

**BASIS FOR CONCLUSIONS  
CANADIAN AUDITING STANDARD (CAS) 402,  
Audit Considerations Relating to an Entity Using a Service Organization**

This Basis for Conclusions has been prepared by staff of the Auditing and Assurance Standards Board (AASB). It relates to, but does not form part of, Canadian Auditing Standard 402, “Audit Considerations Relating to an Entity Using a Service Organization.”

**Background**

In December 2007, the International Auditing and Assurance Standards Board (IAASB) issued its Exposure Draft of International Standard on Auditing (ISA) 402 (Revised and Redrafted), “Audit Considerations Relating to an Entity Using a Third Party Service Organization” (ED-ISA 402). The IAASB approved final ISA 402 in December 2008 subject to confirmation by the Public Interest Oversight Board (PIOB) that due process was followed. This confirmation was received in February 2009.

In February 2008, the AASB issued its Exposure Draft to adopt proposed ISA 402 as CAS 402 (ED-CAS 402) to replace Section 5310, AUDIT EVIDENCE CONSIDERATIONS WHEN AN ENTITY USES A SERVICE ORGANIZATION. There were 6 respondents to ED-CAS 402 (identified below).

The AASB approved CAS 402 in January 2009. The Auditing and Assurance Standards Oversight Council reviewed due process followed by the AASB in the development of this CAS prior to its issuance in the CICA Handbook – Assurance.

**Purpose of this Basis for Conclusions**

This Basis for Conclusions has been prepared to make Canadian stakeholders aware of the following.

1. A Basis for Conclusions prepared by IAASB staff for ISA 402 is available on the [IAASB web site](#), and provides information on how the IAASB dealt with comments received on significant matters in response to the ED-ISA 402.
2. Information on how the AASB dealt with significant matters arising from comments received in response to its ED- CAS 402 is also available. This information is set out below.

## **Significant Matters**

### **AASB's Consideration of Amendments to ISA Wording**

CAS 402 contains no amendment to the ISA wording. This is consistent with the position taken by the AASB in its ED-CAS 402. No respondent requested an amendment.

### **Other Matters**

None.

### **List of Respondents to ED-CAS 402**

Auditor General of Alberta  
BDO Dunwoody LLP  
Deloitte & Touche LLP  
Ordre des comptables agréés du Québec  
Provincial Auditor Saskatchewan  
Vérificateur général du Québec