.

The assumptions underlying the forecast reflect management’s judgment as to the most probable set of economic conditions and [Entity]’s planned courses of action for [period]. These assumptions are supportable and consistent with the plans of [Entity], and they are reflected in the forecast. All such assumptions have been disclosed to you.

The forecast has been compared to [Entity]’s budgets and operating plans and any inconsistencies between the two have been disclosed to you. All information necessary for a reasoned evaluation of the forecast has been disclosed to you and, except as disclosed to you, no events are expected to occur or are pending and no facts have been discovered to date which would have a material effect on this forecast, including items of such significance to the entity as would require changes in the assumptions or disclosure in the forecast.

The financial forecast, together with supporting documentation for the principal assumptions, has been reviewed by management and the board of directors. At a directors’ meeting on [date], the directors and management acknowledged their sole responsibility for the preparation of the forecast and for the determination and appropriateness of the assumptions used. To the best of our knowledge and belief, this forecast represents [Entity]’s current best estimate of the most probable forecast for the period.]

### Assets and liabilities

We have satisfactory title or control over all assets. All liens or encumbrances on [Entity]’s assets and assets pledged as collateral, to the extent material, have been disclosed in note [X] to the [consolidated] financial statements. All contingent assets, in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3320, Contingent assets, have been disclosed to you and are appropriately reflected in the [consolidated] financial statements.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian public sector accounting standards. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which [Entity] is contingently liable in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3300, Contingent liabilities [and/or Section PS 3310, Loan Guarantees], have been disclosed to you and are appropriately reflected in the [consolidated] financial statements.

### Specific representations

[Other written representations may be needed to ensure sufficient appropriate audit evidence by supporting other audit evidence obtained and relevant to the financial statements or one or more specific assertions in the financial statements. See the template instructions, where the engagement leader decides to include “Other written representations”; for potential wording, refer to Appendix 1—Additional illustrative representations that may be appropriate for [consolidated] financial statements prepared in accordance with Canadian public sector accounting standards.]

### Litigation and claims

All known actual or possible litigation and claims, which existed at the [consolidated] statement of financial position date or exist now, have been disclosed to you and have been accounted for and disclosed in accordance with Canadian public sector accounting standards, whether or not they have been discussed with legal counsel.

### Misstatements

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the [consolidated] financial statements are free of material misstatements, including omissions.

[*Add one of the following paragraphs:*

We confirm there are no uncorrected misstatements in the [consolidated] financial statements.

*OR*

The effects of the uncorrected misstatements in the [consolidated] financial statements, as summarized in Appendix A [*Attach the Summary of Unadjusted Misstatements (SUM) to the letter*], are immaterial, both individually and in the aggregate, to the [consolidated] financial statements taken as a whole. We confirm that we are not aware of any uncorrected misstatements other than those included in Appendix A.]

[And if applicable]

The adjusted misstatements summarized in Appendix B[[4]](#footnote-5) [Attach the Summary of Adjusted Misstatements (SAM) to the letter] have been approved by [Entity] and adjusted in the [consolidated] financial statements. [If there is no adjusted misstatement, replace with the following: No adjusted misstatement was identified during your audit.]

### [Restatement of previous year’s balance(s)

The restatement made to correct a material misstatement in the previous year’s [consolidated] financial statements that affects the comparative information has been appropriately accounted for and disclosed in accordance with the requirements of CPA Canada Public Sector Accounting Handbook, Section PS 2120, Accounting changes.]

*[If CAS 701, Communicating key audit matters in the independent auditor’s report is applicable, consider including the following section:*

### Key audit matter—Non-disclosure of key audit matters in the auditor’s report due to adverse public consequences

### [Inclusion of this section in a representation letter is expected to be rare. If you are contemplating including this section, consult with Audit Services. We may conclude that it is necessary to obtain a written representation from management as to why management believes that public disclosure about the key audit matter is not appropriate, including management’s view about the significance of the adverse consequences that may arise as a result of such communication (CAS 701.A54), such as the following:]

### In our view, disclosure of [describe the matter], which you have determined to be a key audit matter, is not appropriate because such disclosure would have, in our view, the following adverse public consequences if communicated in the auditor’s report: [Describe management’s views about the adverse consequences that would arise if the matter was disclosed in the auditor’s report and the significance of the adverse consequences].

### Events after the [consolidated] statement of financial position date

We have identified all events that occurred between the date of the [consolidated] statement of financial position and the date of this letter that may require adjustment of, or disclosure in, the [consolidated] financial statements, and we have made such adjustment or disclosure.

### Other Items [*insert as appropriate*]

In retaining sales and procurement agents, [Entity] has appropriately selected, contracted, approved, and disclosed matters related to sales and procurement agents. [*If the entity does not retain sales or procurement agents, state this fact*.]

No “letters of comfort” to financial institutions from [Entity] have been issued, nor to the best of our knowledge and belief have such letters been issued by the minister responsible for [Entity]. Nor have any such letters been in force at any time during the year or subsequently [*OR* *list the following information for each “letter of comfort”: date of issue, borrower, lender, date and number of order‑in‑council, amount and term of borrowing, and interest rate*].

[Entity] has not issued any offering documents during the year, nor does it intend to issue offering documents in the near term [except for (*state exceptions, if any)*].

Yours truly,

[**Name of Entity**]

|  |
| --- |
|  |
| [Name and title of chief executive officer] |
|  |
| [Name and title of chief financial officer] |
|  |
| [Name and title of other appropriate member(s) of management] [[5]](#footnote-6) |

# Appendix A—Summary of Unadjusted Misstatements (SUM)

*[Certain columns may be deleted where appropriate. For example, cash flow columns may be eliminated where none of the items affect the statement of cash flow. Also, the distinction between current year and previous year is not necessary when the iron curtain method (rather than the rollover method) is used to evaluate the impact of misstatements on the statement of operations; thus, the previous year column may be removed. Misstatements for PSAS entities may be presented by financial assets, non‑financial assets, and liabilities; and for GNFPOs, they may be presented by net assets, current assets, current liabilities, or other . . . (the audit team should update the titles in the table below based on the entity’s classification: GNFPO or PSAS entity). In certain cases, it may be appropriate to add line(s) or column(s)—for example, where there are financial statement disclosure deficiencies or where there are misstatements that have impacts on the statement of remeasurement gains and losses for PSAS entities and GNFPOs that apply PS 1201, or on the statement of change in net debt or net financial assets for PSAS entities, or on the statement of changes in net assets for GNFPOs.]*

| Impact of Adjustments on Financial Statement (in thousands of dollars)—Increase (Decrease) | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Net surplus (deficit) | | | Statement of financial position | | | | | Statement of cash flows | | | |
|  | Unadjusted differences arising in | | |
| Description | Current year | Previous year | Total | Accumulated surplus (deficit) | Financial assets | Non‑financial assets | Liabilities | Operating activities | | Investing activities | Financing activities | Capital activities[[6]](#footnote-7) |
|  |  |  |  |  |  |  |  |  | |  |  |  |
| Total adjustments |  |  |  |  |  |  |  |  | |  |  |  |
| Financial statement amounts |  |  |  |  |  |  |  |  | |  |  |  |
| Impact as a percentage of financial statement amounts |  |  |  |  |  |  |  |  | |  |  |  |

# Appendix B—Summary of Adjusted Misstatements (SAM) [optional]

*[Certain columns may be deleted where appropriate. For example, cash flow columns may be eliminated if none of the items affect the statement of cash flow. Misstatements for PSAS entities may be presented by financial assets, non‑financial assets, and liabilities; and for GNFPOs, they may be presented by net assets, current assets, current liabilities, or other . . . (the audit team should update the titles in the table below based on the entity’s classification: GNFPO or PSAS entity). In certain cases, it may be appropriate to add line(s) or column(s)—for example, if there are financial statement disclosure deficiencies or if there are misstatements that have impacts on the statement of remeasurement gains and losses for PSAS entities and GNFPOs that apply PS 1201, or on the statement of change in net debt or net financial assets for PSAS entities, or on the statement of changes in net assets for GNFPOs.]*

| Impact of Adjustments on Financial Statement (in thousands of dollars)—Increase (Decrease) | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Net surplus (deficit) | Statement of financial position | | | | Statement of cash flows | | | |
|  | Adjusted differences arising in |
| Description | Current year | Accumulated surplus (deficit) | Financial assets | Non‑financial assets | Liabilities | Operating activities | Investing activities | Financing activities | Capital activities[[7]](#footnote-8) |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Total adjusted misstatements |  |  |  |  |  |  |  |  |  |

## Appendix 1—Additional illustrative representations that may be appropriate for [consolidated] financial statements prepared in accordance with Canadian public sector accounting standards, including when an organization applies CPA Canada Public Sector Accounting Handbook, sections PS 4200 to PS 4270

## INSTRUCTIONS FOR AUDITORS

The representation letter should be tailored to include any additional appropriate representations from management. This may include obtaining representations on matters specific to the entity’s business or industry, on specific assertions in the financial statements, or to support other audit evidence related to the financial statements.

These illustrative representations should be reviewed to determine which items are applicable to the engagement and should be added to the management representation letter. The audit team should critically evaluate and modify other representations as appropriate, considering specific entity circumstances, significant risks, significant judgments and estimates, unusual or troublesome circumstances, and materiality.

These examples are not exhaustive, and other items related to the Entity’s business should be added as necessary.

Search for “[Entity]”and replace all instances with the short form of the entity’s name.

All text in blue should be tailored or removed as appropriate.

## ADDITIONAL REPRESENTATIONS

### Cash and banks

The books and records properly reflect and record all transactions affecting cash funds, bank accounts, and bank indebtedness of [Entity].

All cash balances are under the control of [Entity], free from assignment or other charges, and unrestricted as to use[, except as disclosed to you].

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of [Entity].

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balance[s] or line[s] of credit or similar arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of [Entity] are included in the [consolidated] financial statements.

### Restricted assets and revenues

[*For entities applying PSAS without* *the PS 4200 series, consider including the following section.*]

All assets and revenues subject to externally imposed restrictions are disclosed in the [consolidated] financial statements.

All externally restricted inflows, other than those that relate to government transfers received or trusts under administration, have been recognized as revenue in the year in which the resources were used for the purpose(s) specified. All externally restricted inflows received before this criterion has been met have been reported as liabilities until the resources are used for the purpose(s) specified.

Condensed supplementary financial information relative to internally restricted entities has been disclosed in the [consolidated] financial statements, by entity and as a whole.

### Accounts receivable

All amounts receivable by [Entity] were recorded in the books and records.

Amounts receivable amounting to $[amount] are considered to be fully collectible, except to the extent of $[amount], in relation to which an appropriate allowance has been made in the accounts.

All receivables are free from hypothecation or assignment as security for advances to [Entity], except as hereunder stated.

[Entity] has accounted for and disclosed to you all transfers of receivables (including securitizations) that have occurred during the year.

[For entities applying PSAS without the 4200 series, add the following paragraph:

Receivables, other than transfers receivable accounted for in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3410, Government transfers, and taxes receivable accounted for in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3510, Tax revenue, recorded in the [consolidated] financial statements, represent bona fide claims against debtors for sales or other charges arising on or before the [consolidated] statement of financial position date and are not subject to discount except for normal cash discounts.]

[For entities applying sections PS 4200 to PS 4270, add the following paragraphs:

All contributions receivable, including government funding receivables, that are recorded in the [consolidated] statement of financial position are reasonably assured of collection and we have made you aware of all relevant facts and circumstances in making this determination. Recognized contributions receivable do not include any bequests.

Receivables (other than contributions receivable accounted for in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 4220, Contributions receivable), recorded in the [consolidated] financial statements, represent bona fide claims against debtors for sales or other charges arising on or before the [consolidated] statement of financial position date and are not subject to discount except for normal cash discounts.]

### Loans receivable

We have disclosed to you all loan agreements containing forgivable conditions, significant concessionary terms, and those that are to be repaid through future appropriations.

Loans receivable that are not to be repaid through future appropriations and that do not contain forgivable conditions have been accounted for as financial assets, in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3050, Loans receivable (PS 3050). The cost of loans receivable excludes any portion of the loan that will be repaid through future appropriations and any grant portion relating to significant concessionary terms of the loan.

We have reviewed loans receivable for collectability, risk of loss, and expected forgiveness, and made appropriate valuation allowances or write-offs thereon if necessary, in accordance with PS 3050. The valuation allowance for loan losses and/or forgiveness encompasses probable credit losses related to specifically identified loans as well as probable credit losses inherent in the remainder of the loan portfolio that have been incurred as at the date of the [consolidated] statement of financial position.

### Inventory

Inventories classified as held for resale and held for consumption in the [consolidated] financial statements are stated at the lower of cost or net realizable value [Audit team to tailor to client’s policy as necessary], with cost determined on the basis of [*state cost formula used*, for example, FIFO or weighted average cost], with due provision recorded to reduce all damaged, wholly or partially obsolete, or unusable inventories to their estimated selling price less estimated cost to sell.

Inventory quantities as at the date of the [consolidated] statement of financial position were determined from physical counts or from [Entity]’s perpetual inventory records, which have been adjusted on the basis of physical inventories taken by competent employees as at [dates of physical inventory or various times during the year]. Liabilities for amounts unpaid are recorded for all items included in inventories as at the date of the [consolidated] statement of financial position, and all quantities billed to customers on this date are excluded from the inventory balances.

Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value [audit team to tailor to client’s policy as necessary].

There have been no events, conditions, or changes in circumstances that indicate inventory held for consumption will no longer be used or consumed in [Entity]’s operations.

[*For entities applying sections PS 4200 to PS 4270,* *add the following paragraph:*

[Entity] has chosen to recognize inventories and other contributions of materials and services. All recognized contributed materials and services have been recorded at fair value when the fair value can be reasonably estimated and when they are used in the normal course of [Entity]’s operations and would otherwise have been purchased. The amounts recorded as fair value represent management’s best estimates of these amounts.]

### Portfolio investments and other financial assets

All securities and other financial assets that are owned by [Entity] were recorded in the accounts.

All income earned on the financial assets has been recorded in the accounts, and any interest income has been accrued using the effective interest rate method.

[*Insert one of the following two paragraphs:*

We are not aware of any objective evidence of impairment that would result in the recognition of an impairment loss on any financial asset [, except for *provide specific details of exceptions*].

*OR*

We are aware of objective evidence of impairment with respect to [*specify portfolio investment asset*]; however, we believe that the impairment is not other than temporary because of the following: [*specify reasons*].]

You have been informed of the acquisition or the formation of all subsidiaries, significantly influenced organizations, governmental units, business enterprises, partnerships, joint ventures, or other participations during the year.

All transactions with subsidiaries, significantly influenced organizations, governmental units, business enterprises, partnerships, joint ventures, or other participations have been recorded in the accounts presented to you. All investments in and advances to subsidiaries, significantly influenced organizations, governmental units, business enterprises, partnerships, joint ventures, or other participations are appropriately recorded, and there is no evidence of impairment in value below the resulting balances shown in the [consolidated] financial statements.

There has been no activity in any dormant or inactive subsidiaries, significantly influenced organizations, governmental units, business enterprises, partnerships, joint ventures, or other participations, except as disclosed to you.

[Entity]’s investment in the common stock of [name of investee] has been classified as a portfolio investment and measured in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3041, Portfolio investments.

All investments in equity securities that are traded in an active market and are not subject to significant influence are accounted for at fair value.

[*For entities applying sections PS 4200 to PS 4270,**include either or both of the following two paragraphs as appropriate:*

The modified equity method is used to account for [Entity]’s investment in the [*state applicable form of investment—for example, “common stock*”] of [name of investee]because [Entity] has the ability to exercise significant influence over [name of investee]**’**s operating and financial policies, and [name of investee] is a profit-oriented enterprise.

*AND/OR*

The cost method is used to account for [Entity]’s investment in the [*state applicable form of investment—for example, “common stock*”] of [name of investee] because [Entity] does not have the ability to exercise significant influence over [name of investee]’s operating and financial policies and the investment is not traded in an active market.]

### Derivative financial instruments

[Entity] has recognized and recorded at fair value all embedded derivative instruments that are required to be separated from their host contracts, in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3450, Financial instruments.

[Entity] has recognized and recorded at fair value all non‑financial derivatives that are included within the scope of CPA Canada Public Sector Accounting Handbook, Section PS 3450, Financial instruments.

[*Although management representation letters usually are signed by personnel with primary responsibility for the entity and its financial aspects (usually the chief executive officer and the chief financial officer), the auditor may wish to obtain representations about activities involving derivative financial instruments from those responsible for activities involving derivative financial instruments within the entity. Depending on the volume and complexity of activities involving derivative financial instruments, management representations about derivative financial instruments may include the following:*

We confirm that our objectives with respect to derivative financial instruments are [*Describe objectives*, *for example, whether derivative financial instruments are used for hedging or speculative purposes*].

We confirm that

* the records reflect all transactions involving derivative financial instruments, and
* the assumptions and methodologies used in the valuation models applied to derivative financial instruments are reasonable.]

All transactions involving derivative financial instruments have been conducted at arm’s length and at fair values.

We have disclosed to you the terms of transactions involving derivative financial instruments [*consider describing terms for individual transactions*].

There are no side agreements associated with any derivative financial instruments [*describe individual circumstances*].

[Entity] has entered into the following written options: [*Describe.*] [*If not applicable, delete this representation.*]

### Financial instruments (disclosures)

In relation to the risks associated with [Entity]’s financial instruments and the disclosures required by CPA Canada Public Sector Accounting Handbook, Section PS 3450, Financial instruments, we confirm the following:

* All material risks to which [Entity] is exposed as a result of its financial instruments, including risk exposures arising from transferred financial assets, have been disclosed.
* The following information about each class of financial asset, both recognized and unrecognized, has been properly disclosed in the [consolidated] financial statements:
* amount of the maximum credit risk exposure without regard to collateral,
* significant concentrations of credit,
* credit quality of financial assets that are neither past due nor impaired,
* details of financial assets that are either past due or impaired, and
* collateral held as security and of other credit enhancements.
* [*If appropriate*] The sensitivity analysis has been disclosed in relation to all material market risks, and includes
* changes in relevant risk variables that represent our best estimate of reasonably possible changes at that date, and
* amounts that represent our best estimates of how net [surplus (deficit) (and remeasurement gains and losses, when applicable)] would have been affected by such changes in the relevant risk variables.
* The liquidity risk analysis disclosed includes the contractual cash flows of all of [Entity]’s non‑derivative and derivative financial liabilities. Cash flows for which uncertainty exists over future timing, as a result of the counterparty’s choice of when the amount is paid, are included in the maturity analysis on the basis of the earliest date on which the entity can be required to pay.
* Collateral and other credit enhancements held by [Entity] have all been disclosed in the [consolidated] financial statements, including our best estimates of the fair values thereof. Where [Entity] has recognized financial or non‑financial assets by taking possession of collateral or other credit enhancements, disclosure has been made of
* the nature and carrying values of the assets obtained; and
* when the assets are not readily convertible into cash, [Entity]’s policies for disposing of such assets or for using them in its operations.

### Financial instrument (Presentation—Offsetting of financial assets and financial liabilities)

Regarding [specify relevant financial assets] that have been offset against [specify financial liabilities] and the net amount reported, we confirm that we are satisfied as to the legal right of offset under [insert jurisdiction] and confirm that we have the intention of either settling on a net basis or of realizing the asset and settling the liability simultaneously. Disclosures in respect of offsetting have been provided as appropriate.

### Acquisition of governmental units

[Entity] properly recorded the fair value of contingent consideration at the date of acquisition of [*provide name of acquired organization*]as part of the cost of the business acquired.

In conjunction with its acquisition of [Acquired Organization/Unit], [Entity] has properly

* concluded that the acquisition is a purchase of a governmental unit as defined in CPA Canada Public Sector Accounting Handbook, Section PS 2510, Additional areas of consolidation; and
* identified, valued, and recorded all the identifiable acquired assets and liabilities assumed.

The premium arising on acquisition of the government unit was charged to expenses.

The interest in the identifiable assets acquired and liabilities assumed, based on their fair values, exceeding the purchase cost, was assigned to identifiable non‑monetary assets, eliminating the excess.

**Purchase premium [specific to the acquisition of a government business enterprise only]**

[*For entities applying PSAS* without *the PS 4200 series, consider including the following section*]

The costs of all purchase premiums of material value were included in the books and records.

The acquired government business enterprise [has *OR* does not have] in place a realistic and specific business plan demonstrating that the projected future results of operations of the government business enterprise will be sufficient to recover the purchase premium over its amortization period. The purchase premium arising on the acquisition of the government business enterprise has therefore been [deferred and amortized to income *OR* expensed].

The amortization period used is the lesser of the life of the purchase premium and 20 years.

The method of amortization used is the straight-line method [*OR* other systematic method if demonstrated to be more appropriate in the circumstances].

[*Choose one of the two following paragraphs:*

There were no circumstances indicating permanent impairment of our investments in government business enterprises.

*OR*

During the year, we became aware of a permanent impairment in the purchase price discrepancy of our investment in [Name of government enterprise]. Consequently, we have written down the purchase price discrepancy by $[amount] and have charged the amount of the write-down to income against income from this investment.]

Purchase premiums arising on the acquisition of all other governmental units have been expensed as incurred.

All excesses of the fair value of identifiable assets acquired and liabilities assumed over the purchase cost have been eliminated against identifiable non‑monetary assets.

### Leases held as lessee

[Entity] has recorded contingent rent expenses as incurred, in accordance with CPA Canada Public Sector Accounting Guideline PSG-2, Leased Tangible Capital Assets.

### Tangible capital assets[[8]](#footnote-9)

All charges to tangible capital asset accounts represented the actual cost of additions to tangible capital assets [add the following if applicable: or the fair value at the date of contribution]. All recognized tangible capital assets are expected to benefit future periods, and are free from any assignments, liens, or hypothecations.

All contributed tangible capital assets have been recorded at fair value at the date of the contribution. [Except for [list assets] that were recorded at a nominal amount, because the fair value cannot be reasonably estimated at the date of contribution. The nature and use of these assets has been disclosed in note [X] to the [consolidated] financial statements.]

[If the entity has adopted CPA Canada Public Sector PS 3160, Public private partnerships (effective for years beginning on or after 1 April 2023), include the following paragraph:

Infrastructure constructed or acquired as part of a public private partnership arrangement has been recognized at cost, which represents fair value of the asset at the date of recognition. This has been measured using the costs stated in the procurement process and the contractual agreement only when the costs are determinable and verifiable [except for [list assets] where cost was neither determinable nor verifiable from the public private partnership process and agreement, cost was determined to be equal to the estimated fair value of the asset at the transaction date using estimation techniques [such as independent market appraisals, estimates generated based on relevant past data or transactions, and quotes generated by other bidders].]

No significant tangible capital asset additions were charged to repairs and maintenance or other expense accounts.

Book values of tangible capital assets sold, destroyed, abandoned, or otherwise disposed of have been eliminated from the accounts.

Tangible capital assets owned by [Entity] are being depreciated on a systematic basis over their estimated useful lives, [and the provision for depreciation was calculated on a basis consistent with that of the previous date]. During the year, we reviewed the appropriateness of the depreciation policy and estimate of useful lives for tangible capital assets, taking into account all pertinent factors. Any changes in our assessment from the prior year have been adequately disclosed and reflected in the [consolidated] financial statements.

All lease agreements covering assets leased by or from [Entity] have been disclosed to you and classified as leased tangible capital assets or operating leases in accordance with CPA Canada Public Sector Accounting Handbook Guideline PSG‑2, Leased tangible capital assets.

Leased tangible capital assets are being amortized on a systematic basis over the period of expected use.

[*For entities applying PSAS* without *the PS 4200 series*

*[Choose one of the two following paragraphs:*

There have been no events, conditions, or changes in circumstances that indicate that a tangible capital asset no longer contributes to [Entity]’s ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. We believe that the carrying amount of [Entity]’s long-lived tangible capital assets is fully recoverable in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3150, Tangible capital assets.

*OR*

During the year, we noted conditions indicating that a tangible capital asset no longer contributed to [Entity]’s ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset was less than its net book value. Accordingly, the cost of the tangible capital asset was reduced by $[amount] to reflect the decline in the asset’s value, and the resulting write-down has been recorded as an expense in the year, in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3150, Tangible capital assets.]]

[*For entities applying sections PS 4200 to PS 4270*

[*Choose one of the two following paragraphs:*

There have been no events, conditions, or changes in circumstances that indicate that a capital asset no longer contributes to [Entity]’s ability to provide goods and services. We believe that the carrying amount of [Entity]’s capital assets is fully recoverable in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 4230, Capital assets held by not‑for‑profit organizations.

*OR*

During the year, we noted conditions indicating that a capital asset no longer contributed to [Entity]’s ability to provide goods and services. Accordingly, the cost of the capital asset was reduced by $[amount] to write-down the asset to its residual value, and the resulting write‑down has been recorded as an expense in the year, in accordance with CPA Canada Public Sector Accounting Handbook Section, PS 4230, Capital assets held by not-for-profit organizations.]

All collections accounted for using the guidance in CPA Canada Public Sector Accounting Handbook, Section 4240, Collections held by not-for-profit organizations meet the definition of a *collection* in PS 4240.03. [There have been no sales of items in the collection during the year] OR [Any proceeds from sales of items in the collection during the year were used to acquire other items to be added to the collection or for direct care of the collection].]

### Intangible assets

[*For entities applying PSAS without the PS 4200 series:*

[*If the entity has adopted PSG-8, Purchased Intangibles, (effective for years beginning on or after 1 April 2023 with early adoption available), include the following section:*

Intangible assets (except computer software), including those that have been developed, constructed, or inherited in right of the Crown, are not recognized as assets in the [consolidated] financial statements.

All charges to intangible asset accounts represented the actual cost of intangible assets purchased from third parties in arm’s length exchange transactions, including those that arose from public private partnership arrangements. These meet the definition of an asset under CPA Canada Public Sector Accounting Handbook Section PS 1000, Financial statement concepts, and PS 3210, Assets. All recognized intangible assets are expected to benefit future periods and are free from any assignments or hypothecations.

No significant purchased intangible asset additions were charged to expense accounts.

Book values of purchased intangible assets sold, abandoned, or otherwise disposed of have been eliminated from the accounts.

Purchased intangible assets owned by [Entity] are being depreciated on a systematic basis over their estimated useful lives, [and the provision for depreciation was calculated on a basis consistent with that of the previous date]. During the year, we reviewed the appropriateness of the depreciation policy and estimate of useful lives for purchased intangible assets, taking into account all pertinent factors. Any changes in our assessment from the prior year have been adequately disclosed and reflected in the [consolidated] financial statements.

There have been no events, conditions, or changes in circumstances that indicate that the carrying amount of a purchased intangible asset is not recoverable.

OR

During the year, we noted conditions indicating that the carrying amount of a purchased intangible asset is not recoverable. Accordingly, the cost of the purchased intangible asset was reduced by $[amount] to write-down the asset.]

[*If the entity has not adopted PSG-8, Purchased Intangibles, include the following section*:

Intangible assets (except computer software), including those that have been purchased, developed, constructed, or inherited in right of the Crown, are not recognized as assets in the [consolidated] financial statements.]

[For entities applying sections PS 4200 to PS 4270, add the following paragraph, if applicable:

Intangible assets are recognized and accounted for in the [consolidated] financial statements consistent with tangible capital assets in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 4230, Capital assets held by not‑for-profit organizations.]

### Research and development costs

[For entities applying sections PS 4200 to PS 4270, add the following paragraph, if applicable:

All research and development costs have been identified in the accounts and were charged to expense[, except those development costs meeting the definition of an asset under CPA Canada Public Sector Accounting Handbook Section PS 4230, Capital assets held by not‑for‑profit organizations, and Section PS 3210, Assets].

All deferred development costs represent costs incurred to develop identifiable intangible assets, which are expected to benefit future periods, are reasonably expected to be recoverable, and, where appropriate, are being written off on a basis that reasonably amortizes the cost of the asset over the expected period of the sales or use of the related product or process.]

### Works of art, historical treasures, inherited natural resources, and Crown lands

[For entities applying PSAS without the 4200 series:

Works of art, historical treasures, inherited natural resources, and Crown lands are not recognized in the [consolidated] financial statements. The nature of the works of art and the historical treasures held by [Entity] has been disclosed.]

*[*For entities applying sections PS 4200 to PS 4270:

Works of art and historical treasures are recognized in the [consolidated] financial statements in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 4230, Capital assets held by not‑for-profit organizations, and Section PS 4240, Collections held by not‑for‑profit organizations.]

### Long-term debt

All borrowings and financial obligations of [Entity] of which we are aware are included in the [consolidated]financial statements as at the date of the [consolidated] statement of financial position, as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

[Entity] has properly accounted for and disclosed the impact of conversion features associated with its [*provide specific description of convertible debt*] pursuant to the appropriate authoritative guidance. We have fully disclosed to you all conversion features associated with the debt.

[*For entities applying sections PS 4200 to PS 4270:*

[Entity] has appropriately classified as current and non‑current its [*provide specific description of debt*] in [Entity]’s [consolidated] statement of financial position as at [date of the [consolidated] statement of financial position]in accordance with the appropriate authoritative guidance. In evaluating the appropriate classification of its borrowings, [Entity] considered all relevant facts and circumstances [*the audit team should consider tailoring the following:* for example, contractual terms, the existence of call options, subjective acceleration clauses, material adverse changes clauses, lockbox arrangements, covenant violations, renewal features, conversion features, redemption features, and ability and intent to refinance].]

[*Choose one of the two following paragraphs:*

[Entity] has not violated any covenants on [*provide specific description of debt*] during the year. We have fully disclosed to you all covenants and information related to how we determined our compliance with the terms of the covenants.

*OR*

[Entity] violated certain debt covenants related to the [*provide specific description of debt*]during the year. [Entity] has properly considered the impact of the debt covenant violation[s] on the classification of debt pursuant to the appropriate authoritative literature. We have fully disclosed to you all covenants and information related to how we determined our compliance with the terms of the covenants.]

[*For entities applying sections PS 4200 to PS 4270:*

[Entity] has excluded short-term obligations totalling $[amount] from current liabilities as at [date of the [consolidated] statement of financial position] because it intends to refinance the obligations on a long-term basis. [*Complete with appropriate wording, detailing how amounts will be refinanced, as follows:*]

[Entity] has issued a long-term obligation [debt or equity security] after the date of the [consolidated] statement of financial position, but prior to the issuance of the [consolidated] financial statements, for the purpose of refinancing the short-term obligations on a long-term basis.

*OR*

[Entity] has the ability to consummate the refinancing, by using the financing agreement referred to in note [XX] to the [consolidated] financial statements.]

[Entity] intends to restructure the debt [*provide specifics of debt in troubled situation*].

[Entity] has properly recorded and disclosed the modification of its [*provide specific description of modified debt*] pursuant to CPA Canada Public Sector Accounting Handbook, Section PS 3450, Financial instruments. We have fully disclosed to you all modifications to the terms of the debt.

*OR*

[Entity] has properly recorded and disclosed the exchange of [*provide specific description of old debt*] for [*provide specific description of new debt*] pursuant to CPA Canada Public Sector Accounting Handbook, Section PS 3450, Financial instruments. We have fully disclosed to you the terms of the [*provide specific description of new debt*]*.*

### Deferred revenue and deferred contributions

All material amounts of deferred revenue and deferred contributions were appropriately recorded in the books and records.

### Government transfers

[*For entities applying PSAS* without *the PS 4200 series, consider including the following section*]

* **Transferring organization**

Transfers have been recognized as an expense in the year the transfer has been authorized and all eligibility criteria have been met by the recipient.

* **Recipient organization**

We have disclosed all significant terms and agreements related to transfers received from governments. [Teams should tailor this section to describe specific transactions and the terms of these transactions.]

Transfers without eligibility criteria or stipulations have been recognized as revenue once the transfer has been authorized.

Transfers with eligibility criteria but without stipulations have been recognized as revenue once the transfer has been authorized and all eligibility criteria have been met.

Transfers with or without eligibility criteria, but with stipulations, have been recognized as revenue in the year the transfer has been authorized and all eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3200, Liabilities.

### Disclosure

The major kinds of transfers recognized have all been disclosed in the [consolidated] financial statements as well as the nature and terms of liabilities arising from government transfers received.

### Contributions

[For entities applying PS 4200 to 4270, consider including the following section]

[If the entity uses the restricted fund method, include the following representation:

We have recorded all contributions received during the year in the [consolidated] financial statements. We confirm that contributions received in the year have been recognized as revenue in the appropriate fund and reflect restrictions placed on the use of the contributions by the donor. We have disclosed to you the existence and nature of all external restrictions on material contributions received in the year.]

[*If entity uses the deferral method, include the following representation*:

We have recorded all contributions received during the year in the [consolidated] financial statements. We confirm that contributions received during the year have been recorded as revenue [in the appropriate fund] only when the contribution was unrestricted or the externally imposed restrictions have been met during the year. We have disclosed the existence and nature of all external restrictions on material contributions received during the year.]

### Retirement benefits, post-employment benefits, compensated absences, and termination benefits

All arrangements to provide retirement benefits, post-employment benefits, compensated absences and termination benefits have been identified to you and have been included in the actuarial valuation as required.

[*For defined benefit pension plan*] The details of all pension plan amendments since [date of last valuation], the date of the last actuarial valuation, have been identified to you.

[*For defined benefit pension plan*] The actuarial valuation dated [date of last valuation] incorporates management’s best estimates, detailed as follows:

The actuarial assumptions and methods used to measure liabilities and costs for financial accounting purposes for pension and other post-retirement benefits are appropriate in the circumstances.

[*For defined benefit pension plan*] [*Where latest actuarial valuation for accounting purposes is not at the date of the [consolidated] statement of financial position*] All changes to the plan provisions and the employee group, or events that had an impact on the plan’s performance since the last actuarial valuation have been reviewed, communicated to you and the actuary, and considered in determining the pension plan cost and the estimated actuarial present value of accrued pension benefits and value of pension plan assets.

[Entity]’s actuaries have been provided with all information required to complete their valuation as at [date of last valuation] [*if extrapolation is used from last valuation,* *add the following:* and their extrapolation to [date of the [consolidated] statement of financial position].

[*Where extrapolations have been used, include the following additional representation:*

We confirm that the extrapolations are accurate and include the proper reflection of the effects of changes and events occurring subsequent to the most recent valuation that had a material effect on the extrapolations.]

The employee future benefit costs, assets and obligations have been determined, accounted for and disclosed in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3250, Retirement benefits [and Section PS 3255, Post-employment benefits, compensated absences and termination benefits]—in particular:

* The significant accounting policies that [Entity] has adopted in applying CPA Canada Public Sector Accounting Handbook, Section PS 3250 [and Section PS 3255] are accurately and completely disclosed in the notes to the [consolidated] financial statements.
* Each of the best estimate assumptions used reflects management’s judgment of the most likely outcomes of future events.
* The best estimate assumptions used are, as a whole, internally consistent, and consistent with the asset valuation method adopted.
* The discount rate used to determine the accrued benefit obligation was determined by reference to [[Entity]’s borrowing rate or the plan asset earnings] using assumptions that are internally consistent with other actuarial assumptions used in the calculation of the accrued benefit obligation and plan assets.
* The assumptions included in the actuarial valuation are those that management instructed [name actuary]to use in computing amounts to be used by management in determining pension costs and obligations and in making required disclosures in the above-named [consolidated] financial statements, in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3250. In arriving at these assumptions, management has obtained the advice of [consulting actuaries who assisted in reaching best estimates], but has retained the final responsibility for the assumptions.
* The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

[The disclosure of [Entity]’s share of the risks and benefits under joint defined benefit plans, the total financial status of any joint plans, significant policies and a description of the unique nature and terms of any joint plans are accurate and complete.]

All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension costs and obligations, and as such, they have been communicated to you and to the actuary.

[**Consolidated**] **statements of operations, change in net debt** [***OR* net assets**] [**and remeasurement gains and losses**]

All transactions entered into by [Entity] have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the [consolidated] statements of operations and changes in net debt (*OR* net assets) [and remeasurement gains and losses]

[*For entities applying sections PS 4200 to PS 4270, add the following paragraph:*

Any changes to internal fund restrictions that are reflected in the [consolidated] financial statements, but not yet approved by the board of directors, will be approved prior to the board of directors approving the [consolidated] financial statements.]

The accounting principles and policies followed throughout the year were consistent with prior year’s practices (except as disclosed in the [consolidated] financial statements).

[*For entities applying sections PS 4200 to PS 4270, add the following paragraph, if necessary. This paragraph can be omitted if the organization does not allocate expenditures to functions, funds, or programs.*

We confirm that the percentages used to allocate [fundraising and/or administration] expenditures to [*audit team to tailor description of programs, services, and functions, as appropriate—for example, public education, advocacy, and government relations*] are based on management’s best estimate, are reasonable, and have been consistently applied from prior years.]

**Liabilities for contaminated sites**

[Add one of the four following paragraphs:

Liabilities for remediation of [name of contaminated sites] were recognized and accounted for in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3260, Liability for contaminated sites. We believe the estimates are reasonable based on available information and that the liabilities have been adequately described in [Entity]’s [consolidated] financial statements.

AND/OR

No liabilities for remediation associated with [name of sites] were recognized and accounted for in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3260, Liability for contaminated sites, because it is either unlikely or currently not determinable whether [Entity] is responsible for the contamination. However, since there is a reasonable assurance that a loss may have been incurred, we have adequately disclosed the contingency in [Entity]’s [consolidated] financial statements.

AND/OR

No liabilities for remediation associated with [name of sites] were recognized because, although a present obligation exists, it is not expected that future economic benefits will be given up to settle the obligation. We have adequately disclosed the reasons why it is not expected that economic benefits will be given up in [Entity]’s [consolidated] financial statements.

AND/OR

No liabilities for remediation associated with [name of site] were recognized, because we believe that although it is probable that a liability has been incurred at the date of the [consolidated] financial statements, the amount of loss cannot be reasonably estimated. We have adequately disclosed the contingency in [Entity]’s [consolidated] financial statements.]

**Asset retirement obligations**

[If the entity has adopted PS 3280, *Asset retirement obligations* (effective for years beginning on or after 1 April 2022), include the following section:

### There are no legally enforceable asset retirement obligations (AROs) that have not already been disclosed to you.

### Liabilities related to legally enforceable AROs on environmental matters have been recognized, measured, and disclosed, as appropriate, in the [consolidated] financial statements.

### We have reviewed tangible long-lived assets, operating lease agreements, and other agreements for associated AROs and have recognized related liabilities where required, in accordance with PS 3280, Asset retirement obligations.

### A provision has been made in connection with AROs associated with [name of site]. We have performed a complete review of our legal and constructive obligations and we believe that this estimate is reasonable, based on available information. The liability has been adequately described in the financial statements.

### OR

### We have performed a complete review of our legally enforceable obligations and concluded that no provision is required for losses in connection with AROs associated with [name of site], as we believe that the recognition criteria, as set out in PS 3280, Asset retirement obligations, are not met at the date of the financial statements. However, since [audit teams to tailor for reason why there is uncertainty over the existence of the ARO], we have adequately disclosed the contingent liability in the financial statements in accordance with PS 3300, Contingent liabilities.

### OR

### No provision has been recorded for losses in connection with AROs associated with [name of site] as we believe that, although there is a legally enforceable obligation at the date of the financial statements and the recognition criteria for AROs would otherwise be met, we cannot make a reasonable estimate of the amount of the liability. We have adequately disclosed this fact in the [consolidated] financial statements.]

### Restructuring transactions

The [consolidated] financial statements include the net effect of a restructuring transaction of $[amount], which was recorded on [date]. The restructuring transaction was recognized pursuant to the requirements of CPA Canada Public Sector Accounting Handbook, PS 3430, Restructuring transactions.

[*If [Entity] is a recipient*] Individual assets and liabilities received in the restructuring transaction and recognized in the [consolidated] financial statements meet the definition of assets and liabilities and applicable recognition criteria at the restructuring date.

[*If [Entity] is a transferor*] Individual assets and liabilities transferred in the restructuring transaction were appropriately derecognized because they no longer met the definitions of assets and liabilities and applicable recognition criteria at the restructuring date.

[Entity] appropriately recognized the increase in net assets [or net liabilities] resulting from recognition [or derecognition] of individual assets and liabilities received from all transferors [or transferred to all recipients] as revenue [or as an expense].

### Environmental matters

There are no liabilities or contingencies arising from environmental matters that have not already been disclosed to you.

Liabilities or contingencies related to environmental matters have been recognized, measured, and disclosed, as appropriate, in the [consolidated] financial statements.

We have considered the effect of environmental matters, and the carrying value of the relevant assets is recognized, measured, and disclosed, as appropriate, in the [consolidated] financial statements.

All commitments related to environmental matters have been measured and disclosed, as appropriate, in the [consolidated] financial statements.

### Use of specialists

[Note that this representation is only to be included in the representation letter when management has utilized specialists to determine the amounts and disclosures used in the financial statements and the underlying records. If specialists are not utilized by management for these purposes, this paragraph is not to be included in the representation letter.]

We assume responsibility for the findings of specialist[s] in evaluating the [*describe area of assistance from the specialist(s)*]and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the [consolidated] financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

### Segment disclosures

[*Segment disclosures are required for governments only. Other government organizations are encouraged to provide these disclosures when their operations are diverse enough to warrant them. If the entity makes segment disclosures include the following:*]

Pursuant to CPA Canada Public Sector Accounting Handbook, Section PS 2700, Segment disclosures, in identifying segments, management has considered the definition of a segment and other factors, including

* the objectives of disclosing financial information by segment;
* the expectations of members of the community and their elected or appointed representatives regarding the key activities and accountabilities of the government;
* the qualitative characteristics of financial reporting as set out in CPA Canada Public Sector Accounting Handbook, Section PS 1000, Financial statement concepts;
* the homogeneous nature of the activities, service delivery or recipients of the services;
* whether the activities relate to the achievement of common outcomes or services, as reflected in government performance reports and plans;
* whether discrete financial information is reported or available; and
* the nature of the relationship between the government and its organizations (within the reporting entity).

Management has identified the following operating segments: [Describe segments.]

The [consolidated] financial statements disclose all the relevant factors used to identify [Entity]’s reportable segments.

Changes in accounting policies that are related specifically to segment reporting and that have a material effect on segment information have been disclosed. The previous year’s segment information presented for comparative purposes has been restated [*OR* has not been restated because the necessary financial data is not reasonably determinable].

### Budgetary data

[For entities applying PSAS without the PS 4200 series:

We have included budgetary data in our [consolidated] financial statements, which is relevant to the users of financial statements and consistent with what was originally planned and approved by [describe level of approval] on [date of approval]. Planned results were presented for the same scope of activities and on a basis consistent with that used for actual results.]

### Consolidations

We confirm that [Entity] has [describe factors that led to assessment of control—for example, 100% ownership, through share capital or other ownership interests or common Board of Directors]. Accordingly, [subsidiary] is a controlled entity of [Entity].

[For entities applying PSAS without the PS 4200 series, add one or both of the following paragraphs, as appropriate:

We confirm that [list government business enterprises] met the definition of a government business enterprise in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3070, Investments in government business enterprises, during the year and as at the date of the [consolidated] statement of financial position. The government business enterprise[s] maintained [its/their] operations and met [its/their] liabilities from sources outside of [Entity] and its controlled subsidiaries.

We confirm that [list business partnerships] met the definition of a business partnership in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3060, Interests in partnerships, during the year and as at the date of the [consolidated] statement of financial position. The business partnerships[s] maintained [its/their] operations and met [its/their] liabilities from sources outside of [Entity] and its controlled subsidiaries.]

[For entities applying sections PS 4200 to PS 4270, add one of the following paragraphs or both, as appropriate:

We confirm that [Entity] has control of [name of controlled NPO] but has elected not to consolidate [name of controlled NPO], in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 4250, Reporting controlled and related entities by not‑for‑profit organizations, paragraph 14. [Entity] has included the disclosures required by CPA Canada Public Sector Accounting Handbook, Section PS 4250, Reporting controlled and related entities by not‑for-profit organizations, paragraphs 15 and [22 *OR*26].

AND/OR

We confirm that [Entity] has control of [name of controlled non‑NPO entity] but has elected not to consolidate [name of controlled non‑NPO entity], in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 4250, Reporting controlled and related entities by not‑for-profit organizations, paragraph 30. [Entity] has accounted for the entity using the modified equity method and included the disclosures required by CPA Canada Public Sector Accounting Handbook, Section PS 4250, Reporting controlled and related entities by not‑for‑profit organizations, paragraphs 31 and 32.]

### Income taxes

[Entity] has determined it is not subject to income taxes in any jurisdiction in which it operates.

### General

There are no proposals, arrangements, or actions completed, in process, or contemplated that would result in the suspension or termination of any material part of [Entity]’s operations.

Information relative to any matters handled on behalf of [Entity] by any legal counsel, including all correspondence and other files, has been made available to you.

Revenue recognition

[If client has adopted PS 3400, Revenue (effective for years beginning on or after 1 April 2023), include the following section:

[The application of revenue recognition criteria is very fact and circumstance specific. Included below are major representations pertaining to revenue recognition. However, additional representations should be considered based on entity-specific circumstances. If a legal opinion has been obtained by the [Entity], a representation should also be included to that effect.]

We have reviewed the criteria for revenue recognition included in CPA Canada Public Sector Accounting Handbook PS 3400, Revenue, and have concluded that our revenue recognition policy is consistent with PSAS requirements. We have disclosed to you all related information. We have made the results of this review available to you. In particular:

* We have identified all revenue arrangements that have performance obligations (including those with multiple performance obligations) and have applied PS 3400 accordingly to each performance obligation that is distinct.
* In determining the transaction price, we have identified all terms and conditions that result in variable consideration, (including refunds, discounts offered, rebates, incentive programs, or price concessions) and/or significant concessionary terms. The measurement of the transaction price is our best estimate of what we expect to receive in exchange for promised goods or services, when a reasonable estimate of the amount involved can be made.
* In allocating the transaction price, where the stand-alone selling price is not directly observable, we have estimated the stand-alone selling price based on all information that is reasonably available to [Entity] and applying estimation methods consistently in similar circumstances. We confirm the estimation technique results in a stand-alone selling price that most closely resembles the economic substance of the transaction.
* For performance obligations satisfied over time [*if applicable add: including any performance obligations incurred under PS 3160, Public private partnerships*], we have recognized revenue using an appropriate method of measuring progress that is a reasonable reflection of the progress toward completion and consistently applied to similar performance obligations and similar circumstances.
* We have identified all revenue arrangements in scope of PS 3400 that do not have performance obligations. For all such revenue arrangements recognized, [Entity] has the authority to claim or retain an inflow of economic resources. The amount of revenue recognized for these transactions is limited to the amount of future economic benefit we expect to obtain from these transactions.

We have identified all contract modifications to you and accounted for them in accordance with PS 3400.

We have fully disclosed to you separate arrangements with the same entity or parties related to that entity that are entered into at or near the same time.

We confirm the following terms of our oral sales arrangements [describe individual circumstances].

We did not issue any side letters in regards to our sales agreements [describe individual circumstances].

### OR

The terms of the side letters we issued in connection with our sales agreements are as follows [describe individual circumstances].

There are no sales recorded for which product was not delivered to customers as at the date of the [consolidated] statement of financial position.]

1. The letter should be dated as near as practicable to, but not later than, the date of the auditor’s report (CAS 580.14). [↑](#footnote-ref-2)
2. “Remeasurement gains and losses” is required only when the organization has items that are required to be presented in the statement of remeasurement gains and losses per the requirements in PS 1201. [↑](#footnote-ref-3)
3. If appropriate, add “on behalf of the board of directors” (or similar body). The party(ies) responsible for the preparation and presentation of the financial statements and the assertions therein should be identified in this paragraph. Usually, this would be the responsibility of management, which would include the entity’s chief executive officer (CEO) and chief financial officer (CFO) or the equivalent persons in entities that do not use such titles. In some circumstances, bodies, such as those charged with governance, are also responsible for the preparation and presentation of the [consolidated] financial statements. It is suggested that if the CEO and CFO sign on behalf of the board of directors, the management representation letter should be tabled at a meeting of the board of directors. [↑](#footnote-ref-4)
4. The Appendix should include all journal entries that were proposed by the engagement team. [↑](#footnote-ref-5)
5. CAS 580.6 defines the auditor′s objective as follows: to obtain written representations from management and, where appropriate, those charged with governance. The letter would usually be signed by the members of management who have primary responsibility for the client and its financial aspects (usually the CEO and the CFO) based on their knowledge and belief. In certain circumstances, the auditor may wish to obtain representation letters from other members of management. For example, the auditor may wish to obtain a written representation about the completeness of all minutes of the meetings of the board of directors and important committees from the individual responsible for keeping such minutes. [↑](#footnote-ref-6)
6. For PSAS entities and GNFPOs (PS 1200.100, PS 1201.108) [↑](#footnote-ref-7)
7. For PSAS entities and GNFPOs (PS 1200.100, PS 1201.108) [↑](#footnote-ref-8)
8. For entities applying sections PS 4200 to PS 4270, replace “Tangible capital assets” with “Capital assets.” [↑](#footnote-ref-9)