

# New Auditing Reporting Standards: SAS No. 134-141 2021 Edition

## Table of Contents

Learning Objectives.....	1
<b>I. Overview of SAS No. 134-141.....</b>	<b>3</b>
<b>II. SAS No. 134: Auditor Reporting and Amendments, Including Amendments</b>	
<b>Addressing Disclosures in the Audit of Financial Statements.....</b>	<b>9</b>
A. Overview of SAS No. 134 .....	9
<b>SAS No. 134’s New AU-C 700A: Forming an Opinion and Reporting on Financial</b>	
<b>Statements.....</b>	<b>12</b>
A. Introduction.....	12
B. Scope of New AU-C 700A.....	12
C. Definitions.....	13
D. Requirements of New AU-C 700A.....	14
E. Detailed Sections of the New Audit Report in AU-C 700A: .....	18
F. Examples of Auditor’s Reports on Financial Statements.....	28
G. Other Reporting Issues- AU-C 700A.....	38
H. SAS No. 134 Amendments to Other Sections of SAS No. 122 and SAS No. 132 .....	44
<b>REVIEW QUESTIONS SUGGESTED SOLUTIONS .....</b>	<b>49</b>
<b>SAS No. 134’s New AU-C Section 701: Communicating Key Audit Matters in the</b>	
<b>Independent Auditor’s Report .....</b>	<b>55</b>
A. Objectives .....	55
B. Introduction.....	55
C. Scope of AU-C 701 .....	56
D. Definitions used in AU-C 701.....	57
E. Requirements of AU-C 701 .....	57
F. Examples- Key Audit Matter Paragraphs in the Auditor’s Report .....	65
G. Other Reporting Issues- Key Audit Matters .....	69
<b>REVIEW QUESTIONS SUGGESTED SOLUTIONS .....</b>	<b>75</b>
<b>SAS No. 134’s New AU-C 705A: Modifications to the Opinion in the Independent</b>	
<b>Auditor’s Report.....</b>	<b>79</b>
A. Objective of AU-C 705A.....	79
B. Scope of New AU-C 705A.....	79
C. Types of Modified Opinions.....	79
D. Definitions.....	80
E. Requirements of New AU-C 705A.....	81
F. Form and Content of the Auditor’s Report When the Opinion Is Modified .....	84
G. Examples of Auditor’s Reports from AU-C 705A .....	91
<b>REVIEW QUESTIONS SUGGESTED SOLUTIONS .....</b>	<b>107</b>
<b>SAS No. 134’s New AU-C 706A: Emphasis-of-Matter Paragraphs and Other-Matter</b>	
<b>Paragraphs in the Independent Auditor’s Report.....</b>	<b>111</b>
A. Objective of AU-C 706A.....	111
B. Scope of AU-C 706A.....	111
C. Definitions Used in AU-C 706A.....	111
D. Requirements of AU-C 706A.....	112

E. Example Reports- AU-C 706A, as modified by the Author.....	119
<b>REVIEW QUESTIONS SUGGESTED SOLUTIONS.....</b>	<b>125</b>
<b>III.SAS No. 135: Omnibus Statement on Auditing Standards—2019.....</b>	<b>129</b>
A.Introduction.....	129
B.Amendments Made by SAS No. 135.....	130
<b>REVIEW QUESTIONS SUGGESTED SOLUTIONS.....</b>	<b>135</b>
<b>IV. SAS No. 136: Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA.....</b>	<b>137</b>
A. Objectives .....	137
B. Introduction.....	137
C. Scope of AU-C 703 (SAS No. 136).....	139
D. Requirements- ERISA Audit per AU-C 703.....	139
E. Considerations Relating to Form 5500 Filing.....	144
F. Auditor’s Report on ERISA Plan Financial Statements .....	146
G. The New ERISA Section 103(a)(3)(C) Audit.....	156
H. Illustrations of Auditor’s Reports on Financial Statements of Employee Benefit Plans Subject to ERISA.....	169
<b>REVIEW QUESTIONS SUGGESTED SOLUTIONS.....</b>	<b>179</b>
<b>V. SAS No. 137: The Auditor’s Responsibilities Relating to Other Information Included in Annual Reports.....</b>	<b>187</b>
A. Objectives of SAS No. 137.....	187
B. Introduction.....	187
C. Scope of SAS No. 137 .....	189
D. Definitions used in SAS No. 137.....	191
E. Requirements of SAS No. 137 .....	192
F. Exhibits: Other Information Sections to Be Included in Auditor’s Reports Relating to Other Information Included in the Annual Report .....	196
<b>REVIEW QUESTIONS SUGGESTED SOLUTIONS.....</b>	<b>201</b>
<b>VI. SAS No. 138: Amendments to the Description of the Concept of Materiality .....</b>	<b>205</b>
A.Objectives of SAS No. 138.....	205
B.Introduction .....	205
C.Changes made by SAS No. 138.....	205
<b>VII. SAS No. 139: Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes from SAS No. 134.....</b>	<b>208</b>
A.Objectives of SAS No. 139 .....	208
B.Introduction .....	208
C.Changes made by SAS No. 139 to AU-C 800, Special Considerations- Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks .....	208
D.Changes made by SAS No. 139 to AU-C 805, Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement.....	222

E.Changes made by SAS No. 139 to AU-C 810, Engagements to Report on Summary Financial Statements .....	229
<b>REVIEW QUESTIONS SUGGESTED SOLUTIONS .....</b>	<b>231</b>
<b>VIII. SAS No. 140: Amendments to AU-C Sections 725, 730, 930, 935, and 940 to     Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137.....</b>	<b>235</b>
A.Objectives of SAS No. 140.....	235
B.Introduction .....	235
C.Amendments made by SAS No. 140 .....	236
<b>IX. SAS No. 141: Amendment to the Effective Dates of SAS Nos. 134–140.....</b>	<b>251</b>
A. Objectives of SAS No. 141 .....	251
B. Background.....	251
C. Changes made by SAS No. 141 .....	252
<b>REVIEW QUESTIONS SUGGESTED SOLUTIONS .....</b>	<b>253</b>
 <b>Glossary .....</b>	 <b>255</b>
 <b>Index.....</b>	 <b>257</b>
 <b>Final Exam .....</b>	 <b>259</b>

This page intentionally left blank.