

Audit & Assurance Alert

CANADIAN AUDITING STANDARDS (CAS)

MAY 2020

STANDARD DISCUSSED

Revised CAS 315, Identifying and Assessing the Risks of Material Misstatement

What You Need to Know

This *Audit & Assurance Alert (Alert)* is being issued to raise practitioners' awareness of matters related to revised CAS 315, *Identifying and Assessing the Risks of Material Misstatement*.

When is this standard effective?

This revised CAS is effective for audits of financial statements for periods beginning on or after December 15, 2021.

How significant are the changes to the revised CAS 315 standard?

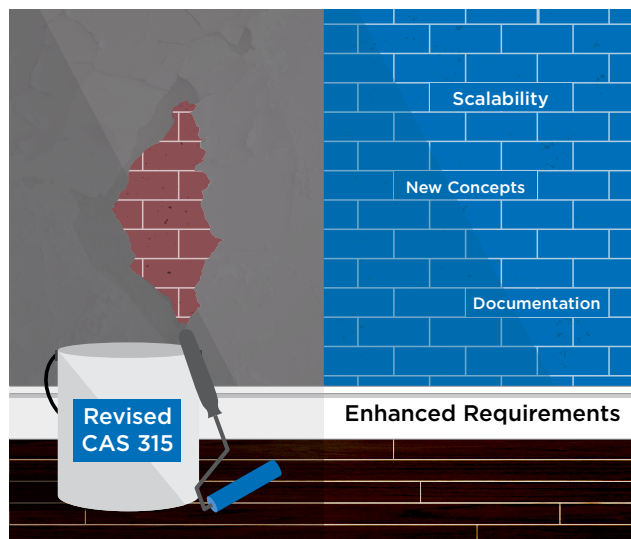
The audit risk model in revised CAS 315 has not changed. The standard has, however, been significantly revised, reorganized and enhanced to require a more robust risk identification and assessment in order to promote better responses to the identified risks. The revised standard introduces new concepts and definitions, enhancements and clarifications to help the auditor apply the audit risk model, and strengthened documentation requirements relating to the exercise of professional skepticism, among other things. For this reason, it is important that practitioners understand the changes to the standard and how these changes will impact their engagements.

What are the key differences in revised CAS 315?

The IAASB has prepared an *Introduction to ISA 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement Fact Sheet* which provides an overview of changes made to the standard, and the outcome the revised standard is seeking to achieve. Since there are no Canadian amendments, revised CAS 315 mirrors ISA 315 (Revised 2019). The IAASB *Fact Sheet* is available in both English and French at the following links:

English: www.ifac.org/system/files/publications/files/IAASB-Introduction-to-ISA-315.pdf

French: www.frascanada.ca/-/media/frascanada/fras/french-only-documents/iaasb-isa-315-revisee-2019-fiche-information.pdf



What additional resources are available to help you?

- [Basis for Conclusions \(May 2020\)](#)
- [CAS 315, Identifying and Assessing the Risks of Material Misstatement \(FRAS Canada\)](#)

CPA Canada also plans to publish an *Implementation Tool for Auditors* and a *Client Briefing* to help you implement the revised standard and to inform your clients of changes they can expect.

Feedback

Comments on this *Audit & Assurance Alert*, or suggestions for future *Alerts* should be sent to:

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