

AICPA Auditor's Report Update

November 8, 2021

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Agenda

SAS 141

SAS 134

SAS 135

SAS 137

SAS 138

SAS 139

SAS 140

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SAS 141



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SAS 141

Amendment to the Effective Date of SAS Nos. 134 Through 140

- May 2020
- Did not go through the ED process

Background:

- Challenges associated with COVID-19

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Update

- The effective date will be delayed one-year:
 - SAS 134, Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements, as amended
 - SAS 135, Omnibus Statement on Auditing Standards—2019
 - SAS 136, Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA, as amended
 - SAS 137, The Auditor’s Responsibilities Relating to Other Information Included in Annual Reports
 - SAS 138, Amendments to the Description of the Concept of Materiality
 - SAS 139, Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes From SAS No. 134
 - SAS 140, Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137

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SAS 134



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SAS 134

Auditor Reporting and Amendments, Including Addressing Disclosures in the Audit of Financial Statements

- Issued: May 2019

Impacts:

- AU-C 700, Forming an Opinion and Reporting on Financial Statements
- AU-C 701, Communicating Key Audit Matters in the Independent Auditor's Report
- AU-C 705, Modifications to the Opinion in the Independent Auditor's Report
- AU-C 706, Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor's Report

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Background

- **Convergence**
 - Primarily with IAASB
 - PCAOB has issued similar standard
- **Feedback from users of financial statements**
 - Like pass fail model
 - Want more info about significant aspects of audit
 - Boilerplate language with little transparency

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Updated Effective Date

- Effective for audits of financial statements for periods ending on or after December 15, 2021
 - As amended by SAS 141

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AU-C 700



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Scope

- Not applicable when the auditor is forming an opinion and reporting on financial statements of employee benefit plans subject to the Employee Retirement Income Security Act of 1974 (ERISA)

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Objectives

- The objectives of the auditor:
 - Form an opinion on the financial statements based on an evaluation of the audit evidence obtained, including evidence obtained about comparative financial statements or comparative financial information
 - Express clearly the opinion on the financial statements through a written report

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Opinion Section First

Report on the Audit of the Financial Statements¹

Opinion

We have audited the financial statements of ABC Company, which comprise the balance sheets as of December 31, 20X1 and 20X0, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ABC Company as of December 31, 20X1 and 20X0, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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ALWAYS Followed by a Basis Section

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABC Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Relevant Ethical Requirements

- Ethical requirements consist of the AICPA Code of Professional Conduct together with rules of state boards of accountancy and applicable regulatory agencies that are more restrictive
- When the AICPA Code of Professional Conduct applies, the auditor's other ethical responsibilities relate to the principles of professional conduct

Responsibilities of Management

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Company's ability to continue as a going concern for *[insert the time period set by the applicable financial reporting framework]*.

Responsibilities of the Auditor

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ABC Company's internal control. Accordingly, no such opinion is expressed.²
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Company's ability to continue as a going concern for a reasonable period of time.

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Responsibilities of the Auditor Cont'd

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Report Closing

Report on Other Legal and Regulatory Requirements

[The form and content of this section of the auditor's report would vary depending on the nature of the auditor's other reporting responsibilities.]

[Signature of the auditor's firm]

[City and state where the auditor's report is issued]

[Date of the auditor's report]

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AU-C 701



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AU-C 701

- AU-C Section 701, Communicating Key Audit Matters in the Independent Auditor's Report
- This section addresses the auditor's responsibility to communicate key audit matters in the auditor's report when **the auditor is engaged to do so**

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Key Audit Matters - Defined

- Those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current period. Key audit matters are selected from matters communicated with those charged with governance.

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Scope

- Applies to an audit of a complete set of general-purpose financial statements
- Prohibits the auditor from communicating key audit matters when the auditor expresses an adverse opinion or disclaims an opinion on the financial statements, unless such reporting is required by law or regulation

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Purpose

- The purpose of communicating key audit matters is to provide greater transparency about the audit that was performed

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Context

- Communicating KAM in the auditor's report is done in the context of the auditor having formed an opinion on the financial statements as a whole

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NOT KAM

- Communicating KAM does *not* constitute the following:
 - A substitute for disclosures that the applicable financial reporting framework requires management to make or that are otherwise necessary to achieve fair presentation
 - A substitute for the auditor expressing a modified opinion when required to do so by the circumstances of a specific audit engagement in accordance with AU-C 705
 - A substitute for reporting in accordance with AU-C 570, if, after considering identified conditions or events and management's plans, the auditor concludes that substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time remains
 - A separate opinion on individual matters

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How to Select KAM

- The auditor should determine, from the **matters communicated with those charged with governance**, those matters that required **significant auditor attention** in performing the audit

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Other Standards

- AU-C 260, The Auditor's Communication With Those Charged With Governance
 - Required Communications
- AU-C 220, Quality Control for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards
 - Significant Audit Attention

Current Period

- Determination of KAM is limited to those matters of most significance in the audit of the financial statements of the current period
 - Even when comparative financial statements are presented

Significant Audit Attention

- Areas of higher assessed risk of material misstatement, or significant risks
- Significant auditor judgments relating to areas in the financial statements that involved significant management judgment, including accounting estimates that have been identified as having high estimation uncertainty
- The effect on the audit of significant events or transactions that occurred during the period

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Challenging

- Matters that pose challenges to the auditor in obtaining sufficient appropriate audit evidence or pose challenges to the auditor in forming an opinion may be particularly relevant in the auditor's determination of KAM

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Audit Attention

- Areas of complexity and significant management judgment
- Often involve difficult or complex auditor judgments
- Affects the auditor's overall audit strategy, the allocation of resources, and the extent of audit effort in relation to such matters

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Significant Risks

- A significant risk is as an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration
- Areas of significant management judgment and significant unusual transactions may often be identified as significant risks

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Entity Specific

- Significant economic, accounting, regulatory, industry, or other developments that affected management's assumptions or judgments

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Relative Significance

- The auditor should determine which of the matters determined identified were of most significance

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Considerations

- The importance of a matter to intended users' understanding of the financial statements
- The matter's materiality to the financial statements
- The nature of the underlying accounting policy
- The complexity or subjectivity involved in management's selection of an appropriate policy compared to other entities within its industry
- The nature and materiality, quantitative or qualitative, of corrected and accumulated uncorrected misstatements due to fraud or error related to the matter, if any

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Considerations Cont'd

- The nature and extent of audit effort needed to address the matter, including the:
 - Extent of specialized skill or knowledge needed to apply audit procedures to address the matter or evaluate the results of those procedures, if any
 - Nature of consultations outside the engagement team regarding the matter
- The nature and severity of difficulties in applying audit procedures, evaluating the results of those procedures, and obtaining relevant and reliable evidence on which to base the auditor's opinion, particularly as the auditor's judgments become more subjective
- The severity of any control deficiencies identified that are relevant to the matter
- Whether the matter involved a number of separate, but related, auditing considerations

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Which & How Many?

- Matter of professional judgment
- The number of key audit matters to be included in the auditor's report may be affected by:
 - a) The size and complexity of the entity
 - b) The nature of its business and environment
 - c) The facts and circumstances of the audit engagement

Order of Matters

- The order of presentation of individual matters within the “Key Audit Matters” section is a matter of professional judgment
 - May be organized in order of relative importance
 - May be based on the auditor's judgment
 - May correspond to the manner in which matters are disclosed in the financial statements

KAM Section of Report

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[Description of each key audit matter in accordance with section 701, Communicating Key Audit Matters in the Independent Auditor's Report, of this SAS]

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Description of KAM

- Should include a reference to the related disclosures, if any, in the financial statement
- Address
 - Why the matter was considered to be one of most significance in the audit and therefore determined to be a key audit matter
 - How the matter was addressed in the audit

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Guidelines

- The adequacy of the description of a key audit matter is a matter of professional judgment
- Meant to provide a succinct and balanced explanation
- Limit the use of highly technical auditing terms
- Be balanced in the context of the responsibilities of the respective parties

Disclosure Impact

- Not a mere reiteration of what is disclosed in the financial statements
- In addition to referring to related disclosures, the auditor may draw attention to key aspects of them

Principal Considerations

- Make reference to the principal considerations that led the auditor, in the circumstances of the audit, to determine the matter to be one of most significance
 - Economic conditions that affected the auditor's ability to obtain audit evidence, for example, illiquid markets for certain financial instruments
 - New or emerging accounting policies, for example, entity-specific or industry-specific matters on which the engagement team consulted
 - Changes in the entity's strategy or business model that had a material effect on the financial statements

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How Addressed

- The amount of detail to be provided is a matter of professional judgment
- Consider:
 - Aspects of the auditor's response or approach that were most relevant to the matter or specific to the assessed risk of material misstatement
 - A brief overview of procedures performed
 - An indication of the outcome of the auditor's procedures
 - Key observations with respect to the matter

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Take Care

- Do not imply that the matter has not been appropriately resolved by the auditor in forming the opinion on the financial statements
- Relate the matter directly to the specific circumstances of the entity, while avoiding generic or standardized language
- Take into account how the matter is addressed in the related disclosures in the financial statements, if any
- Do not contain or imply discrete opinions on separate elements of the financial statements

Original Information

- Original information is any information about the entity that has not otherwise been made publicly available by the entity
 - Such information is the responsibility of the entity's management and those charged with governance

Original Information Cont'd

- Although the auditor seeks to avoid providing original information about the entity, it may be necessary for the auditor to do so in the description of a key audit matter
- Management may elect to expand or supplement the entity's disclosures, rather than having the auditor provide original information in the auditor's report

Do Not Report KAM

- Law or regulation precludes disclosure about the matter
- In extremely rare circumstances, the auditor determines that the matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication
 - Does not apply if information about the matter is available outside the entity

SAS 135



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SAS 135

Omnibus Statement on Auditing Standards—2019

- Issued: May 2019

Background:

- Convergence with PCAOB
 - AS 1301, Communication with Audit Committees
 - AS 2701, Supplementary Information
 - AS 2410, Related Parties

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AU-C 260 Updates

- Adds significant unusual transactions (if any) to required communications
- The communication of significant unusual transactions may include:
 - The auditor's views on the policies and practices management used to account for significant unusual transactions
 - The auditor's understanding of the business purpose for significant unusual transactions

New Required Communications

- Adds matters that are difficult or contentious for which the auditor consulted outside the engagement team and that are, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process to required communications

New Required Communications Cont'd

- Adds “that uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if the auditor has concluded that the uncorrected misstatements are immaterial to the financial statements under audit” to required communication

AU-C 550

- The auditor should inquire of management and others within the entity regarding the following:
 - The identity of the entity’s related parties, including changes from the prior period
 - The nature of the relationships (including ownership structure) between the entity and these related parties
 - The business purpose of entering into a transaction with a related party versus an unrelated party
 - Whether the entity entered into, modified, or terminated any transactions with these related parties during the period and, if so, the type and business purpose of the transactions

New Inquiries

- Inquiries should include asking about any related party transactions
 - That have not been authorized and approved in accordance with the entity's established policies or procedures regarding the authorization and approval of transactions with related parties
 - For which exceptions to the entity's established policies or procedures were granted and the reasons for granting those exceptions

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New Inquiries Cont'd

- Unless all of those charged with governance are involved in managing the entity, the auditor should inquire of those charged with governance (or the audit committee or, at least, its chairperson) regarding
 - Their understanding of the entity's relationships and transactions with related parties that are significant to the entity; and
 - Whether any of those charged with governance have concerns regarding relationships or transactions with related parties and, if so, the substance of those concerns

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Terminology

- Consistent use of the terminology significant unusual transactions
- Business Purpose vs. Business Rationale

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New Procedures

- Evaluate whether the entity has properly identified its related party relationships and transactions
 - Involves more than assessing the process used by the entity
 - Evaluation should include procedures to test the accuracy and completeness of the related party relationships and transactions identified by the entity, taking into account the information gathered during the audit

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New Procedures – Affiliated Entities

- Perform procedures on balances with affiliated entities as of concurrent dates, even if fiscal years of the respective entities differ
 - Procedures should address the risks of material misstatement associated with the entity's accounts with affiliates

New Communications

- The identification of significant related party transactions that appear to lack a business purpose
- The inclusion of a statement in the financial statements that a transaction with a related party was conducted on terms equivalent to those prevailing in an arm's-length transaction

AU-C 240

Significant Unusual Transactions

- Significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual due to their timing, size, or nature

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New Inquiries - Significant Unusual Transactions

- Internal Audit
- Those charged with governance
- Management

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New Procedures Cont'd

- Read the underlying documentation and evaluating whether the terms and other information about the transaction are consistent with explanations from inquiries and other audit evidence about the business purpose (or the lack thereof) of the transaction
- Determine whether the transaction has been authorized and approved in accordance with the entity's established policies and procedures
- Evaluate whether significant unusual transactions that the auditor has identified have been properly accounted for and disclosed in the financial statements

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Fraud Indicators

- Transactions lack commercial or economic substance or are part of a larger series of connected, linked, or interdependent arrangements that lack commercial or economic substance individually or in the aggregate
 - i.e. A transaction is entered into shortly prior to period end and is unwound shortly after period end
- Transactions occur with a party that falls outside the definition of a related party (as defined by the applicable financial reporting framework), with either party able to negotiate terms that may not be available for other, more clearly independent parties on an arm's-length basis
- Transactions exist to enable the entity to achieve certain financial targets

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New Procedures Cont'd

- Procedures for evaluating significant unusual transactions may include evaluating the financial capability of the other parties with respect to significant uncollected balances, loan commitments, supply arrangements, guarantees and other obligations, if any

Examples of information that might be relevant:

- The audited financial statements of the related party
- Reports issued by regulatory agencies
- Financial publications
- Income tax returns of the related party

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AU-C 560

New Inquiries:

- Whether there have been any changes in the entity's related parties
- Whether there have been any significant new related party transactions
- Whether the entity has entered into any significant unusual transactions

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Effective Date

- For periods ending on or after December 15, 2021
 - As amended by SAS 141

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SAS 137



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SAS 137

The Auditor's Responsibilities Relating to Other Information Included in Annual Reports

- Issued: July 2019

Background:

- Addresses the auditor's responsibilities relating to other information, whether financial or nonfinancial information, included in an entity's annual report

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Definition

Annual Report:

- A document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial statements
- An annual report contains, accompanies, or incorporates by reference the financial statements and the auditor's report thereon and usually includes information about the entity's developments, its future outlook and risks and uncertainties, a statement by the entity's governing body, and reports covering governance matters
- Annual reports include annual reports of governments and organizations for charitable or philanthropic purposes that are available to the public

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Not an Annual Report

- IRS Form 990, Return of Organization Exempt From Income Tax
- IRS Form 5500, Annual Return/Report of Employee Benefit Plan
- Corporate social responsibility reports
- Sustainability reports
- Annual statement filed with National Association of Insurance Commissioners
- Separate industry or regulatory reports (for example, capital adequacy reports), such as those prepared in the banking, insurance, and pension industries
- Diversity and equal opportunity reports
- Product responsibility reports
- Labor practices and working conditions reports
- Human rights reports

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Governments

- The term annual reports of governments is intended to include comprehensive annual financial reports (CAFR) or other annual financial reports that include the government's financial statements and the auditor's report thereon

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May be included in OI

- Management report, management commentary, or operating and financial review or similar reports by those charged with governance (for example, a directors' report)
- Chairman's statement
- Corporate governance statement
- Management's internal control and risk assessment reports
- Financial summaries or highlights
- Employment data
- Planned capital expenditures
- Financial ratios
- Names of officers and directors
- Selected quarterly data

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Scope

- Though a document may be referred to as an annual report, such document may not meet the definition of an annual report for purposes of SAS 137

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Scope Cont'd

Does not apply to:

- Supplemental Information (AU-C 725)
- Required Supplementary Information (AU-C 730)

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Objectives

The objectives of the auditor, having read the OI, are as follows:

- To consider whether a material inconsistency exists between the other information and the financial statements
- To remain alert for indications that:
 - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit or
 - A material misstatement of fact exists or the other information is otherwise misleading
- To respond appropriately when the auditor identifies that such material inconsistencies appear to exist, or when the auditor otherwise becomes aware that other information appears to be materially misstated
- To report in accordance with this SAS

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Responsibility

- The auditor's opinion on the FS does not cover the other information
 - The auditor is NOT required to obtain audit evidence beyond that required to form an opinion on the FS
- The auditor's responsibilities relating to other information, other than applicable reporting requirements, apply regardless of whether the other information is obtained by the auditor prior to or after the date of the auditor's report

Obtaining the Other Information

The auditor should do the following:

- Through discussion with management, determine and obtain management's written acknowledgment regarding which document or documents comprise the annual report and the entity's planned manner and timing of the issuance of such documents
- Make appropriate arrangements with management to obtain in a timely manner and, if possible, prior to the date of the auditor's report, the final version of the document or documents comprising the annual report
- When some or all the documents will not be available until after the date of the auditor's report on the financial statements, request management to provide a written representation that the final version of the documents will be provided to the auditor when available, and prior to the document's issuance by the entity, such that the auditor can complete the procedures required by this SAS

Communication w/ Those Charged with Governance

- The auditor should communicate with those charged with governance the auditor's responsibility with respect to other information, the procedures performed related to the other information, and the results

Reading and Considering the OI

- The auditor should read the other information and consider whether a material inconsistency exists between the other information and the financial statements
- As the basis for this consideration, to evaluate their consistency, the auditor should compare selected amounts or other items in the other information (that are intended to be the same as, to summarize, or to provide greater detail about the amounts or other items in the financial statements) with such amounts or other items in the financial statements

Reading and Considering the OI Cont'd

- While reading the other information, the auditor should remain alert for indications that:
 - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit
 - A material misstatement of fact exists or the other information is otherwise misleading

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Reading and Considering the OI Cont'd

- The auditor is not responsible for searching for omitted information or for the completeness of the other information

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Reporting

Other Information [Included in the Annual Report]

Management is responsible for the other information [*included in the annual report*]. The other information comprises the [*information included in the annual report*]¹ but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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Documentation

The auditor should include the following:

- The procedures performed
- The final version of the OI on which the auditor has performed the work required

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Also Addresses

- Responding when a material inconsistency appears to exist or other information appears to be materially misstated
- Responding when the auditor concludes that a material misstatement of the other information exists
- Responding when a material misstatement in the financial statements exists or the auditor's understanding of the entity and its environment needs to be updated

Effective Date

- For periods ending on or after December 15, 2021
 - As amended by SAS 141

SAS 138



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SAS 138

Amendments to the Description of the Concept of Materiality

- Issued: December 2019

Background:

- Reverting to US definition of materiality

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AU-C 320, Materiality in Planning & Performing an Audit

Materiality in the Context of an Audit

- .02 Financial reporting frameworks often discuss the concept of materiality in the context of the preparation and fair presentation of financial statements. Although financial reporting frameworks may discuss materiality in different terms, they generally explain that
- misstatements, including omissions, are considered to be material if ~~they~~ **there is a substantial likelihood that**, individually or in the aggregate, they ~~could reasonably be expected to~~ **would** influence the ~~economic decisions of users~~ **judgment made by a reasonable user based on the basis** of the financial statements.
 - judgments about materiality are made in light of surrounding circumstances and are affected by the size or nature of a misstatement, or a combination of both.
 - **judgments about materiality involve both qualitative and quantitative considerations.**
 - judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered.

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Effective Date

- For periods ending on or after December 15, 2021
 - As amended by SAS 141

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SAS 139



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SAS 139

Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes From SAS No. 134

- Issued: March 2020

Background:

- SAS 134 changed format of standard report
 - Issued: May 2019

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800 Series

- AU-C 800, Special Considerations — Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks
- AU-C 805, Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement
- AU-C 810, Engagements to Report on Summary Financial Statements

Effective Date

- For periods ending on or after December 15, 2021
 - As amended by SAS 141

SAS 140



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SAS 140

Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137

- Issued: April 2020

Background:

- SAS 134 was issued in May 2019
 - Updated auditor's report

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AU-C 725

- Supplementary information is NOT an EOM or OM paragraph
 - Separate section of report

AU-C 730

- RSI is NOT an EOM or OM paragraph
 - Separate section of report
- Adds that RSI is responsibility of management

AU-C 930

- First section
 - Results of Review of Interim Financial Information
 - Conforms with 134
 - Does not use term conclusion
- Introduces basis for results section

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Going Concern

- Going concern updated to separate section
 - Not EOM paragraph
 - Consistent with SAS 134

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AU-C 935

- Major Changes
 - Addresses changes in UG, SAS 134, 2018 YB
 - Updates terminology from A-133 to Uniform Guidance
 - Proper reference to A&A Guide Name

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AU-C 940, AU-C 920 and AU-C 910

- AU-C 940
 - Conforming amendments to SAS 134
- AU-C 920
 - Conforming amendments to SAS 137
 - Other section
- AU-C 910
 - No changes to to the requirements or application material
 - Just changes to example reports

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Effective Date

- For periods ending on or after December 15, 2021
 - As amended by SAS 141



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What Questions Do You Have?

Melisa F. Galasso
Chief Executive

Melisa@galassolearningsolutions.com
www.galassolearningsolutions.com

The slide features a dark blue background with a white geometric pattern of hexagons. In the top left corner, there is a grey shield-shaped area containing the Galasso Learning Solutions logo. On the right side, there is a portrait of Melisa F. Galasso, a woman with brown hair wearing a dark blue sleeveless top. Below the portrait, her name and title are listed, followed by her email and website addresses.

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