

CICA handbook – assurance revisions release no. 24

August 2005

ASSURANCE RECOMMENDATIONS

Introduction to Assurance and Related Services Recommendations

Amended "Application" paragraphs to conform to new Section 5021. Wording of former paragraphs 2 and 4 was as follows:

2. The Recommendations in GENERALLY ACCEPTED AUDITING STANDARDS, Section 5100, constitute the basic professional standards with which the auditor should comply when auditing financial statements. The auditor should have regard to the other auditing Recommendations in the CICA Handbook – Assurance when exercising professional judgment as to the procedures required for adherence to the basic standards.
4. In issuing Recommendations, the Auditing and Assurance Standards Board recognizes that no rule of general application can be phrased to suit all circumstances or combinations of circumstances that may arise, nor is there any substitute for the exercise of professional judgment in the determination of what constitutes good practice in a particular case. Recommendations need not be applied to insignificant matters; significance is a matter of professional judgment in the particular circumstances.

Amended "Identification of Recommendations" paragraph to conform to new Section 5021.

Authority of auditing and assurance standards and other guidance, Section 5021 [SEPT. 2005]

New.

Standards for assurance engagements, paragraphs 5025.11-.12 and 5025.56-.57

Amended to replace the term "analysis" with "analytical procedures", to conform to revised Section 5301.

Use of specialists in assurance engagements, paragraph 5049.80 and Appendix C

Amended to replace the term "analysis" with "analytical procedures", to conform to revised Section 5301.

Generally accepted auditing standards, paragraph 5100.03

Amended to indicate that Recommendations in the CICA Handbook – Assurance are developed based on paragraph 5100.02, and to provide a reference to new Section 5021.

The auditor's responsibility to consider fraud, paragraphs 5135.053-.054

Amended to conform to revised Section 5301. Former wording of paragraph 5135.053 was as follows:

- ◆ *When performing analysis as required by ANALYSIS, Section 5301, the auditor should consider unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. As part of such analysis, when planning the audit, the auditor should perform analytical procedures relating to revenue.* [JAN. 2006]

Analysis, Section 5301

Revises and replaces existing Section 5301 to incorporate changes resulting from new Sections 5141 and 5143, issued in June 2005.

The following Recommendations formerly appeared in Section 5301:

- .08 ◆ *The auditor should use analysis in planning the audit to assist in designing the nature, timing and extent of other auditing procedures.* [JAN. 1997 *]
- .17 ◆ *When using an analytical procedure as a substantive procedure, the auditor should consider whether the levels of assurance and precision the procedure is intended to provide are consistent with the auditor's objective in performing the procedure. The auditor should consider how these levels are affected by:*
 - (a) *the existence of meaningful relationships among the amounts being audited and relevant data;*
 - (b) *the nature of the analytical procedure used; and*
 - (c) *the reliability of the data used in performing the analytical procedure.* [JAN. 1997]
- .21 ◆ *When using an analytical procedure as a substantive procedure, the auditor should investigate a difference between the amount being audited and the auditor's expectation regarding that amount when, in the auditor's judgment, considering the auditor's desired level of detection risk for the procedure, this difference could indicate a material misstatement. Based on the results of the investigation, the auditor should evaluate whether further audit procedures are needed to obtain sufficient appropriate audit evidence.* [JAN. 1997]

- .23 ◆ *At or near the end of the audit, the auditor should use analytical procedures to assist in evaluating the overall financial statement presentation.* [JAN. 1997 *]

ASSURANCE AND RELATED SERVICES GUIDELINES

Introduction to Assurance and Related Services Guidelines

Amended "Application" paragraph to conform to new Section 5021. Former wording was as follows:

Guidelines are a useful source of guidance, which a practitioner would consider in exercising professional judgment. In issuing Guidelines, the Board recognizes that there is no substitute for the exercise of professional judgment in the determination of what constitutes good practice in a particular case.

Auditing derivative financial instruments (AuG-39)

Amended paragraph 61 to replace the term "analysis" with "analytical procedures", to conform to revised Section 5301.

Amended paragraph 63 to conform to revised Section 5301.

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