



Agenda Item 4A

COMPARISON OF REPORTING UNDER AU-C 806 VERSUS YELLOW BOOK

Circumstances include the following:

- This type of reporting would apply for both limited scope and full scope audits
- This illustrates using a separate report on compliance when based on AU-C 806 and a separate report on internal control and compliance when based on Yellow Book
- The auditor’s report on the f/s would include the following:

Based on AU-C 806	Based on Yellow Book
<p>Auditor’s Report on the Financial Statements issued separately includes:</p> <ul style="list-style-type: none"> • OM paragraph on supplemental schedules (IRT) and form and content opinion • Possible OM paragraph on internal control over financial reporting 	<p>Auditor’s Report on the Financial Statements issued separately includes</p> <ul style="list-style-type: none"> • OM paragraph on supplemental schedules (IRT) and Form and content opinion • Other Reporting Requirement – include an OM paragraph to inform users that a separate report was issued on internal control over financial reporting and compliance.

Based on AU-C 806	Based on Yellow Book
<p><i>Separate Report on Compliance With Certain Provisions of DOL Rules and Regulations for Reporting and Disclosure Under ERISA in Connection with Audited Financial Statements of Employee Benefit Plans</i></p>	<p><i>Separate Report on Internal Control Over Financial Reporting and on Compliance with Certain Provisions of DOL Rules and Regulations for Reporting and Disclosure Based on an Audit of EBP Financial Statements Performed in Accordance with GAAS</i></p>
<p><u>Title</u></p> <p>Independent Auditor’s Report</p>	<p><u>Title</u></p> <p>Independent Auditor’s Report</p>

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<i>[Appropriate Addressee]</i>	<i>[Appropriate Addressee]</i>
<p>Introductory Paragraph</p> <ul style="list-style-type: none"> The financial statements were audited in accordance with GAAS and that the report on the financial statements was issued (include date of issuance). 	<p>Introductory Paragraph</p> <ul style="list-style-type: none"> The financial statements were audited in accordance with GAAS and that the report on the financial statements was issued (include date of issuance).
<p>[AU-C 806 relates to compliance so there is no related reporting on internal control under 806 – EBP task force would have to consider including some form of reporting on internal control through an OM paragraph]</p>	<p>Internal Control Over Financial Reporting</p> <ul style="list-style-type: none"> State that In planning and performing the audit of the financial statements, the auditor considered the entity’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. State that the auditor does not express an opinion on the effectiveness of the entity’s internal control. Include definition of deficiency in internal control, significant deficiency, and material weakness State that the consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given the limitations, state that either the auditor did not identify any deficiencies in internal control that were considered material weaknesses or significant deficiencies or describe in the report the

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	significant deficiencies and material weaknesses that were identified.
<p>Compliance By-Product Report</p> <ul style="list-style-type: none"> • Provide negative assurance (In connection with our audit, nothing came to our attention that caused us to believe that ABC 401(K) Plan failed to comply with certain provisions of the DOL Rules and Regulations for Reporting and Disclosure Under ERISA...) • State that the audit was not directed primarily toward obtaining knowledge of such noncompliance and accordingly, had the auditor performed additional procedures, other matters may have come to our attention regarding the Plan's noncompliance with the above-referenced regulations, insofar as they relate to accounting matters. 	<p>Compliance With Certain Provisions of DOL Rules and Regulations for Reporting and Disclosure</p> <ul style="list-style-type: none"> • State that as part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, the auditor performed tests of its compliance with certain provisions of DOL Rules and Regulations for Reporting and Disclosure under ERISA as set forth in AU-C section XXX. • State that providing an opinion on compliance with those provisions was not an objective of the audit, and accordingly, the auditor does not express such an opinion. • State either that the results of the testing disclosed no instances of noncompliance, or state that the results of the testing disclosed instances of noncompliance and describe such instances of noncompliance.
<ul style="list-style-type: none"> • Restricted use (AU-C 905) 	<ul style="list-style-type: none"> • Include alert as to the purpose of the report
[Auditor's signature]	[Auditor's signature]
[Auditor's city and state]	[Auditor's city and state]
[Date of the auditor's report]	[Date of the auditor's report]