

## **CICA handbook – assurance highlight summary no. 18 February 2004**

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### **HIGHLIGHT SUMMARY**

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

#### **International Standards on Auditing, Section 5101**

This Section has been updated for new and revised International Standards on Auditing (ISAs) and CICA Handbook – Assurance Sections and Guidelines.

#### **Auditor review of interim financial statements, Section 7050**

This Section has been revised to include more extensive guidance than was previously provided on the procedures the auditor performs in conducting a review (notably in paragraphs 7050.20, .27-.32, .34-.36, .39-.49, .54-.56 and .70-.72), and provides five new examples dealing with procedures and illustrative letters.

Apart from this additional procedural material, the most significant changes include:

- a presumption that interim financial statements will be prepared in accordance with Canadian generally accepted accounting principles;
- a requirement for the auditor to obtain written representations from management;
- elimination of the possibility of an auditor's accepting a scope reservation (any limitation in scope would result in an incomplete review, as a result of which the auditor would not issue an interim review report); and
- a prohibition on the auditor's issuing a written consent to the use of an interim review report.

The Recommendations in revised Section 7050 apply to an auditor's communication, in either oral or written form, made on or after April 1, 2004.

#### **Special reports on regulated financial institutions (AuG-13)**

Amended to include new paragraphs 1 and 2 that expressly prohibit the application of derivative reporting in circumstances other than in relation to the reporting requirements of regulated financial institutions.

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