

# 2012 CONSTRUCTION CONTRACTORS AND RELATED ENTITIES OVERVIEW FOR KNOWLEDGE COACH USERS

## PURPOSE

This document is published for the purpose of communicating, to users of the toolset, updates and enhancements included in the current version. This document is not, and should not be used as an audit program to update the audit documentation of an engagement started in a previous version of this product

## WORKPAPER UPDATES AND ROLL FORWARD NOTES

### General Roll Forward Note:

You must be the current editor of all Knowledge Coach workpapers to update to the latest content, and you must be the current editor upon opening the updated workpaper for the first time to ensure you see the updated workpaper.

The 2012 edition of *Knowledge-Based Audits of Construction Contractors and Related Entities* has been updated to take into account the new audit guidance from AICPA's new *Audit Guide for Construction Contractors* and new or pending auditing standards through SAS-126 (AU-C 570), *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern (Redrafted)*, and includes the following updates:

### Knowledge-Based Audit Documents (KBAs)

- Instructions have been modified to:
  - Reflect the requirements of the clarified auditing standards;
  - Provide additional guidance on the KBA methodology to enhance usability; and
  - Better describe the use of each document.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>KBA-101 Overall Audit Strategy</b>					You should consider publishing a copy of this workpaper prior to update or roll forward, so you can reference data the you have selected to keep. <ul style="list-style-type: none"> <li>• Specialist table has a new column where you must select either Audit Specialist or Management Specialist to enable the insertion of AUD-603 Audit Program: Using the Work of An Auditor's Specialist or AUD-604 Audit Program: Using the Work of a Management's Specialist, respectively.</li> </ul>
New	Added additional guidance to the instructions on items to be considered by the auditor when developing an audit strategy and audit plan.	Instructions	N	N/A	
Modify	Section I, Reporting Requirements table: Modified the language to be consistent with new "language" used in the	Table - other than	N	N/A	Responses in KBA-201 will now flow into Reporting requirements table. Your existing answers will be overridden by

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	clarified standards.	procedures			the KBA-201 information. Review these answers to ensure they are appropriate.
New	Section I, Audit Coverage: Added a Practice Point regarding group engagements; changed "subsidiaries, divisions" to "multiple components, multiple locations" throughout document.	Practice Point	Y	AU-C 600	
Delete	Section I: Removed table on affiliates, as the clarified standard no longer designates a difference between affiliates and component auditors.	Table - other than procedures	Y	AU-C 600	Data added to the Other Auditor and Affiliate Auditor tables will be mapped into the new Component Auditor Table
Delete	Deleted table regarding which of the client's records would be delivered electronically and in what format. In current environment, nearly all documentation is delivered electronically.	Table - other than procedures	N	N/A	
New	Section II: Added table to document the timetable of deliverables and communications with third parties, such as when regulatory and contractual reporting requirements exist.	Table - other than procedures	N	N/A	
Modify	Modified "Use of Other Information" table: "other services" changed to "nonaudit/nonattest" services.	Instructions	N	N/A	
New	Section III, Table 2: Added "Property, Plant and Equipment" and "Other Assets" to the significant class of transactions list.	Table - other than procedures	N	N/A	Significant Class of Transaction Table is now tailored by your transaction area selection in KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures.
New	Section III, question 2: Added Practice Point regarding operating effectiveness of controls.	Practice Point	N	N/A	
<b>KBA-102 Information for Substantive Analytical Procedures</b>					
Delete	DELETED FROM TOOLSET		N	N/A	This workpaper will remain in your binder until you delete it. It will not be updated nor will information continue to flow out of it. You will need to add any required information from this document into the AUD-800 series of workpapers.
<b>KBA-102 Engagement Completion Document</b>					
Modify	Renumbered from KBA-103 to KBA-102; changed name from Significant Matter documents to Engagement Completion Document.	Instructions	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	Modified instructions to better describe the use of the document.	Instructions	N	N/A	
New	Added additional guidance to the instruction section to better define significant findings or issues.	Instructions	Y	AU-C 230	
<b>KBA-103 Evaluating and Communicating Internal Control Deficiencies</b>					
New	Renumbered from KBA-104 to KBA-103.		N	N/A	
Modify	Modified the instructions to better reflect the clarified standards.	Instructions	Y	AU-C 265	
<b>KBA-104 Summary and Evaluation of Misstatements and Omitted, Inaccurate, or Incomplete Disclosures</b>					
New	Renumbered from KBA-105 to KBA-104.		N	N/A	
Modify	Modified "omitted" to "omitted, inaccurate, or incomplete" disclosure throughout the document.	Instructions	Y	AU-C 330	
<b>KBA-105 Review of Significant Accounting Estimates</b>					
New	Renumbered from KBA-106 to KBA-105.		N	N/A	
<b>KBA-201 Client/Engagement Acceptance and Continuance Form</b>					
Modify	Table Change: The single row 5 column sign-off tables throughout the workpaper have been updated to the correct table structure to enable the add rows feature.	Table Change	N	N/A	Publish this workpaper prior to update so that you can reference data the you have selected to keep. Existing responses will not be maintained on update.
New	Section 1, Table 1: Added new step 3: Financial reporting framework applied in the preparation of the financial statements.	Table - other than procedures	Y	AU-C 315	Information added to this step will flow into KBA-101 Overall Audit Strategy
New	Section 1, Table 1: Added new step 4: Industry- specific reporting requirements, such as reports mandated by industry regulators.	Table - other than procedures	N	N/A	Information added to this step will flow into KBA-101 Overall Audit Strategy
New	Part 2, Section III, Step 6: Reformatted step a. and added these additional considerations:  Are the preconditions for an audit present and do we understand the following: <ul style="list-style-type: none"> <li>The purpose for which the financial statements are prepared and whether the financial reporting framework applied in the presentation of the</li> </ul>	Table - other than procedures	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>financial statements is a fair presentation framework;</p> <ul style="list-style-type: none"> <li>– The intended users of the financial statements;</li> <li>– The acceptability of the financial reporting framework applied in the preparation of the financial statements, including the steps taken by management to determine that it is acceptable in the circumstances;</li> <li>– The agreement of management and, where appropriate, those charged with governance, including those overseeing the financial reporting process to the premise on which an audit is conducted; and</li> <li>– If applicable, our legal responsibilities if we plan to use the form and content of the auditor’s report of another country.</li> </ul> <p>Are the financial reporting standards established by an authorized or recognized standard setting organization supplemented by law or regulation?</p> <p>Does our firm have experience with the relevant regulatory or reporting requirements?</p> <p>Does our firm have individuals meeting the criteria and eligibility requirements to perform an engagement quality control review available when applicable?</p> <p>Does our firm have the ability to comply with relevant ethical requirements?</p> <p>If specialists are needed, are they available?</p> <p>Does our firm have the ability to complete the engagement within the reporting deadline?</p> <p>Does the engagement partner assigned to this engagement have the appropriate competence, capabilities, and</p>				

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	<p>authority; and have the related responsibilities been clearly defined and communicated to the engagement partner?</p> <p>If the engagement is for group financial statements, is there any indication that sufficient appropriate audit evidence could not be attained related to the consolidation process and financial information of the components?</p>				
<b>KBA-301 Determination of Materiality, Performance Materiality, Tolerable Misstatement, and Thresholds for Trivial Amounts</b>					
New	Workpaper has been streamlined specifically to perform the various materiality and related calculations. Narrative instruction has been moved to RES 018.	Table - other than procedures	Y	AU-C 320	
<b>KBA-302 Understanding the Entity and Its Environment: Complex Entities</b>					
New	New Practice Point related to reporting in other countries added to instructions.	Instructions	N	N/A	
New	Additional guidance added to the instructions to further emphasize the responsibilities of the auditor.	Instructions	Y	AU-C 315	
Modify	Moved "supplier relationships and customer relationships" from Industry Conditions table to Business Operations table.	Table - other than procedures	Y	AU-C 315	
New	<p>Added to "business operations" table:</p> <p>a. Entity's organizational structure and management personnel.</p> <p>b. Entity's operating characteristics, including its size and complexity.</p>	Table - other than procedures	Y	AU-C 315	
New	<p>Added to Selection and Application of Accounting Principles, Including Related Disclosure (formerly Financial Reporting) the following considerations:</p> <p>Requirements of the applicable financial reporting framework relevant to accounting estimates, including related disclosures.</p>	Table - other than procedures	Y	AU-C 315	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>Competencies of personnel involved in selecting and applying significant new or complex accounting principles.</p> <p>Accounts or disclosures for which judgment is used in the application of significant accounting principles, especially in determining management's estimates and assumptions.</p> <p>Financial reporting standards and laws and regulations that are new to the entity, including when and how the entity will adopt such requirements.</p>				
New	Added "tolerance for petty theft" to Attitudes and Rationalizations.	Table - other than procedures	Y	AU-C 240	
New	Added "h. Payments for goods or services made other than to the country from which the goods or services originated" to Noncompliance with Laws and Regulations.	Table - other than procedures	Y	AU-C 250	
<b>KBA-302N Understanding the Entity and Its Environment: Noncomplex Entities</b>					
New	Added a memo version of KBA-302 to provide an alternative workpaper for Noncomplex Entities; specific entity considerations for this workpaper are found at RES 019.		N	N/A	
<b>KBA-303 Inquiries of Management and Others within the Entity about the Risks of Fraud</b>					
Modify	Added instruction to each table on where to document findings.	Instructions	N	N/A	
Modify	Modified instructions to better reflect the clarified standards.	Instructions	Y	AU-C 240	
New	<p>Added to Inquiries of Management:</p> <p>Do you assess the risk that the financial statements may be materially misstated due to fraud, and how and how often do you make that assessment?</p> <p>Are you aware of any transactions entered into with related parties?</p>	Table - other than procedures	Y	AU-C 240	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>Have you received any tips or complaints regarding the entity's financial reporting (including those received through internal whistleblower programs, if such programs exist) and, if so, how have you responded to such tips and complaints?</p> <p>Do you communicate with employees and others within the entity your views on business practices and ethical behavior?</p> <p>Document the identity of the entity's related parties including changes from the previous year, the nature of the relationships between the entity and each related party, and the type and purpose of transactions entered into:</p> <p>Describe how management communicates to those charged with governance, including those overseeing the financial reporting process, on how the entity's internal control serves to prevent, deter, or detect material misstatements due to fraud (Obtain a copy of relevant communications).</p>				
Delete	<p>Deleted from Inquiries of Management:</p> <p>Do you assess the risk that the financial statements may be materially misstated due to fraud, and how and how often do you make that assessment?</p> <p>Are you aware of actual or suspected fraud affecting the entity?</p> <p>Are you aware of any allegations of fraud (e.g., received in communications from employees, former employees, analysts, regulators, short sellers, or others)?</p> <p>Do you exercise oversight of management's processes for identifying and responding to fraud risks and the internal control management has established to mitigate those risks?</p>	Table - other than procedures	Y	AU-C 240	
New	Added "Inquiries of Those Charged with Governance, Including Those Overseeing the Financial Reporting	Table - other than	Y	AU-C 240	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>Process”</p> <p>1. Are you aware of actual or suspected fraud affecting the entity?</p> <p>2. Are you aware of any allegations of fraud (e.g., received in communications from employees, former employees, analysts, regulators, short sellers, or others)?</p> <p>3. Have you received any tips or complaints regarding the entity’s financial reporting (including those received through internal whistleblower programs, if such programs exist) and, if so, how have you responded to such tips and complaints?</p> <p>4. Are you aware of any transactions entered into with related parties?</p> <p>Document the identity of the entity’s related parties including changes from the previous year, the nature of the relationships between the entity and each related party, and the type and purpose of transactions entered into.</p>	procedures			
New	<p>Added to Inquiries of Internal Audit:</p> <p>1. Are you aware of any instances of management override of controls and what was the nature and circumstances of such overrides?</p> <p>2. Are you aware of any transactions entered into with related parties?</p>	Table - other than procedures	Y	AU-C 240	
Delete	<p>Deleted from Inquiries of Internal Audit:</p> <p>Describe management’s response to any audit findings relating to such fraud procedures:</p>	Table - other than procedures	Y	AU-C 240	
New	<p>Added to Inquiries of Employees Involved in the Financial Reporting Process:</p> <p>1. Are you aware of actual or suspected fraud affecting the</p>	Table - other than procedures	Y	AU-C 240	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>entity?</p> <p>2. Are you aware of any allegations of fraud (e.g., received in communications from employees, former employees, analysts, regulators, short sellers, or others)?</p> <p>3. Are you aware of any inappropriate or unusual activities relating to the processing of journal entries and other adjustments?</p>				
<b>KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures</b>					There are new audit areas added to AUD-100 for this title. After update or roll forward, ensure any new applicable audit areas have been selected in AUD-100 Tailoring Question Workpaper so that they appear in the scoping table.
Modify	Modified instructions to enhance usability of the tool and methodology in accordance with the requirements of the clarified standards.	Instructions	N	N/A	
New	Changed the title from "Understanding Internal Controls: Scoping and Mapping" to "Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures" to better describe the purpose of the tool.	Instructions	N	N/A	
Modify	Flow Change: Only the audit areas selected as significant account balances but not as significant class of transactions will flow into the Reconciliation Table.	Flow Change	N	N/A	You should consider publishing a copy of this workpaper prior to update, so you can reference the reconciliation table. This information will not be kept on content update because of flow changes.
Modify	Added recommended workpapers to Table I - Scoping and Mapping.	Instructions	N	N/A	All responses that were in the mapping table of the prior version will automatically map to the new "Control Understanding/ Testing Workpaper" column of the Scoping Table.
New	New Table: Relevant Assertion table from the no obsolete AID-501 workpaper has moved to KBA-400.	Table Change	N	N/A	<p>All responses included in the Relevant Assertions table in AID-501 will be mapped to this table.</p> <p>After update or roll forward, ensure any new significant audit areas flowing into this table are addressed.</p>
Delete	Mapping Table has been removed.	Table Change	N	N/A	All responses that were in the mapping table of the prior version will automatically map to the new "Control Understanding/ Testing Workpaper" column of the Scoping Table.
Delete	"Further Understanding" column has been removed from the Risk Table	Table Change	N	N/A	You should consider publishing a copy of this workpaper prior to update, so you can reference the risk table. This information

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
					will not be kept on content update because of the removed column.
New	Added a table to document significant disclosures.	Table - other than procedures	Y	AU-C 315	
<b>KBA-401 Understanding Entity-Level Controls: Complex Entities</b>					
Modify	Updated instructions to better reflect the clarified standards.	Instructions	Y	AU-C 315	
Modify	Updated/modified various control objectives for changes in the clarified standards.	Table - other than procedures	Y	AU-C 315	
New	Added to Section 1:  Control Objective: Management and employees are assigned appropriate levels of authority and responsibility to facilitate effective internal control over financial reporting.	Table - other than procedures	Y	AU-C 315	
Modify	Added to Section 1: Control Objective: To address the risk of fraud, the entity maintains programs and controls that may include:  a. Identifying and implementing measuring fraud risks.  b. Taking steps to facilitate effective mitigate identified risks.  c. Implementing and monitoring appropriate preventive and detective internal control over financial reporting. Controls and other deterrent measures.	Table - other than procedures	Y	AU-C 315	
New	Added to Section III: Control Objective: All personnel, particularly those in roles affecting financial reporting, receive a clear message from top management that both internal control over financial reporting and individual control responsibilities must be taken seriously.	Table - other than procedures	Y	AU-C 315	
New	Added to Section III:	Table -	Y	AU-C 315	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	Control Objective: Communication must exist between management and the audit committee or its equivalent (e.g., board of directors) so that both have relevant information to fulfill their roles with respect to governance and to financial reporting objectives.	other than procedures			
New	<p>Added to Section IV:</p> <p>Control Objective: Separate evaluations of all five internal control components enable management to determine the effectiveness of internal control over financial reporting.</p> <p>Control Objective: Separate evaluations of all five internal control components enable deficiencies are identified and communicated in a timely manner to those parties responsible for taking corrective action, to management to determine and the effectiveness of internal control over financial reporting. Audit committee or its equivalent (e.g., board of directors) as appropriate.</p> <p>Control Objective: Information used by management to perform monitoring procedures is reliable.</p>	Table - other than procedures	Y	AU-C 315	
Delete	Deleted Appendix A and replaced with RES 008.	Instructions	N	N/A	
<b>KBA-401N Understanding Entity-Level Controls: Noncomplex Entities</b>					
New	Added a memo version of KBA-401 to provide an alternative workpaper for Noncomplex Entities; specific entity considerations for this workpaper are found at RES 008.	Table - other than procedures	N	N/A	
<b>KBA-402 Understanding General Controls for Information Technology</b>					
Modify	Modified instructions to better reflect the clarified standards.	Instructions	Y	AU-C 315	
New	Significant Class of Transaction Table is now tailored by your transaction area selection in KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures.	Table - other than procedures	N	N/A	Publish this workpaper prior to update to confirm the tailoring from the scoping table in KBA-400 is correct.
<b>KBA-403 Understanding Activity-Level Controls: Revenue, Accounts Receivable, and Cash Receipts</b>					
New	Created Word version; modified workflow to better facilitate documenting the processes and controls identified,	Table - other than	N	N/A	Choose to use either the word or excel versions. The excel

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	including combining tables and removing individual narrative boxes.	procedures			version has not been updated for the 2012 version.
Delete	Deleted the Excel version; all example controls and what could go wrong have been moved to RES 009.		N	N/A	
<b>KBA-404 Understanding Activity-Level Controls: Inventory</b>					
New	Created Word version; modified workflow to better facilitate documenting the processes and controls identified, including combining tables and removing individual narrative boxes.	Table - other than procedures	N	N/A	Choose to use either the word or excel versions. The excel version has not been updated for the 2012 version.
Delete	Deleted the Excel version; all example controls and what could go wrong have been moved to RES 010.		N	N/A	
<b>KBA-405 Understanding Activity-Level Controls: Property, Plant, and Equipment</b>					
New	Created Word version; modified workflow to better facilitate documenting the processes and controls identified, including combining tables and removing individual narrative boxes.	Table - other than procedures	N	N/A	Choose to use either the word or excel versions. The excel version has not been updated for the 2012 version.
New	New Activity Level Controls document for Property, Plant and Equipment.		N	N/A	
Delete	Deleted the Excel version; all example controls and what could go wrong have been moved to RES 011.		N	N/A	
<b>KBA-406 Understanding Activity-Level Controls: Other Assets</b>					
New	Created Word version; modified workflow to better facilitate documenting the processes and controls identified, including combining tables and removing individual narrative boxes.	Table - other than procedures	N	N/A	Choose to use either the word or excel versions. The excel version has not been updated for the 2012 version.
Delete	Deleted the Excel version; all example controls and what could go wrong have been moved to RES 012.		N	N/A	
<b>KBA-407 Understanding Activity-Level Controls: Accounts Payable and Disbursements</b>					
New	Created Word version; modified workflow to better facilitate documenting the processes and controls identified, including combining tables and removing individual narrative boxes.	Table - other than procedures	N	N/A	Choose to use either the word or excel versions. The excel version has not been updated for the 2012 version.
Delete	Deleted the Excel version; all example controls and what		N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	could go wrong have been moved to RES 013.				
<b>KBA-408 Understanding Activity-Level Controls: Payroll</b>					
New	Created Word version; modified workflow to better facilitate documenting the processes and controls identified, including combining tables and removing individual narrative boxes.	Table - other than procedures	N	N/A	Choose to use either the word or excel versions. The excel version has not been updated for the 2012 version.
Delete	Deleted the Excel version; all example controls and what could go wrong have been moved to RES 014.		N	N/A	
<b>KBA-409 Understanding Activity-Level Controls: Treasury</b>					
New	Created Word version; modified workflow to better facilitate documenting the processes and controls identified, including combining tables and removing individual narrative boxes.	Table - other than procedures	N	N/A	Choose to use either the word or excel versions. The excel version has not been updated for the 2012 version.
Delete	Deleted the Excel version; all example controls and what could go wrong have been moved to RES 015.		N	N/A	
<b>KBA-410 Understanding Activity-Level Controls: Income Taxes</b>					
New	Created Word version; modified workflow to better facilitate documenting the processes and controls identified, including combining tables and removing individual narrative boxes.	Table - other than procedures	N	N/A	Choose to use either the word or excel versions. The excel version has not been updated for the 2012 version.
Delete	Deleted the Excel version; all example controls and what could go wrong have been moved to RES 016.		N	N/A	
<b>KBA-411 Understanding Activity-Level Controls: Financial Reporting and Closing Process</b>					
New	Created Word version; modified workflow to better facilitate documenting the processes and controls identified, including combining tables and removing individual narrative boxes.	Table - other than procedures	N	N/A	Choose to use either the word or excel versions. The excel version has not been updated for the 2012 version.
Delete	Deleted the Excel version; all example controls and what could go wrong have been moved to RES 017.		N	N/A	
<b>KBA-412 Understanding Controls Maintained by a Service Organization</b>					
Modify	Modified the instructions to better reflect the clarified standards.	Instructions	Y	AU-C 402	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
New	<p>Added new steps:</p> <p>We performed procedures to become satisfied as to:</p> <ul style="list-style-type: none"> <li>a. The service auditor's professional competence.</li> <li>b. The service auditor's independence from the service organization.</li> <li>c. The adequacy of the standards under which the service auditor's report was issued.</li> </ul> <p>If we plan to use a Type 1 or a Type 2 report that excludes the services provided by a subservice organization and those services are relevant to the audit of the financial statements, we applied the requirements of AU-C Section 402, <i>Audit Considerations Relating to an Entity Using a Service Organization</i>, with respect to the services provided by the subservice organization.</p> <p>If our audit report opinion is unmodified, we did not refer to the work of the service auditor unless required by law or regulation to do so. If such reference is required by law or regulation, our report indicates that the reference does not diminish our responsibility for the audit opinion.</p> <p>If we were unable to obtain sufficient appropriate audit evidence regarding the services provided by the service organization relevant to the audit of the user entity's financial statements, we modified our audit opinion appropriately.</p> <p>If reference to the work of a service auditor is relevant to an understanding of a modification to our audit opinion, our report indicates that such reference does not diminish our responsibility for that opinion.</p>	Procedure steps	Y	AU-C 402	
New	Modified conclusion language to better reflect the clarified standards:	Table - other than	Y	AU-C 402	

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	<p>We determined whether a sufficient understanding of the nature and significance of the services provided by the service organization and their effect on the client's internal control relevant to the audit has been obtained to provide a basis for the identification and assessment of the risks of material misstatement, or whether we need to perform updating or other procedures with respect to the service organization.</p> <p>We also determined whether we can rely on the service auditor's report or whether we need to perform updating or other procedures with respect to the service organization. We considered the following in making this conclusion:</p> <ul style="list-style-type: none"> <li>• The reputation of the service auditor;</li> <li>• The date of the service auditor's report; and</li> <li>• Our review of the service auditor's report.</li> </ul>	procedures			
<b>KBA-501 Team Discussion of the Risks of Material Misstatement</b>					
Modify	Modified the Practice Point to better mirror the requirements of the clarified standards.	Practice Points	Y	AU-C 240	
Modify	Modified the instructions to better reflect the clarified standards.	Instructions	Y	AU-C 600	
New	<p>Added the following questions for consideration during the team meeting:</p> <p>b. Ways in which management could originate and post inappropriate journal entries or other adjustments (e.g., debiting accounts payable and crediting cost of sales in order to understate liabilities and increase earnings).</p> <p>c. The kinds of unusual combinations of debits and credits that the engagement team should be looking for (e.g., debiting a liability account and crediting an equity account in order to understate liabilities and increase equity).</p> <p>d. The types of journal entries or other adjustments that could result in a material misstatement that would not likely be detected by standard audit procedures (e.g.,</p>	Table - other than procedures	Y	AU-C 240	

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	consolidating entries and entries involving intercompany transactions).  g. The entity's selection and application of accounting principles, including related disclosure requirements.				
<b>KBA-502 Summary of Risk Assessments</b>					There are new audit areas added to AUD-100 for this title. After update, ensure any new applicable audit areas have been selected in AUD-100 and addressed in KBA-400 so that they appear in KBA-502.
New	New selection option in the risk pane to identify the risk as either "Cash Receipt" or "Cash Disbursement"	Risk Pane			Address this for all cash receipt or cash disbursement risks that were added prior to Commercial 2012
Modify	Modified guidance in the instructions to enhance the usability of the workpaper and better reflect the requirements of the clarified standards.	Instructions	Y	AU-C 330	
New	Overall inherent risk assessment will be performed in Section II, rather than AID-501.	Flow Change	N	N/A	Inherent risk assessment previously addressed in AID-501 will be mapped to Section II.
New	Added Practice Point to Section II.	Practice Points	Y	AU-C 240	
<b>KBA-503 Basis for Inherent Risk Assessment</b>					
New	New workpaper to replace AID 501 to document the auditor's basis for inherent risk assessments.	Table - other than procedures	N	N/A	
<b>KBA-901 Financial Statement Disclosures Checklist</b>					
New	When main disclosure steps are answered N/A, all sub-disclosure steps will auto-populate with N/A.	Auto Answer	N	N/A	
Modify	This Financial Statement Disclosures Checklist is updated for disclosure and key presentation requirements in effect as of June 30, 2012. There were no Accounting Standards Updates (ASUs) issued since ASU No. 2011-12, Comprehensive Income (Topic 220) – Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05.	Disclosure Update	Y	Various	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>KBA-902 Audit Review and Approval Checklist</b>					
New	New tailoring question in AUD-100 for engagement quality reviewer shows/hides procedures and tables in this workpaper.	Tailoring	N	N/A	Publish this workpaper before update so that you can reference data that you have selected to keep. Review and answer the engagement quality review question in AUD-100 to determine what is applicable for this workpaper.
Modify	Table Change: The single row 5 column sign-off tables throughout the workpaper have been updated to the correct table structure to enable the add rows feature.	Table Change	N	N/A	Publish this workpaper prior to update so that you can reference data the you have selected to keep. Existing responses will not be maintained on update.
Modify	Changed "other auditor/s" to "component auditor/s" throughout to follow the language in the clarified standards.	Instructions	Y	AU-C 600	
Modify	Modified the instructions to better reflect the clarified standards.	Instructions	Y	AU-C 300	
New	<p>Added the following steps to detail review:</p> <p>In situations in which part of the audit was performed by component auditors and reference is not made to the component auditor, we have obtained, reviewed, and retained, at a minimum, the following documentation:</p> <p>a. Component auditors' Engagement Completion Document.</p> <p>b. List of significant fraud risk factors, the auditor's response, and the result of the auditor's related procedures.</p> <p>c. Sufficient information relating to any significant findings or issues that are inconsistent with or contradict the final conclusions reached.</p> <p>d. Any findings affecting the consolidating or combining of accounts in the consolidated financial statements.</p> <p>e. Sufficient information to enable us to agree or to reconcile the financial statement amounts audited by the component auditor to the information underlying the consolidated financial statements.</p>	Procedure steps	Y	AU-C 300	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>f. A schedule of audit adjustments, including a description of the nature and cause of each misstatement.</p> <p>g. All significant deficiencies and material weaknesses in internal control over financial reporting, including a clear distinction between those two categories.</p> <p>h. Letters of representations from management.</p> <p>i. All matters to be communicated to those charged with governance, including those overseeing the financial reporting process.</p> <p>In situations in which part of the audit was performed by component auditors and reference is not made to the component auditor, we considered performing one or more of the following procedures:</p> <p>a. Visited the component auditors and discussed the audit procedures followed and results thereof.</p> <p>b. Reviewed the audit program of the component auditors and, when necessary, issued instructions to the component auditors as to the scope of audit work.</p> <p>c. Reviewed additional audit documentation of the component auditors relating to significant findings or issues in the Engagement Completion Document.</p> <p>If applicable, in situations in which part of the audit was performed by component auditors and a decision was made to make reference to the component auditor, we properly addressed the provisions of the applicable auditing standard and the effect on our audit report.</p> <p>The Engagement Completion Document adequately addresses significant findings and issues identified during the audit.</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
New	<p>Added the following steps to engagement partner review:</p> <p>The engagement was directed, supervised, and performed in accordance with the applicable auditing standards, professional standards, applicable laws and regulations, and firm policies and procedures.</p> <p>I have considered the results of the firm's monitoring process as evidenced in the latest information circulated by the firm and, if applicable, by other network firms and whether deficiencies noted in that information may affect the audit engagement.</p> <p>The Engagement Completion Document adequately addresses significant findings and issues identified during the audit.</p> <p>If applicable, I have reviewed the documentation of any disagreements among engagement team members and/or individuals consulted on significant matters.</p> <p>Our audit documentation has been prepared in accordance with the applicable auditing standards.</p> <p>If applicable, I supervised the work of an engagement team member with expertise in a specialized area of audit and accounting and determined that the nature, scope and objectives of that work were properly communicated and appropriate under the circumstances and that the work performed was adequate and the findings or conclusions reached were reasonable.</p> <p>I have concluded that the engagement team members, including myself, have complied with all required ethical standards, including independence.</p> <p>If applicable, an engagement quality control reviewer, with the proper experience, has been appointed and properly consulted regarding significant matters, in accordance with</p>	Procedure steps	Y	AU-C 300	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>firm policies, and the auditor's report has not been dated until the engagement quality control review has been completed.</p> <p>I have concluded that there has been appropriate communication throughout the engagement with other engagement team members regarding information or conditions indicative of fraud risks.</p>				
Delete	<p>Deleted the following step from engagement partner review:</p> <p>The audit was conducted in accordance with generally accepted auditing standards, professional standards, applicable laws and regulations, and firm policies and procedures.</p> <p>This was replaced by a reworded added step.</p>	Procedure steps	Y	AU-C 300	
New	<p>Added the following steps to engagement quality review:</p> <p>I am independent of the client.</p> <p>I possess the competence, independence, integrity, and objectivity to perform the engagement quality review of this engagement.</p> <p>If applicable, the following individuals aided in my review:</p> <p>_____</p> <p>I have reviewed and evaluated:</p> <p>a. The significant judgments that relate to engagement planning, including:</p> <p>(1) The consideration of the firm's recent engagement experience with the entity and risks identified in connection with the firm's client acceptance and retention process;</p> <p>(2) The consideration of the entity's business, recent</p>	Procedure steps	Y	AU-C 300	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>significant activities, and related financial reporting issues and risks; and</p> <p>(3) The judgments made about materiality and the effect of those judgments on the engagement strategy.</p> <p>b. The engagement team's assessment of, and audit responses to:</p> <p>(1) Significant risks identified by the engagement team, including fraud risks; and</p> <p>(2) Other significant risks identified by the engagement quality reviewer through performance of the procedures.</p> <p>c. The significant judgments made about:</p> <p>(1) The materiality and disposition of corrected and uncorrected identified misstatements; and</p> <p>(2) The severity and disposition of identified control deficiencies.</p> <p>d. The engagement team's evaluation of the firm's independence in relation to the engagement.</p> <p>e. The Engagement Completion Document and confirmed with the engagement partner that there are no significant unresolved matters.</p> <p>f. The financial statements, management's report on internal control, and the related engagement report.</p> <p>I have read other information in documents containing the financial statements and have evaluated whether the engagement team has taken appropriate action with respect to any material inconsistencies with the financial statements or material misstatements of fact of which I am aware.</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>I have evaluated whether appropriate consultations have taken place on difficult or contentious matters and have reviewed the documentation, including conclusions, of such consultations.</p> <p>If applicable, I have reviewed the documentation of any disagreements among engagement team members and/or individuals consulted on significant matters.</p> <p>I have evaluated whether appropriate matters have been communicated, or identified for communication, to the audit committee, management, and other parties, such as regulatory bodies.</p> <p>I have evaluated whether the engagement documentation that I reviewed:</p> <p>a. Indicates that the engagement team responded appropriately to significant risks; and</p> <p>b. Supports the conclusions reached by the engagement team with respect to the matters reviewed.</p> <p>The engagement team has properly evaluated the firm's independence in relation to the audit engagement and the appropriate consultations have taken place on matters involving differences of opinion or other difficult matters, in accordance with firm policies.</p> <p>(1) Review of the financial statements and the proposed auditor's report.</p> <p>There are no unresolved matters that would cause me to believe that the significant judgments made and the conclusions reached by the engagement team were not appropriate.</p> <p>The engagement quality control review was completed on or before the date of the auditor's report.</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>KBA-903 Tax Specialist Review Checklist</b>					
Modify	Table Change: The single row 5 column sign-off tables throughout the workpaper have been updated to the correct table structure to enable the add rows feature.	Table - other than procedures	N	N/A	Publish this workpaper prior to update so that you can reference data the you have selected to keep. Existing responses will not be maintained on update.
Modify	Minor modification of language throughout.	Table - other than procedures	N	N/A	
Delete	Deleted the following step:  No financial statement effects have been recognized for a tax position unless it is more likely than not, based on the evidence obtained, that the position will be sustained upon examination.	Procedure steps	N	N/A	
<b>KBA-904 Audit Documentation Checklist</b>					
New	All steps have been reworded, new steps added, and some removed to better reflect the requirements and the language used in the clarified standards (essentially a new document).	Procedure steps	Y	AU-C 230	Publish this workpaper before update so that you can reference data the you have selected to keep. Review and answer the engagement quality review question in AUD-100 to determine what is applicable for this workpaper.
New	New tailoring question in AUD-100 for engagement quality reviewer shows/hides procedures and tables in this workpaper.	Tailoring	N	N/A	Publish this workpaper before update so that you can reference you can reference data the you have selected to keep. Review and answer the engagement quality review question in AUD-100 to determine what is applicable for this workpaper.
<b>KBA-905 Review and Approval Checklist: Interim Review of Financial Information</b>					
New	New form to help the auditor document the completion of the different levels of review and approval of the interim review (and release of the review report, if applicable) and related communications to the client.		N	N/A	

### Audit Programs (AUDs)

- Where applicable, relevant assertions and audit objectives have been updated.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
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Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>AUD-100 Tailoring Question Workpaper</b>					
New	New tailoring questions have been added.	Tailoring	N	N/A	Review and answer. All of these new tailoring questions will impact other workpapers. Be sure to add additional audit areas (AUD 814-817) when applicable.
<b>AUD-101 Overall Audit Program</b>					
New	Determine that the financial reporting framework to be applied in the preparation of the financial statements is acceptable.	Procedure steps	Y	AU-C 210	
New	Added Practice Point on professional judgment.	Practice Points	N	N/A	
New	Determine that the auditor has the ability to adhere to the fundamental principles and ethical requirements of professional standards including:  a. Integrity; b. Objectivity; c. Professional competence and due care; d. Confidentiality; and e. Professional behavior.	Procedure steps	Y	AU-C 200	
New	Determine that the auditor has an understanding of the applicable auditing standards such that the requirements and objectives applicable to the engagement may be properly applied.	Procedure steps	Y	AU-C 200	
New	If this is the initial audit for a new client, determine the additional planning activities necessary to establish an appropriate audit strategy and audit plan, including determining the audit procedures necessary to obtain sufficient appropriate audit evidence regarding the opening balances.	Procedure steps	Y	AU-C 210	This procedure step will be tailored into the audit program, if applicable.
New	If this is a recurring engagement, assess whether circumstances require the terms of the audit engagement to be revised and whether there is a need to remind the entity of the existing terms of the audit engagement.	Procedure steps	Y	AU-C 210	This procedure step will be tailored into the audit program, if applicable.
Modify	Divided independence and nonaudit services procedures into separate steps. Moved the following text into separate	Procedure steps	N	N/A	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>procedure:</p> <p>Evaluate and conclude on the auditor's compliance with ethical standards, including independence, professional standards, and the audit firm's policies. Document the conclusions reached.</p>				
New	<p>Divided independence and nonaudit services procedures into separate steps. Removed the following text into separate procedure:</p> <p>For any nonaudit services, evaluate and determine whether nonaudit services will impair the auditor's independence, and consider obtaining preapproval from the audit committee or the board of directors.</p>	Procedure steps	N	N/A	This procedure step will be tailored into the audit program, if applicable.
Modify	Modified step language related to gathering information from previous experience with client.	Procedure steps	N	N/A	
Modify	<p>Step related to engagement letter modified to read:</p> <p>Agree the terms of the audit engagement with management or those charged with governance, including those overseeing the financial reporting process, as appropriate, and record the agreed terms of the audit engagement in an audit engagement letter or other suitable form of written agreement, including:</p> <p>a. The objective, timing, and scope of the audit of the financial statements;</p> <p>b. The responsibilities of the auditor;</p> <p>c. The responsibilities of management;</p> <p>d. Identification of the applicable financial reporting framework for the preparation of the financial statements; and</p> <p>e. Reference to the expected form and content of any</p>	Procedure steps	Y	AU-C 210	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	reports to be issued by the auditor and a statement that there may be circumstances in which a report may differ from its expected form and content.				
New	Practice Point added related to written agreement of engagement terms.	Practice Points	Y	AU-C 210	
New	Communicate an overview of the planned scope and timing of the audit to those charged with governance, including those overseeing the financial reporting process.	Procedure steps	Y	AU-C 210	
Modify	Step related to access to audit documentation was modified as follows:  If management has communicated that access to audit documentation will be granted to outside parties, communicate the terms of this access to management and the outside parties (e.g., statutory or contractual reporting responsibilities, such as regulators and government entities).	Procedure steps	N	N/A	
Modify	Step modified related to establishing overall audit strategy as follows:  Establish and document the overall audit strategy and that sets the scope, timing, and direction of the audit, and that guides the development of the audit plan.	Procedure steps	N	N/A	
New	Practice Point added related to audit strategy and audit plan.	Practice Points	N	N/A	
New	Plan the nature, timing, and extent of the direction and supervision of engagement team members and the review of their work.	Procedure steps	Y	AU-C 300	
Modify	<i>Communication Hub</i> step modified to replace the superseded term "illegal acts" with "noncompliance with laws and regulations."	Procedure steps	Y	AU-C 250	
Modify	Materiality step modified to include "Performance Materiality."	Procedure steps	Y	AU-C 320	
New	For entities with multiple locations or business units, determine tolerable misstatement at an amount that reduces to an appropriately low level the probability that the total of	Procedure steps	Y	AU-C 320	This procedure step will be tailored into the audit program, if applicable.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	uncorrected and undetected misstatements would result in material misstatement of the financial statements.				
Modify	<p>Preliminary analytical procedures step modified to include expectations as follows:</p> <p>Perform analytical procedures, including developing expectations about plausible relationships among both financial and nonfinancial data, to assist in planning the nature, timing, and extent of audit procedures and to identify:</p> <ul style="list-style-type: none"> <li>a. Unusual transactions or events, amounts or ratios.</li> <li>b. Significant audit areas requiring special consideration, and</li> <li>c. Unusual or unexpected relationships or trends involving revenue or other accounts that may indicate a material misstatement due to fraud.</li> </ul>	Procedure steps	N	N/A	
Modify	<p>Step modified related to team discussion as follows:</p> <p>Hold a discussion among the audit engagement team, which should include the engagement partner and other key engagement team members, including affiliate or members in different locations, including any component auditors, to:</p> <ul style="list-style-type: none"> <li>a. Discuss the susceptibility of the entity's financial statements to material misstatements due to error or fraud.</li> <li>b. Discuss the entity's selection and application of accounting principles, including related disclosure requirements.</li> <li>c. "Brainstorm" about how and where the entity's financial statements might be susceptible to material misstatement due to fraud; consideration of known external and internal factors affecting the entity that might create incentives, pressures, and opportunities; how management could perpetrate and conceal fraudulent financial reporting, and</li> </ul>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>how assets of the entity could be misappropriated; and consideration of risk of management override of internal controls. The discussion should occur setting aside beliefs that management and those charged with governance, including those overseeing the financial reporting process, are honest and have integrity.</p> <p>d. Emphasize the importance of maintaining professional skepticism throughout the audit regarding the potential for material misstatement due to fraud and, when issues arise, remind engagement team members of the need to probe the issues, acquire additional evidence; and consult with other team members.</p> <p>e. Enable the engagement partner to determine which matters discussed are to be communicated to the team members not involved in the discussion.</p>				
Modify	<p>Step modified related to gaining an understanding of entity and its environment as follows:</p> <p>Obtain or update the auditor's understanding of the entity and its environment, including:</p> <p>a. The legal and regulatory framework applicable to the entity and the industry or sector in which it operates, and how the entity is complying with that framework;</p> <p>b. Industry, regulatory, and other external factors.</p> <p>c. The nature of the entity.</p> <p>d. The entity's selection and application of accounting policies, including related disclosures and the reasons for any changes thereto.</p> <p>e. Objectives and strategies and the related business risks.</p> <p>f. Measurement and analysis of the entity's financial</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>performance.</p> <p>g. Fraud risk factors and how those charged with governance, including those overseeing the financial reporting process exercise oversight of management's process for identifying and responding to the risks of fraud and the controls established to mitigate these risks;</p> <p>h. Whether application of the auditing standards relevant to the audit requires special consideration in the circumstances of the engagement; and</p> <p>i. The outcome of accounting estimates included in the prior period financial statements, or, where applicable, their subsequent reestimation for the purpose of the current period.</p>				
New	<p>Make inquiries of management, and others considered to have information that is likely to assist in identifying risks of material misstatement. Consider inquiring of:</p> <p>a. Those charged with governance, including those overseeing the financial reporting process, regarding the environment in which the financial statements are prepared, including changes in that environment;</p> <p>b. Internal audit personnel regarding procedures performed relating to internal controls;</p> <p>c. Employees involved in initiating, processing, or recording complex or unusual transactions regarding the application of accounting policies;</p> <p>d. In-house legal counsel regarding litigation, compliance, fraud, and potential liabilities and commitments;</p> <p>e. Marketing or sales personnel regarding marketing strategy, sales trends, and customer agreements; and</p>	Procedure steps	Y	AU-C 240	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	f. Management regarding fraud risk factors, risk assessment processes and procedures, and related activities."				
New	<p>Perform observation and inspection procedures to obtain information about the entity and its environment. Consider observation and inspection of the following:</p> <p>a. The entity's operations;</p> <p>b. Documents (such as business plans, strategies, and organizational charts), records, and internal control and policy manuals;</p> <p>c. Reports prepared by management and those charged with governance, including those overseeing the financial reporting process; and</p> <p>d. The entity's premises and plant facilities.</p>	Procedure steps	Y	AU-C 315	
New	Evaluate whether the entity's accounting policies are appropriate for its business and consistent with the applicable financial reporting framework and accounting policies used in the relevant industry.	Procedure steps	Y	AU-C 315	
New	<p>Document the understanding of the entity and its environment including:</p> <p>a. The discussion among the engagement team and the significant decisions reached;</p> <p>b. The key elements of the entity and its environment, the sources of information from which they were obtained, and the procedures performed."</p>	Procedure steps	Y	AU-C 315	
Modify	<p>Step for relevant assertions modified to include disclosure expectations.</p> <p>Identify and document relevant assertions for the following:</p> <p>a. Significant classes of transactions;</p>	Procedure steps	Y	AU-C 315	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	b. Significant account balances;  c. Significant disclosures and disclosure expectations; and  d. Related controls.				
Modify	Step modified to include identifying potential litigation and claims as follows:  Identify and document the following: a. Potential litigation and claims;  b. Commitments and contingencies;  c. Concentrations of risk;  d. Related-party transactions;  e. Significant management estimates and judgments; and  f. New or significant accounting issues	Procedure steps	N	N/A	
Modify	Step modified to include documenting other areas requiring special audit consideration as follows: Identify and document other areas requiring special audit consideration.	Procedure steps	N	N/A	
Modify	<i>Communication Hub</i> step modified to replace the superseded term "illegal acts" with "noncompliance with laws and regulations."	Procedure steps	Y	AU-C 250	
New	Practice Point added related to auditor judgment and internal control tests.	Practice Points	N	N/A	
Modify	Entity-level control step modified to include obtaining an understanding of what could go wrong as follows:  Identify and perform risk assessment procedures to gather information about and obtain an understanding of relevant entity-level controls and the client's financial reporting process, including consideration of "what could go wrong."	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	For clients with multiple locations or business units, identify significant accounts, classes of transactions, and disclosures, and their relevant assertions based on the financial statements, and assess the risk of material misstatement to the financial statements to determine the extent to which audit procedures should be performed at selected locations or business units to obtain sufficient appropriate audit evidence about whether the financial statements are free of material misstatement. "	Procedure steps	N	N/A	This procedure step will be tailored into the audit program, if applicable.
Modify	<i>Communication Hub</i> step modified to replace the superseded term "illegal acts" with "noncompliance with laws and regulations."	Procedure steps	Y	AU-C 250	
New	Document the understanding obtained of internal controls relevant to the audit and of each of the internal control components, the sources of information from which the understanding was obtained, and the risk assessment procedures performed.	Procedure steps	N	N/A	
Modify	<p>Team discussion step modified as follows:</p> <p>Document the understanding obtained of internal controls relevant to the audit and of each of the internal control components, the sources of information from which the understanding was obtained, and the risk assessment procedures performed.</p> <p>The auditor may have previously performed this step during the “Risk Assessment Procedures: Obtaining an Understanding of the Entity, Its Environment, and Its Internal Control over Financial Reporting” phase.</p> <p>However, now that information has been gathered about the client and the industry in which it operates, consider holding another discussion among the audit engagement team, which should include the auditor with final responsibility for the engagement (e.g., the engagement partner) and other key engagement team members, to again:</p> <p>a. Discuss the susceptibility of the entity’s financial statements to material misstatements due to error or fraud.</p>	Procedure steps	N	N/A	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>b. Discuss the entity’s selection and application of accounting principles, including related disclosure requirements.</p> <p>c. “Brainstorm” about how and where the entity’s financial statements might be susceptible to material misstatement due to fraud; including how fraud might occur, consideration of known external and internal factors affecting the entity that might create incentives, pressures, and opportunities; how management could perpetrate and conceal fraudulent financial reporting, and how assets of the entity could be misappropriated; and consideration of risk of management override. of internal controls. The discussion should occur setting aside beliefs that management and those charged with governance, including those overseeing the financial reporting process, are honest and have integrity;</p> <p>d. Emphasize the importance of maintaining professional skepticism throughout the audit regarding the potential for material misstatement due to fraud and, when issues arise, remind engagement team members of the need to probe the issues, acquire additional evidence;, and consult with other team members.</p> <p>e. Enable the engagement partner to determine which matters discussed are to be communicated to the team members not involved in the discussion.</p>				
Modify	<p>Risk assessment procedure modified to include consideration of estimation uncertainty as follows:</p> <p>Identify, assess, and document the risks of material misstatement, including:</p> <p>a. Risks of material misstatement at the financial statement level.</p> <p>b. Risks for at the relevant assertion level for all significant account balances, classes of transactions, and disclosures.</p>	Procedure steps	Y	AU-C 540	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>c. Significant risks, including fraud risks.</p> <p>d. Risks for which substantive procedures alone do not provide sufficient appropriate audit evidence.</p> <p>e. The degree of estimation uncertainty associated with accounting estimates, including whether estimates with high estimation uncertainty give rise to significant risks.</p>				
New	Document the controls related to the identified risks about which the auditor has obtained an understanding.	Procedure steps	N	N/A	
Modify	"Strategy update" step modified to include performance materiality.	Procedure steps	Y	AU-C 320	
Modify	<i>Communication Hub</i> step modified to replace the superseded term "illegal acts" with "noncompliance with laws and regulations."	Procedure steps	Y	AU-C 250	
New	Design, document, and implement overall responses to address the assessed risks of material misstatement at the financial statement level.	Practice Points	N	N/A	
New	<p>Determine whether it is necessary to make pervasive changes to the nature, timing, and extent of audit procedures to adequately address the assessed risks of material misstatement; such as:</p> <ul style="list-style-type: none"> <li>• Increasing substantive testing of the valuation of numerous significant accounts at year-end because of significantly deteriorating market conditions; and</li> <li>• Obtaining more persuasive audit evidence from substantive procedures due to the identification of pervasive weaknesses in the entity's control environment.</li> </ul>	Procedure steps	N	N/A	
Modify	"Updated strategy" step modified to include distinction of auditor's specialist from management's specialist.	Procedure steps	Y	AU-C 620	
Modify	The "design further audit procedures" step modified to include the financial statement closing process.	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	Design audit procedures in order to identify litigation and claims involving the entity which may give rise to a risk of material misstatement.	Procedure steps	N	N/A	
Modify	<i>Communication Hub</i> step modified to replace the superseded term "illegal acts" with "noncompliance with laws and regulations."	Procedure steps	Y	AU-C 250	
New	If the audit plan includes using audit evidence about the operating effectiveness of controls obtained in previous audits, include in the audit documentation the conclusions reached about relying on such controls that were tested in a previous audit.	Procedure steps	N	N/A	
New	Determine that the nature, timing and extent of the procedures are based on, and responsive to, the assessed risks of material misstatement at the assertion level for each material class of transactions, account balance, and disclosure.	Procedure steps	N	N/A	
New	Perform substantive audit procedures related to the financial statement closing process.	Procedure steps	N	N/A	
New	If substantive procedures were performed at an interim date, cover the remaining period by performing further substantive procedures (combined with tests of controls when necessary) that provide a reasonable basis for extending the audit conclusions from the interim date to the period-end.	Procedure steps	N	N/A	
Modify	"Substantive procedures" step modified to include linking procedures performed to risks identified.	Procedure steps	N	N/A	
New	Perform audit procedures to evaluate whether the overall presentation of the financial statements, including the related disclosures, is in accordance with the applicable financial reporting framework.	Procedure steps	N	N/A	
New	Determine whether additional audit procedures are necessary to meet the objectives stated in the applicable auditing standards."	Procedure steps	N	N/A	
Modify	Final analytical step verbiage modified as follows:  Perform analytical procedures near the end of the audit that	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>assist the auditor when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity. This review should help in:</p> <p>a. Corroborating conclusions reached during the audit of individual components or elements of the financial statements; and</p> <p>b. Identifying balances or relationships that are unexpected or that were not identified during the audit.</p>				
New	<p>Reevaluate the established materiality level or levels including performance materiality and tolerable misstatement when due to changes in circumstances or when information comes to the auditor's attention, such as:</p> <p>a. Materiality level or levels including performance materiality and tolerable misstatement were established initially based on estimated or preliminary financial statement amounts that differ significantly from actual amounts.</p> <p>b. Events or changes in conditions occurring after the materiality level or levels including performance materiality or tolerable misstatement were established initially are likely to affect financial statement users' perceptions about the entity's financial position, results of operations, or cash flows.</p>	Procedure steps	Y	AU-C 320	
New	Practice Point added on the following: If the reevaluation results in a lower amount for the materiality level or levels or tolerable misstatement than initially established, the auditor should (1) evaluate the effect, if any, on his or her risk assessments and audit procedures, and (2) modify the nature, timing, and extent of audit procedures to obtain sufficient appropriate audit evidence.	Practice Points	N	N/A	
Modify	Conclusion step modified to include term "inquiry letter."	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	Evaluate, based on the audit procedures performed and the audit evidence obtained, whether the assessments of the risks of material misstatement at the financial statement and assertion levels remain appropriate.	Procedure steps	N	N/A	
Modify	Step modified to replace superseded term "illegal acts" with "noncompliance with laws and regulations."	Procedure steps	Y	AU-C 250	
Modify	<p>"Accumulate misstatements" step modified as follows:</p> <p>Accumulate and document identified misstatements, other than those that are clearly trivial, and the consideration of the nature and amount of the misstatements in relation to the nature and amount of the affected financial statement items, including:</p> <p>a. The amount below which misstatements would be regarded as clearly trivial;</p> <p>b. Whether or not the misstatements have been corrected;</p> <p>c. The quantitative and qualitative effects of individual misstatements;</p> <p>d. The quantitative and qualitative effects of the aggregated misstatements;</p> <p>e. The effect in the current period of prior-period misstatements; and</p> <p>f. The basis for the conclusion on the effects of misstatements, and whether or not they are material, individually and in the aggregate.</p>	Procedure steps	N	N/A	
New	Ensure that misstatements and other findings have been communicated to management in a timely manner. Consider drafting and issuing a management letter.	Procedure steps	N	N/A	
New	If management has examined an account or a disclosure in response to misstatements detected and communicated by the auditor and has made corrections, evaluate whether the	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	corrections have been made properly and whether uncorrected misstatements remain.				
New	Evaluate whether identified misstatements may be indicative of fraud and how they affect the auditor's evaluation of materiality and related responses.	Procedure steps	N	N/A	
New	Practice Point added related to intentional misstatement.	Practice Points	N	N/A	
New	Evaluate whether the financial statements as a whole are free of material misstatement and evaluate the qualitative aspects of the entity's accounting practices, including potential bias in management's judgments amounts and the amounts and disclosures in the financial statements.	Procedure steps	N	N/A	
New	Practice Point added related to management bias.	Practice Points	N	N/A	
Modify	"Control deficiencies" step modified as follows:  Evaluate the impact of material deficiencies in internal control, whether individually, or in combination, they constitute significant deficiencies, and other audit findings on the audit as a whole.	Procedure steps	N	N/A	
New	Practice Point added related to control deficiencies.	Practice Points	N	N/A	
New	Determine whether the overall audit strategy and audit plan need to be modified if:  a. The nature of accumulated misstatements and the circumstances of their occurrence indicate that other misstatements might exist that, in combination with accumulated misstatements, could be material; or  b. The aggregate of misstatements accumulated during the audit approaches the materiality level or levels established in planning and performing the audit. "	Procedure steps	N	N/A	
Modify	"Complete the audit" step verbiage modified to replace obsolete term "principal auditor."	Procedure steps	Y	AU-C 600	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	Determine whether all relevant objectives of the applicable auditing standards have been achieved. If an objective in a relevant auditing standard cannot be achieved, evaluate whether this prevents the auditor from achieving the overall objectives of the audit and thereby requires a modified opinion or withdrawal from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation."	Procedure steps	Y	AU-C 200	
Modify	"Draft report" step verbiage modified as follows:  Draft an appropriate auditor's report dated no earlier than the date on which we obtained sufficient appropriate audit evidence that supports the completed financial statements and that those with recognized authority have asserted that they have taken responsibility for the completed financial statements.	Procedure steps	N	N/A	
Modify	"Read financial statements" step verbiage modified as follows:  Read the financial statements to ensure that the financial information and related disclosures are presented fairly, in all material respects, in conformity with the applicable financial reporting framework, by determining that:  a. The financial statements adequately disclose the significant accounting policies selected and applied;  b. The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate;  c. The accounting estimates made by management are reasonable;  d. The information presented in the financial statements is relevant, reliable, comparable, and understandable;  e. The financial statements provide adequate disclosures to	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>enable the intended users to understand the effect of material transactions and events on the information conveyed in the financial statements;</p> <p>f. The financial statements use appropriate terminology, including the title of each financial statement;</p> <p>g. For financial statements prepared in accordance with a fair presentation framework, the overall presentation, structure, and content including the related notes represent the underlying transactions and events in a manner that achieves fair presentation; and</p> <p>h. The financial statements, including the related notes, adequately refer to or describe the applicable financial reporting framework.</p>				
Delete	"Communicate findings" steps combined; deleted text "Ensure that misstatements and other findings have been communicated to management in a timely manner. Consider drafting and issuing a management letter."	Procedure steps	N	N/A	
Modify	"Communicate significant deficiencies" step modified.	Procedure steps	N	N/A	
Modify	"Communicate significant findings" step modified to combine misstatement step that was deleted.	Procedure steps	N	N/A	
Modify	<p>"Management Representation Letter" step verbiage modified as follows:</p> <p>Obtain signed management representation letter addressed to the auditor signed by management with appropriate responsibilities for the financial statements and knowledge of the matters concerned.</p>	Procedure steps	N	N/A	
<b>AUD-201 Audit Program: Opening Balances and Additional Audit Procedures for an Initial Audit Engagement</b>					Tailoring modified to reflect changes noted below.
Modify	Title Modified to include Opening Balances.		Y	AU-C 510	
Delete	Clarity Practice Point deleted.	Practice Points	N	N/A	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modify	Instructions modified to include opening balances.	Instructions	N	N/A	
New	Prior to beginning the initial audit engagement, we have requested management to authorize the predecessor auditor to allow a review of his or her audit documentation and for the predecessor auditor to respond fully to all inquiries by us.	Procedure steps	Y	AU-C 510	
New	If the prior year financial statements were audited, we communicated with the predecessor auditor, in compliance with relevant ethical requirements, and requested access to the predecessor auditor's audit documentation in order to obtain evidence regarding the opening balances.	Procedure steps	Y	AU-C 511	
New	We read the most recent financial statements, if any, and the predecessor auditor's report thereon, if any, for information relevant to opening balances, including disclosures and consistency in the application of accounting principles.	Procedure steps	Y	AU-C 512	
New	We determined whether the prior period's closing balances have been correctly brought forward to the current period or, when appropriate, have been restated.	Procedure steps	Y	AU-C 513	
New	We determined whether the opening balances reflect the application of appropriate accounting policies.	Procedure steps	Y	AU-C 514	
Delete	We evaluated whether audit procedures performed in the current period provide evidence relevant to the opening balances, and performed one or both of the following:	Procedure steps	N	N/A	
New	For a new engagement where no predecessor auditor exists or a recurring engagement, we obtained evidence and assessed the reasonableness of opening balances of significant balance sheet accounts.	Procedure steps	Y	AU-C 510	
New	Practice Point added related to opening balance procedures.	Practice Points	N	N/A	
New	We reviewed the predecessor auditor's report on the financial statements and other reports as necessary (such as the management letter or communication of significant deficiencies in internal control; attorney response letters to audit inquiries; the management representation letter; and permanent file documents that are pertinent to the audit,	Procedure steps	Y	AU-C 510	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	such as articles of incorporation and significant agreements and legal documents).				
New	We reviewed the predecessor auditor's audit documentation for all significant audit areas, including documentation of planning, internal control, audit results, conclusion memos, and other matters of continuing accounting and auditing significance and obtained copies of the applicable audit documentation.	Procedure steps	Y	AU-C 510	
New	We identified the accounting policies reflected in the opening balances and determined whether they have been consistently applied in the current period's financial statements, and whether any changes in such accounting policies have been appropriately accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework.	Procedure steps	Y	AU-C 510	
New	We reviewed the predecessor auditor's year-end adjusting journal entries and any uncorrected misstatements and evaluated their potential impact on the current period's audit.	Procedure steps	Y	AU-C 510	
New	If opening balances contain misstatements that exist in the current period's financial statements, we communicated the misstatements to management and those charged with governance, including those overseeing the financial reporting process. "	Procedure steps	Y	AU-C 510	
New	If the prior period's financial statements were audited by a predecessor auditor and there was a modification to the auditor's opinion, we evaluated the effect of the matter giving rise to the modification in assessing the risks of material misstatement in the current period's financial statements.	Procedure steps	Y	AU-C 510	
New	If we determined that the prior-period audited financial statements may require revision:  a. We requested that management inform the predecessor auditor and arrange a discussion to resolve the matter.  b. We communicated the information requiring	Procedure steps	Y	AU-C 510	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	consideration to the predecessor auditor.  c. If management refuses to inform the predecessor auditor or if the matter is not resolved, we evaluated the implications on the current engagement and considered whether to withdraw from the engagement or disclaim an opinion.				
New	If the current period's accounting policies are not consistently applied in relation to opening balances in accordance with the applicable financial reporting framework, or if a change in accounting policies is not appropriately accounted for or not adequately presented or disclosed in accordance with the applicable financial reporting framework, we expressed a qualified opinion or an adverse opinion as appropriate.	Procedure steps	Y	AU-C 510	
New	If we were unable to obtain sufficient appropriate audit evidence regarding the opening balances, we expressed a qualified opinion or disclaimed an opinion on the financial statements, as appropriate.	Procedure steps	Y	AU-C 510	
New	If we concluded that the opening balances contain a misstatement that materially affects the current period's financial statements, and the effect of the misstatement is not appropriately accounted for or not adequately presented or disclosed, we expressed a qualified opinion or an adverse opinion, as appropriate.	Procedure steps	Y	AU-C 510	
New	If the predecessor auditor's opinion regarding the prior period's financial statements included a modification to the auditor's opinion that remains relevant and material to the current period's financial statements, we modified the auditor's opinion on the current period's financial statements as appropriate.	Procedure steps	Y	AU-C 510	
New	We did not, in our report, make reference to the predecessor auditor as a basis for our opinion.	Procedure steps	Y	AU-C 510	
<b>AUD-601 Audit Program: Testing and Evaluating Internal Auditors' Work</b>					
Modify	Substep verbiage modified.	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>AUD-602 Audit Program: Involvement of a Component Auditor</b>					
New	New Workpaper – Involvement of a Component Auditor	Audit Program	Y	AU-C 600	The new AUD-602 will be updated in your binder and most of your answers will be mapped to the new workpaper. You will be required to re-conclude on your reference to the component auditor because of the additional steps in this workpaper.
Delete	DELETE 2012 Construction AUD-602	Procedure steps	Y	AU-C 600	
<b>AUD-603 Audit Program: Using the Work of An Auditor's Specialist</b>					
New	New Workpaper – Audit Program: Using Work of Auditor's Specialist	Audit Program	Y	AU-C 600	After update, answer new tailoring question for auditor specialist and complete specialist table in KBA-101 to note a auditor specialist has been used before inserting AUD-603.
Delete	DELETE 2012 Construction AUD-603 Audit Program: Affiliate Auditor	Procedure steps	Y	AU-C 600	After update, insert AUD-602 BEFORE deleting "old" AUD-603 so that data transfers into the new AUD-602. You'll need to insert as many AUD-602s as you had "Affiliate Auditor" wps in previous versions.
<b>AUD-604 Audit Program: Using the Work of a Management's Specialist</b>					
New	New Workpaper – Audit Program: Using the Work of a Management's Specialist	Audit Program	Y	AU-C 600	After update, answer new tailoring question for management specialist and complete specialist table in KBA-101 to note a management specialist has been used before inserting AUD-604.
Delete	DELETE 2012 Construction AUD-604 Audit Program: Using the Work of a Specialist.	Procedure steps	Y	AU-C 600	This version of the workpaper is "obsolete". You must add the applicable new workpaper (AUD-603 or AUD-604) and manually transfer data from the obsolete workpaper. A diagnostic will note this as an obsolete wp. This workpaper is no longer functional. No data flows in or out.
<b>AUD-701 Audit Program: Designing Tests of Controls</b>					
Delete	Deleted clarity Practice Points	Practice Points	N	N/A	
Modify	Instructions modified to better reflect practice.	Instructions	N	N/A	
Modify	Procedures verbiage modified to include additional considerations.	Procedure steps	N	N/A	
Modify	Procedure verbiage modified to reflect change from SAS-70 to SOC 1 and added additional considerations.	Procedure steps	Y	SSAE-16	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modify	Procedure verbiage modified to reflect new auditor's specialist language.	Procedure steps	Y	AU-C 620	Publish this workpaper before update so that you can reference your prior year data. Review and answer the auditor specialist question in AUD-100 to determine what is applicable for this workpaper.
<b>AUD-800's Audit Programs</b>					
Delete	All clarity Practice Points deleted in all AUD-800s	Practice Points	N	N/A	
Modify	All instructions updated in all AUD-800s	Instructions	N	N/A	
Modify	Following procedure added to all AUD 800s: We have assessed and summarized inherent and planned control risk at KBA-502	Instructions	N	N/A	
Modify	Practice Point on substantive analytical procedures updates in all AUD-800s.	Practice Points	N	N/A	
Modify	All AUD-800s: Presentation and Disclosure added to the "Understanding or Classification" assertion: Understandability, Classification, Presentation, and Disclosure	Table - other than procedures	Y	AU-C 315	
Modify	All AUD-800s: Procedures that mention cancelled checks: Verbiage modified to include "substitute and ACH."	Procedure steps	N	N/A	
New	Procedures for substantive analytical procedures (all AUD 800s) modified to include new substeps from the AICPA audit guide as follows:  a. Our determination of the suitability of the substantive analytical procedures for given assertions, taking account of the assessed risks of material misstatement and tests of details, if any, for these assertions.  b. Our evaluation of the reliability of the data used to develop our expectations. We have considered the source, comparability, and nature and relevance of information available, and controls over preparation.  c. Our expectation, if not readily determinable from the documentation of the work performed, recorded amounts or	Procedure steps	N	N/A	This step has been moved from the results section of the workpaper and moved into the Program Step Library. New tailoring question related to these steps. All answers and customizations will retain per your roll forward selections.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>ratios and the factors that were considered in developing the expectation. We considered whether the expectation is sufficiently precise to identify misstatements (either individually or in the aggregate) that may cause the financial statements to be materially misstated.</p> <p>d. The amount of difference from the expected value that should lead to further investigation.</p> <p>f. Inquiries of management regarding any results of analytical procedures that did not meet our expectations. We also obtained appropriate audit evidence to support management's responses.</p>				
Modify	ALL AUD-800s: Practice Point in findings section modified to replace discontinued term "illegal acts" with new term "noncompliance with laws and regulations"	Practice Points	Y	AU-C 250	
New	ALL AUD 800s: Practice Point added related to assessing control risk.	Practice Points	N	N/A	
<b>AUD-800 Audit Program: Custom</b>					
Modify	Instruction language modified to enhance user understanding of KBA methodology.	Instructions	N	N/A	
New	Added the Practice Point to better mirror the substantive analytical requirements.	Practice Points	Y	AU-C 520	
<b>AUD-802 Audit Program: Investments in Securities, Derivative Instruments, and Hedging Activities</b>					Tailoring added and modified to reflect changes noted below.
Delete	<p>Main step deleted;.</p> <p>For investments such as bonds, stocks, and mutual funds: Substeps elevated to main step level.</p>	Procedure steps	N	N/A	Publish this workpaper prior to update so that you can reference data the you have selected to keep. Some existing responses will not be maintained on update.
New	<p>Added to new Transfers of Financial Instruments section:</p> <p>For transfers or sales of financial assets, we determined that the transaction has been accounted for in accordance with the applicable financial reporting framework.</p>	Procedure steps	N	N/A	
New	<p>Added to new Transfers of Financial Instruments section:</p> <p>For securities which the entity has transferred ownership,</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	we have evaluated whether the entity has retained any of the risks and rewards of ownership or control over the assets and properly recognized the transfer or sale of the assets, including performing the following procedures:				
New	Added to new Transfers of Financial Instruments section:  Evaluated the entity's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset.	Procedure steps	N	N/A	
New	Added to new Transfers of Financial Instruments section:  a. Evaluated the entity's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset.  b. Computed and compared the entity's exposure to the variability in the present value of the future net cash flows before and after the transfer, using as the discount rate an appropriate current market interest rate."  c. Assessed the entity's ability to sell the asset in its entirety to an unrelated third party and whether the entity is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer and therefore, has not retained control over the asset.  d. Assessed whether the entity has retained the right to service the asset for a fee and therefore should recognize either a servicing asset or a servicing liability for that servicing contract.	Procedure steps	N	N/A	
New	Added to new Transfers of Financial Instruments section:  For assets which have been transferred or sold, we have performed the following procedures:  a. If a transfer of financial assets has been accounted for as a sale by the client, we determined that all of the requisite	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>conditions have been met.</p> <p>b. Recomputed the profit or loss recognized by the entity on the sale or transfer of the asset.</p> <p>c. If the transferred or sold asset is part of a larger financial asset, recomputed the allocation of previous carrying amount of a larger financial asset between the part that continues to be recognized and the part that is derecognized and evaluated the fair value of the part that continues to be recognized by the entity.</p>				
New	<p>Added to new Transfers of Financial Instruments section:</p> <p>If applicable, we have evaluated the entity's continuing involvement in the assets, including the entity's recognition of an associated liability (e.g., guarantee, purchase option or cash-settled option).</p> <p>a. Upon completion of a transfer of assets by a client that satisfies the conditions to be accounted for as a sale, we determined that the client:</p> <p>(1) Has derecognized all assets sold.</p> <p>(2) Has recognized all assets obtained and liabilities incurred in consideration as proceeds of the sale.</p> <p>(3) Has initially measured at fair value assets obtained and liabilities incurred in a sale or, if it is not practicable to estimate the fair value of an asset or a liability, has applied alternative measures.</p> <p>(4) Has recognized in profit or loss any gain or loss on the sale.</p> <p>b. Upon completion of any transfer of financial assets in which the client is the transferor, we determined that the</p>	Procedure steps	N	N/A	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>client:</p> <p>(1) Has continued to carry in its statement of financial position any retained interest in the transferred assets, including, if applicable, servicing assets, beneficial interests in assets transferred to a qualifying special-purpose entity in a securitization, and retained undivided interests.</p> <p>(2) Has allocated the previous carrying amount between the assets sold, if any, and the retained interests, if any, based on their relative fair values at the date of transfer.</p> <p>c. If the client is the transferee, we determined that the client has recognized all assets obtained and any liabilities incurred and initially measured them at fair value (in aggregate, presumably the price paid).</p> <p>d. If a transfer of financial assets in exchange for cash or other consideration (other than beneficial interests in the transferred assets) does not meet the criteria for a sale, we determined that the transferee continues to recognize the financial asset and recognizes a financial liability for the consideration received.</p>				
New	<p>Added to new Equity Method section:</p> <p>The percentage of ownership (e.g., 20 percent or more of the voting power of the investee is presumed to provide the investor with significant influence), including the consideration of currently exercisable potential voting rights.</p> <p>For an investment accounted for using the equity method, we inquired of management as to whether the entity has the ability to exercise significant influence over the operating and financial policies of the investee and evaluated the attendant circumstances that serve as a basis for management's conclusions.</p> <p>We read executed partnership or similar underlying</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>agreements and other forms of supporting documentation underlying investments in closely held corporations and partnerships and investments carried on the equity method.</p> <p>We determined that management has properly accounted for the investments in closely held corporations and partnerships using the equity method of accounting, when appropriate. If the entity has determined that the equity method is not the appropriate method of accounting for this investment or that the investment no longer meets the criteria for recognition under the equity method, we obtained an understanding of management's rationale and determined that management properly accounted for the investment at fair value in accordance with the applicable financial reporting framework.</p> <p>If management has determined that it no longer can exert significant influence over the closely held corporation or partnership and therefore the entity should no longer account for the investment in the closely held corporation or partnership under the equity method, we recomputed the gain or loss previously recorded in other comprehensive income under the equity method and verified that the gain or loss had been properly reclassified to profit or loss.</p>				
New	<p>Added to new Joint Ventures section:</p> <p>We prepared (or obtained from the client) a detailed analysis of interests in joint ventures, showing the following:</p> <p>a. The name and type (e.g., jointly controlled operation, jointly controlled asset or jointly controlled entity) of each joint venture.</p> <p>b. For an investment accounted for using the equity method, we inquired of management as to whether ownership and identification of the operator or manager of the entity joint venture (i.e., joint control implies that no single venturer is in a position to control the activity unilaterally).</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>Note: If the operator or manager of the joint venture has the ability power to exercise significant influence over the operating and govern the financial and operating policies of the investee and evaluated the attendant circumstances that serve as a basis for management's conclusions economic activity, it controls the venture and the venture is therefore a subsidiary of the operator and not a joint venture.</p> <p>c. The accounting policies of the client/investor.</p> <p>d. For jointly controlled operations:</p> <p>(1) The assets that the entity controls, the liabilities that the entity has incurred, and the expenses that the entity has incurred.</p> <p>(2) Its share of the income that it earned from the sale of goods or services by the joint venture.</p> <p>e. For jointly controlled assets and liabilities:</p> <p>(1) Its share of the jointly controlled assets, classified according to the nature of the assets rather than as an investment.</p> <p>(2) Any liabilities that it has incurred.</p> <p>(3) Its share of any liabilities incurred jointly with the other venturers in relation to the joint venture.</p> <p>(4) Any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture.</p> <p>(5) Any expenses that it has incurred in respect of its interest in the joint venture.</p> <p>f. For jointly controlled entities:</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>(1) The cash or other resources contributed to the joint venture.</p> <p>(2) The entity's share of profits of the jointly controlled entity.</p>				
New	<p>Added to new Joint Ventures section:</p> <p>We read executed underlying contractual agreements and other forms of documentation supporting interests in joint ventures (e.g., minutes of discussions between venturers, articles or other by-laws of the joint venture).</p>	Procedure steps	N	N/A	
New	<p>Added to new Joint Ventures section:</p> <p>We determined the proper method of accounting for the interests in joint ventures (i.e., proportionate consolidation or equity method) and ensured that the accounting properly reflected the substance and the economic reality of the arrangement, rather than the joint ventures particular structure or form.</p>	Procedure steps	N	N/A	
New	<p>Added to new Joint Ventures section:</p> <p>If applicable, if the entity ceases to have joint control over an entity, we obtained an understanding of the circumstances and determined that management properly accounted for the investment at fair value in accordance with the applicable financial reporting framework.</p>	Procedure steps	N	N/A	
New	<p>Added to new Joint Ventures section:</p> <p>We obtained and reviewed copies of the joint venture's most recent financial statements and the accompanying audit report or management's account analysis, if any, and/or tax returns. If necessary (i.e., joint venture is not consolidated), we determined whether an adjustment to record the current-year equity investment should be made.</p>	Procedure steps	N	N/A	
New	<p>Added to new Joint Ventures section:</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	We reviewed information in the entity's files that relates to the joint venture (e.g., investee minutes, and budgets and cash flows information about the investee).				
New	Added to new Joint Ventures section:  If the entity has been identified as the operator or manager of the joint venture and received management fees for its services, we have ensured that the fees have been accounted for in accordance with the applicable financial reporting framework."	Procedure steps	N	N/A	
New	Added to new Joint Ventures section:  If applicable, if the joint venture became a subsidiary or closely held corporation or partnership of the entity, we obtained an understanding of the circumstances and determined that management properly accounted for the transaction in accordance with the applicable financial reporting framework We also evaluated whether management has properly recognized in profit and loss:  a. The fair value of any retained investment and any proceeds from disposing of the part interest in the jointly controlled entity.  b. The carrying amount of the investment at the date when joint control is lost.	Procedure steps	N	N/A	
New	Added to new Joint Ventures section:  We made inquiries of the entity's management about, and obtained sufficient evidence in support of, the joint venture's financial results."	Procedure steps	N	N/A	
New	Added to new Joint Ventures section:  If applicable, if the entity contributes or sells assets to the joint venture, we recomputed the gain or loss from the transaction to ensure the entity only recognized gain or loss in the amount attributable to the other venturers.	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	<p>Added to new Joint Ventures section:</p> <p>If applicable, if the entity purchases assets from the joint venture, we have ensured that the entity has not recognized any profit from the transactions, unless the assets were subsequently sold to an independent party. If the entity purchases assets from the joint venture and the transaction results in a loss, we have ensured that the entity has recognized the loss immediately if the loss represents a reduction in the net realizable value of current assets or an impairment loss.</p> <p>Note: If the loss on the purchase of assets from a joint venture does not represent a reduction in the net realizable value of current assets or an impairment loss, the loss should not be recognized until the asset is subsequently sold to an independent party.</p>	Procedure steps	N	N/A	
New	<p>Added to new Joint Ventures section:</p> <p>If applicable, we applied, or requested that the investor arrange with the joint venture to have another auditor apply, appropriate auditing procedures to the joint venture's financial statements, if the joint venture's financial statements are not audited or if the joint venture auditor's report is not satisfactory."</p>	Procedure steps	N	N/A	
New	<p>Added to new Joint Ventures section:</p> <p>We determined whether the joint venture is properly classified in the financial statements and whether the required disclosures have been made.</p>	Procedure steps	N	N/A	
New	<p>Added new section, Joint Venture: Proportionate Consolidation, including new step:</p> <p>For a joint venture accounted for using the proportionate consolidation method, we recomputed the entity's share of the assets and liabilities it controls jointly and determined whether these amounts were properly stated in the statement of financial position and recomputed the entity's</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>share of income and expenses of the jointly control venture and determined whether these amounts were properly stated in the statement of comprehensive income.</p> <p>Note: It is inappropriate to offset any assets or liabilities; or any income and expenses, unless a legal right of set-off exists and the offsetting represents the expectation as to the realization of the asset or the settlement of the liability.</p>				
New	<p>Added to the new Joint Ventures Using the Equity Method section:</p> <p>For joint ventures using the equity method, we have obtained an understanding of management's rationale for its use of that method of accounting.</p>	Procedure steps	N	N/A	
New	<p>Added to the new Joint Ventures Using the Equity Method section:</p> <p>We determined that management has properly accounted for the interest using the equity method of accounting, when appropriate. If the entity has determined that the equity method is not the appropriate method of accounting for this interest or that the interest no longer meets the criteria for recognition under the equity method, we obtained an understanding of management's rationale and determined that management properly accounted for its interest in accordance with the applicable financial reporting framework.</p>	Procedure steps	N	N/A	
New	<p>Added to the new Joint Ventures Using the Equity Method section:</p> <p>If management has determined that it will no longer account for the interest under the equity method, we recomputed the gain or loss previously recorded in other comprehensive income under the equity method and verified that the gain or loss had been properly reclassified to profit or loss.</p>	Procedure steps	N	N/A	
New	Added to the new Joint Ventures Using the Equity Method	Procedure	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>section:</p> <p>We obtained and reviewed copies of the joint venture's most recent financial statements and the accompanying audit report, if any, and/or tax returns. If necessary, we determined whether an adjustment to record the current-year equity interest should be made.</p>	steps			
New	<p>Added to the new Joint Ventures Using the Equity Method section:</p> <p>We reviewed information in the investor's files that relates to the joint venture (e.g., venturer minutes, and budgets and cash flows information about the joint venture).</p>	Procedure steps	N	N/A	
New	<p>Added to the new Joint Ventures Using the Equity Method section:</p> <p>We made inquiries of the investor's management about, and obtained sufficient evidence in support of, the joint venture's financial results.</p>	Procedure steps	N	N/A	
New	<p>Added to the new Joint Ventures Using the Equity Method section:</p> <p>We applied, or requested that the investor arrange with the joint venture to have another auditor apply, appropriate auditing procedures to the venture's financial statements, if the venture's financial statements are not audited or if the venture auditor's report is not satisfactory.</p>	Procedure steps	N	N/A	
New	<p>Added to the new Joint Ventures Using the Equity Method section:</p> <p>If the carrying amount of the security reflects factors that are not recognized in the venture's financial statements or fair values of assets that are materially different from the venture's carrying amounts, we obtained sufficient evidence in support of these amounts.</p>	Procedure steps	N	N/A	
New	<p>Added to the new Joint Ventures Using the Equity Method section:</p>	Procedure steps	N	N/A	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	If a time lag between the date of the entity's financial statements and those of the venture (no more than three months) has a material effect on the entity's financial statements, we determined whether the entity's management has properly considered the lack of comparability.				
New	Added to the new Joint Ventures Using the Equity Method section:  If a change in time lag occurs that had a material effect on the venture's financial statements, we added an explanatory paragraph to the auditor's report"	Procedure steps	N	N/A	
New	Added to the new Joint Ventures Using the Equity Method section:  We evaluated the sufficiency of audit evidence because of significant differences in fiscal year-ends, significant differences in accounting principles, changes in ownership, changes in conditions affecting the use of the equity method, or the materiality of the investment to the venture's financial position or financial performance.	Procedure steps	N	N/A	
New	Added to the new Joint Ventures Using the Equity Method section:  We obtained evidence about material transactions between the entity and the joint venture and evaluated (a) the propriety of the elimination of unrealized profits and losses on such transactions when the equity method of accounting is used to account for an investment under the applicable financial reporting framework and (b) the adequacy of disclosures about material related-party transactions.	Procedure steps	N	N/A	
New	Added to the new Joint Ventures Using the Equity Method section:  For subsequent events and transactions of the joint venture occurring after the date of the investee's financial statements but before the date of the joint venture auditor's	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	report, we read available interim financial statements of the investee and made appropriate inquiries of the investor to identify subsequent events and transactions that are material to the venture's financial statements.				
New	<p>Added to the new Joint Ventures Using the Equity Method section:</p> <p>For joint ventures that are accounted for under the equity method, we determined whether the venture is properly classified in the financial statements as noncurrent assets and whether the required disclosures have been made."</p>	Procedure steps	N	N/A	
New	<p>Added to the new Derivative Instruments and Hedging Activities section:</p> <p>We have obtained an understanding of how management has identified derivative instruments and hedging activities, including whether the derivative has been properly separated from its host contract.</p>	Procedure steps	N	N/A	
New	<p>Added to the new Derivative Instruments and Hedging Activities section:</p> <p>We evaluated management's calculation of the fair value of the derivative. If applicable, if management has not been able to measure the embedded derivative separately from its host contract, we have evaluated management's calculation of the entire hybrid (combined) contract at fair value.</p>	Procedure steps	N	N/A	
New	<p>Added to the new Derivative Instruments and Hedging Activities section:</p> <p>For derivative instruments and hedging activities:</p> <p>a. We evaluated whether the transactions were between other entities within the group or divisions of the entity and therefore, do not qualify for hedge accounting in accordance with the applicable financial reporting framework.</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	(3) We supported evaluated whether the recorded change ineffectiveness of the hedge can be reliably measured (i.e., the fair value or cash flows of the hedged item's fair value item that is attributable to the hedged hedge risk and the fair value of the hedging instrument can be reliably measured.				
Modify	All Procedures in Tests of Valuations section have modified verbiage.	Procedure steps	N	N/A	
New	Section added for "Held to Maturity."	Procedure steps	N	N/A	
New	Section added for Evaluation of Impairment Loss for all Investments.	Procedure steps	N	N/A	
New	<p>Added to new evaluation of impairment section:</p> <p>We evaluated management's conclusion about whether a loss event has occurred that has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated and determined whether the entity has appropriately followed the applicable financial reporting framework.</p> <p>For assets or asset groups for which an impairment loss has been recognized in the prior period, if evidence exists that indicates the impairment loss has decreased, we recomputed the difference and verified that management properly reversed a portion of the previously recognized impairment loss, either directly or through an adjustment to an allowance account.</p>	Procedure steps	N	N/A	
Delete	Removed from Other Audit Procedures section: All steps related to transfers of financial instruments.	Procedure steps	N	N/A	
New	<p>Added to Other Audit Procedures section:</p> <p>We reviewed financial statement disclosures related to this cycle to ensure:</p> <p>a. Disclosed events and transactions have occurred and pertain to the entity.</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>b. All disclosures that should have been included in the financial statements have been included.</p> <p>c. Financial information is appropriately presented and described and disclosures are clearly expressed.</p> <p>d. Financial and other information is disclosed fairly and at appropriate amounts.</p>				
<b>AUD-803 Audit Program: Accounts Receivable and Revenue</b>					Tailoring added and modified to reflect changes noted below.
New	We compared gross margins by product line, location, or geographic area for the current year with the prior year, the budget, and industry data.	Procedure steps	N	N/A	
New	<p>We inquired of the credit manager or other appropriate personnel about the entity's policies for approving sales orders before shipping goods or providing services, including how:</p> <p>a. New customer's creditworthiness is determined;</p> <p>b. Standing customer's credit limits are established and reviewed;</p> <p>c. Exceptions are handled if orders outside predetermined limits are received; and.</p> <p>d. Management monitors the functioning of controls over the extension of credit.</p>	Procedure steps	N	N/A	
New	We inspected documents supporting the various steps of the credit authorization process and observed how the authorization of customer orders is executed by the appropriate personnel.	Procedure steps	N	N/A	
Modify	Verbiage modified in step related to mailing confirmations.	Procedure steps	N	N/A	
New	For confirmations for which we have doubts about the reliability of the response:	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>(1) We performed appropriate alternative procedures.</p> <p>(2) We evaluated the implications on the assessment of risk (including the risk of fraud) and on other substantive procedures.</p>				
Modify	Verbiage was modified for steps related to testing allowance for uncollectible accounts receivable.	Procedure steps	N	N/A	
New	If applicable, we considered whether specialized skills, in accordance with AU-C Section 620, <i>Using the Work of an Auditor's Specialist</i> , are needed in performing the audit of revenue depending on the nature of the industry in which the entity does business (e.g., computer software industry).	Procedure steps	N	N/A	
New	<p>We have obtained an understanding and reviewed documentation of the following types of transactions:</p> <p>a. Value-Added-Resellers (e.g., many entities use VARs to sell their products to end-users).</p> <p>b. "Solution selling" and bundled sales (e.g., entities in some industry sectors are migrating toward providing total, customized solutions and other bundled sales to their customers. These bundled sale arrangements include the sale of hardware and some or all of the following: software, peripherals, installation, customization, and other services. When transactions contain multiple elements, it may be difficult to determine the amount and timing of the related revenue recognition.)</p> <p>c. The potential for side agreements (e.g., when an entity and its customers enter into side arrangements that remain either undocumented or documented in agreements separate from the main contract, there is a greater risk that accounting personnel will not be aware of all of the terms of the transaction, which may result in improper revenue recognition. The potential for side agreements is greater for complex or material transactions when side agreements exist.)</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	d. Transactions near the end of the period (e.g., these transactions may be characterized by significant sales incentives and other conditions that affect revenue recognition.)				
New	<p>We were alert for transactions that indicate the earnings process may not be complete, such as:</p> <p>a. Bill and hold sales.</p> <p>b. Unfinished products shipped to customers.</p> <p>c. Unauthorized products shipped to customers.</p> <p>d. Sales or shipments to entities other than the customer.</p>	Procedure steps	N	N/A	
New	<p>We examined supporting documents for the following:</p> <p>a. Entries made to the sales, accounts receivable, and allowance for doubtful accounts.</p> <p>b. Significant reconciling items between the accounts receivable subsidiary ledger and the general ledger.</p> <p>c. Significant reconciling items between the sales journal and the general ledger.</p> <p>d. Reversals of sales or large returns in the period subsequent to the balance sheet date.</p>	Procedure steps	N	N/A	
New	We matched sales returns to original sales.	Procedure steps	N	N/A	
New	We compared sales price to the price list.	Procedure steps	N	N/A	
New	We ascertained that shipped merchandise actually arrived at the customer's location and that the merchandise was not shipped to a warehouse or location controlled by the client.	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	We examined original documents for sales invoices and shipping documents and were alert for possible alterations.	Procedure steps	N	N/A	
New	We reviewed customer complaints and looked for unusual trends.	Procedure steps	N	N/A	
New	We considered circumstances in which salespeople are trying to meet or exceed sales goals in order to achieve quotas or increase their commissions or bonuses.	Procedure steps	N	N/A	
New	We compared details of units shipped with revenues and production records and considered whether revenues are reasonable compared to levels of production and average sales price.	Procedure steps	N	N/A	
New	We compared the number of weeks of inventory in distribution channels with that in prior periods for unusual increases that may indicate channel stuffing.	Procedure steps	N	N/A	
New	We analyzed and reviewed deferred revenue accounts for propriety and reasonableness of deferral.	Procedure steps	N	N/A	
<b>AUD-804 Audit Program: Inventories and Cost of Revenue</b>					
New	We performed additional audit procedures on inventory items held by third parties such as attending the third party's inventory count, obtaining another auditor's report on the third party's internal control regarding inventory, or inspecting documentation regarding the inventory.	Procedure steps	N	N/A	
New	<p>12. We performed the following procedures to test for slow-moving and obsolete items:</p> <p>a. We obtained an understanding from the client with respect to the criteria and calculation used to determine what constitutes slow-moving and obsolete items.</p> <p>b. We noted dates per vendors' invoices during the inventory price tests, being alert for slow-moving items.</p> <p>c. We traced listing of slow-moving and obsolete inventory items noted during the inventory observation to proper inclusion in the client's final listing of slow-moving and</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>obsolete inventory.</p> <p>d. We compared items noted during the current period's review of slow-moving and obsolete items to the prior year's listing.</p> <p>e. We ensured that significant items written down in prior years were not written up in the current year and determined whether further write-downs might be required.</p>				
<b>AUD-805 Audit Program: Prepaid Expenses, Deferred Charges, and Other Assets</b>					
Modify	Verbiage modified for immaterial prepaid and other assets.	Procedure steps	N	N/A	
Modify	Verbiage modified for immaterial prepaid property tax	Procedure steps	N	N/A	
New	We agreed the balances on the schedule to the accounting records.	Procedure steps	N	N/A	
<b>AUD-806 Audit Program: Intangible Assets</b>					
New	We determined that the intangible asset was recorded in accordance with the applicable financial reporting framework.	Procedure steps	N	N/A	
Modify	We evaluated the reasonableness of the amount amortization method and the amortization period, including the entity's policy for reviewing them.	Procedure steps	N	N/A	
New	We determined that the entity's policy for measurement after recognition is appropriate and consistently applied in accordance with the applicable financial reporting framework (e.g., cost or revaluation method).	Procedure steps	N	N/A	
New	We determined that the entity assessed whether there is any indication that an asset may be impaired, and if such indication existed, that the entity estimated the fair value of the affected assets.	Procedure steps	N	N/A	
New	Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's	Procedure steps	N	N/A	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	fair value materially.				
New	The carrying amount of the net assets of the entity is more than its market capitalization.	Procedure steps	N	N/A	
New	Evidence is available of obsolescence or physical damage of an asset.	Procedure steps	N	N/A	
Modify	We determined whether the carrying values of these assets are recoverable.	Procedure steps	N	N/A	
Modify	If there is an indication that an asset may be impaired, we determined whether the carrying values of these assets are recoverable (if that the entity reviewed the sum of remaining useful life, the expected future cash flows—undiscounted depreciation (amortization) method, and without interest charges—expected to result from the use and eventual disposition of residual value for the assets is less than asset and, if needed, adjusted it in accordance with the carrying amounts of standard applicable to the assets, the carrying values of the assets are not recoverable, and the entity has an asset, even if no impairment loss). is recognized for the asset.	Procedure steps	N	N/A	
Modify	If an impairment loss should be or is recognized, we tested the calculation of the loss in accordance with the applicable financial reporting framework and ascertained that any impairments or write-offs have been authorized and approved by appropriate officials and examined related supporting documentation (e.g., board minutes, agreements, and correspondence).	Procedure steps	N	N/A	
New	We evaluated the entity's policy for reviewing assets for impairment and identifying indicators of impairment related to intangibles and goodwill.	Procedure steps	N	N/A	
New	If the entity opts to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we have reviewed and evaluated management's assessment and conclusion	Procedure steps	N	N/A	
Modify	Verbiage modified for goodwill impairment testing	Procedure	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	procedures.	steps			
<b>AUD-807 Audit Program: Property and Equipment, and Depreciation</b>					
Modify	Verbiage modified in procedures for immaterial PPE.	Procedure steps	N	N/A	
<b>AUD-808 Audit Program: Accounts Payable and Purchases</b>					
New	We compared gross margins by product line, location, or geographic area for the current year with the prior year, the budget, and industry data.	Procedure steps	N	N/A	
New	We compared the current year's composition of total product cost (i.e., materials, labor, and overhead) with the prior year's and industry data.	Procedure steps	N	N/A	
<b>AUD-809 Audit Program: Payrolls and Other Liabilities</b>					Tailoring added and modified to reflect changes noted below.
New	We compared the relationships of current-year payroll expense to cost of sales and sales with those of the prior year's and industry data	Procedure steps	N	N/A	
New	We compared with the prior year the relationship of (a) current-year employee benefits, including vacation and sick pay to gross pay, and (b) pension expense to number of covered employees.	Procedure steps	N	N/A	
New	We computed average compensation divided by number of full-time equivalents (FTEs) and compared them with the prior year's and industry data.	Procedure steps	N	N/A	
New	We computed payroll tax expense as a percentage of total wages and salaries and compared them with the prior year's and industry data.	Procedure steps	N	N/A	
Modify	Verbiage modified on accrued absences procedures.	Procedure steps	N	N/A	
New	For profit-sharing and bonus plans:  a. We examined client policy, personnel manuals, or other supporting documentation to gain an understanding of the related policies.  b. On a test basis, we recomputed the client's calculation of	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	accrued profit sharing and bonus plan liabilities and determined overall reasonableness of the accrual as of the balance sheet date.				
New	We reviewed management's disclosure of payroll and other short-term employee benefits for compliance with the applicable financial reporting framework	Procedure steps	N	N/A	
New	We determined whether any assets, obligations or contingent liabilities (e.g., actuarial losses or obligations to fund shortfalls) were required to be recognized in relation to the employee benefit plans.	Procedure steps	N	N/A	
New	If the entity pays insurance premiums to fund its postemployment benefit plans, we obtained from the client and reviewed a copy of the insurance policy agreement and determined whether the client has properly accounted for its insurance premium payments.	Procedure steps	N	N/A	
New	We determined whether the actuary used the proper valuation method to determine the present value of the entity's defined benefit obligations and the related current service cost and, where applicable, past service cost.	Procedure steps	N	N/A	
New	We determined whether the financial statements included adequate disclosures, including proper classification of the type of employee benefit plan, as required by the applicable financial reporting framework.	Procedure steps	N	N/A	
New	<p>If applicable, if the entity participates in a defined benefit plan that shares risks between various entities under common control, we determined whether the financial statements included adequate the following additional disclosures:</p> <p>(1) The contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy.</p> <p>(2) The policy for determining the contribution to be paid by the entity.</p> <p>(3) If the entity accounts for an allocation of employee</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>benefit plans the net defined benefit cost, all the information about the plan.</p> <p>(4) If the entity accounts for the contribution payable for the period, the information about the plan as required by GAAP. a whole;</p>				
New	<p>If the entity provides other long-term employee benefits (e.g., long-term compensated absences, sabbatical leave, long-term disability benefits, deferred compensation, etc.), we performed the following procedures:</p> <p>a. We obtained from management an understanding of the policies.</p> <p>b. We compared current-period liability amounts to prior-period balances and investigated unusual fluctuations.</p> <p>c. We compared actual amounts to budgeted amounts.</p> <p>d. We reviewed general ledger account activity and investigated any entries that appeared to be unusual.</p> <p>e. We compared amounts accrued as of the balance sheet date to subsequent payments made.</p> <p>f. We traced amounts accrued to payroll records as of the balance sheet date.</p> <p>g. We reviewed compensation agreements for potential additional liabilities.</p>	Procedure steps	N	N/A	
New	We obtained from management an understanding of the policies.	Procedure steps	N	N/A	
New	We compared current-period liability amounts to prior-period balances and investigated unusual fluctuations.	Procedure steps	N	N/A	
New	We compared actual amounts to budgeted amounts for each job classification.	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	We reviewed general ledger account activity and investigated any entries that appeared to be unusual.	Procedure steps	N	N/A	
New	We compared amounts accrued as of the balance sheet date to subsequent payments made.	Procedure steps	N	N/A	
New	We determined whether management properly disclosed postemployment benefit policies relating to key management personnel, as well as any contingent liabilities relating to postemployment benefits.	Procedure steps	N	N/A	
Modify	Verbiage modified on retirement obligations for long-lived assets.	Procedure steps	N	N/A	
<b>AUD-810 Audit Program: Income Taxes</b>					
None	No additional changes				
<b>AUD-811 Audit Program: Debt Obligations</b>					
New	We tested whether management has properly recorded new financial obligations at fair value, minus (where applicable) transaction costs that are directly attributable to the issuance of the liabilities.	Procedure steps	N	N/A	
New	For financial liabilities required to be measured at fair value (e.g., liabilities, including derivative liabilities, that do not qualify for derecognition due to continued involvement, financial guarantee contracts, and commitments to provide loans at below-market interest rates), we evaluated management's determination of the change in fair value and recomputed the profit or loss recognized as a result of the change in fair value. For all other financial liabilities, carried at amortized cost, we tested that the valuation of the liabilities was calculated using the effective interest method.	Procedure steps	N	N/A	
New	We inquired of management as to whether the entity had exchanged debt instruments with the lender in which the instrument had substantially different terms or substantial modification; and evaluated whether the exchanged instrument required recognition as a new financial liability.	Procedure steps	N	N/A	
New	If applicable, we recomputed the profit or loss recognized on the transfer, exchange or extinguishment of the financial	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	liability or part of a financial liability, including any non-cash assets transferred and liabilities assumed.				
Delete	Derivatives and hedging procedures removed from debt program and appear only in investments program.	Procedure steps	N	N/A	
Modify	Debt Extinguishment verbiage modified- two substeps deleted.	Procedure steps	N	N/A	
<b>AUD-812 Audit Program: Equity</b>					
Delete	Stock Option steps moved to share-based payments program.	Procedure steps	N	N/A	
Delete	(1) Foreign currency transactions. (2) Available-for-sale securities. (3) Hedging activities. (4) Minimum pension liabilities.	Procedure steps	N	N/A	
<b>AUD-813 Audit Program: Other Income and Expenses</b>					
Delete	We compared gross margins by product line or geographic area for the current year with the prior year, the budget, and industry data.	Procedure steps	N	N/A	
Delete	We compared other operating relationships (e.g. both sales and cost of sales to units shipped) for the current year with those of the prior year.	Procedure steps	N	N/A	
Delete	We compared other operating relationships (e.g. both sales and cost of sales to units shipped) for the current year with those of the prior year.	Procedure steps	N	N/A	
Delete	We compared other operating relationships (e.g. both sales and cost of sales to units shipped) for the current year with those of the prior year. We compared	Procedure steps	N	N/A	
Delete	We compared the relationships of current-year payroll expense to cost of sales and sales with those of the prior year's industry data	Procedure steps	N	N/A	
Delete	We compared with the prior year the relationship of (a) current-year employee benefits, including vacation and sick pay to gross pay, and (b) pension expense to number of covered employees.	Procedure steps	N	N/A	
Delete	We computed average compensation divided by number of	Procedure	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	full-time equivalents (FTEs) and compared them with the prior year's industry data.	steps			
Delete	We computed payroll tax expense as a percentage of total wages and salaries and compared them with the prior year's.	Procedure steps	N	N/A	
Delete	We compared other income account balances of the current year with those of the prior year.	Procedure steps	N	N/A	
Delete	We compared expense account balances of the current year with those of the prior year.	Procedure steps	N	N/A	
Delete	Repairs and maintenance;	Procedure steps	N	N/A	
New	We reviewed supporting documentation for legal fees, considering potential environmental, eviction, and other legal matters, and documented any findings and conclusions.	Procedure steps	N	N/A	
<b>AUD-814 Audit Program: Journal Entries and Financial Statement Review</b>					<p>This is one of the new audit areas add to the tailoring questions in AUD-100. Review the questions in AUD-100.</p> <p>New tailoring question related to these steps. All answers and customizations will retain per your roll forward selections.</p>
Modify	Audit area is connected to the Risk Assessment and Program Step Library. Program Steps can be linked to risks, and audit areas are a part of the risk assessment.	Flow Change	N	N/A	After update, insert new workpaper before deleting the 2011 workpaper so that responses and customizations are retained per roll forward selections.
Modify	Instruction language modified to enhance user understanding of methodology.	Instructions	N	N/A	
Delete	<p>Deleted duplicate step on reading financial statements and modified remaining portion of step accordingly: Deleted: "Reading the financial statements; and" Modified remaining step:</p> <p>Performing analytical procedures to evaluate our conclusions regarding significant accounts and disclosures and to assist in forming an opinion on whether the financial statements as a whole are free of material misstatement.</p> <p>Note: The auditor should perform analytical procedures</p>	Procedure steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	relating to revenue through the end of the reporting period.				
Modify	Modified the Practice Point to better mirror the substantive analytical requirements.	Practice Points	Y	AU-C 520	
New	<p>Added procedures for overall financial statement review:</p> <p>We performed an overall review of the financial statements, including:</p> <p>a. Reading the financial statements; and</p> <p>b. Performing analytical procedures to evaluate our conclusions regarding significant accounts and disclosures and to assist in forming an opinion on whether the financial statements as a whole are free of material misstatement.</p> <p>Note: The auditor should perform analytical procedures relating to revenue through the end of the reporting period.</p> <p>We corroborated management’s explanations for significant unusual or unexpected transactions, events, amounts, or relationships.</p> <p>If management’s responses appeared to be implausible, inconsistent with other audit evidence, imprecise, or not at a sufficient level of detail to be useful, we performed additional audit procedures to address the matter.</p> <p>We evaluated whether analytical procedures indicated a previously unrecognized fraud risk and, if applicable, evaluated the impact of a previously unrecognized fraud risk on our risk assessments and, if necessary, performed additional audit procedures to address the matter.</p>	Procedure steps	Y	AU-C 520	
New	<p>Added procedures regarding the review of information published by the client:</p> <p>We reviewed information published by the client, including, when applicable: management’s discussion and</p>	Procedure steps	N	N/A	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	analysis, press releases, and annual reports for consistency with the information presented in the financial statements. We inquired about any inconsistencies noted and have modified our audit report as deemed necessary.				
New	<p>Modified steps related to Summary Financial Information, to include:</p> <p>With respect to “Summary Financial Statements,” as defined in and pursuant to the provisions of AU-C Section-810, <i>Engagements to Report on Summary Financial Statements</i>:</p> <p>a. If we are engaged to report on the financial statements of an entity, while not engaged to report on the summary, single, or element of a financial statement, and we become aware that the entity plans to make a statement in a document that refers to us and the fact that summary, single, or an element of the financial statements are derived from the financial statements audited by us, we performed the necessary procedures to become satisfied that:</p> <p>(1) The reference to the auditor is made in the context of the auditor’s report on the audited financial statements; and</p> <p>(2) The statement does not give the impression that the auditor has reported on the summary financial statements.</p> <p>b. If we cannot become satisfied of (1) and (2) above, we requested that management change the statement to meet the conditions above, or not to refer to the auditor in the document.</p> <p>c. If management refuses to change the statements to meet the conditions, delete the reference to us, or include an auditor’s report on the summary, single, or element of, the financial statements, we advised management that we disagree with the reference and carried out any other procedures considered necessary to prevent management from inappropriately referring to our firm.</p>	Procedure steps	Y	AU-C 720	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>With respect to summary financial statements, we obtained written representations from management as of the date of the auditor's report for the following matters for all summary statements and all periods referred to in the auditor's report:</p> <p>a. Management has fulfilled its responsibility for the preparation of the summary financial statements in accordance with the applied criteria and believes the applied criteria are acceptable.</p> <p>b. Management has made the audited financial statements readily available to the intended users of the summary financial statements, when the summary financial statements will not be accompanied by the audited financial statements.</p> <p>c. If the date of the auditor's report on the summary financial statements is later than the date of the auditor's report on the audited financial statements:</p> <p>(1) Whether any information has come to management's attention that would cause management to believe that any of the previous representations on the audited financial statements need to be modified; and</p> <p>(2) Whether any events have occurred subsequent to the date of the audited financial statements that may require adjustment of, or disclosure in, the audited financial statements.</p>				
<b>AUD-815 Audit Program: Related-Party Transactions, Commitments and Contingencies, Estimates, and Concentrations</b>					<p>This is one of the new audit areas add to the tailoring questions in AUD-100. Review the questions in AUD-100.</p> <p>New tailoring question related to these steps. All answers and customizations will retain per your roll forward selections.</p>
Modify	Audit area is connected to the Risk Assessment and Program Step Library. Program Steps can be linked to risks, and audit areas are a part of the risk assessment.	Flow Change	N	N/A	After update, insert new workpaper before deleting the 2011 workpaper so that responses and customizations are retained per roll forward selections.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modify	Instruction language modified to enhance user understanding of methodology	Instructions	N	N/A	
New	Added financial statement assertions to the procedures table.	Procedure steps	N	N/A	
Delete	Removed duplicate step "We reviewed data filed with regulatory agencies for information about material transactions with related parties."	Procedure steps	N	N/A	
New	Added step on arm's length assertion by management: If management has made an assertion in the financial statement to the effect that a related party transaction was conducted on terms equivalent to those prevailing in an arm's length transaction, we obtained sufficient appropriate audit evidence about the assertion.	Procedure steps	N	N/A	
<b>AUD-816 Audit Program: Fair Value Measurements and Disclosures</b>					<p>This is one of the new audit areas add to the tailoring questions in AUD-100. Review the questions in AUD-100.</p> <p>New tailoring question related to these steps. All answers and customizations will retain per your roll forward selections.</p>
Modify	Audit area is connected to the Risk Assessment and Program Step Library. Program Steps can be linked to risks, and audit areas are a part of the risk assessment.	Flow Change	N	N/A	After update, insert new workpaper before deleting the 2011 workpaper so that responses and customizations are retained per roll forward selections.
New	Added financial statement assertions to the procedures table.	Procedure steps	N	N/A	
New	Added Practice Point related to substantive analytical procedures to Section III - Substantive Procedures.	Practice Points	N	N/A	
New	<p>Added the following substeps to Step 1:</p> <p>a. Whether the valuation technique used incorporates all factors that market participants would consider in setting a price.</p> <p>b. Whether the valuation technique used is consistent with accepted economic methodologies for pricing similar items.</p> <p>c. Whether or not the entity periodically calibrates the valuation technique and tests it for validity.</p>	Procedure steps	Y	AU-C 540	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	<p>Added the following substeps to Step 6:</p> <p>g. We assessed whether the nature and extent of risks arising from financial instruments are adequately disclosed in accordance with the applicable financial reporting framework.</p>	Procedure steps	Y	AU-C 540	
New	<p>Added the following substeps to Step 14:</p> <p>a. We determined that the business combination was accounted for in accordance with the applicable financial reporting framework.</p> <p>b. We determined that acquisition-related costs including costs expected to be incurred subsequent to the business combination (e.g., costs to exit a business activity of the acquiree) were accounted for in accordance with the applicable financial reporting framework.</p> <p>c. If the initial accounting for a business combination was incomplete by the end of the reporting period in which the combination occurred, the provisional amounts reported were retrospectively adjusted to reflect information subsequently obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date.</p> <p>d. We determined that contingent consideration, if any, was accounted for in accordance with the applicable financial reporting framework.</p>	Procedure steps	N	N/A	
New	<p>Added a procedure step on the review of disclosures related to FMV/Estimates:</p> <p>We reviewed financial statement disclosures related to this area to ensure:</p> <p>a. Disclosed events and transactions have occurred and pertain to the entity.</p>	Procedure steps	Y	AU-C 540	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>b. All disclosures that should have been included in the financial statements have been included.</p> <p>c. Financial information is appropriately presented and described and disclosures are clearly expressed.</p> <p>d. Financial and other information is disclosed fairly and at appropriate amounts.</p>				
<b>AUD-817 Audit Program: Uncompleted and Completed Contracts</b>					.
Modify	Modified step on contract reviews to read as follows: 23. We reviewed contracts where a loss is anticipated to ascertain that the entire amount of the estimated ultimate loss has been accrued either as a loss accrual or included within the amounts of contract over- or underbilling. We also investigated any contract that showed a low gross profit, a zero profit, or a loss, and evaluated the possibility of an ultimate loss or a greater loss than those already recorded.	Instructions	N	N/A	
New	Added the following substep to jobsite visits procedure: d. We documented in a narrative the findings describing the job visit observation and procedures and any unusual items or areas needing follow-up at a later date.	Procedure steps	N	N/A	
<b>AUD-818 Audit Program: Variable Interest Entities</b>					<p>This is one of the new audit areas add to the tailoring questions in AUD-100. Review the questions in AUD-100.</p> <p>New tailoring question related to these steps. All answers and customizations will retain per your roll forward selections.</p>
Modify	Audit area is connected to the Risk Assessment and Program Step Library. Program Steps can be linked to risks, and audit areas are a part of the risk assessment.	Flow Change	N	N/A	After update, insert new workpaper before deleting the 2011 workpaper so that responses and customizations are retained per roll forward selections.
New	Added financial statement assertions to the procedures table.	Procedure steps	N	N/A	
New	Added Practice Point related to substantive analytical procedures to Section III - Substantive Procedures.	Practice Points	N	N/A	
New	Added the following substeps to Step 13:	Procedure	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>d. We obtained an understanding of the rights of the client to obtain benefits from the variable interest entity.</p> <p>e. We obtained an understanding of the risks of each party engaging in transactions with the variable interest entity.</p>	steps			
	<b>AUD-819 Audit Program: Share-Based Payments</b>				
Modify	Instruction language modified to enhance user understanding of methodology.	Instructions	N	N/A	
Modify	Modified the Practice Point to better mirror the substantive analytical requirements.	Practice Points	Y	AU-C 520	
Modify	<p>Modified step 22 (e) to include the following note:</p> <p>Note: However, the auditor also should consider that when circumstances indicate the availability of new or different information which would be useful in estimating expected volatility, the entity should incorporate that information.)</p>	Procedure steps	N	N/A	
Modify	<p>Modified step 29 to include the following note:</p> <p>For entities with exchange-traded options, or other appropriate traded financial instruments, the auditor should evaluate whether the entity's process for estimating expected volatility is appropriate and consistent from period to period. An entity that considers implied volatility will probably do so as part of its overall process for estimating expected volatility.</p>	Procedure steps	N	N/A	
Modify	<p>Modified step 47(e) to include the following note:</p> <p>For entities with exchange-traded options, or other appropriate traded financial instruments, the auditor should evaluate whether the entity's process for estimating expected volatility is appropriate and consistent from period to period. An entity that considers implied volatility will probably do so as part of its overall process for estimating expected volatility.</p>	Procedure steps	N	N/A	
New	Added the following substep to step 68:	Procedure	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	b. Inquired of executives who have received option grants whether they reported the grants, where applicable, to the proper regulatory agency on a timely basis from the date of grant, and reviewed related documentation.	steps			
<b>AUD-901 Audit Program: Subsequent Events</b>					
Modify	Instruction language modified to enhance user understanding of KBA methodology	Instructions	N	N/A	
New	Practice Point: The subsequent events procedures that the auditor performs may depend on the information that is available and, in particular, the extent to which the accounting records have been prepared since the date of the financial statements. Where the accounting records are not up-to-date, and accordingly no interim financial statements (whether for internal or external purposes) have been prepared, or minutes of meetings of management or those charged with governance, including those overseeing the financial reporting process, have not been prepared, relevant audit procedures may take the form of inspection of available books and records, including bank statements.	Practice Points	N	N/A	
New	We obtained an understanding of any procedures management has established to ensure that subsequent events are identified.	Procedure steps	Y	AU-C 560	
Modify	<p>Modified step as follows:</p> <p>We inquired of management, and where appropriate those charged with governance, including those overseeing the financial reporting process, as to whether:</p> <p>a. There have been any new commitments, borrowings, or guarantees entered into.</p> <p>b. There have been any developments regarding contingencies. (new step)</p> <p>c. There have been any significant changes in capital or issuance of debt instruments, such as the issue of new</p>	Procedure steps	Y	AU-C 560	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>shares or debentures, or an agreement to merge or liquidate has been made or is planned.</p> <p>e. Any unusual accounting adjustments have been made or are contemplated. (new step)</p> <p>f. There are commitments or plans for major purchases or sales of assets. (new step)</p> <p>g. Any assets have been appropriated by government or destroyed, for example, by fire or flood. (new step)</p> <p>h. Any events have occurred or are likely to occur that will bring into question the appropriateness of accounting policies used in the financial statements, as would be the case, for example, if such events call into question the validity of the going concern assumption.</p> <p>i. Any events have occurred that are relevant to the recoverability of assets. (new step)</p> <p>j. Any events have occurred that are relevant to the measurement of estimates or provisions made in the financial statements. (new step)</p> <p>Deleted duplicative steps, represented elsewhere in list above.</p>				
New	We read the entity's latest available budgets, cash flow forecasts and other related management reports for periods after the date of the financial statements.	Procedure steps	N	N/A	
<b>AUD-902 Audit Program: Going Concern</b>					
Modify	Instruction language modified to enhance user understanding of KBA methodology	Instructions	N	N/A	
New	<p>Added substep to 1(a):</p> <p>(3) Indications of withdrawal of financial support by creditors.</p>	Procedure steps	Y	AU-C 570	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Delete	Deleted substeps from 1(a) Working capital deficiencies	Procedure steps	Y	AU-C 570	
New	Substep to Section II step #2: b. Whether there is adequate support for the assumptions underlying the prospective financial information.	Procedure steps	Y	AU-C 570	
New	<p>Added the following steps to Section II:</p> <p>5. We obtained written representations from management and, where appropriate, those charged with governance, including those overseeing the financial reporting process:</p> <p>a. Regarding its plans that are intended to mitigate the adverse effects of conditions or events that indicate there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time and the likelihood that those plans can be effectively implemented; and</p> <p>b. That the financial statements disclose all the matters of which management is aware that are relevant to the entity's ability to continue as a going concern, including principal conditions or events and management's plans.</p> <p>7. If adequate disclosure is made in the financial statements, we expressed an unmodified opinion and included an emphasis of matter paragraph in the auditor's report to:</p> <p>a. Highlight the existence of events or conditions that may indicate substantial doubt on the entity's ability to continue as a going concern; and</p> <p>b. Draw attention to the note in the financial statements that addresses the required disclosures.</p> <p>8. If adequate disclosure is not made in the financial statements, we expressed a qualified opinion or adverse opinion, as appropriate, and we stated in the auditor's report</p>	Procedure steps	Y	AU-C 570	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>that events or conditions exist that may indicate substantial doubt on the entity's ability to continue as a going concern for a reasonable period of time.</p> <p>9. If the financial statements have been prepared on a going concern basis but management's use of the going concern assumption in the financial statements is inappropriate, we expressed an adverse opinion.</p> <p>10. We communicated with those charged with governance, including those overseeing the financial reporting process, when applicable, events or conditions identified that may indicate substantial doubt on the entity's ability to continue as a going concern. That communication included:</p> <p>a. The nature of the conditions or events identified ;</p> <p>b. The possible effect on the financial statements and the adequacy of related disclosures in the financial statements; and</p> <p>c. The effects on the auditor's report.</p> <p>11. If there is significant delay in the approval of the financial statements by management or those charged with governance, including those overseeing the financial reporting process after the date of the financial statements, we inquired as to the reasons for the delay. If the delay could be related to events or conditions relating to the going concern assessment, we:</p> <p>a. Performed additional audit procedures as deemed necessary.</p> <p>b. Considered the effect on the auditor's conclusion regarding the existence of substantial doubt about the entity's ability to continue as a going concern for a</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	reasonable period of time.				
New	<p>Added the following steps to Section II:</p> <p>If conditions or events are identified that may raise significant doubt about the entity's ability to continue as a going concern, and management has not yet performed an assessment of the entity's ability to continue as a going concern, we requested that management perform such an assessment.</p> <p>If management is unwilling to make or extend its assessment when requested to do so, we considered the implications for the auditor's report.</p> <p>We considered whether any additional facts or information have become available since the date on which management made its assessment.</p> <p>Where the entity has prepared a cash flow forecast, and analysis of the forecast is a significant factor in considering the future outcome of events or conditions in the evaluation of management's plans for future action:</p> <p>a. We evaluated the reliability of the underlying data generated to prepare the forecast; and</p> <p>b. We determined whether there is adequate support for the assumptions underlying the forecast.</p> <p>c. We requested written representations from management and, where appropriate, those charged with governance, including those overseeing the financial reporting process, regarding their plans for future action and the feasibility of these plans.</p> <p>If the use of the going concern assumption is appropriate in the circumstances but a material uncertainty exists, we determined whether the financial statements:</p>	Procedure steps	Y	AU-C 570	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>a. Adequately describe the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions; and</p> <p>b. Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.</p> <p>If adequate disclosure is made in the financial statements, we expressed an unmodified opinion and included an emphasis of matter paragraph in the auditor's report to:</p> <p>a. Highlight the existence of a material uncertainty relating to the event or condition that may cast significant doubt on the entity's ability to continue as a going concern; and</p> <p>b. Draw attention to the note in the financial statements that addresses the required disclosures.</p> <p>If adequate disclosure is not made in the financial statements, we expressed a qualified opinion or adverse opinion, as appropriate, and we stated in the auditor's report that there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern.</p> <p>If the financial statements have been prepared on a going concern basis but management's use of the going concern assumption in the financial statements is inappropriate, we expressed an adverse opinion.</p> <p>We communicated with those charged with governance, including those overseeing the financial reporting process, when applicable, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern. That communication included:</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>a. Whether the events or conditions constitute a material uncertainty;</p> <p>b. Whether the use of the going concern assumption is appropriate in the preparation of the financial statements; and</p> <p>c. The adequacy of related disclosures in the financial statements.</p> <p>If there is significant delay in the approval of the financial statements by management or those charged with governance, including those overseeing the financial reporting process after the date of the financial statements, we inquired as to the reasons for the delay. If the delay could be related to events or conditions relating to the going concern assessment, we:</p> <p>a. Performed additional audit procedures as deemed necessary.</p> <p>b. Considered the effect on the auditor's conclusion regarding the existence of a material uncertainty.</p>				
<b>AUD-903 Audit Program: Consideration of Fraud</b>					
New	Broke out Fraud audit steps and Illegal Act audit steps into two programs; AUD 903 remained "fraud" to better reflect the clarified standards.	Procedure steps	Y	AU-C 240	
New	<p>Added the following steps:</p> <p>We reminded all engagement personnel of the need to emphasize professional skepticism, recognizing the possibility that a material misstatement due to fraud may exist, notwithstanding past experience related to the honesty and integrity of management and those charged with governance, including those overseeing the financial reporting process.</p>	Procedure steps	Y	AU-C 240	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>We have considered whether other information gathered as part of the audit indicates risks of material misstatement due to fraud.</p> <p>We have evaluated all identified misstatements for indications of fraud and, if there are such indications, we have considered:</p> <p>a. Management's integrity and the reliability of management representations.</p> <p>b. The implications for other aspects of the audit.</p>				
Delete	Deleted substeps for steps relating to inquire of management, those charged with governance, and others. These steps were duplicative of steps performed and signed off at KBA-303. Reworded main steps to refer to KBA-303 for inquiry and sign off.	Procedure steps	N	N/A	
New	<p>Added the following substeps to step 15:</p> <p>a. Risk of management override of controls.</p> <p>b. Risk of omitted, incomplete, or inaccurate disclosures.</p>	Procedure steps	Y	AU-C 240	
Modify	<p>Modified the following steps as follows:</p> <p>If we determined that a misstatement, whether material or not, is or may be the result of fraud and that management may be involved:</p> <p>a. We reevaluated the assessment of the risk of material misstatement due to fraud and its impact on:</p> <p>(1) Our original assessment of the risk of material misstatement, including fraud risks.</p> <p>(2) The nature, timing, and extent of audit procedures.</p>	Procedure steps	Y	AU-C 240	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>(3) The design of, and our reliance on, internal controls.</p> <p>b. We considered the organizational level of potential involvement including:</p> <p>(1) The possibility of collusion involving management, employees, or third parties.</p> <p>(2) Reassessment of the reliability of evidence previously obtained.</p> <p>If we have confirmed that, or are unable to conclude whether, the financial statements are materially misstated as a result of fraud:</p> <p>a. We evaluated the implications for the audit including the accumulation and evaluation of misstatements identified during the audit and the effect on the auditor's report.</p> <p>b. We attempted to obtain sufficient appropriate evidence to determine whether material fraud exists, and, if so, its impact on the financial statements and the auditor's report.</p> <p>c. We discussed the matter and an appropriate course of action with management, at least one level above the level involved, and with senior management and those charged with governance, including those overseeing the financial reporting process (e.g., the board of directors or audit committee).</p> <p>d. We recommended that the client consult with legal counsel.</p> <p>e. We considered withdrawing from the engagement and communicating the reasons to those charged with governance, including those overseeing the financial reporting process (e.g., the board of directors or audit committee).</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	<p>Considering the Ability to Continue the Engagement:</p> <p>If we have determined that because of exceptional circumstances resulting from a misstatement caused by fraud or suspected fraud we may be unable to continue the audit, we have:</p> <p>a. Determined our professional and legal responsibilities, including our obligation to report to those responsible for our appointment as auditors, as well as to others, such as regulatory authorities.</p> <p>b. Considered whether it is appropriate to withdraw from the engagement where legally permissible.</p> <p>c. If not prohibited by law or regulation, we have decided to withdraw from the engagement, and we have:</p> <p>(1) Discussed with the appropriate level of management and those charged with governance, including those overseeing the financial reporting process, the reasons for our withdrawal.</p> <p>(2) Determined whether there is a professional or legal obligation to report our withdrawal and the reasons for it to those responsible for our appointment as auditors, as well as to others, such as regulatory authorities.</p> <p>Obtaining Written Representations:</p> <p>We obtained written representations from management and, where appropriate, those charged with governance, including those overseeing the financial reporting process, that:</p> <p>a. They acknowledge their responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.</p>	Procedure steps	Y	AU-C 240	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>b. They have disclosed the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud.</p> <p>c. They have disclosed their knowledge of fraud, or suspected fraud, involving: (1) management, (2) employees with significant roles in internal control, or (3) others where the fraud could have a material effect on the financial statements.</p> <p>d. They have disclosed their knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators, or others.</p>				
<b>AUD-904 Audit Program: Compliance with Laws and Regulations</b>					
New	New audit program regarding noncompliance with laws and regulations: Changed “illegal acts” language to “noncompliance with laws and regulations” to comply with clarified standards.	Procedure steps	Y	AU-C 250	
<b>AUD-905 Audit Program: Evaluating the Subsequent Discovery of Facts Existing at the Date of the Auditor’s Report</b>					
New	Renumbered from AUD 904 to AUD 905.				
Modify	Instruction language modified to enhance user understanding of KBA methodology.	Instructions	N	N/A	
New	<p>We discussed the matter with management, and where appropriate, those charged with governance, including those overseeing the financial reporting process.</p> <p>We determined whether the financial statements require revision.</p> <p>If the financial statements need to be revised, we inquired as to how management intends to address the matter in the financial statements.</p>	Procedure steps	Y	AU-C 560	
Modify	Modified remaining steps as follows:	Procedure steps	Y	AU-C 560	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>If management revised the financial statements:</p> <p>a. We carried out the audit procedures necessary in the circumstances on the revision(s), and either:</p> <p>(1) Dated our report as of a later date, extended the audit procedures to the new date of the report on the revised financial statements, and requested appropriate written representations from management as of the new date of the auditor's report; or</p> <p>(2) Included an additional date in our report on the revised financial statements that is limited to the revision(s) (that is, dual-dated our report for that revision), thereby indicating that the procedures performed subsequent to the date of our original report are limited solely to the revision of the financial statements described in the relevant note to the financial statements, and requested appropriate written representations from management as of the additional date in the auditor's report about (1) whether any information has come to management's attention that would cause management to believe that any of the previous representations should be modified, and (2) whether any other events have occurred subsequent to the date of the financial statements that would require adjustment to, or disclosure in, those financial statements.</p> <p>If management revised the financial statements , and the audited financial statements (before revision) had been made available to third parties, we assessed whether the steps taken by management were timely and appropriate to ensure that anyone in receipt of those financial statements was informed of the situation, including that the audited financial statements are not to be relied upon.</p> <p>If management revised the financial statements, and our opinion on the revised financial statements differs from the opinion we previously expressed, we disclosed the following matters in an "emphasis of matter" or "other matter" paragraph:</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>• The date of the previous report;</li> <li>• The type of opinion previously expressed;</li> <li>• The substantive reasons for the different opinion; and</li> <li>• That our opinion on the revised financial statements is different from our previous opinion.</li> </ul> <p>If management did not make needed revision(s) to the financial statements:</p> <p>a. If the audited financial statements have not been made available to third parties, we notified management and those charged with governance, including those overseeing the financial reporting process (unless all of those charged with governance are involved in managing the entity) not to make the audited financial statements available to third parties before the necessary revisions have been made and a new auditor's report on the revised financial statements has been provided.</p> <p>b. If the audited financial statements have been made available to third parties, we assessed whether the steps taken by management are timely and appropriate to ensure that anyone in receipt of the audited financial statements is informed of the situation, including that the audited financial statements are not to be relied upon.</p> <p>When financial statements were issued that need revision, and management (1) did not revise the financial statements, and (2) did not take the proper steps to ensure that anyone in receipt of the previously issued financial statements is informed of the situation, we notified management, and when appropriate those charged with governance, including those overseeing the financial reporting process, that we will seek to prevent reliance on the auditor's report.</p> <p>If, despite the notification referred to above, management or those charged with governance, including those overseeing the financial reporting process do not take the necessary steps to ensure that anyone in receipt of the previously issued financial statements is informed of the situation, we</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>took appropriate action to seek to prevent reliance on the auditor's report.</p> <p>We documented the changes to the audit file as a result of the above-mentioned procedures. Such documentation includes:</p> <p>a. The circumstances encountered;</p> <p>b. Any new or additional audit procedures performed, audit evidence obtained, conclusions reached, and the effect on the auditor's report;</p> <p>c. The specific reasons for the changes; and</p> <p>d. When and by whom the changes were made and reviewed.</p>				
<b>AUD-906 Audit Program: Consideration of Omitted Procedures after the Report Release Date</b>					
New	Renumbered from AUD 905 to AUD 906.				
Modify	Instruction language modified to enhance user understanding of KBA methodology.	Instructions	N	N/A	
<b>AUD-907 Interim Review Program: Review of Interim Financial Information</b>					
New	New Review Program designed to help the auditor document procedures performed during the quarterly reviews of interim financial information and conclusion as to whether there are any material modifications that should be made to the interim financial information for it to be in accordance with the applicable financial reporting framework.	Procedure steps	Y	AU-C 930	

### Auditor's Reports (RPTs)

- **2012 Knowledge-Based Audits™ of Construction Contractors and Related Entities** includes more than 80 illustrative example auditor's reports using the new clarified reporting format. The illustrative example reports include 66 example unmodified opinions, 13 example qualified opinions, 4 example adverse opinions, and 5 example of disclaimer of opinion reports. **2012 Knowledge-Based Audits of Construction Entities** also includes illustrative example accountant's reports that can be used to report on interim review engagements conducted in accordance with the clarified auditing standards.

## Correspondence Documents (CORs)

- **2012 Knowledge-Based Audits™ of Construction Contractors and Related Entities** illustrative example correspondence documents have been updated throughout to include new practice points and examples, and to adopt the new terminology used in the clarified standards.
- **COR-202 Successor Auditor Acknowledgment Letter** has been updated to add new additional guidance relayed to the responsibilities of the predecessor auditor when comparative financial statements are presented.
- **COR-205 Inquiry Letter from the Component Auditor to the Group Engagement Team through 208 Group Engagement Team's Request for Component Auditor's Confirmations When the Component Auditor Performs Certain Audit Procedures** have been updated to replace discontinued terminology with new clarity language related to audits of group financial statements.
- **NEW COR-209 Group Engagement Team's Request for Documentation from Component Auditor** provides a sample illustrative letter to request audit documentation from the component auditor.
- **NEW COR-212 Auditor's Agreement with and Request for Representations from the Auditor's Specialist Who Performs Certain Audit Procedures** provides a sample letter requesting representations from the auditor's specialist who performs certain audit procedures.
- **NEW COR-215 Component Auditor's Confirmation Response to Group Engagement Team** provides a sample confirmation response from Component Auditor to Group Engagement Team.
- **NEW COR-216 Communication with Those Charged with Governance, Including Those Overseeing the Financial Reporting Process during Planning** provides sample correspondence if the auditor wishes to use a separate document to communicate with those charged with governance during planning.
- **NEW COR-302 Group Engagement Team's Letter of Instruction to the Component Auditor Who Performs Certain Audit Procedures or Audits of the Financial Statements of a Component** provides sample group engagement team's letter of instruction to the component auditor who performs certain audit procedures or audits the financial statements of a component.
- **COR-803 Request for Confirmation of Securities Held by Brokers or Other Third Parties When Listing of Securities Is Included in the Confirmation Request and 804 Request for Confirmation of Securities Held by Brokers or Other Third Parties When Listing of Securities Is Not Included in the Confirmation Request** have been updated to include securities purchased but not yet delivered as of the balance sheet date.
- **COR-901 Management Representation Letter** has been updated to the new format used in the clarified standards and includes additional guidance and example representations.

## Practice Aids (AIDs)

- **2012 Knowledge-Based Audits™ of Construction Contractors and Related Entities** practice aids have been updated throughout to include new considerations and examples, and to adopt the new terminology used in the clarified standards.
- **AID-601 Considering Reliance on the Work of Internal Auditors** has been updated to include enhanced documentation of the understanding of the internal audit function, planned use of its work, and a section on assessing the effectiveness of communication with internal auditors.
- **AID-701 Audit Sampling Worksheet for Tests of Controls** has been updated and the appendix has been moved to new RES-004.
- **AID-801 Audit Sampling Worksheet for Substantive Tests of Details** has been updated and the appendix has been moved to new RES-005.
- **AID-902 Changes to Audit Documentation after the Auditor's Report Release Date** updated to add the following columns to the table: "Circumstances Encountered," "New or Additional Procedures Performed," "Audit Evidence Obtained," and "Conclusions Reached," to reflect the required documentation of the clarified standards.

## Resource Documents (RESs)

- **RES-001 Knowledge-Based Audit Methodology Overview** has been updated and is essentially a new resource document enhanced to reflect changes in all of the clarified standards, and to better communicate the KBA methodology and how KBA complies with the clarified standards.
- **RES-002 Index of Audit Programs, Forms, and Other Practice Aids** has (formerly RES-003) has been renumbered and updated.
- **NEW RES-004 Audit Sampling Guidance for Tests of Controls** New resource document providing guidance and examples for Audit Sampling: Tests of Controls.
- **NEW RES-005 Auditing Sampling Guidance for Substantive Tests of Details** New resource document providing guidance and examples for Audit Sampling: Substantive Tests.
- **NEW RES-006 Sample Process Narrative** New resource document providing an example process narrative.

- **NEW RES-007 Guidelines for Performing Effective Walkthroughs and Making Inquiries** New resource document providing best practice guidance for performing and documenting a walkthrough.
- **NEW RES-008 Entity-Level Controls: Examples of Control Objectives and Related Control Activities** New resource document providing guidance and examples for entity-level control objectives.
- **NEW RES-009 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Revenue; Contracts, Retentions, and Accounts Receivable; and Cash Receipts** New resource document providing guidance and examples for “what could go wrong” and example controls for the revenue; contracts, retentions, and accounts receivable; and cash receipts transactions cycle.
- **NEW RES-010 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Inventory, Purchases, Job Costing (of Inventory Items), and Work in Process** New resource document providing guidance and examples for “what could go wrong” and example controls for the inventory, purchases, job costing (of inventory items), and work in process cycle.
- **NEW RES-011 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Property, Plant, and Equipment** New resource document providing guidance and examples for “what could go wrong” and example controls for the property, plant, and equipment transactions cycle.
- **NEW RES-012 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Other Assets** New resource document providing guidance and examples for “what could go wrong” and example controls for the other assets transactions cycle.
- **NEW RES-013 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Accounts and Subcontractors Payable, Disbursements, and Job Costing** New resource document providing guidance and examples for “what could go wrong” and example controls for the accounts and subcontractors payable, disbursements, and job costing transactions cycle.
- **NEW RES-014 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Payroll and Job Costing** New resource document providing guidance and examples for “what could go wrong” and example controls for the payroll and job costing transactions cycle.
- **NEW RES-015 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Treasury** New resource document providing guidance and examples for “what could go wrong” and example controls for the treasury transactions cycle.
- **NEW RES-016 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Income Taxes** New resource document providing guidance and examples for “what could go wrong” and example controls for the income taxes transactions cycle.
- **NEW RES-017 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Estimating and Project Management** New resource document providing guidance and examples for “what could go wrong” and example controls for the estimating and project management transactions cycle.
- **NEW RES-018 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Financial Reporting and Closing Process** New resource document providing guidance and examples for “what could go wrong” and example controls for the closing and financial reporting process transactions cycle.
- **NEW RES-019 Determination of Materiality, Performance Materiality, Tolerable Misstatement, and Thresholds for Trivial Amounts** New resource document providing best practice guidance for calculating materiality, performance materiality, tolerable misstatement and thresholds for trivial amounts.
- **NEW RES-020 Example Factors to Be Considered When Understanding the Entity and Its Environment** New resource document providing guidance and examples for understanding the entity and its environment.
- **RES-QCA Meeting Quality Control Standards Using KBA Audit Tools** Updated to include the requirements of Statement on Quality Control Standards No. 8 (SQCS-8).
- **RES-KCO 2012 Construction Contractors and Related Entities Title Overview for Knowledge Coach Users** formally **RES-010** has been added as a reference document for the workpaper update information, along with list of related workpapers for the title.
- **NEW KCO-002 Answer Effects for the Program Step Library** has been added as a reference document to describe the answer effects for Mark Program Step as N/A for the Program Step Library.

**In addition, forms and practice aids throughout have been updated to include new examples and tips and, where applicable, to take into account:**

New literature, standards, and developments, reflected in the following current audit and accounting guidance:

Statements on Auditing Standards (SASs):

SAS-122, *Clarification and Recodification*;

SAS-123, *Omnibus Statement on Auditing Standards—2011*;

SAS-124, *Financial Statements Prepared in Accordance with a Financial Reporting Framework Generally Accepted in Another Country*;

SAS-125, *Alert That Restricts the Use of the Auditor's Written Communication*; and

SAS-126, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern (Redrafted)*.

AICPA Statement on Quality Control Standards No. 8, *A Firm's System of Quality Control (Redrafted)*.

FASB Accounting Standards Codification (through June 30, 2012), up to and including Accounting Standards Update (ASU) No. 2012-02, *Intangibles—Goodwill and Other* (Topic 350).

## RELATED, FOUNDATIONS AND ASSOCIATION WORKPAPERS FOR THIS TITLE

Related workpapers are Knowledge Coach Word workpapers where information flows in or out of tables within the workpaper. Some of these related workpapers are Foundation workpapers or associated workpapers.

Foundation Workpapers include most of the Communication Hub workpapers, which are central to the Knowledge-Based Audit Methodology used by the Knowledge Coach titles. Associated workpapers require you to associate them with custom values, such as audit areas, specialists, service organizations, and other items. Workpapers require an association when you need to have more than one instance of a particular Knowledge Coach workpaper in your binder for each type of item to which the workpaper is related. Making this association allows Knowledge Coach information to flow properly between workpapers.

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
<b>KBAs</b>	<b>KNOWLEDGE-BASED AUDIT DOCUMENTS</b>		
KBA-101	Overall Audit Strategy	X	
KBA-102	Engagement Completion Document	X	
KBA-103	Evaluating and Communicating Internal Control Deficiencies	X	
KBA-105	Review of Significant Accounting Estimates	X	
KBA-201	Client/Engagement Acceptance and Continuance Form		
KBA-302	Understanding the Entity and Its Environment: Complex Entities		
KBA-302N	Understanding the Entity and Its Environment: Noncomplex Entities		
KBA-303	Inquiries of Management and Others within the Entity about the Risks of Fraud		
KBA-400	Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures	X	
KBA-401	Understanding Entity-Level Controls: Complex Entities		



<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-401N	Understanding Entity-Level Controls: Noncomplex Entities		
KBA-402	Understanding General Controls for Information Technology		
KBA-403	Understanding Activity-Level Controls: Revenue; Contracts, Retentions, and Accounts Receivable; and Cash Receipts		
KBA-404	Understanding Activity-Level Controls: Inventory, Purchases, Job Costing (of Inventory Items) and Work in Process		
KBA-405	Understanding Activity-Level Controls: Property, Plant, and Equipment		
KBA-406	Understanding Activity-Level Controls: Other Assets		
KBA-407	Understanding Activity-Level Controls: Accounts and Subcontractors Payable, Disbursements, and Job Costing		
KBA-408	Understanding Activity-Level Controls: Payroll and Job Costing		
KBA-409	Understanding Activity-Level Controls: Treasury		
KBA-410	Understanding Activity-Level Controls: Income Taxes		
KBA-411	Understanding Activity-Level Controls: Estimating and Project Management		
KBA-412	Understanding Activity-Level Controls: Financial Reporting and Closing Process		
KBA-413	Understanding Controls Maintained by a Service Organization		X
KBA-502	Summary of Risk Assessments	X	
KBA-503	Basis for Inherent Risk Assessment		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-902	Audit Review and Approval Checklist		
KBA-904	Audit Documentation Checklist		
KBA-905	Review and Approval Checklist: Interim Review of Financial Information		
<b>AUDs</b>	<b>AUDIT PROGRAMS</b>		
AUD-100	Overall Tailoring Questions	X	
AUD-101	Overall Audit Program	X	
AUD-201	Audit Program: Opening Balances and Additional Audit Procedures for an Initial Audit Engagement		
AUD-602	Audit Program: Involvement of a Component Auditor		X
AUD-603	Audit Program: Using the Work of an Auditor's Specialist		X
AUD-604	Audit Program: Using the Work of a Management's Specialist		X
AUD-701	Audit Program: Designing Tests of Controls		
AUD-800	Audit Program: Custom		X
AUD-801	Audit Program: Cash		
AUD-802	Audit Program: Investments in Securities, Derivative Instruments, and Hedging Activities		
AUD-803	Audit Program: Contracts, Retentions, Accounts Receivable, Revenues, and Contract Billings		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-804	Audit Program: Inventories, Work in Process, and Job Costing of Inventory Items		
AUD-805	Audit Program: Prepaid Expenses, Deferred Charges, and Other Assets		
AUD-806	Audit Program: Intangible Assets		
AUD-807	Audit Program: Property and Equipment, and Depreciation		
AUD-808	Audit Program: Accounts, Retainages, Subcontractors Payable, and Job Costing		
AUD-809	Audit Program: Payrolls and Job Costing (of Payroll) and Other Liabilities		
AUD-810	Audit Program: Income Taxes		
AUD-811	Audit Program: Debt Obligations		
AUD-812	Audit Program: Equity		
AUD-813	Audit Program: Other Income and Expenses		
AUD-814	Audit Program: Journal Entries and Financial Statement Review		
AUD-815	Audit Program: Related-Party Transactions, Joint Ventures, Commitments and Contingencies, Estimates, and Concentrations		
AUD-816	Audit Program: Fair Value Measurements and Disclosures		
AUD-817	Audit Program: Uncompleted and Completed Contracts		
AUD-818	Audit Program: Variable Interest Entities		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-819	Audit Program: Share-Based Payments		
AUD-901	Audit Program: Subsequent Events		
AUD-902	Audit Program: Going Concern		
AUD-904	Audit Program: Compliance with Laws and Regulations		
AUD-907	Interim Review Program: Review of Interim Financial Information		
<b>AIDs</b>	<b>PRACTICE AIDs</b>		
AID-302	Understanding the Entity's Revenue Streams and Revenue Recognition Policies		
AID-601	Considering Reliance on the Work of Internal Auditors		
AID-702	Results of Tests of Controls		
AID-901	Differences of Professional Opinion		

### Additional Information for Associated Workpapers

The following tables list the workpapers that require association in this title, along with the information that must be completed before you can insert each workpaper.

Workpaper Requiring Association	What is it associated with?		
	Workpaper	Table/Question	Association Item (Custom Value)
KBA-413 Understanding Ctrls: Service Org (Custom)	AUD-100 Tailoring Question Workpaper	Does the client use service organizations? Shows the "Document the service organizations used by the entity." table in KBA-101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the service organizations used by the entity.	Service Organization
AUD-602 Audit Program: Component Auditor Involvement (Custom)	AUD-100 Tailoring Question Workpaper	Are any of the multiple components, multiple locations or segments, or joint venture contracts expected to be audited by other independent (component) auditors? is "Yes" Shows the "Document the multiple components, multiple locations or segments, or joint venture contracts expected to be audited by other independent (component) auditors." table in KBA- 101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the multiple components, multiple locations or segments, or joint venture contracts expected to be audited by other independent (component) auditors.	Audit Firm Name
AUD-603 Audit Program: Auditor's Specialist (Custom)	AUD-100 Tailoring Question Workpaper	Do we expect to use a specialist on our audit? is "Yes" Shows the "Document the expected use of a specialist(s) on our audit." table in KBA-101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the expected use of a specialist(s) on our audit. Then select Auditor's Specialist from the Type of Specialist Column	Specialist Firm Name
AUD-604 Audit Program: Management's Specialist (Custom)	AUD-100 Tailoring Question Workpaper	Do we expect to use a specialist on our audit? is "Yes" Shows the "Document the expected use of a specialist(s) on our audit." table in KBA-101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the expected use of a specialist(s) on our audit. Then select Management's Specialist from the Type of Specialist Column.	Specialist Firm Name
AUD-800 Audit Program: (Custom)	AUD-100 Tailoring Question Workpaper	What financial statement audit areas are applicable to this engagement? "Customize Audit Area" link within the answer selection box.	Custom Audit Area