

What is an audit? What is an audit opinion? In a government audit, an auditor determines whether the financial statements of an entity are presented fairly in all material respects and in accordance with accounting standards by reviewing the underlying information and processes that went into preparing the financial statements. Audit reports include an opinion as to whether there is a reasonable assurance that the financial statements are free from material misstatements.

TYPES OF AUDIT OPINIONS

UNMODIFIED OPINIONS

The auditor concludes that the financial statements of a given entity are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

MULTIPLE OPINIONS occur when the auditor expresses different opinions on various aspects of the financial statements.

MODIFIED OPINIONS

A qualified opinion, an adverse opinion, or a disclaimer of opinion.

Qualified Opinion

The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements, or the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

Adverse Opinion

After having obtained enough good audit evidence, the auditor concludes that misstatements, individually or when grouped with other misstatements, are both material and pervasive to the financial statements.

Disclaimer of Opinion

The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.