

CICA handbook accounting and auditing highlight summary no. 74 May 1992

HIGHLIGHT SUMMARY

(Note: New Handbook material or changes in existing material are identified in each HANDBOOK REVISIONS RELEASE.)

EIC Abstracts

- Accounting for discontinued operations subsequently retained
- Accounting for government funding to non-profit organizations
- Phantom stock option plans

Reports on the application of accounting principles, auditing standards or review standards, Section 7600

This new Handbook Section provides guidance to a public accountant who is requested to provide an opinion on the application of accounting principles, auditing standards or review standards:

- (a) to specific circumstances or transactions of a particular organization that is not an on-going client; or
- (b) not involving the specific facts or circumstances of a particular organization (a generic opinion).

Such requests may come from the organization itself or from a third party.

The Section sets out the standards and procedures that should be followed by a reporting accountant when undertaking this type of engagement. These are aimed at helping to ensure that both the reporting accountant and the incumbent accountant are basing their opinions on the same set of information.

There is a requirement for the reporting accountant's report to be in writing. The Section discusses the form and content of the reporting accountant's report and provides example reports covering the following situations:

- an opinion provided to an entity on a specific transaction;
- an opinion provided to a third party on a specific transaction; and
- a generic opinion.

The new Recommendations are effective for reports dated on or after September 1, 1992.

Auditing and Related Services Guidelines

- Special reports on regulated financial institutions

EDP auditing guidelines

- Risk assessment and internal control — EDP characteristics and considerations (Addendum 1 to ISA 6) replaces the effects of an EDP environment on the study and evaluation of the accounting system and related internal controls (IAG 20)

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