

2012 SINGLE AUDITS OVERVIEW FOR KNOWLEDGE COACH USERS

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 during roll forward, 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 Knowledge Coach documents have been updated where applicable to take into account new or pending compliance auditing standards and guidance, including the requirements of SAS-118, 119, 120, and 121 and their applicability to single audits. Many new tips and examples have been incorporated. The 2012 tools include links to specific guidance that provides instant access to detailed analysis related to the steps and processes discussed in the workpapers. The 2012 edition of Knowledge-Based Single Audits is current through SAS-121 and the requirements of Government Auditing Standards (GAGAS), 2011 Revision.

Knowledge-Based Attestation Documents (KBAs):

Workpaper	Update	Roll forward Considerations
KBA-101S Overall Circular A-133 Compliance Audit Strategy	Updated Practice Points related to the AICPA's Clarity Project.	
KBA-102S Circular A-133 Compliance Audit Significant Matters	Column added to the second table indicating whether the documented finding is to be included in the Schedule of Findings and Questioned Costs.	
KBA-104S Evaluating and Communicating Deficiencies in Internal Control over Compliance	Updated Practice Point for AU-C Section 260, <i>The Auditor's Communication with Those Charged with Governance</i> (SAS-122, <i>Statements on Auditing Standards: Clarification and Recodification</i>).	
KBA-301S Determination of Materiality at the Major Program and Compliance Requirement Levels	Updated to reflect new guidance in the AICPA Audit and Accounting Guide <i>Government Auditing Standards and Circular A-133 Audits</i> as of April 1, 2011.	
KBA-303S Inquiries of Management and Others within the Entity about the Risks of Fraud in a Circular A-133 Compliance Audit	Updated to include inquiries related to tips received and management override of internal control.	
KBA-400S Identification of Applicable Compliance Requirements	Updated Practice Point on the Safe Harbor provisions provided in Part I of the 2011 OMB Circular A-133 Compliance Supplement.	
KBA-401S Understanding Entity-Level Controls over Compliance	Updated instructions and the Appendix has been moved to the new resource document RES-008S Entity-Level Controls Over Compliance: Examples of Control Objectives and Related Control Activities	
KBA-402S Understanding Compliance Requirement-Level Controls: Activities Allowed and Unallowed and Allowable	Converted from Excel to Word format and have been reorganized and simplified. New RES 006S Sample	

Workpaper	Update	Roll forward Considerations
Costs/Cost Principles through KBA-414S Understanding Compliance Requirement-Level Controls: Special Tests and Provisions	Process Narrative through RES-020S Control Objectives and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong: Subrecipient Monitoring will help the auditor complete these documents.	
KBA-501S Team Discussion of the Risks of Material Noncompliance	Updated Practice Points related to the AICPA’s Clarity Project.	
KBA-502S Summary of Assessments of Risks of Noncompliance	Updated Purpose section explaining that the form will assist in providing a clear linkage between the assessed risks of material noncompliance and compliance audit procedures performed. Program Steps can be linked directly to the compliance requirements.	
KBA-901S Schedule of Expenditures of Federal Awards Presentation and Disclosure Checklist	Updated presentation and disclosure checklist for the Schedule of Expenditures of Federal Awards (SEFA).	
KBA-902S Circular A-133 Compliance Audit Review and Approval Checklist	Includes new engagement review procedures.	New tailoring questions have been added to show and hide steps related to the engagement requiring an engagement quality review. Since these steps weren't previously hidden nor did the tailoring question previously exist, upon update or rollforward these steps will be hidden and all responses and questions will be reset. Publishing this workpaper prior to updating will assist with maintaining answers to manually add to the updated version once tailored by AUD-100S.
KBA-903S Circular A-133 Compliance Audit Documentation Checklist	Updated to include new engagement quality review procedures.	New tailoring questions have been added to show and hide steps related to the engagement requiring an engagement quality review. Since these steps weren't previously hidden nor did the tailoring question previously exist, upon update or rollforward these steps will be hidden and all responses and questions will be reset. Publishing this workpaper prior to updating will assist with maintaining answers to manually add to the updated

Workpaper	Update	Roll forward Considerations
		version once tailored by AUD-100S.

Audit Programs (AUDs):

Workpaper	Update	Roll forward Considerations
AUD-100S Tailoring Question Workpaper	There are new tailoring questions added to this workpaper that show applicable procedures in AID-201S, AUD-101S KBA-902S, and KBA-903S	
AUD-101S Overall Audit Program: Circular A-133 Compliance Audit	New best practice procedures related to ethical standards, engagement supervision, communication with those charged with governance, compliance inquiries, and documentation; and updated Practice Points related to the AICPA's Clarity Project.	New tailoring questions have been added to show and hide steps related to a predecessor auditor. Since these steps weren't previously hidden nor did the tailoring question previously exist, upon update or rollforward these steps will be hidden and all responses and questions will be reset. Publishing this workpaper prior to updating will assist with maintaining answers to manually add to the updated version once tailored by AUD-100S.
AUD-701S Audit Program: Designing Tests of Controls over Compliance	Updated to include additional considerations when designing tests of the operating effectiveness of internal controls over compliance.	
AUD-814S Audit Program: Reporting	Includes new procedures for first tier subaward reporting under the Transparency Act.	
AUD-815S Audit Program: Subrecipient Monitoring	Includes new audit objectives and a new procedure for first tier subaward reporting under the Transparency Act.	
AUD-901S Audit Program: Subsequent Events	Includes an updated procedure for documenting auditor understanding of procedures management has established to ensure that subsequent events are identified.	

Practice Aids (AIDs):

Workpaper	Update	Roll forward Considerations
AID-201S- Nonaudit Services Independence Checklist	New Practice Point describing the major revisions in the December 2011 Revision version of the Yellow Book (Government Auditing Standards, December 2011 Revision).	New tailoring questions have been added to show and hide steps related to procedures performed in accordance with GAGAS. Since these steps weren't previously hidden nor did the tailoring question previously exist, upon update or rollforward these steps will be hidden and all responses and questions will be reset.

Workpaper	Update	Roll forward Considerations
		Publishing this workpaper prior to updating will assist with maintaining answers to manually add to the updated version once tailored by AUD-100S.
AID-301S Single Audit Applicability and Major Programs Form	Updated and combined into one optional practice aid, all of the single audit applicability and major program determination analysis in one location. The major program risk matrix, major program determination aid, and illustrative example have been enhanced to make them easier to use and understand.	2011 AID-302S and 303S have been deleted; the content has been updated and provided in AID-301S . We maintained a version of the 2011 word AID-303 for the purpose of allowing users to see their responses and transfer them to the updated AID-301S Excel document. AID-303S has not been updated, and the flow of major programs from this workpaper has been blocked. And new or updated major programs needs to be entered directly into KBA-101S, previously entered major programs will be transferred for you.
AID-302SSubrecipient versus Vendor Considerations	Renumbered; formally AID-304S	
AID-701S Audit Sampling Worksheet for Tests of Controls over Compliance	Appendix has been moved into RES-004S Audit Sampling Guidance for Tests of Controls over Compliance	
AID-8`01S Audit Sampling Worksheet for Substantive Tests of Compliance	Appendix has been moved into RES-005S Audit Sampling Guidance for Substantive Tests of Compliance	
AID-901S Differences of Professional Opinion: Circular A-133 Compliance Audit	Includes updated instructions to help the engagement team document information relating to significant findings or issues, actions taken to address them, and the basis for the conclusions reached.	
AID-902S Changes to Audit Documentation after the Auditor's Report Release Date: Circular A-133 Compliance Audit	Updated to include new table columns that document additional considerations for changes made to audit documentation after the auditor's report release date.	

Practitioner's Reports (RPTs):

- **RPT-901S Unqualified Opinion on Governmental Basic Financial Statements, with Supplementary Information, Including Schedule of Expenditures of Federal Awards** has updated language related to supplementary information.
- **RPT-902S Unqualified Opinion on Not-for-Profit Organization Financial Statements, with Schedule of Expenditures of Federal Awards Supplementary Information** has updated language related to supplementary information.
- **RPT-903S Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 (Unqualified Opinion on Compliance, with No Reportable Audit Findings of Noncompliance, and No Significant Deficiencies or Material Weaknesses in Internal Control over**

Compliance Identified) includes additional paragraphs for SEFA and has updated language related to supplementary information.

- **RPT-904S Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 (Unqualified Opinion on Compliance, with Reportable Audit Findings of Noncompliance, and with Significant Deficiencies, but No Material Weaknesses, in Internal Control over Compliance Identified)** includes additional paragraphs for SEFA and has updated language related to supplementary information.
- **RPT-905S Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 (Qualified Opinion on Compliance, with Reportable Audit Findings of Noncompliance, and with Significant Deficiencies and Material Weaknesses in Internal Control over Compliance Identified)** includes additional paragraphs for SEFA and has updated language related to supplementary information.
- **RPT-906S Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 (Qualified Opinion on Compliance Due to a Scope Limitation, with Reportable Audit Findings of Noncompliance, and with Significant Deficiencies and Material Weaknesses in Internal Control over Compliance Identified)** includes additional paragraphs for SEFA and has updated language related to supplementary information.
- **RPT-907S Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 (Adverse Opinion on Compliance for One Major Program, Unqualified Opinion on Compliance for the Other Major Programs, with Other Reportable Audit Findings, and with Significant Deficiencies and Material Weaknesses in Internal Control over Compliance Identified)** includes additional paragraphs for SEFA and has updated language related to supplementary information.

Correspondence Documents (CORs):

- **COR-201S Single Audit Engagement Letter** has been updated to include additional SEFA verbiage and incorporate SAS-119 language into the main body (no longer listed as optional).
- **COR-901S Management Representation Letter: Government Entity Single Audit** has been updated to provide guidance and an illustrative example letter that may be used for obtaining written representations from management of a governmental entity, and examples of additional representations. Guidance and illustrative examples of correspondence that may be used for not-for-profit single audits and for federal program specific compliance audits are now provided in new **COR-902S Management Representation Letter: Not-for-Profit Entity Single Audit** and **COR-903S Management Representation Letter: Single Audit Representations Only**.
- **NEW COR-902S Management Representation Letter: Not-for-Profit Entity Single Audit** is designed to provide guidance and an illustrative example of a letter that may be used for obtaining written representations from management of a not-for-profit entity, and examples of additional representations.
- **NEW COR-903S Management Representation Letter: Single Audit Representations Only** is designed to provide guidance and an illustrative example letter that may be used for obtaining written representations from management that may be used for a federal program specific compliance audit, and examples of additional representations.

Resource Documents (RESs):

- **RES-001S Knowledge-Based Audit Methodology Overview for Single Audits** has updated Clarity Project Practice Points.
- **RES-002S Index of Audit Programs, Forms, and Other Practice Aids** has been updated to reflect the numbering of the 2012 tool set.
- **RES-003S Government Auditing Standards and Circular A-133 Audits** has been updated to include a new practice point on the December 2011 Revision of *Government Auditing Standards* (GAGAS).
- **NEW RES-004S Audit Sampling Guidance for Tests of Controls over Compliance** has been designed to provide guidance on the application of audit sampling to tests of controls over compliance.

- **NEW RES-005S Audit Sampling Guidance for Substantive Tests of Compliance** has been designed to provide guidance on the application of audit sampling to substantive tests of compliance.
- **NEW RES-006S Sample Process Narrative** has been designed to help the auditor in preparing process narratives for the various transaction compliance processes management has implemented.
- **NEW RES-007S Guidelines for Performing Effective Walkthroughs and Making Inquiries** has been designed to assist the auditor in performing an effective walkthrough of management's transaction process.
- **NEW RES-008S Entity-Level Controls Over Compliance: Examples of Control Objectives and Related Control Activities–RES- 020SControl Objectives and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong: Subrecipient Monitoring** have been designed to help the auditor complete **KBA-402S Understanding Compliance Requirement-Level Controls: Activities Allowed and Unallowed and Allowable Costs/Cost Principles–KBA-414S Understanding Compliance Requirement-Level Controls: Special Tests and Provisions.**
- **NEW RES-KCO 2012 Single Audits Title Overview for Knowledge Coach Users** has been added as a reference document for the workpaper update information, along with list of related workpapers for the title.

In addition, forms and practice aids throughout have been updated, where applicable, to take into account new literature, standards, and developments applicable to compliance audits, including the current audit and accounting guidance listed below.

- AICPA Statement on Quality Control Standards No. 8, *A Firm's System of Quality Control (Redrafted)*;
- SAS-117 (AU Section 801), *Compliance Audits* (issued December 2009);
- SAS-118 (AU Section 550), *Other Information in Documents Containing Audited Financial Statements* (issued February 2010);
- SAS-119 (AU Section 551), *Supplementary Information in Relation to the Financial Statements as a Whole* (issued February 2010);
- SAS-120 (AU Section 558), *Required Supplementary Information* (issued February 2010); and
- SAS-121 (AU Section 722), *Revised Applicability of Statement on Auditing Standards No. 100, "Interim Financial Information."*

Information regarding the Clarity Project, including a Q&A document and the current status of redrafted standards, is available on the AICPA's website at www.aicpa.org.

Finally, in January 2012, *Government Auditing Standards, December 2011 Revision* (Yellow Book) was released. The U.S. Government Accountability Office (GAO) has introduced a new independence framework and aligned some of its principles with the basic principles of the Clarity Project. The effective date for the December 2011 revision will coincide with the effective date for the clarity standards. Among other changes, the alignment will include clarifying the meaning of “should” when implementing standards.

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>
KBA s	KNOWLEDGE-BASED AUDIT DOCUMENTS		
KBA-101S	Overall Circular A-133 Compliance Audit Strategy	X	
KBA-102S	Circular A-133 Compliance Audit Significant Matters	X	
KBA-103S	Summary and Evaluation of Noncompliance	X	X
KBA-104S	Evaluating and Communicating Deficiencies in Internal Control over Compliance	X	
KBA-301S	Determination of Materiality at the Major Program and Compliance Requirement Levels		
KBA-302S	Understanding the Entity and Its Program Environment		
KBA-303S	Inquiries of Management and Others within the Entity about the Risks of Fraud in a Circular A-133 Compliance Audit		
KBA-400S	Identification of Applicable Compliance Requirements	X	
KBA-401S	Understanding Entity-Level Controls over Compliance		
KBA-402S	Understanding Compliance Requirement-Level Controls: Activities Allowed and Unallowed and Allowable Costs/Cost Principles		X
KBA-403S	Understanding Compliance Requirement-Level Controls: Cash Management		X
KBA-404S	Understanding Compliance Requirement-Level Controls: Davis-Bacon Act		X
KBA-405S	Understanding Compliance Requirement-Level Controls: Eligibility		X
KBA-406S	Understanding Compliance Requirement-Level Controls: Equipment and Real Property Management		X
KBA-407S	Understanding Compliance Requirement-Level Controls: Matching, Level of Effort, and Earmarking		X
KBA-408S	Understanding Compliance Requirement-Level Controls: Period of Availability of Federal Funds		X
KBA-409S	Understanding Compliance Requirement-Level Controls: Procurement and Suspension and Debarment		X
KBA-410S	Understanding Compliance Requirement-Level Controls: Program Income		X

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-411S	Understanding Compliance Requirement-Level Controls: Real Property Acquisition and Relocation Assistance		X
KBA-412S	Understanding Compliance Requirement-Level Controls: Reporting		X
KBA-413S	Understanding Compliance Requirement-Level Controls: Subrecipient Monitoring		X
KBA-414S	Understanding Compliance Requirement-Level Controls: Special Tests and Provisions		X
KBA-501S	Team Discussion of the Risks of Material Noncompliance		
KBA-502S	Summary of Assessments of Risks of Noncompliance	X	X
AUDs	AUDIT PROGRAMS		
AUD-100S	Tailoring Question Workpaper	X	
AUD-101S	Overall Audit Program: Circular A-133 Compliance Audit	X	
AUD-701S	Audit Program: Designing Tests of Controls over Compliance		
AUD-801S	Audit Program: Activities Allowed or Unallowed		X
AUD-802S	Audit Program: Allowable Costs and Cost Principles (Circular A-87)		X
AUD-803S	Audit Program: Allowable Costs and Cost Principles (Circular A-21)		X
AUD-804S	Audit Program: Allowable Costs and Cost Principles (Circular A-122)		X
AUD-805S	Audit Program: Cash Management		X
AUD-806S	Audit Program: Davis-Bacon Act		X
AUD-807S	Audit Program: Eligibility		X
AUD-808S	Audit Program: Equipment and Real Property Management		X
AUD-809S	Audit Program: Matching, Level of Effort, and Earmarking		X

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-810S	Audit Program: Period of Availability of Federal Funds		X
AUD-811S	Audit Program: Procurement and Suspension and Debarment		X
AUD-812S	Audit Program: Program Income		X
AUD-813S	Audit Program: Real Property Acquisition and Relocation Assistance		X
AUD-814S	Audit Program: Reporting		X
AUD-815S	Audit Program: Subrecipient Monitoring		X
AUD-816S	Audit Program: Special Tests and Provisions		X
AUD-817S	Audit Program: Schedule of Expenditures of Federal Awards		X
AUD-901S	Audit Program: Subsequent Events		
AIDs	PRACTICE AIDs		
AID-201S	Nonaudit Services Independence Checklist		
AID-301S	Single Audit Applicability and Major Programs Form		
AID-501S	Inherent Risk of Noncompliance Assessment Form: Circular A-133 Compliance Audit	X	X
AID-901S	Differences of Professional Opinion: Circular A-133 Compliance Audit		

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.

<i>Workpaper Requiring Association</i>	<i>What is it associated with?</i>	
	<i>Workpaper</i>	<i>Table/Question</i>
KBA-502S Summary of Risk Assessments over Compliance	KBA-101S Overall A-133 Compliance Audit Strategy	Once major programs are listed in the table that answer the question “List the major programs or cluster of programs to be included in the compliance audit scope,” these workpapers will be automatically selected and inserted for each major program when you next insert a Knowledge Coach workpaper.
AUD-801 through AUD-818	KBA-101S Overall A-133 Compliance Audit Strategy	Once major programs are listed in the table that answer the question “List the major programs or cluster of programs to be included in the compliance audit scope,” you can choose which major program to associate with these workpapers.
KBA-402S through KBA-414S	KBA-101S Overall A-133 Compliance Audit Strategy	Once major programs are listed in the table that answer the question “List the major programs or cluster of programs to be included in the compliance audit scope,” you can choose which major program to associate with these workpapers.
AID-501S Inherent Risk Assessment Form-Circ A-133 Compl Audits	KBA-101S Overall A-133 Compliance Audit Strategy	Once major programs are listed in the table that answer the question “List the major programs or cluster of programs to be included in the compliance audit scope,” you can choose which major program to associate with these workpapers.
KBA-103S Summary and Evaluation of Noncompliance	KBA-101S Overall A-133 Compliance Audit Strategy	Once major programs are listed in the table that answer the question “List the major programs or cluster of programs to be included in the compliance audit scope,” you can choose which major program to associate with these workpapers.