

Auditors' Reports

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.....	6
Review Answers	7
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	20
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.....	45
Change in Accounting Principle.....	45
Correction of a Material Misstatement in Previously Issued Financial Statements.....	46
Review Questions.....	48
Review Answers	49
Chapter 7 – Additional Communications in the Auditor’s Report—Other-Matter Paragraphs	
(AAM Section 9070)	51
Learning Objectives	51
AAM Section 9070	51
Other Information in Documents Containing Audited Financial Statements	52
Supplementary Information in Relation to the Financial Statements as a Whole	53
Required Supplementary Information	54
Procedures Performed on Supplementary Information After the Date of the Auditor’s Report.....	56
Review Questions.....	58
Review Answers	59
Chapter 8 – Special Considerations in the United States (AAM Section 9080).....	
Learning Objectives	61
AAM Section 9080	61
Adding Other Specified Parties	62
Reports on Application of Requirements of an Applicable Financial Reporting Framework.....	63
Reporting—Use Only Outside the United States	64
Reporting—Use in the United States.....	65
Review Questions.....	66
Review Answers	67
Chapter 9 – Special Purpose Frameworks (AAM Section 9090).....	
Learning Objectives	69
AAM Section 9090	69
Fair Presentation	70
Management’s Responsibility.....	71
Purpose of the Financial Statements.....	71
Restriction on Use	71
Requirement on Format	72
Review Questions.....	74
Review Answers	75
Chapter 10 – Comparative Financial Statements (AAM Section 9100).....	
Learning Objectives	77
AAM Section 9100	77
Illustrations of Auditor’s Reports on Financial Statements.....	80
Review Questions.....	97
Review Answers	98
Chapter 11 – Initial Audit Engagements (AAM Section 9110).....	
Learning Objectives	99
AAM Section 9110	99
Opening Balances	100
Consistency of Accounting Policies	101
Relevant Information in the Predecessor Auditor’s Report	101
Discovery of Possible Material Misstatements in Financial Statements Reported on by a Predecessor Auditor.....	101
Audit Conclusions and Reporting	102
Illustrations of Auditor’s Reports on Financial Statements.....	102

Table of Contents

Review Questions.....	104
Review Answers	105
Chapter 12 – Single Financial Statement and Specific Elements, Accounts, or Items (AAM Section 9120)	107
Learning Objectives	107
AAM Section 9120	107
Review Questions.....	110
Review Answers	111
Chapter 13 – Reporting on Compliance With Aspects of Contractual Agreements or Regulatory Requirements in Connection With Audited Financial Statements (AAM Section 9130)	113
Learning Objectives	113
AAM Section 9130	113
Separate Report on Compliance With Aspects of Contractual Agreements or Regulatory Requirements	114
Report on Compliance With Aspects of Contractual Agreements or Regulatory Requirements Included in the Auditor’s Report.....	115
Review Questions.....	116
Review Answers	117
Chapter 14 – Engagements to Report on Summary Financial Statements (AAM Section 9140)....	119
Learning Objectives	119
AAM Section 9140	119
Elements of the Auditor’s Report.....	121
Modifications to the Opinion, Emphasis-of-Matter Paragraph, or Other-Matter Paragraph in the Auditor’s Report on the Audited Financial Statements	122
Restriction on Use or Alerting Readers to the Basis of Accounting	123
Comparatives	123
Unaudited Information Presented With Summary Financial Statements.....	123
Other Information in Documents Containing Summary Financial Statements.....	123
Auditor Association	124
Review Questions.....	125
Review Answers	126
Chapter 15 – Group Audits (AAM Section 9150).....	127
Learning Objectives	127
AAM Section 9150	127
Acceptance and Continuance	127
Making Reference in the Auditor’s Report	128
Review Questions.....	130
Review Answers	131
Glossary.....	133
Index	135