

SPECIAL CONSIDERATIONS — AUDITS OF FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH SPECIAL PURPOSE FRAMEWORKS: CAS 800

Definitions

- **Special purpose F/S** – F/S 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
- **Examples of special purpose frameworks** – A tax basis of accounting, cash basis of accounting, financial reporting provisions established by a regulator or a contract

Considerations When Accepting the Engagement

- Determine the **acceptability** of the financial reporting framework used to prepare the F/S
- Obtain an understanding of:
 1. The **purpose** for which the F/S are prepared
 2. The intended **users**; and
 3. The **steps taken by management** to determine that the applicable financial reporting framework is acceptable in the circumstances

Considerations When Planning and Performing the Audit

- Must comply with all CASs relevant to the audit
- determine whether application of the CASs requires special consideration in the circumstances of the engagement
 - For example, in CAS 320 – Materiality, judgments about matters that are material to users of the F/S are based on a consideration of the common financial information needs of users as a group. In the case of an audit of special purpose F/S, those judgments are based on a consideration of the financial information needs of the intended users
- Obtain an **understanding of the entity's selection and application of accounting policies**
- In the case of F/S prepared in accordance with the provisions of a contract, obtain an understanding of any **significant interpretations** of the contract that management made in the preparation of those F/S

Forming an Opinion and Reporting Considerations

- Evaluate whether the F/S adequately refer to or describe the applicable financial reporting framework
- If the F/S are prepared in accordance with the provisions of a contract, evaluate if the F/S adequately describe any significant interpretations of the contract on which the F/S are based
- The auditor's report should describe the **purpose for which the F/S are prepared** and, if necessary, **the intended users**, or refer to a note in the special purpose F/S that contains that information
- If **management has a choice of financial reporting frameworks** in the preparation of the F/S, the management's responsibility paragraph should make a reference to management's responsibility for determining that the applicable financial reporting framework is acceptable
- Include an **Emphasis of Matter paragraph** alerting users that the F/S are prepared in accordance with a special purpose framework and that the F/S may not be suitable for another purpose