

GENERAL REVIEW STANDARDS: SECTION 8100

What is a review engagement?

- Reviews are different from audits in that the **scope of a review is less than that of an audit** and therefore the level of **assurance provided is lower**
- The objective of a review is to assess whether the information being reported on is **plausible** within the framework (i.e. IFRS, ASPE)
- A review consists primarily of **inquiry, analytical procedures and discussion**
 - These are normally sufficient for the purposes of considering whether information is plausible
 - Examples of analytical procedure include **comparing the current and prior period information** and considering the reasonableness of financial and other inter-relationships
- A review does not require the public accountant to seek supporting or independent evidence or to study and evaluate internal control
- A review will not normally include procedures such as **physical inspection, observation** of client procedures, **confirmation** from external parties and **examination** of documents which are usually performed in an audit
 - However, when **there is reason to doubt the plausibility** of information obtained, additional procedures which might also be carried out in an audit can be performed
- In a review engagement, a negative assurance is provided
 - i.e. **nothing has come to the attention of the public accountant** that causes him or her to believe that the information being reported on is not, in all material respects, in accordance with appropriate criteria

Acceptance of Engagement

- Before accepting a review engagement, the public accountant should be satisfied that:
 - The subject matter is **within the professional expertise** of public accountants
 - There are **appropriate criteria** against which the subject matter can be evaluated
- To avoid misunderstandings of the terms of the review engagement, the agreement with the client would normally specify:
 - a) That the public accountant will conduct the review in accordance **with generally accepted standards for review engagements**
 - b) The **anticipated form and content of the report**, including any restrictions on its use;
 - c) That an engagement is **not intended to result in the expression of an audit opinion**;
 - d) That **management will provide the information** the public accountant requires;
 - e) That **management is responsible** for the accuracy and completeness of the information
 - f) That a review engagement **cannot** be relied on to **prevent or detect error and fraud**
 - g) That **each page** of the information being reported on will be **marked as being unaudited**
 - h) Please see section 8100 for more

Standards Applicable to Review Engagements

- **General Standards**
 - Adequate technical training and proficiency in conducting reviews, with due care and with an objective state of mind
- **Review standards**
 - Work adequately planned and properly executed and assistants properly supervised
 - The accountant should acquire sufficient knowledge of the business so that intelligent inquiry and assessment of information obtained can be made

- The accountant should perform a review with the limited objective of assessing whether the information is plausible within the framework of appropriate criteria
- Reporting standards
 - The review engagement report should indicate the scope of the review. The nature of the review engagement should be made evident and be clearly distinguished from an audit.
 - The report should indicate, based on the review:
 - whether **anything has come to the public accountant's attention** that causes him or her to believe that the information being reported on is not, in all material respects, in accordance with appropriate criteria; or
 - that no assurance can be provided
- The date of substantial completion of the review would be used as **the date of the review engagement report**
 - i.e. the date by which the accountant has performed sufficient procedures to support the content of the report

Reservations in the review engagement report

- A reservation should be expressed in the review engagement report when the accountant:
 - (a) is **unable to complete the review** because there is a **lack of information** or because it is **impractical to obtain satisfactory information**, and is thus unable to decide **whether some or all of the information is plausible; or**
 - (b) concludes that there is a **departure from the appropriate criteria**
 - (c) concludes that any **significant interpretations** of provisions of an agreement or regulation referred to in the report are **not appropriate or reasonable**