

CICA handbook – assurance highlight summary no. 26 December 2005

HIGHLIGHT SUMMARY

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

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

This Standard has been revised to include standards and guidance on policies and procedures addressing a firm's system of quality control relating to engagement documentation. The new Recommendations and guidance require a firm to establish policies and procedures designed to maintain the confidentiality, safe custody, integrity, accessibility and retrievability of engagement documentation.

The new Recommendations are effective November 1, 2006. Consequently, a system of quality control complying with these Recommendations should be in place by that date for firms that perform assurance engagements.

Documentation, Section 5145

This Section revises and replaces existing Section 5145, and establishes new standards and provides new guidance on audit documentation for an audit of financial statements.

The new Section requires:

- the auditor to document:
 - significant issues and findings in an engagement completion document;
 - audit evidence that the auditor has identified as contradictory or inconsistent with the final conclusions, and how the auditor addressed the contradiction or inconsistency; and
 - the identifying characteristics of the specific items tested during the audit;
- assembly and completion of the final audit file within 45 days after the date the auditor's report is issued;
- use of an experienced auditor as a point of reference for assessing the adequacy of documentation; and
- identification of the preparer and reviewer of audit documentation.

The new Recommendations are effective with respect to financial statements for periods commencing on or after November 1, 2006.

Subsequent events, Section 6550

This Section has been revised in light of revisions to ISA 560, "Subsequent Events," and to be consistent with standards in the CICA Handbook – Assurance dealing with the concepts of reasonable assurance and audit risk. The Section has been expanded:

- to refer specifically to the need for the auditor to gain an understanding of the procedures management has established to identify subsequent events;
- to provide additional examples of enquiries the auditor would normally make of management concerning specific matters that might require adjustment to and/or disclosure in the financial statements; and
- to note that the auditor is not expected to perform a continuing review of all matters to which previously applied procedures have provided satisfactory conclusions.

The Recommendations are effective with respect to financial statements and financial reports for periods commencing on or after January 1, 2006.

Assurance and related services guidelines

New

- Audit of policy liabilities of insurance companies (AuG-43)
- The auditor's written consent to the use of the audit report in a continuous disclosure document (AuG-44)

Amended

- Applying the concept of materiality (AuG-41)

Withdrawn

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

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