

RELATED SERVICES

SECTION 9100

reports on the results of applying specified auditing procedures to financial information other than financial statements

Additional Resources

Effective date. The Recommendations in this Section relating to the form and content of reports are effective for reports dated on or after January 1, 1992. However, the Committee encourages earlier adoption.

- .01 This Section provides guidance to a public accountant engaged to report the results of applying specified auditing procedures to financial information other than financial statements ("financial information") when such procedures are not intended to enable the accountant to express an audit opinion or provide negative assurance on the financial information 1(1). In this type of engagement, the public accountant does not perform all the procedures which, in his or her judgment, would be necessary in an audit or review engagement. Instead, he or she applies only those procedures requested by his or her client.
- .02 The services to be provided and the extent of the responsibility assumed in an engagement to give a special report may vary considerably with the circumstances. Accordingly, it is important that there be a clear understanding and agreement with the client as to the nature of the services to be provided and the nature of the report. Once an agreement has been reached, it is highly desirable that it be put in writing to avoid future misunderstandings. An engagement letter normally provides the clearest record of agreement reached with the client and its use is preferable to other, less formal, arrangements.
- .03 To avoid the possibility of users placing undue reliance on the report, the public accountant may wish to indicate the purposes for which the report is prepared and any intended restriction on the distribution of the report.
- .04 The public accountant can assist his or her client by discussing the latter's needs and the type of auditing procedures which would satisfy them. Because the procedures conducted are designed for the client's particular needs, including the providing of a report requested by third parties, distribution of the resulting report would normally be restricted to the client and such other third parties.
- .05 ♦ *When engaged to report the results of applying specified auditing procedures to*

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financial information, the public accountant should comply with the general standard and examination standard (i). (See GENERALLY ACCEPTED AUDITING STANDARDS, Section 5100.) These standards apply even though these engagements do not lead to an expression of an audit opinion. [AUG. 1979]

- .06 On commencing the engagement, the public accountant would reach a general understanding with the client as to the nature of the engagement, the type of report to be issued, and any restriction on distribution of the report. The exact nature and extent of the procedures to be applied will usually be determined as the engagement proceeds, often through discussion with the client as to interim findings. Accordingly, it is necessary for the report to specify the procedures actually performed because it is only with this knowledge that a reader of the report can determine how much assurance he or she should derive from it. However, in the event that the exact nature and extent of the auditing procedures applied are set out in a document such as an engagement letter, the report can specify the procedures performed by reference thereto when those to whom the report is to be distributed are in possession of or have access to such document.
- .07 Although the public accountant complies with the general standard and examination standard (i) within generally accepted auditing standards, the nature and extent of the auditing procedures performed are not sufficient to constitute an audit and the report should therefore state that an audit has not been performed and include a disclaimer of opinion. Accordingly, the report would not describe the procedures as being in accordance with generally accepted auditing standards.
- .08 The public accountant's report sets out the factual results of the procedures applied, including any errors found. In all cases, the report would be worded in such a manner that he or she does not imply a greater degree of assurance than is warranted by his or her findings. Accordingly, the report would not express an absence of adverse findings on items and/or attributes to which procedures were not applied. 2(2)
- .09 The public accountant would state that the procedures performed do not constitute an audit and he or she may also wish to indicate that these procedures would not necessarily reveal all material facts with respect to the financial information.
- .10 ♦ *When reporting on the results of applying specified auditing procedures to financial information, the public accountant should:*
- (a) *specifically identify the financial information to which the auditing procedures were applied;*
 - (b) *specify the procedures performed;*
 - (c) *state only the factual results of those procedures and not express any form of negative assurance;*
 - (d) *state that an audit has not been performed on the financial information and disclaim an opinion thereon;*

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(e) indicate restrictions, if any, on distribution of the report; and

*(f) disclose the addressee, the name of the public accountant (or firm), the date of the report, and the place of issue. [JAN. 1, 1992 *(3)]*

- .11 ♦ *When requested to report in prescribed form on financial information, the auditor should consider the substance and wording of the prescribed form and, when necessary, should make appropriate changes. When the special report is a printed form, it may be preferable to attach an appropriately reworded report rather than make changes to the prescribed form. [APRIL 1997]*
- .12 The following are examples of reporting the results of applying specified auditing procedures to financial information. Appropriate amendments would need to be made to take into account particular circumstances.

**EXAMPLE OF A REPORT ON SPECIFIED AUDITING PROCEDURES
CARRIED OUT ON LONG-TERM DEBT**

- .13 To A. Trustee Limited

As specifically agreed, I have performed the following procedures in connection with the above company's certificate dated, 19.... as to the amount of the company's Funded Obligations as at, 19....:
(list the procedures)

As a result of applying the above procedures, I found no (the following) exceptions (list of exceptions). However these procedures do not constitute an audit of the company's Funded Obligations and therefore I express no opinion on the amount of Funded Obligations as at, 19....

This letter is for use solely in connection with the closing on, 19.... of the issue of securities of the company.

City (signed)
Date CHARTERED ACCOUNTANT

- .14 The following are examples of reports relating to the amount of gross sales. These examples envisage that an audit has been performed on the financial statements as a whole, but not on the amount of gross sales of individual stores. An example of a report expressing an audit opinion on the amount of gross sales is provided in SPECIAL REPORTS - AUDIT REPORTS ON FINANCIAL INFORMATION OTHER THAN FINANCIAL STATEMENTS, Section 5805. The first sentence of the second paragraph of the example reports is intended to avoid the reader's possible inference of unwarranted assurance from his knowledge that the public accountant reported on the financial

EXAMPLE OF REPORTS RELATING TO THE AMOUNT OF GROSS SALES

(a) Audit performed on financial statements for the same period

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ACCOUNTANT'S REPORT
IN CONNECTION WITH GROSS SALES

To Landlord Limited

As requested by Client Chain Stores Limited, I report that the gross sales of the company's store at Main Street, (city, province) for the year ended June 30, 19X1 are recorded in the amount of \$X in the general ledger sales account of the company and form part of the company's gross sales in its financial statements for the year then ended, on which I reported on August 3, 19X1.

My audit of the company's financial statements for the year ended June 30, 19X1 was not directed to the determination of gross sales or other financial information of individual stores. I have not performed an audit of and accordingly do not express an opinion on the amount of gross sales referred to in the preceding paragraph.

It is understood that this report is to be used solely for computing percentage rental and is not to be referred to or distributed to any person not a member of management of Landlord Limited or Client Chain Stores Limited.

City (signed).....
Date CHARTERED ACCOUNTANT

(b) Audit performed on financial statements for a different period

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ACCOUNTANT'S REPORT
IN CONNECTION WITH GROSS SALES

To Landlord Limited

As requested by Client Chain Stores Limited, I report that the gross sales of the company's store at Main Street, (city, province) for the year ended September 30, 19X1 are recorded in the amount of \$X in the general ledger sales account of the company.

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My audit of the company's financial statements for the year ended June 30, 19X1 was not directed to the determination of gross sales or other financial information of individual stores, nor have I audited the company's financial statements for the period subsequent to June 30, 19X1. I have not performed an audit of and accordingly do not express an opinion on the amount of gross sales referred to in the preceding paragraph.

It is understood that this report is to be used solely for computing percentage rental and is not to be referred to or distributed to any person not a member of management of Landlord Limited or Client Chain Stores Limited.

City (signed).....
Date CHARTERED ACCOUNTANT

Endnotes

1 (Popup - Popup)

1. When the engagement is to express an audit opinion or provide negative assurance on financial information, the Recommendations of SPECIAL REPORTS - AUDIT REPORTS ON FINANCIAL INFORMATION OTHER THAN FINANCIAL STATEMENTS, Section [5805](#), or REVIEWS OF FINANCIAL INFORMATION OTHER THAN FINANCIAL STATEMENTS, Section [8500](#), should be followed.

2 (Popup - Popup)

2. The following statement in a report would be inappropriate:

"I compared the prices of 40 inventory items to recent purchase invoices and nothing came to my attention which would lead me to believe that inventory is misstated."

whereas the following would be appropriate as it clearly describes only the factual results of the procedures carried out:

"I compared the prices of 40 inventory items to recent purchase invoices and found them to be in agreement."

3 (Popup - Popup)

* See explanation of [effective date](#) at the beginning of this Section.