Audit Engagements ISA 800 (Revised) and ISA 805 (Revised)

Special purpose audit of financial data covers audit engagements of financial statements prepared in accordance with a special purpose framework (ISA 800 Revised), or when the auditor is asked to express an opinion on individual financial statements or specific items, accounts or line items (ISA 805 Revised).
ISA 800 (Revised) - Special Considerations - Audit of Financial Statements Prepared in Accordance with Special Purpose Framework deals with specific considerations regarding the application of auditing standards for the audit of financial statements prepared in accordance with a special purpose financial reporting framework. The application of this standard extends to a number of areas, such as:
- financial statements prepared for the purpose of determining business income on a tax basis;
- financial statements prepared on a cash basis;
- financial statements required by a supervisory authority and prepared in accordance with its specific provisions (e.g. ARERA in the context of the provisions for CAS preparation);
- financial statements prepared in accordance with the accounting policies established by a contract.
ISA 805 (Revised) - Special Consideration - Audit of Single Financial Statements and specific elements, accounts or items of a financial statement, deals with specific considerations regarding the application of auditing standards for the audit of an element, account or item of a financial statement prepared in accordance with a financial reporting framework with a general purpose, or with a specific purpose. Such items are generally derived from the company's accounting system and reflect events and/or transactions of a 'historical' nature.
Specific purpose financial statements are normally classified as those prepared under a compliance, rather than fair representation, framework. This distinction is relevant in the preparation of the audit report, in particular with regard to the paragraph in which the professional opinion is expressed, which will be an opinion on compliance in the first case and an opinion on fair representation in the second.
In any case, the financial statements for specific purposes must adequately describe in the notes, the drafting principles adopted and their interpretations. In addition, the auditor's report should indicate the purposes for which the financial statements have been prepared and, if necessary, the potential users.
When applying auditing standards to the audit of financial statements prepared in accordance with a financial reporting framework with specific purposes, the auditor's objective is to appropriately address the specific considerations relating to the acceptance of the engagement, the planning and performance of the engagement, and the formation of the opinion and report on the financial statements.
The auditor must assess whether the financial reporting framework meets the requirements of ISA 210 to be considered acceptable in the specific circumstances, namely: i) relevance: the information provided in the financial statements is relevant to the nature of the business and the purpose of the financial statements; ii) completeness; iii) reliability: the information provided in the financial statements reflects, where applicable, the economic substance of events and transactions and not merely their legal form. Furthermore, they give rise to reasonably consistent judgements, presentations and disclosures when used in similar circumstances; iv) neutrality: neutral

frameworks contribute to the formulation of conclusions that are not influenced by the subjectivity of the evaluator; v) understandability: frameworks must allow for the formulation of conclusions that are clear, accurate and not subject to different interpretations.
In the case of an engagement to audit an individual financial statement schedule or a specific financial statement element, the auditor shall assess whether the application of the financial reporting framework results in a presentation that provides adequate disclosure and allows the recipients to understand both the information contained in the financial statement schedule or the specific element and the effect of events and/or transactions on the information contained therein.
Finally, it should be noted that, with reference to the subject matter of this article, Assirevi Research Document No. 218R - published in November 2020 to replace the April 2018 version - sets out the guidelines for the preparation of the audit report by the independent auditors.

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