

Statement on Auditing Standards Nos. 122–124:

- **No. 122, *Statements on Auditing Standards: Clarification and Recodification***
- **No. 123, *Omnibus Statement on Auditing Standards—2011***
- **No. 124, *Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country***

Issue Date: October 2011

Effective Date: These SASs are effective for audits of financial statements for periods ending on or after December 15, 2012.

Product Number: [0607122](#) (Or, go to <http://www.cpa2biz.com> and search for this product number.)

Executive Summary

The Auditing Standards Board has achieved a major milestone in its Clarity Project with the issuance of Statement on Auditing Standards (SAS) Nos. 122–124. This publication (product number [0607122](#)) includes a total of 40 finalized clarified SASs in the following statements:

- SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*
- SAS No. 123, *Omnibus Statement on Auditing Standards—2011*
- SAS No. 124, *Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country*

This publication also supersedes all but seven (7) outstanding SASs through No. 121, as described below.

SAS No. 122

This statement contains the *Preface to Codification of Statements on Auditing Standards, Principles Underlying an Audit Conducted in Accordance With Generally Accepted Auditing Standards*, and 39 clarified SASs. This statement recodifies and supersedes all outstanding SASs through No. 121 except

- SAS No. 51, *Reporting on Financial Statements Prepared for Use in Other Countries*;
- SAS No. 59, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*, as amended;
- SAS No. 65, *The Auditor's Consideration of the Internal Audit Function in an Audit of Financial Statements*;
- SAS No. 87, *Restricting the Use of an Auditor's Report*;

- the following clarified SASs that were issued to address practice issues timely and are already effective:
 - SAS No. 117, *Compliance Audits* (issued December 2009);
 - SAS No. 118, *Other Information in Documents Containing Audited Financial Statements* (issued February 2010);
 - SAS No. 119, *Supplementary Information in Relation to the Financial Statements as a Whole* (issued February 2010); and
 - SAS No. 120, *Required Supplementary Information* (issued February 2010).

This statement also withdraws SAS No. 26, *Association With Financial Statements*, as amended.

This statement contains "AU-C" section numbers instead of "AU" section numbers. "AU-C" is a temporary identifier to avoid confusion with references to existing "AU" sections, which remain effective through 2013, in *AICPA Professional Standards*. The "AU-C" identifier will revert to "AU" in 2014, by which time this statement becomes fully effective for all engagements.

This statement recodifies the AU section numbers as designated by SAS Nos. 1–121. AU-C section numbers for clarified SASs based on equivalent ISAs are the same as the equivalent ISA numbers. AU-C section numbers for clarified SASs with no equivalent ISAs have been assigned new numbers. The ASB believes that this recodification structure will aid firms and practitioners that use both ISAs and generally accepted auditing standards. The exhibit, "List of AU-C Sections Designated by Statement on Auditing Standards No. 122, *Statements on Auditing Standards: Clarification and Recodification*, Cross Referenced to List of AU Sections in *AICPA Professional Standards*," to this statement contains a complete two-part cross-reference listing of AU-C and AU section numbers as designated by this statement.

This statement is effective for audits of financial statements for periods ending on or after December 15, 2012. Refer to individual AU-C sections for specific effective date language.

This statement is a stand-alone SAS and is not a codification of all clarified SASs. This statement has been codified in *AICPA Professional Standards*, which contains a complete codification of the Statements on Auditing Standards and is available in the AICPA Store at http://www.cpa2biz.com/AST/AICPA_CPA2BIZ_Specials/OtherWaysToShop/NewReleases/PRDOVR~PC-005102/PC-005102.jsp. Practitioners are advised to use the codified version of this SAS as they prepare to evaluate and update their audit methodologies, and prepare for changes precipitated by the clarity project.

SAS No. 123

This statement contains amendments to

- SAS Nos. 117–118
- SAS No. 122, AU-C sections
 - 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards*

- 230, *Audit Documentation*
- 260, *The Auditor's Communication With Those Charged With Governance*
- 705, *Modifications to the Opinion in the Independent Auditor's Report*
- 915, *Reports on Application of Requirements of an Applicable Financial Reporting Framework*

These amendments conform SAS Nos. 117–118 to SAS No. 122 and address other changes necessitated by the Clarity Project.

These amendments, which have been issued in this statement to aid transparency in following the disposition of the amendments proposed in the exposure draft of this SAS, have been codified in AICPA *Professional Standards*, which contains a complete codification of the Statements on Auditing Standards and is available in the AICPA Store at

http://www.cpa2biz.com/AST/AICPA_CPA2BIZ_Specials/OtherWaysToShop/NewReleases/PRDOVR~PC-005102/PC-005102.jsp. Practitioners are advised to use the codified version of this SAS as they prepare to evaluate and update their audit methodologies, and prepare for changes precipitated by the clarity project.

This statement is effective for audits of financial statements for periods ending on or after December 15, 2012. Refer to individual amendments for specific effective date language.

SAS No. 124

SAS No. 124 supersedes the requirements and guidance in SAS No. 51, *Reporting on Financial Statements Prepared for Use in Another Country*, and redrafts that statement to apply the ASB's established clarity drafting conventions. This statement requires the auditor, in instances where a report that is to be used in the United States was prepared in accordance with a financial reporting framework generally accepted in another country, to include an emphasis-of-matter paragraph to highlight the foreign financial reporting framework, but permits the auditor to express an unqualified opinion.

This statement has been codified in AICPA *Professional Standards*, which contains a complete codification of the Statements on Auditing Standards and is available in the AICPA Store at

http://www.cpa2biz.com/AST/AICPA_CPA2BIZ_Specials/OtherWaysToShop/NewReleases/PRDOVR~PC-005102/PC-005102.jsp. Practitioners are advised to use the codified version of this SAS as they prepare to evaluate and update their audit methodologies, and prepare for changes precipitated by the clarity project.

This statement is effective for audits of financial statements for periods ending on or after December 15, 2012.