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American Institute of Certified Public Accountants. Auditing Standards Board

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Consideration of Omitted Procedures After the Report Date

1. This Statement provides guidance on the considerations and procedures to be applied by an auditor who, subsequent to the date of his report on audited financial statements, concludes that one or more auditing procedures considered necessary at the time of the examination in the circumstances then existing were omitted from his examination of the financial statements, but there is no indication that those financial statements are not fairly presented in conformity with generally accepted accounting principles or with another comprehensive basis of accounting.¹ This circumstance should be distinguished from that described in SAS No. 1, section 561, which applies if an auditor, subsequent to the date of his report on audited financial statements, becomes aware that facts regarding those financial statements may have existed at that date that might have affected his report had he then been aware of them.

2. Once he has reported on audited financial statements, an auditor has no responsibility to carry out any retrospective review of his work. However, reports and working papers relating to particular engage-

¹The provisions of this Statement are not intended to apply to an engagement in which an auditor's work is at issue in a threatened or pending legal proceeding or regulatory investigation. (A *threatened legal proceeding* means that a potential claimant has manifested to the auditor an awareness of, and present intention to assert, a possible claim.)

ments may be subjected to postissuance review in connection with a firm's internal inspection program,² peer review, or otherwise, and the omission of a necessary auditing procedure may be disclosed.

3. A variety of conditions might be encountered in which an auditing procedure considered necessary at the time of the examination in the circumstances then existing has been omitted; therefore, the considerations and procedures described herein necessarily are set forth only in general terms. The period of time during which the auditor considers whether this Statement applies to the circumstances of a particular engagement and then takes the actions, if any, that are required hereunder may be important. Because of legal implications that may be involved in taking the actions contemplated herein, the auditor would be well advised to consult with his attorney when he encounters the circumstances to which this Statement may apply, and, with the attorney's advice and assistance, determine an appropriate course of action.

4. When the auditor concludes that an auditing procedure considered necessary at the time of the examination in the circumstances then existing was omitted from his examination of financial statements, he should assess the importance of the omitted procedure to his present ability to support his previously expressed opinion regarding those financial statements taken as a whole. A review of his working papers, discussion of the circumstances with engagement personnel and others, and a reevaluation of the overall scope of his examination may be helpful in making this assessment. For example, the results of other procedures that were applied may tend to compensate for the one omitted or make its omission less important. Also, subsequent examinations may provide audit evidence in support of the previously expressed opinion.

5. If the auditor concludes that the omission of a procedure considered necessary at the time of the examination in the circumstances then existing impairs his present ability to support his previously expressed opinion regarding the financial statements taken as a whole, and he believes there are persons currently relying, or likely to rely, on

²See SAS No. 25, paragraph 2, "The Relationship of Generally Accepted Auditing Standards to Quality Control Standards," and related quality control standards regarding the quality control function of inspection.

his report, he should promptly undertake to apply the omitted procedure or alternative procedures that would provide a satisfactory basis for his opinion.

6. When as a result of the subsequent application of the omitted procedure or alternative procedures, the auditor becomes aware that facts regarding the financial statements existed at the date of his report that would have affected that report had he been aware of them, he should be guided by the provisions of SAS No. 1, section 561.05–.09.

7. If in the circumstances described in paragraph 5, the auditor is unable to apply the previously omitted procedure or alternative procedures, he should consult his attorney to determine an appropriate course of action concerning his responsibilities to his client, regulatory authorities, if any, having jurisdiction over the client, and persons relying, or likely to rely, on his report.

Effective Date

8. This Statement is effective as of October 31, 1983.

The Statement entitled Consideration of Omitted Procedures After the Report Date was adopted by the assenting votes of fourteen members of the board. Mr. Glenn dissented.

Mr. Glenn dissents to issuance of this Statement because he believes that the Statement relates to an issue that concerns the enforcement of existing auditing standards rather than the promulgation of new auditing standards. As such, Mr. Glenn believes that the guidance in the Statement should be issued as an ethics ruling or ethics interpretation rather than as a Statement on Auditing Standards.

Auditing Standards Board (1982-1983)

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Note: Statements on Auditing Standards are issued by the Auditing Standards Board, the senior technical body of the Institute designated to issue pronouncements on auditing matters. Rule 202 of the Institute's Code of Professional Ethics requires adherence to the applicable generally accepted auditing standards promulgated by the Institute. It recognizes Statements on Auditing Standards as interpretations of generally accepted auditing standards and requires that members be prepared to justify departures from such Statements.