

The Advisor

The C&P Advisors companies are happy to bring our latest newsletter to you.

December 2006

New Auditing Standards Will Affect Your Audit

The AICPA has issued an auditing pronouncement, SAS No. 103 "Audit Documentation", that is effective for audits of financial statements for periods ending on or after December 15, 2006.

One of the requirements for auditors relates to the dating of our audit reports.

What were the old rules?

The audit report that accompanied your financial statements was typically dated as of the last date of fieldwork.

What is changing?

We can no longer date the audit report as of the last day we are at your office. According to the new standard, the report cannot be dated until the appropriate documentation to support the financial statements has been received, reviewed, and you have indicated your acceptance of the financial statements and the related footnotes. In the event that there is a delay in receiving documents, such as bank covenant waivers, attorney letters or other confirmations, we may have to come back to your office to bridge the gap between the completion of the fieldwork and the end date of the audit report (i.e. the date that we receive all audit support documents).

How does this affect your audit?

Delays in releasing the report may require the performance of additional procedures to comply with the requirements under generally accepted auditing standards, particularly, subsequent events. This could result in your auditors returning to the field to perform these additional procedures.

What can you do?

In order to avoid having the auditors perform additional work and possibly incur additional fees, it is important that you discuss with us the timing of the engagement and that an established timeframe be developed and followed. Your audit in-charge will discuss this new requirement with you and establish a mutually agreeable audit timetable.

Questions?

If you have any questions requiring this new auditing standard, please contact John Rose or your audit engagement partner at 216.831.7171.



*If you have any questions
on this topic,
please contact
John M. Rose, CPA, MBA
216.831.7171
jrose@cp-advisors.com*



C&P Advisors, LLC

Ciuni & Panichi, Inc.

Joel Strom Associates LLC

National Investor Services, Ltd.

25201 Chagrin Boulevard
Cleveland, OH 44122-5683
Telephone: 216-831-7171
Fax: 216-831-3020
www.cp-advisors.com