
Standard on Auditing (SA) 800

Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks

Overview of SA 800

- ▶ **Introduction**

- ▶ Scope
- ▶ Effective date

- ▶ **Objective**

- ▶ **Definitions**

- ▶ **Requirements & Applications**

- ▶ Considerations when accepting the engagement
- ▶ Considerations when planning & performing the audit
- ▶ Forming an opinion & reporting considerations

Scope

- ▶ Deals with special considerations in the application of SAs to audit of FS prepared in accordance with a special purpose framework.
- ▶ Written in the context of complete set of FS prepared in accordance with a special purpose framework.
- ▶ Does not override the requirements of the other SAs.
- ▶ May not deal with all special considerations relevant in the circumstances of the engagement.

Objectives

- ▶ The objective of the auditor, when applying SAs in an audit of financial statements prepared in accordance with a special purpose framework, is to address appropriately the special considerations that are relevant to:
 - ▶ The acceptance of the engagement;
 - ▶ The planning and performance of that engagement; and
 - ▶ Forming an opinion and reporting on the financial statements.

Definitions

- ▶ Special purpose financial statements– Financial statements prepared in accordance with a special purpose framework.
- ▶ Special purpose framework – A financial reporting framework designed to meet the financial information needs of specific users. The financial reporting framework may be a fair presentation framework or a compliance framework.

Examples of special purpose frameworks

- ▶ Examples of special purpose frameworks are:
 - ▶ The cash receipts and disbursements basis of accounting for cash flow information that an entity may be requested to prepare for creditors;
 - ▶ The financial reporting provisions established by a regulator to meet the requirements of that regulator; or
 - ▶ The financial reporting provisions of a contract, such as a bond indenture, a loan agreement, or a project grant.

Engagement Acceptance - *Considerations*

- ▶ Obtain understanding of:
 - ▶ Purpose for which FS are prepared.
 - ▶ Intended users.
 - ▶ Steps taken by mgt to determine that applicable FRF is acceptable.

Planning & Performing an Audit – *Considerations*

- ▶ Determine whether the application of SAs require special considerations in circumstances of the engagement.

Forming an Opinion & Reporting Considerations

- ▶ **Apply SA 700(R).**

Also:

- ▶ Describe the purpose for which FS are prepared & intended users.
- ▶ If mgt has a choice of FRFs in the preparation of FS:
 - ▶ Explanation of mgt's responsibility for the FS make reference to its responsibility for determining acceptability of applicable FRF.
- ▶ Evaluate whether FS adequately describe the FRF applied.
- ▶ Include Emphasis of Matter paragraph to alert users re application of special purpose FRF:
 - ▶ FS may not be suitable for another purpose.