

CICA handbook – assurance revisions release no. 17 September 2003

ASSURANCE RECOMMENDATIONS

Audit of financial statements — an introduction, paragraph 5090.01

Amended as a result of revisions to reporting standard (iv) in paragraph 5100.02.

Generally accepted auditing standards, Section 5100

Amended reporting standard (iv) in paragraph 5100.02 to remove reference to special circumstances and an appropriate disclosed basis of accounting as a result of issue of new GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, CICA HANDBOOK – ACCOUNTING Section 1100, and to provide cross-references to Sections 5600 and PS 5200. Former wording was:

Reporting standards

(iv) *Where an opinion is expressed, it should indicate whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with an appropriate disclosed basis of accounting, which except in special circumstances should be generally accepted accounting principles. The report should provide adequate explanation with respect to any reservation contained in such opinion. [MARCH 1, 1991 **]*

Deleted paragraphs 5100.05-06 as a result of revisions to reporting standard (iv) in paragraph 5100.02 and issue of new Section 5600.

Added new paragraph 5100.05 to provide guidance in applying reporting standard (iv) in paragraph 5100.02.

Materiality and audit risk in conducting an audit, Section 5130

Amended footnote 3 as a result of revisions to reporting standard (iv) in paragraph 5100.02.

The auditor's responsibility to consider fraud and error in an audit of financial statements, paragraph 5135.13

Amended as a result of revisions to reporting standard (iv) in paragraph 5100.02.

Internal control in the context of an audit — scope and introduction, paragraph 5200.01

Amended as a result of revisions to reporting standard (iv) in paragraph 5100.02.

Audit evidence, paragraph 5300.17

Amended as a result of revisions to reporting standard (iv) in paragraph 5100.02.

Auditing fair value measurements and disclosures, Section 5306 [JUNE 2004 *]

New.

* The Recommendations in this Section are effective with respect to audits of financial statements for periods ending on or after June 30, 2004.

Joint policy statement concerning an auditor's use of the work of an actuary and an actuary's use of the work of an auditor in connection with the preparation and audit of financial statements Appendix to Section 5365

Amended paragraph 6 as a result of revisions to reporting standard (iv) in paragraph 5100.02.

The auditor's standard report, Section 5400

Amended paragraph 5400.02 to provide references to Sections 5600 and PS 5200.

Amended paragraph 5400.16 to provide references to GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, CICA HANDBOOK – ACCOUNTING Section 1100 and to the Introduction to the CICA Public Sector Accounting Handbook.

Amended paragraph 5400.21 to provide a cross-reference to new Section 5600.

Deleted paragraphs 5400.22-25 as a result of issue of new GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, CICA HANDBOOK – ACCOUNTING Section 1100.

Recommendation paragraph 5400.22 read as follows:

- ♦ *When there is a departure from a Handbook Recommendation and the auditor concludes that following the Recommendation would result in misleading financial statements, the auditor should express his or her opinion without reservation, provided the related disclosure is adequate. [JAN. 1, 1986 **]*

Paragraphs 5400.26-40 have been renumbered as paragraphs 5400.22-36 respectively.

Reservations in the auditor's report, paragraph 5510.01

Amended terminology as a result of revisions to Section 5100. Deleted last sentence as a result of withdrawal of Section 5520.

Auditor's report on non-consolidated financial statements prepared in accordance with LONG-TERM INVESTMENTS, CICA HANDBOOK – ACCOUNTING, paragraphs 3050.39-.49, Section 5520

Withdrawn.

Auditor's report on financial statements prepared using a basis of accounting other than generally accepted accounting principles, Section 5600 [OCT. 1, 2003 *]

New.

* The Recommendations in this Section apply to auditors' reports dated on or after October 1, 2003.

Other reporting matters, paragraph 5701.14

Deleted as a result of issue of new Section 5600.

Special reports — Introduction, paragraph 5800.01

Footnote deleted as a result of revisions to reporting standard (iv) in paragraph 5100.02.

Auditor review of interim financial statements, Section 7050

Amended paragraphs 7050.18 and .19 as a result of revisions to reporting standard (iv) in paragraph 5100.02.

Amended interim review standard (iii) and reporting standard (ii)(a) in paragraph 7050.21 and related footnote to delete reference to special circumstances and an appropriate disclosed basis of accounting, as a result of revisions to reporting standard (iv) in paragraph 5100.02. The former wording was:

Interim review standards

(iii) *The auditor should perform a review of the interim financial statements with the limited objective of providing the auditor with a basis for reporting whether he or she is aware of any material modification that needs to be made for such statements to be in accordance with generally accepted accounting principles or in special circumstances another appropriate disclosed basis of accounting.²*

Reporting standards

(ii) *The communication, either oral or written, should indicate, based on the interim review:*

- (a) *whether the auditor is aware of any material modification that needs to be made for the interim financial statements to be in accordance with generally accepted accounting principles, or in special circumstances another appropriate disclosed basis of accounting,³ and ...*

Reports on the application of accounting principles, Auditing standards or review standards, paragraph 7600.01

Deleted footnote 1 as a result of revisions to reporting standard (iv) in paragraph 5100.02.

General review standards, Section 8100

Amended paragraph 8100.08 to remove reference to special circumstances and an appropriate disclosed basis of accounting, as a result of revisions to reporting standard (iv) in paragraph 5100.02.

Amended paragraph 8100.26(c) as a result of issue of new GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, CICA HANDBOOK – ACCOUNTING Section 1100. The former wording was:

♦ *The public accountant's communication relating to a review engagement should be entitled "Review Engagement Report" and should:*

(c) *in a negative assurance paragraph, except when reservations are required, state:*

- (i) *when reporting on financial statements or other financial information, that, based on the review, nothing has come to the public accountant's attention that causes him or her to believe that the information is not, in all material respects, in accordance with an appropriate disclosed basis of accounting, which except in special circumstances should be Canadian generally accepted accounting principles; or*
- (ii) *when reporting on non-financial information, that, based on the review, nothing has come to the public accountant's attention that causes him or her to believe that the information is not, in all material respects, in accordance (or does not comply) with (indicate appropriate criteria). [JAN. 1989 **]*

Added new paragraph 8100.28 to provide guidance on wording of the negative assurance paragraph in the public accountant's report.

Paragraphs 8100.28-.46 renumbered as 8100.29-.47.

Amended former paragraph 8100.28 (now 8100.29) to refer to Examples A and B in Appendix B of Section 8200.

Amended paragraph 8100.43 (now 8100.44) as a restriction in use of the review engagement report on financial statements is addressed in the revisions to Section 8200.

Public accountant's review of financial statements, Section 8200

Amended paragraph 8200.04 to refer to paragraph 8100.28(b).

Amended paragraph 8200.05 and added new paragraphs 8200.06 and .07 as a result of new paragraphs 8200.14-.29. Paragraphs 8200.06-.11 renumbered as paragraphs 8200.08-.13 respectively.

Added new paragraphs 8200.14-.29 dealing with public accountant's report on financial statements prepared using a basis of accounting other than generally accepted accounting principles.

Paragraph 8200.12 renumbered as paragraph 8200.30.

Added new Example B to Appendix B. Deleted Example F as a result of withdrawal of Section 5520. Renumbered Examples B to E as Examples C to F respectively.

Reviews of financial information other than financial statements, Section 8500

Amended paragraph .06 and deleted footnote 1 as a result of revisions to reporting standard (iv) in paragraph 5100.02.

PUBLIC SECTOR ASSURANCE RECOMMENDATIONS

Audit of government financial statements, Section PS 5200 (formerly named AUDIT OF FINANCIAL STATEMENTS OF FEDERAL, PROVINCIAL AND TERRITORIAL GOVERNMENTS, Section PS 5200)

Section amended to expand scope of the Section to apply to local governments.

Amended paragraph PS 5200.04 as a result of revisions to reporting standard (iv) in paragraph 5100.02.

Amended paragraph PS 5200.08 by replacing "fair presentation of the financial statements" with "fair presentation of government financial statements".

ASSURANCE AND RELATED SERVICES GUIDELINES

Communications with audit committees (or equivalent) (AuG-11)

Withdrawn.

Auditor's report on pension fund financial statements filed with a regulator (AuG-12)

Withdrawn.

Auditor's report on the financial statements of federally regulated financial institutions (AuG-14)

Withdrawn. Replaced by AuG-40.

Audit of financial statements affected by environmental matters (AuG-19)

Amended paragraph 3 as a result of revisions to reporting standard (iv) in paragraph 5100.02.

Performance of a review of financial statements in accordance with Sections 8100 and 8200 (AuG-20)

Amended third question of Example Questions — Preliminary considerations for the public accountant as a result of revisions to Section 8200.

Applying materiality and audit risk concepts in conducting an audit (AuG-31)

Amended footnote 4 as a result of issue of new Section 5600.

Auditor's report on the financial statements of federally regulated financial institutions (AuG-40)

Issued.

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