

CICA handbook – assurance highlight summary no. 24 August 2005

HIGHLIGHT SUMMARY

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

Authority of auditing and assurance standards and other guidance, Section 5021

This new Section provides guidance on the authority of Recommendations, explanatory material, interpretive publications and other auditing and assurance publications that a practitioner may refer to when performing an assurance engagement, or when providing related services.

The Section includes requirements for the practitioner to:

- identify and comply with Recommendations in the CICA Handbook – Assurance;
- be aware of and consider interpretive publications; and
- when applying the auditing and assurance guidance included in an "other auditing and assurance publication", be satisfied that the guidance is both relevant and appropriate.

The Section also includes Appendices listing interpretive publications issued under the authority of the AASB, and other auditing and assurance publications published by the CICA that have been reviewed by CICA Auditing and Assurance Standards staff.

The new Recommendations are effective with respect to financial statements and financial reports for periods commencing on or after September 1, 2005.

Analysis, Section 5301

This Section revises and replaces existing Section 5301 to incorporate into the Handbook concepts related to the new audit risk model.

The following are the principal changes to this Section:

- increased emphasis on the use of analysis and analytical procedures as risk assessment procedures to obtain an understanding of the entity and its environment, including its internal control;
- additional guidance provided when analytical procedures are used as substantive procedures, when their use can be more effective or efficient than tests of details in reducing the risk of material misstatement at the assertion level to an acceptably low level; and
- additional guidance provided related to the use of analytical procedures as an overall review of the financial statements at or near the end of the audit.

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

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