

## AU Section 410

# ***Adherence to Generally Accepted Accounting Principles***

**Source:** SAS No. 1, section 410; SAS No. 62.

**See section 9410 for interpretations of this section.**

**Issue date, unless otherwise indicated:** November, 1972.

**.01** The first standard of reporting is:

The auditor must state in the auditor's report whether the financial statements are presented in accordance with generally accepted accounting principles.

[Revised, November 2006, to reflect conforming changes necessary due to the issuance of SAS No. 113.]

**.02** The term *generally accepted accounting principles* as used in reporting standards is construed to include not only accounting principles and practices but also the methods of applying them. The first reporting standard is construed not to require a statement of fact by the auditor but an opinion as to whether the financial statements are presented in conformity with such principles.<sup>1</sup> If limitations on the scope of the audit make it impossible for the auditor to form an opinion as to such conformity, appropriate qualification of his report is required. [Amended by SAS No. 14, effective with respect to engagements to issue special reports on data for periods beginning after December 31, 1976.]

**[.03–.04]** [Superseded, July 1975, by SAS No. 5, as superseded by section 411, as withdrawn by the Auditing Standards Board.]

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<sup>1</sup> When an auditor reports on financial statements prepared in accordance with a comprehensive basis of accounting other than generally accepted accounting principles, the first standard of reporting is satisfied by disclosing in the auditor's report that the statements have been prepared in conformity with another comprehensive basis of accounting other than generally accepted accounting principles and by expressing an opinion (or disclaiming an opinion) on whether the financial statements are presented in conformity with the comprehensive basis of accounting used (see section 623, *Special Reports*, paragraphs .02-.10).