

AU-C Section 9725

Supplementary Information in Relation to the Financial Statements as a Whole: Auditing Interpretations of Section 725

1. Dating the Auditor's Report on Supplementary Information

.01 Question—In accordance with section 725, *Supplementary Information in Relation to the Financial Statements as a Whole*,¹ the auditor's report on supplementary information should not be dated earlier than the date on which the auditor completed the procedures required by section 725.² When the auditor completes those procedures subsequent to the date of the auditor's report on the audited financial statements, the auditor is not required to obtain additional evidence with respect to the audited financial statements. When reporting on the supplementary information (either in a separate report or in an other-matter paragraph within the auditor's report on the financial statements) after the date of the auditor's report on the financial statements, how may an auditor make it clear that no additional procedures were performed on the audited financial statements subsequent to the date of the auditor's report on those financial statements?

.02 Interpretation—Although not required, an auditor may

- a. when issuing a separate report on the supplementary information, include in such report a statement that the auditor has not performed any auditing procedures with respect to the audited financial statements subsequent to the date of the auditor's report on those audited financial statements (see paragraph .03 of this interpretation), or
- b. when reissuing a report on the audited financial statements to include an other-matter paragraph to report on the supplementary information, include two report dates to indicate that the date of reporting on the supplementary information is as of a later date (see paragraph .04 of this interpretation).

.03 The following illustrative separate report on supplementary information includes additional language intended to make it clear that no procedures were performed subsequent to the date of the auditor's report on the audited financial statements.

¹ Paragraph .12 of section 725, *Supplementary Information in Relation to the Financial Statements as a Whole*.

² Paragraph .07 of section 725.

Independent Auditor's Report on [Identify Supplementary Information]

[Appropriate Addressee]

We have audited the financial statements of XYZ Entity as of and for the year ended June 30, 20X1, and have issued our report thereon dated [date of the auditor's report on the financial statements, for example, "September 15, 20X1"] which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. *We have not performed any procedures with respect to the audited financial statements subsequent to [date of the auditor's report on the financial statements, for example, "September 15, 20X1"].*

The [identify supplementary information] is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

[Auditor's signature]

[Auditor's city and state]

December 1, 20X1 [Date of the auditor's report on the supplementary information—not to be earlier than the date on which the auditor completed the procedures required by section 725³]

.04 The following illustrative report on the audited financial statements includes an other-matter paragraph to report on supplementary information subsequent to the date of the report on the audited financial statements. For this illustration, March 31, 20X2, is the original date of the report on the audited financial statements.

Independent Auditor's Report

[Appropriate Addressee]

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

³ Paragraph .07 of section 725.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Report on [Identify Supplementary Information]

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The [*identify accompanying supplementary information*] is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

[*Auditor's signature*]

[*Auditor's city and state*]

March 31, 20X2, except for our report on the supplementary information for which the date is June 1, 20X2 [Date of the auditor's report on the audited financial statements, with a later date used for the paragraph labeled "Report on [*identify supplementary information*]," which is as of a date not earlier than the date on which the auditor completed the procedures required by paragraph .07 of section 725.]

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