

CICA handbook – assurance revisions release no. 26 December 2005

GENERAL STANDARDS FOR FIRMS

General standards of quality control for firms performing assurance engagements, GSF-QC

Amended paragraphs .005 and .008 to include engagement documentation.

Former wording of paragraph .005 was as follows:

- .005 ♦ *The firm's system of quality control should include policies and procedures addressing each of the following elements:*
- (a) *leadership responsibilities for quality within the firm;*
 - (b) *ethical requirements;*
 - (c) *acceptance and continuance of client relationships and specific assurance engagements;*
 - (d) *human resources;*
 - (e) *engagement performance; and*
 - (f) *monitoring.*

The quality control policies and procedures should be documented and communicated to the firm's personnel. [DEC. 2005]

Added paragraphs .085-.093 to provide guidance on confidentiality, safe custody, integrity, accessibility, retrievability and ownership of engagement documentation, and renumbered paragraphs .085-.111 as paragraphs .094-.120.

Amended paragraph .118 (former paragraph .109) to provide guidance on documentation of evidence of the operation of each element of the firm's system of quality control.

ASSURANCE RECOMMENDATIONS

Understanding the entity and its environment and assessing the risks of material misstatement, paragraph 5141.123

Amended to add a reference to revised Section 5145.

The auditor's procedures in response to assessed risks, paragraphs 5143.51, 5143.75-.77

Amended paragraphs 5143.51(a) and 5143.75(c), and added paragraphs 5143.76-.77, to reflect new guidance in revised Section 5145.

Former wording of paragraphs 5143.51 and 5143.75 was as follows:

- .51 ♦ *The auditor's substantive procedures should include the following audit procedures related to the financial statement closing process:*
- (a) *agreeing the financial statements to the underlying accounting records; and*
 - (b) *examining material journal entries and other adjustments made during the course of preparing the financial statements.* The nature and extent of the auditor's examination of journal entries and other adjustments depends on the nature and complexity of the entity's financial reporting process and the associated risks of material misstatement. [JAN. 2006]
- .75 ♦ *The auditor should document:*
- (a) *the overall responses to address the assessed risks of material misstatement at the financial statement level and the nature, timing and extent of the further audit procedures;*
 - (b) *the linkage of those procedures with the assessed risks at the assertion level; and*
 - (c) *the results of the audit procedures.*

In addition, if the auditor plans to use audit evidence about the operating effectiveness of controls obtained in prior audits, the auditor should document the conclusions reached with regard to relying on such controls that were tested in a prior audit. The manner in which these matters are documented is based on the auditor's professional judgment. [JAN. 2006*]

Documentation, Section 5145 [NOV. 2006]

Revises and replaces existing Section 5145.

The following Recommendation formerly appeared in Section 5145:

- .06 ♦ *The auditor should document matters that, in his or her professional opinion, are important in providing evidence to support the content of his or her report.* [AUG. 1979*]

Management representations, paragraph 5370.14

Amended to replace the term "a summary of the audit strategy" with "the overall audit strategy", to conform to revised Section 5150.

Date of the auditor's report, paragraph 5405.09

Amended terminology in footnote 2 to conform to revised Section 5145.

Subsequent events, Section 6550 [JAN. 2006]

Revises and replaces existing Section 6550.

Amended paragraph 6550.06 to delete the reference to management representations because this requirement is included in MANAGEMENT REPRESENTATIONS, Section 5370. Former wording of paragraph 6550.06 was as follows:

- .06 ♦ *The auditor should perform review, enquiry and related procedures, including obtaining written representations from management, designed to determine whether events occurring in the subsequent period that may require adjustment to and/or disclosure in the financial statements have been identified. For items identified, the auditor should examine audit evidence to the extent necessary to determine whether they have been properly accounted for and adequately disclosed in the financial statements. The period covered by the procedures should extend to the date of the auditor's report or as close to that date as is reasonable and practicable.* [AUG. 2005]

Public accountant's review of financial statements, Section 8200

Amended "Effective date" paragraph to delete an outdated reference to review engagement reports issued on or after January 1, 1989 (there are no Recommendation paragraphs with that date).

ASSURANCE AND RELATED SERVICES GUIDELINES

Audit of actuarial liabilities of life insurance enterprises (AuG-15)

Withdrawn. Replaced by AuG-43.

Applying the concept of materiality (AuG-41)

Amended paragraph 14 to reflect new guidance in revised Section 5145.

Audit of policy liabilities of insurance companies (AuG-43)

Issued.

The auditor's written consent to the use of the audit report in a continuous disclosure document (AuG-44)

Issued.

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