CPA Canada Handbook

8200 Public Accountant's Review of Financial Statements

Management's refusal to provide written representations

.38 *The public accountant should express negative assurance with a qualification or a denial of assurance in the review engagement report if management refuses to provide a written representation required by the public accountant, as this constitutes a scope limitation.* [AUG. 2005]

.39 GENERAL REVIEW STANDARDS, Section 8100, indicates that the public accountant expresses a reservation in the review engagement report when there is a scope limitation that results in his or her inability to complete the review. Management's refusal to provide a written representation required by the public accountant constitutes a scope limitation imposed by the entity regardless of whether the public accountant is able to perform other procedures with respect to the matter upon which management refuses to provide a written representation. When management refuses to provide a required written representation, the public accountant considers the appropriateness of relying on other representations received from management during the engagement.

.40 When there is a scope limitation, the public accountant refers to GENERAL REVIEW STANDARDS, paragraphs 8100.32-.39, for reporting guidance. If the client will not accept a review engagement report containing a reservation, the public accountant refers to paragraph 8100.40.

.41 If the client refuses to provide management's representations in writing as required by the public accountant, the public accountant is unable to complete the review and reports in accordance with paragraph 8200.38. In these circumstances, the public accountant is ordinarily precluded from issuing a compilation report instead of a review engagement report on the client's financial statements. If the client will not accept the review engagement report containing the reservation, the public accountant refers to GENERAL REVIEW STANDARDS, paragraph 8100.40.

8100 General Review Standards

40 If the client will not accept the review engagement report containing the reservation, the public accountant would refuse to be further associated with the engagement. In these circumstances, the public accountant would:

(a) write to the client advising why the engagement cannot be continued; and

(b) consider whether it is appropriate to continue the relationship with the client.