



Agenda Item 1

Conforming Amendments to AU-C sections 930, 935, 940, 725, and 730

Objective of Agenda Item

To discuss comments received on the public exposure of the proposed SAS *Amendments to AU-C sections 725, 730, 930, 935, and 940 to Incorporate Changes From SAS No. 134 and SAS No. 137 (ED)* and to vote to issue the proposed standard as a final SAS.

The proposed SAS contains amendments to conform the following AU-C sections to SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Statements*:

- Section 930, *Interim Financial Information*
- Section 935, *Compliance Audits*
- Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*

The proposed SAS also contains amendments to conform the following AU-C sections to SAS No. 137, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*:

- AU-C section 725, *Supplementary Information in Relation to the Financial Statements as a Whole*
- AU-C section 730, *Required Supplementary Information*

Background

SAS No. 134 changed the form and content of the auditor's report. AU-C sections 930, 935, and 940 contain requirements for auditor's reports in the circumstances of the section, and accordingly amendments are necessary to conform those requirements to the requirements of SAS No. 134.

In addition, SAS No. 137 addresses the auditor's responsibilities relating to other information, whether financial or nonfinancial information (other than financial statements and the auditor's report thereon), included in an entity's annual report. AU-C sections 725 and 730 include requirements for the auditor to report on the supplementary information or required supplementary information, respectively. As supplementary information and required supplementary information are comparable to other information, it is proposed that AU-C sections 725 and 730 be amended to change the references to an other-matter paragraph to refer instead to a separate section in the auditor's report consistent with SAS No. 137.

The ED was issued in December 2019. Comment letters were received from the following 14 respondents:

1. Michigan Office of the Auditor General
2. Grant Thornton LLP
3. Ernst & Young LLP
4. Texas Society of CPAs
5. BDO USA LLP
6. Tennessee Department of Audit, Division of State Audit
7. Commonwealth of Virginia, Auditor of Public Accounts
8. Deloitte & Touche LLP
9. Office of Washington State Auditor
10. George A. Rippey, CPA
11. Terrill W. Ramsey, CPA
12. Florida Institute of CPAs
13. KPMG LLP
14. PricewaterhouseCoopers LLP

All comment letters are available at (ASB members are assumed to have read these comment letters) <https://www.aicpa.org/research/exposedrafts/accountingandauditing.html>.

Overall Action Requested of ASB

After discussion of each individual section, the ASB will be asked to vote to ballot to issue the proposed SAS, *Amendments to AU-C sections 725, 730, 930, 935, and 940* as a final standard.

Agenda Items Presented:

- Agenda Item 1A *AU-C sections 725, Supplementary Information in Relation to the Financial Statements as a Whole, 730, Required Supplementary Information, and 930, Interim Financial Information*
- Item 1A (1), Issues Paper
 - Item 1A (2), Proposed conforming amendments to AU-C sections 725, 730, and 930 – redline to show edits to exposure draft
 - Item 1A (3), Summary of comments received on the proposed revisions to AU-C sections 725, 730, and 930

Note: Mr. Glynn will use agenda item 1A (2) to walk the ASB through the proposed revisions to AU-C sections 725, 730, and 930

- Agenda Item 1B *AU-C section 935, Compliance Audits*
- Item 1B (1), Issues Paper
 - Item 1B(2), Proposed conforming amendments to AU-C section 935 – redline to show edits to exposure draft
 - Item 1B (3), Summary of comments received on the proposed revisions to AU-C section 935

Discussion Memorandum: Conforming Amendments
ASB Meeting, March 11, 2020

- Agenda Item 1C AU-C section 940, *An Audit of Internal Control Over Financial Reporting That is Integrated With an Audit of Financial Statements*
- Item 1C (1), Issues Paper
 - Item 1C (2), Proposed conforming amendments to AU-C section 940 – redlined to show edits to exposure draft
 - Item 1C (3), Summary of comments received on the proposed revisions to AU-C section 940
- Agenda Item 1D Exposure draft of proposed SAS, *Amendments to AU-C sections 725, 730, 930, 935, and 940* (provided for reference only)