

Auditors' Reports

2nd Edition

Table of Contents

Introduction – Auditors’ Reports	1
AAM Section 9000	1
AICPA Requirements	1
Chapter 1 – Overview—Auditor’s Report (AAM Section 9010)	3
Learning Objectives	3
AAM Section 9010	3
Review Questions	7
Review Answers	8
Chapter 2 – Unmodified Opinions (AAM Section 9020)	9
Learning Objectives	9
AAM Section 9020	9
Illustrations of Auditor’s Reports on Financial Statements	12
Review Questions	17
Review Answers	18
Chapter 3 – Modified Opinions (AAM Section 9030)	19
Learning Objectives	19
AAM Section 9030	19
Qualified Opinion	19
Adverse Opinion	20
Disclaimer of Opinion	20
Basis for Modification Paragraph	21
Opinion Paragraph	21
Description of the Auditor’s Responsibility When the Auditor Expresses a Qualified or Adverse Opinion	22
Description of the Auditor’s Responsibility When the Auditor Disclaims an Opinion	22
Withdrawal From an Audit Engagement	22
Review Questions	24
Review Answers	25
Chapter 4 – Material Misstatements (AAM Section 9040)	27
Learning Objectives	27
AAM Section 9040	27
Management Estimates	28
Basis for Modification Paragraph	28
Opinion Paragraph	29
Review Questions	30
Review Answers	31
Chapter 5 – Inability to Obtain Sufficient Appropriate Audit Evidence (AAM Section 9050)	33
Learning Objectives	33
AAM Section 9050	33
Auditor’s Responsibility	37
Basis for Modification Paragraph	37
Opinion Paragraph	38
Review Questions	39
Review Answers	40
Chapter 6 – Additional Communications in the Auditor’s Report—Emphasis-of-Matter Paragraphs (AAM Section 9060)	41
Learning Objectives	41
AAM Section 9060	41

Table of Contents

Subsequently Discovered Facts	41
The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern	43
Consistency of Financial Statements.....	44
Change in Accounting Principle.....	44
Correction of a Material Misstatement in Previously Issued Financial Statements	45
Review Questions	47
Review Answers	48
Chapter 7 – Additional Communications in the Auditor’s Report—Other-Matter Paragraphs (AAM Section 9070)	49
Learning Objectives	49
AAM Section 9070	49
Other Information in Documents Containing Audited Financial Statements.....	50
Supplementary Information in Relation to the Financial Statements as a Whole	51
Required Supplementary Information	52
Procedures Performed on Supplementary Information After the Date of the Auditor’s Report.....	54
Review Questions	56
Review Answers	57
Chapter 8 – Special Considerations in the United States (AAM Section 9080).....	59
Learning Objectives	59
AAM Section 9080	59
Adding Other Specified Parties	60
Reports on Application of Requirements of an Applicable Financial Reporting Framework.....	61
Reporting—Use Only Outside the United States	62
Reporting—Use in the United States.....	63
Review Questions.....	64
Review Answers	65
Chapter 9 – Special Purpose Frameworks (AAM Section 9090).....	67
Learning Objectives	67
AAM Section 9090	67
Fair Presentation	68
Management’s Responsibility.....	69
Purpose of the Financial Statements.....	69
Restriction on Use	69
Requirement on Format	70
Review Questions.....	72
Review Answers	73
Chapter 10 – Comparative Financial Statements (AAM Section 9100).....	75
Learning Objectives	75
AAM Section 9100	75
Illustrations of Auditor’s Reports on Financial Statements.....	78
Review Questions.....	95
Review Answers	96
Chapter 11 – Initial Audit Engagements (AAM Section 9110).....	97
Learning Objectives	97
AAM Section 9110	97
Opening Balances	98
Consistency of Accounting Policies.....	99
Relevant Information in the Predecessor Auditor’s Report.....	99
Discovery of Possible Material Misstatements in Financial Statements Reported on by a Predecessor Auditor.....	99
Audit Conclusions and Reporting	100
Illustrations of Auditor’s Reports on Financial Statements.....	100

Table of Contents

Review Questions	102
Review Answers	103
Chapter 12 – Single Financial Statement and Specific Elements, Accounts, or Items (AAM Section 9120)	105
Learning Objectives	105
AAM Section 9120	105
Review Questions	108
Review Answers	109
Chapter 13 – Reporting on Compliance With Aspects of Contractual Agreements or Regulatory Requirements in Connection With Audited Financial Statements (AAM Section 9130)	111
Learning Objectives	111
AAM Section 9130	111
Separate Report on Compliance With Aspects of Contractual Agreements or Regulatory Requirements	112
Report on Compliance With Aspects of Contractual Agreements or Regulatory Requirements Included in the Auditor’s Report.....	113
Review Questions	114
Review Answers	115
Chapter 14 – Engagements to Report on Summary Financial Statements (AAM Section 9140)....	117
Learning Objectives	117
AAM Section 9140	117
Elements of the Auditor’s Report.....	119
Modifications to the Opinion, Emphasis-of-Matter Paragraph, or Other-Matter Paragraph in the Auditor’s Report on the Audited Financial Statements	120
Restriction on Use or Alerting Readers to the Basis of Accounting	121
Comparatives	121
Unaudited Information Presented With Summary Financial Statements.....	121
Other Information in Documents Containing Summary Financial Statements.....	121
Auditor Association	122
Review Questions	123
Review Answers	124
Chapter 15 – Group Audits (AAM Section 9150)	125
Learning Objectives	125
AAM Section 9150	125
Acceptance and Continuance	125
Making Reference in the Auditor’s Report	126
Review Questions	128
Review Answers	129
Glossary.....	131
Index	133