

CICA handbook – assurance revisions release no. 9 April 2001

ASSURANCE RECOMMENDATIONS

Auditor review of interim financial statements, Section 7050 [Oct. 2001 *]

New.

- * The Recommendations apply to an auditor's communication, in either oral or written form, made on or after October 1, 2001.

The auditor's involvement with prospectuses and other offering documents, Section 7100

Amended to reflect the issue of new Section 7050, to move examples of auditor consent letters and comfort letters to new Guideline AuG-30, and to reflect changes in securities legislation.

Former paragraph 7100.15 replaced by 7100.13, which has been amended to reflect the fact that the standards for a review of interim financial statements included in a prospectus are now set out in new Section 7050. Paragraph 7100.15 formerly read:

- .15 ♦ *The auditor should perform a review of unaudited interim financial statements in a prospectus to provide the comfort letter required by securities regulatory authorities. In performing this review, the auditor should meet the following professional standards:*
- (a) *conduct the review based on procedures consisting primarily of enquiry, analysis and discussion to determine whether the interim financial statements are plausible in the circumstances and, in all material respects, in accordance with generally accepted accounting principles;*
 - (b) *ensure that the procedures are performed and that the communication is prepared by a person or persons having adequate technical training and proficiency in auditing, with due care and with an objective state of mind;*
 - (c) *ensure that the work is adequately planned and properly executed and that, if assistants are employed, they are properly supervised; and*
 - (d) *possess or acquire the amount of knowledge that an auditor should reasonably be expected to have at that time³ of:*
 - (i) *the business carried on by the enterprise and the industry of which it is a part; and*
 - (ii) *the internal control of the enterprise. [APRIL 1984 **]*

Amended former paragraph 7100.19 (now 7100.15), to be consistent with the Recommendations for an interim review report in paragraph 7050.39. Paragraph 7100.19 formerly read:

- .19 ♦ *A comfort letter to securities regulatory authorities on the unaudited interim financial statements in the prospectus should:*
- (a) *express only negative assurance on the interim financial statements and indicate clearly that they are unaudited;*
 - (b) *state that it is provided solely for the purpose of assisting the securities regulatory authority to which it is addressed in discharging its responsibilities and that it should not be relied on for any other purpose; and*
 - (c) *be signed and dated concurrently with the auditor's consent letter. [APRIL 1984 *]*

Amended former paragraph 7100.26 (now 7100.21), which read:

- .26 ♦ *The auditor should perform such procedures as he considers necessary with respect to financial information in the prospectus, and should read the entire prospectus, to be able to state that nothing has come to his attention which causes him to believe that there are any misrepresentations in the information in the prospectus that is derived from the financial statements or is within his knowledge as a result of his work. [APRIL 1984 *]*

Recommendations in former paragraphs 7100.17, .31, .39, .45 and .47 renumbered as 7100.14, .26, .34, .38 and .40 respectively.

Auditor assistance to underwriters and others, Section 7200

Amended the definition of "short form prospectus" in paragraph 7200.05.

Amended paragraphs 7200.45 and .47 and Examples A, B and E as a result of issue of new Section 7050.

Amended paragraph 7200.46 to be consistent with the Recommendations for an interim review report in paragraph 7050.39. Paragraph 7200.46 formerly read:

- .46 ♦ *In providing negative assurance in the comfort letter on unaudited interim financial statements included or incorporated by reference in the offering document, the auditor should state:*
- (a) *that the auditor has performed procedures which meet the standards established by The Canadian Institute of Chartered Accountants relating to the review of such statements; and*
 - (b) *that an audit was not performed and that no opinion is expressed and that the procedures performed do not constitute an audit in accordance with generally accepted auditing standards. [JAN. 2001 *]*

General review standards, paragraph 8100.01

Amended as a result of issue of new Section 7050.

Public accountant's review of financial statements, Section 8200

(formerly named REVIEWS OF FINANCIAL STATEMENTS, Section 8200)

Amended as a result of issue of new Section 7050.

ASSURANCE AND RELATED SERVICES GUIDELINES

Performance of a review of financial statements in accordance with Sections 8100 and 8200

(AuG-20)

(formerly named Performance of a review of financial statements)

Amended as a result of issue of new Section 7050.

The auditor's consent and comfort in connection with securities offering documents (AuG-30)

Issued.

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