

CICA handbook – assurance highlight summary no. 17 September 2003

HIGHLIGHT SUMMARY

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

Auditing fair value measurements and disclosures, Section 5306

This new Section provides guidance when an auditor is auditing fair value measurements and disclosures contained in financial statements.

The new Section requires the auditor to:

- understand the process for determining fair values;
- evaluate the appropriateness of fair value measurements and disclosures;
- test fair value measurements and disclosures;
- evaluate fair value disclosures;
- evaluate the result of audit procedures; and
- obtain a representation from management.

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

Auditor's report on financial statements prepared using a basis of accounting other than generally accepted accounting principles, Section 5600

Section 5600 provides guidance to an auditor engaged to express an opinion on financial statements that are prepared on a basis of accounting other than generally accepted accounting principles.

Section 5600 states that the auditor should accept an engagement to report under the new Section only when financial statements have been prepared:

- (a) in accordance with regulatory or legislative requirements to meet the specific needs of a regulator or a legislator;
or
- (b) in accordance with written contractual requirements such as may be set out in trust indentures or buy / sell agreements.

The new Section provides guidance with respect to the following:

- agreeing the terms of the engagement;
- considering the disclosure in the financial statements;
- the wording of the auditor's report
- reservations of opinion; and
- changes in the basis of accounting or significant interpretations.

The new Recommendations apply to auditors' reports dated on or after October 1, 2003.

Public accountant's review of financial statements, Section 8200

Section 8200 has been amended to provide guidance with respect to the public accountant's report on financial statements prepared using a basis of accounting other than generally accepted accounting principles, consistent with new Section 5600.

The new Recommendations apply to review engagement reports issued on or after October 1, 2003.

Assurance and related services guidelines

New

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

Withdrawn

- Communications with audit committees (or equivalent) (AuG-11)
- Auditor's report on pension fund financial statements filed with a regulator (AuG-12)

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