

2013 NOT-FOR-PROFIT 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 2013 *Knowledge-Based Audits of Not-for-Profit Entities* has been updated to help auditors conduct audit engagements in accordance with auditing standards and guidance, including the requirements of SAS-127, *Omnibus Statement on Auditing Standards—2013*, and the 2011 *Revision of Government Auditing Standards (Yellow Book)*; changes made to OMB Circular A-133 through August 1, 2012; and guidance in the most recent edition of the AICPA Audit Guide, *Not-for-Profit Entities*. Many new tips and examples have been incorporated. The 2013 tools include links to specific guidance that provides instant access to detailed analysis related to the steps and processes discussed in the workpapers. Also included are revised financial statement disclosures checklists that provide a centralized resource of the current required and recommended GAAP disclosures and key presentation items, using the style referencing under the FASB Accounting Standards Codification™. The workpapers have been updated, where applicable, with links to the guidance in CCH's *Knowledge-Based Audits of Not-for-Profit Organizations with Single Audits*.

The 2013 edition of *Knowledge-Based Audits of Not-for-Profit Entities* 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
KBA-103 Evaluating and Communicating Internal Control Deficiencies and Noncompliance					
Modify	Modified instructions to include guidance on potential effects of deficiencies noted by the auditor.	Instructions	Y	AU-C 265	
Modify	Modified instructions to include that the auditor is required to communicate in writing instances of noncompliance or abuse that are less than trivial but warrant the attention of those charged with governance.	Instructions	Y	GAGAS 2011 Revision	
Modify	Modified section used to document identified instances of noncompliance with laws, regulations, and violations of	Table other than	Y	GAGAS 2011	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	contract provisions or grant agreements and instances of material abuse to include that the auditor is required to communicate in writing instances of noncompliance or abuse that are less than trivial but warrant the attention of those charged with governance.	procedures		Revision	
KBA-104 Summary and Evaluation of Misstatements and Omitted, Inaccurate, or Incomplete Disclosures					
New	Conclusion on whether disclosures met auditor expectations moved from KBA-400 to the conclusion section of this workpaper.	Procedure Steps	N	N/A	
KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts					
Modify	Changed title to "Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts."		N	N/A	
Delete	Deleted calculations of tolerable misstatement and moved to AID-801.	Procedure steps	N	N/A	
New	New tab to document component materiality and component performance materiality.		N	N/A	
KBA-302 Understanding the Entity and Its Environment: Complex Entities					
Delete	Removed "No" from the Considered column.	Table other than procedures	N	N/A	
Delete	Removed duplicative considerations.	Table other than procedures	N	N/A	
Modify	Modified considerations to better conform to AU-C 315.	Table other than procedures	Y	AU-C 315 and AU-C 240	
New	Added new factor for consideration of management or governing body facing excessive pressure to meet the expectations of legislative or oversight bodies or to achieve political outcomes, or both.	Table other than procedures	Y	AU-C 240	
New	Added new consideration regarding weak controls over	Table other	Y	AU-C 240	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	budget preparation and development and compliance with law or regulation.	than procedures			
New	Added new consideration regarding management's belief that their level of authority justifies certain level of compensation and personal privileges.	Table other than procedures	Y	AU-C 240	
KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures					
Delete	Deleted column on "Did Management's Disclosures Meet the Auditor's Expectations." This question was moved to KBA-104. Modified instructions accordingly.	Table other than procedures	N	N/A	Data in the 3 rd and 4 th columns will not be retained, to ensure you keep any of the comments or answers in these columns, publish this workpaper prior to update.
New	Added a practice point to note that the auditor should consider requirements applicable to not-for-profit entities, as well as the applicable financial reporting framework under which the entity reports when considering which disclosures are significant and therefore, may have a higher risk of material misstatement.	Practice Points	N	N/A	
KBA-404 Understanding Activity-Level Controls: Purchases and Inventory					
Delete	Moved control objectives related to collection items to KBA-406, "ALC: Other Assets and Collection Items", and control objectives related to contributed property to KBA-405, "ALC: Property, Plant, and Equipment and Contributed Property and Equipment."	Table other than procedures	N	N/A	
KBA-405 Understanding Activity-Level Controls: Property, Plant, and Equipment, and Contributed Property and Equipment					
New	Added control objectives moved from KBA-404, "ALC: Purchases and Inventory" for contributed property and equipment.	Table other than procedures	N	N/A	
KBA-406 Understanding Activity-Level Controls: Other Assets and Collection Items					
New	Added control objectives moved from KBA-404, "ALC-404, "Purchases and Inventory" for collection items.	Table other than procedures	N	N/A	
KBA-408 Understanding Activity-Level Controls: Payroll					
Modify	Added "functional expense categories" to control objective for payroll expense and withholdings recorded to the	Table other than	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	appropriate general ledger accounts.	procedures			
KBA-412 Understanding Controls Maintained by a Service Organization					
New	Added step regarding the evaluation of the date of Type 1 reports.	Table other than procedures	Y	AU-C 402	
Modify	Modified step regarding the time period covered by Type 2 reports to conform to the standards.	Table other than procedures	Y	AU-C 402	
KBA-502 Summary of Risk Assessments					
Modify	Modified instructions to provide clearer guidance on the auditor's approach.	Instructions	N	N/A	
KBA-901 Financial Statement Disclosures Checklist					
Modify	<p>This Annual Financial Statement Disclosures Checklist has been updated for disclosure and key presentation requirements in effect as of March 31, 2013, through Accounting Standards Update (ASU) No. 2013-05, including:</p> <ul style="list-style-type: none"> • ASU No. 2013-01, Balance Sheet (Topic 210) — Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities; • ASU No. 2013-02, Comprehensive Income (Topic 220) — Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income; • ASU No. 2013-03, Financial Instruments (Topic 825) — Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities; • ASU No. 2013-04, Liabilities (Topic 405) — Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date; and • ASU No. 2013-05, Foreign Currency Matters (Topic 830) — Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of 	Disclosure Update	Y	Various	

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	<p>Assets within a Foreign Entity or of an Investment in a Foreign Entity.</p> <p>This Industry-Specific Disclosures Checklist: Not-for-Profit Entities incorporates disclosure requirements from Accounting Standards Update (ASU) No. 2012-04, Technical Corrections and Improvements.</p>				
KBA-902 Audit Review and Approval Checklist					
New	New program in Section II, step 25, as follows: If our audit firm has had a recent peer review and germane matters for comment (MFCs) or findings for comment (FFCs) are applicable to this engagement, those issues related to either the MFCs or FFCs have been addressed prior to issuance of our audit report.	Procedure Steps			
New	New program in Section III, step 13, as follows: If our audit firm has had a recent peer review and germane matters for comment (MFCs) or findings for comment (FFCs) are applicable to this engagement, those issues related to either the MFCs or FFCs have been addressed prior to issuance of our audit report.	Procedure Steps			
New	After Date of the auditor's report on the financial statements, added: Release date for the audit report on financial statements: For engagements performed in accordance with <i>Government Auditing Standards</i> : <ul style="list-style-type: none"> a. Date of auditor's report on internal control over financial reporting and on compliance and other matters. b. Release date for the auditor's report on internal control over financial reporting and on compliance and other matters. 				
KBA-903 Tax Specialist Review Checklist					
Modify	Modified step to read as follows: The income tax provision and related expense accounts, accrual accounts, including deferred tax assets and liabilities, are reasonable and supported by adequate	Procedure Steps	N	N/A	

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	schedules and analyses.				
Modify	Modified step to remove LIFO and to add deferred income taxes, temporary differences, new taxes, adjustment of taxes from prior period. Modified step reads as follows: Tax-related financial statement disclosures (e.g., deferred income taxes, temporary differences, new taxes, adjustment of taxes from prior periods) are appropriately presented classified, complete, and understandable.	Procedure Steps	N	N/A	
KBA-904 Audit Documentation Checklist					
New	Added new steps for audit documentation required by GAGAS as follows: b. Regarding independence, our documentation includes the following: (GAGAS par. 3.59) (1) Threats to independence, both individually and in the aggregate, that require the application of safeguards and the safeguards applied to eliminate the threats or reduce them to an acceptable level; (2) Our consideration of management's ability to effectively oversee the nonaudit service(s) to be provided.	Procedure steps	Y	AU-C 230	
New	Added new steps for audit documentation required by GAGAS as follows: c. In connection with nonaudit services, the documentation includes our understanding with management or those charged with governance, as appropriate, regarding the following: (GAGAS pars. 3.39-.44) (1) Objectives of the nonaudit service; (2) Services to be performed; (3) Acceptance by management or those charged with governance, as appropriate of its responsibilities; (4) Our responsibilities as auditor; (5) Any limitations of the nonaudit service; and (6) Our consideration of the potential effect of the services on our independence.	Tailoring	N	N/A	
New	Added new steps for audit documentation required by GAGAS as follows:				

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	<p>d. The supplemental fieldwork standards related to:</p> <p>(1) Communications with management, those charged with governance, and any individuals contracting for or requesting the audit of the nature, timing, and extent of planned testing and reporting on internal control over financial reporting and on compliance, and any restrictions on the auditor's report or on report distribution.</p> <p>(2) Evaluation of management's corrective actions of findings and recommendations from previous audits or attest engagements.</p> <p>(3) Testing compliance with provisions of contracts or grant agreements that have a direct and material effect on the financial statement amounts or audit objectives.</p> <p>(4) Application of audit procedures to follow up on any identified instances of abuse or potential abuse that could be quantitatively or qualitatively material to the financial statement amounts or audit objectives.</p> <p>(5) Development of the elements of audit findings as defined by GAGAS.</p> <p>(6) Evidence of supervisory review, before the report release date, of the work that supports the findings, conclusions, and recommendations.</p> <p>(7) Documentation of any departures from Government Auditing Standards' mandatory and presumptively mandatory requirements and the impact on the audit and auditor's conclusions.</p> <p>(8) Distributing reports.</p>				
New	<p>Added new steps for audit documentation required by GAGAS as follows:</p> <p>e. The supplemental reporting standards dealing with compliance with GAGAS:</p> <p>(1) Reporting that the audit was performed in accordance with Government Auditing Standards with either an unmodified compliance statement or a modified compliance statement.</p> <p>(2) Reporting on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, grant agreements, other matters, including</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>relevant information about the occurrence of any of the following:</p> <p>(a) Fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance;</p> <p>(b) Noncompliance with provisions of contracts or grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives; or</p> <p>(c) Abuse that is material, either quantitatively or qualitatively.</p> <p>(3) Communications in writing to entity officials regarding instances of noncompliance with provisions of contracts or grant agreements or abuse that are less than material but warrant the attention of those charged with governance.</p> <p>(4) Reporting the views of responsible officials to the audit findings, conclusions, and recommendations.</p> <p>(5) Reporting deficiencies in internal control over financial reporting.</p> <p>(6) Disclosure of any report information that is omitted because of prohibitions from public disclosure.</p> <p>(7) Any limitation on report distribution.</p>				

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
AUD-101 Overall Audit Program					Tailoring added and modified to reflect changes noted below.
Modify	Moved much of the detailed information from substeps to practice points so that experienced users familiar with this program have the option to save the time spent reading the detail.	Procedure Steps	N	N/A	

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New	Added note for the auditor to refer to <i>Circular A-133 (Single Audits) Knowledge Based Audit Methodology and Tools</i> to be used for the conduct of the compliance audit portion of the Single Audit.	Instructions	N	N/A	
Modify	Combined steps to eliminate duplication; new step reads as follows: 4. Evaluate, conclude on, and document whether auditor has the ability to adhere to the fundamental principles and requirements of professional and ethics standards including: a. Integrity; b. Objectivity; c. Independence, d. Professional competence and due care; e. Compliance with firm policies; f. Confidentiality; and g. Professional behavior.	Procedure Steps	N	N/A	
Modify	Combined steps to eliminate duplication; new step reads as follows: 6. Perform client acceptance or continuance procedures in accordance with firm policy.	Procedure Steps	N	N/A	
Delete	Deleted the following step: Evaluate and conclude on the auditor's compliance with ethical standards (including independence) professional standards, and the audit firm's policies. Document the conclusion reached.	Procedure Steps	N	N/A	
Modify	Changed step to include directive to perform opening balance procedures. New step reads as follows: 8. Perform the preliminary engagement activities necessary to establish an appropriate audit strategy and audit plan, including the audit procedures necessary to obtain sufficient appropriate audit evidence regarding the opening balances.	Procedure Steps	N	N/A	
New	Added to practice point on required elements of the terms of the engagement: e. A statement that because of the inherent limitations of an audit, together with the inherent limitations of internal	Practice Points	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with GAAS;				
New	Added to practice point on required elements of the terms of the engagement: i. Report distribution responsibilities.	Practice Points	Y	GAGAS 2011 Revision	
Delete	Moved project management step to practice point, deleting the following step: 16. Consider preparing a detailed list of information that is needed to perform the audit, for the client to prepare.	Procedure Steps	N	N/A	
Delete	Moved project management step to practice point, deleting the following step: 17. Consider preparing a budget for completion of the audit engagement.	Procedure Steps	N	N/A	
New	Added the following step: For audit engagements conducted in accordance with GAGAS: Communicate pertinent information to the individuals contracting for or requesting the engagement, and when required, to any cognizant legislative committees when auditors perform the audit pursuant to a law or regulation or they conduct the work for the legislative committee that has oversight of the audited entity.	Procedure Steps	Y	GAGAS 2011 Revision	This procedure step will be tailored into the audit program, if applicable.
New	Added the following step: For audit engagements conducted in accordance with GAGAS, if the identity of those charged with governance is not clearly evident, or there is not a single individual or group that oversees both the strategic direction and the accountability obligations of the entity, document the process followed and conclusions reached to identify appropriate individuals to receive the required auditor communications.	Procedure Steps	Y	GAGAS 2011 Revision	This procedure step will be tailored into the audit program, if applicable.
Modify	Modified materiality step to include AU-C 600 considerations. Modified steps reads as follows: 19. Determine materiality for the financial statements as a whole, the materiality level or levels for particular classes of transactions, account balances, or disclosures, if	Procedure Steps	Y	AU-C 600	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	applicable, and performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This determination should include component materiality and component performance materiality when those provisions of AU-C 600 apply.				
Add	Added the following practice point: To reduce the risk that the aggregate of uncorrected and undetected misstatements in the group financial statements exceeds the materiality for the group financial statements as a whole, component materiality should be lower than the materiality for the group financial statements as a whole, and component performance materiality should be lower than performance materiality for the group financial statements as a whole.	Practice Points	Y	AU-C 600	
Delete	Deleted the following step: 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 uncorrected and undetected misstatements would result in material misstatement of the financial statements.	Procedure Steps	N	N/A	
Modify	Modified step to hold discussion among the engagement team to include discussing the susceptibility of the entity's financial statements due to error or fraud and the application of the applicable financial reporting framework to the entity's facts and circumstances.	Procedure Steps	Y	AU-C 240	
New	New practice point on conducting fraud inquiries as follows: The auditor may wish to incorporate fraud inquiries with other inquiries performed to gain an understanding of the entity and its environment. For example, the auditor may consider combining these fraud-related inquiries with other inquiries for obtaining and updating his or her understanding of the entity, such as those in <i>KBA-302 Understanding the Entity and Its Environment through KBA-411 Understanding Activity-Level Controls: Financial Reporting and Closing Process</i> . Fraud inquiries may be more effective when they are incorporated into a	Practice Points	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	broader discussion rather than being the only topic of discussion.				
Modify	<p>Modified practice point about the auditor's documented understanding of the entity. New practice point is as follows:</p> <p>The auditor's documented understanding should include:</p> <ul style="list-style-type: none"> a. The discussion among the engagement team and the significant decisions reached; b. The key elements of the entity and its environment, including each of the internal control components, the sources of information from which they were obtained, and the risk assessment procedures performed. c. Identified and assessed risks of material misstatement at the financial statement level and at the relevant assertion level. d. Risks identified and relevant controls about which the auditor has obtained an understanding. 	Practice Points	Y	AU-C 315	
Modify	<p>Combined steps. New step reads as follows:</p> <p>32. Identify and document the following:</p> <ul style="list-style-type: none"> 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. g. Other areas requiring special audit consideration. 	Procedure Steps	N	N/A	
Delete	<p>Deleted the following step:</p> <p>Identify financial and nonfinancial information that may be useful for performing substantive analytical procedures.</p>	Procedure Steps	N	N/A	
New	<p>New Practice Point on communicating with the client's legal counsel as follows:</p> <p>Unless the audit procedures performed to identify litigation, claims, and assessments involving the entity that may give rise to a risk of material misstatement indicate that no actual or potential litigation, claims, or assessments that may give</p>	Practice Point	Y	AU-C 501	

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	<p>rise to a risk of material misstatement exist, the auditor should, in addition to the procedures required by other AU-C sections, seek direct communication with the entity's external legal counsel. The auditor should do so through a letter of inquiry prepared by management and sent by the auditor requesting the entity's external legal counsel to communicate directly with the auditor. The auditor should document the basis for any determination not to seek direct communication with the entity's legal counsel.</p>				
New	<p>New audit step as follows: For audit engagements conducted in accordance with GAGAS, inquire of management as to previous audits, attestation engagements, audits, or other studies that directly relate to the subject matter or an assertion about the subject matter of this engagement, and:</p> <ol style="list-style-type: none"> a. Request that management identify such previous engagements. b. Evaluate whether the entity has taken appropriate corrective action(s) to address findings and implement recommendations from such previous engagements. c. Determine the extent to which testing the implementation of corrective action plans is applicable to the current engagement objectives. d. Consider the information obtained when assessing risk and determining the nature, extent, and timing of current audit work. 	Procedure Steps	Y	GAGAS 2011 Revision	This procedure step will be tailored into the audit program, if applicable.
New	<p>New audit step as follows: For audit engagements conducted in accordance with GAGAS, if abuse that could be quantitatively or qualitatively material is identified, apply audit procedures specifically directed to ascertain the potential effect on the financial statements or other financial data significant to the audit objectives.</p>	Procedure Steps	Y	GAGAS 2011 Revision	This procedure step will be tailored into the audit program, if applicable.
New	<p>New audit step and practice point as follows: Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary business practice given the facts and circumstances, including misuse of authority</p>	Procedure Steps	Y	GAGAS 2011 Revision	This procedure step will be tailored into the audit program, if applicable.

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	<p>or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, or noncompliance with provisions of laws, regulations, contracts, or grant agreements. Because the determination of abuse is subjective, auditors are not required to detect abuse in financial audits.</p> <p>New practice point as follows: Practice Point: After performing additional work, auditors may discover that the abuse represents potential fraud or noncompliance with provisions of laws, regulations, contracts, or grant agreements.</p>				
New	<p>New audit step as follows: For audit engagements conducted in accordance with GAGAS, if the entity is undergoing investigations or legal proceedings, evaluate the impact on the current audit</p>	Procedure Steps	Y	GAGAS 2011 Revision	This procedure step will be tailored into the audit program, if applicable.
Delete	<p>Deleted the following step: 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.</p>	Procedure Steps	N	N/A	
Delete	<p>Added documentation of understanding to step above and deleted this duplicate step: 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>	Procedure Steps	N	N/A	
Delete	<p>Added documentation of controls to step above and deleted this duplicate step: Document the controls related to the identified risks about</p>	Procedure Steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	which the auditor has obtained an understanding.				
Modify	Combined steps on response. Modified step reads as follows: 55. Design, document, and implement the auditor's overall responses to the assessed risks of material misstatement at the financial statement level.	Procedure Steps	N	N/A	
Delete	Deleted step: 56. Design, document, and implement overall responses to address the assessed risks of material misstatement at the financial statement level.	Procedure Steps	N	N/A	
Delete	Deleted step: 62. 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: <ul style="list-style-type: none"> • Increasing substantive testing of the valuation of numerous significant accounts at year-end because of significantly deteriorating market conditions; and • Obtaining more persuasive audit evidence from substantive procedures due to the identification of pervasive weaknesses in the entity's control environment. 	Procedure Steps	N	N/A	
Modify	Combined steps. New step reads as follows: Determine whether to test the operating effectiveness of internal controls over financial reporting. If testing the operating effectiveness of internal controls for significant audit areas, document the planned approach to testing, results of testing, and conclusions.	Procedure Steps	N	N/A	
New	New practice point as follows: Practice Point: The auditor should design and perform tests of controls to obtain sufficient appropriate audit evidence about the operating effectiveness of relevant controls if : <ul style="list-style-type: none"> • The auditor's assessment of risks of material misstatement at the relevant assertion level includes an expectation that the controls are operating effectively (that is, the auditor intends to rely on the operating effectiveness of controls in determining the nature, timing, and extent of substantive 	Practice Points	Y	AU-C 330	

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	procedures) or <ul style="list-style-type: none"> Substantive procedures alone cannot provide sufficient appropriate audit evidence at the relevant assertion level. 				
Delete	Deleted the following duplicate step from the perform procedures section as it appears in the concluding section: 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	New audit step as follows 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	Y	AU-C 330	
New	New audit step as follows: For audits conducted in accordance with GAGAS, for each finding, perform procedures necessary to develop the elements that are necessary and relevant to achieving the objective(s) of the engagement, including: a. Criteria that identify the required or desired state or expectation and provide a context for evaluating evidence and understanding the finding. b. The condition or situation that exists. c. The cause that identifies the reason or explanation for the condition or the factor(s) responsible for the difference between the condition and the criteria. d. The effect or potential effect of the difference between the condition and the criteria that identifies the outcomes or consequences of the difference between the condition and the criteria.	Procedure Steps	Y	GAGAS 2011 Revision	This procedure step will be tailored into the audit program, if applicable.
New	New audit step as follows: For audits conducted in accordance with GAGAS, include a statement in the auditor's report that the audit has been conducted in accordance with GAGAS.	Procedure Steps	Y	GAGAS 2011 Revision	This procedure step will be tailored into the audit program, if applicable.
New	New audit step as follows: For audits conducted in accordance with GAGAS, if certain	Procedure Steps	Y	GAGAS 2011	This procedure step will be tailored into the audit program, if applicable.

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	pertinent information is prohibited from public disclosure or is excluded from a report due to confidential or sensitive nature of the information, disclose in the report that certain information has been omitted and the reason or other circumstances that make the omission necessary.			Revision	
New	<p>New audit step as follows:</p> <p>For audits conducted in accordance with GAGAS, if the auditor has identified any known or likely fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse:</p> <p>a. Obtain sufficient, appropriate evidence, such as confirmation from outside parties, to corroborate assertions by management that it has reported such findings in accordance with laws, regulations, or funding agreements.</p> <p>b. Report such findings directly to parties outside the entity if the entity's management fails to satisfy legal or regulatory requirements to report such information to external parties and/or when management and/or those charged with governance fail to take timely and appropriate steps to respond to known or likely fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that (1) is likely to have a material effect on the financial statements and (2) involves funding received directly or indirectly from a government agency.</p>	Procedure Steps	Y	GAGAS 2011 Revision	This procedure step will be tailored into the audit program, if applicable.
New	<p>New program step as follows:</p> <p>108. For audits conducted in accordance with GAGAS, in addition to documenting the auditor's reviews of the audit work, document the auditor's supervisory review, before the report release date, of the evidence that supports the findings, conclusions, and recommendations contained in the auditors' report.</p>	Procedure Steps	Y	GAGAS 2011 Revision	This procedure step will be tailored into the audit program, if applicable.
AUD-602 Audit Program: Involvement of a Component Auditor					
New	<p>New program step as follows:</p> <p>When determining whether to use the work of a component auditor and whether to make reference to the component auditor, we evaluated the following:</p> <ul style="list-style-type: none"> • Whether there are differences in the financial reporting 	Procedure Steps	Y	AU-C 600	

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	<p>framework applied in preparing the component and group financial statements.</p> <ul style="list-style-type: none"> • Whether the audit of the component financial statements will be completed in time to meet the group reporting schedule. • Whether there are differences in the auditing and other standards applied by the component auditor and those applied in the audit of group financial statements. • Whether it is impracticable for the group engagement team to be involved in the work of the component auditor. 				
New	<p>New practice point as follows:</p> <p>Reference to the audit of a component auditor in the auditor's report on the group financial statements should not be made unless</p> <p>a. The component's financial statements are prepared using the same financial reporting framework as the group financial statements;</p> <p>b. The component auditor has performed an audit on the financial statements of the component in accordance with GAAS or, when required by law or regulation, with auditing standards promulgated by the Public Company Accounting Oversight Board (PCAOB); and</p> <p>c. The component auditor has issued an auditor's report that is not restricted as to use.</p>	Practice Point	Y	AU-C 600	
New	<p>New practice point as follows:</p> <p>The decision to make reference to the audit of a component auditor is made individually for each component auditor. The auditor of the group financial statements may make reference to any, all, or none of the component auditors.</p>	Practice Point	Y	AU-C 600	
AUD-603 Audit Program: Using the Work of An Auditor's Specialist					
New	Added practice point on referring to the auditor's specialist in the auditor's opinion.	Practice Point	Y	AU-C 620	
AUD-800's Audit Programs					
Modify	Combined disclosures substep in all audit programs, deleting duplicative step on financial statement disclosure.	Procedure Steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Modified substep as follows: c. Financial information is appropriately presented and described and disclosures are clearly expressed at appropriate amounts.				
AUD-801 Audit Program: Cash					Tailoring added and modified to reflect changes noted below.
New	New audit step as follows: We determined that all accounts opened or closed during the period under audit were approved by appropriate personnel.	Procedure Steps	N	N/A	
New	Added substep to petty cash procedure: e. We evaluated the petty cash turnover rate (times replenished) for propriety and reasonableness.	Procedure Steps	N	N/A	
AUD-802 Audit Program: Investments in Securities, Derivative Instruments, and Hedging Activities					Tailoring added and modified to reflect changes noted below.
New	We reviewed the entity's reconciliations of statements or data feeds from custodians to the accounting records and determined that: a. Reconciling items were resolved properly. b. Journal entries related to the reconciliations were appropriate and made by authorized persons.	Procedure Steps	N	N/A	
New	We reviewed any master netting arrangements and determined that all related financial instruments were recorded.	Procedure Steps	N	N/A	
New	Substep added to valuation procedures: b. We determined that the method used to determine the fair value of the securities and derivatives was consistently applied across periods and evaluated any change in such method for propriety and management bias.	Procedure Steps	N	N/A	
New	We determined if any donated financial assets were sold during the period under audit and evaluated whether the entity properly accounted for the sale in the financial statements.	Procedure Steps	Y	ASU 2012-05	
Delete	Deleted steps on Held to Maturity, as not applicable (per author) to NFP	Procedure Steps	N	N/A	
New	Added substeps to impairment procedures:	Procedure	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>c. When the entity has recognized an impairment loss, we gathered evidence supporting the amount of the impairment adjustment recorded and</p> <p>(1) Determined that the write-down of the investment to a new cost basis was accounted for as a realized loss;</p> <p>(2) Tested the calculation of the loss recorded</p> <p>(3) Determined that the new cost basis of investments previously written down is not changed for subsequent recoveries in fair value;</p> <p>(4) Reviewed a summary of investments written down for completeness and unusual items</p> <p>(5) When applicable, evaluated management’s assessment of the credit rating of the counterparty</p> <p>(6) Determined whether the entity has appropriately complied with the requirements of the applicable financial reporting framework.</p>	Steps			
New	<p>In the case of each nonresponse to confirmations sent, we performed alternative procedures, such as:</p> <ul style="list-style-type: none"> • Examining source documents, such as invoices or broker’s statements; • Inspecting executed agreements; and • Examining cash receipts, disbursements, and trade confirmations subsequent to year-end 	Procedure Steps	N	N/A	
New	<p>If a service organization provided services that are part of an entity’s information system, we:</p> <ul style="list-style-type: none"> • Determined whether it was necessary to inspect supporting documentation, such as securities purchases and sales advices, located at the service organization’s facilities. • Evaluated whether the Type 1 report is as of a date or, in the case of a Type 2 report, is for a period that is appropriate for our purposes; • Evaluated the sufficiency and appropriateness of the evidence provided by the report for the understanding of the user entity’s internal control relevant to the audit; and • Determined whether complementary user entity controls identified by the service organization are relevant in addressing the risks of material misstatement relating to the 	Procedure Steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	relevant assertions in the user entity's financial statements and, if so, obtain an understanding of whether the user entity has designed and implemented such control.				
AUD-803 Audit Program: Accounts Receivable and Revenue					Tailoring added and modified to reflect changes noted below.
New	Added new analytical procedures to coincide with AID-810: Calculated the aging of accounts receivable. Ratio of gross program margin to unrestricted revenues. Ratio of contributor giveaways to unrestricted revenues.	Procedure Steps	N	N/A	
Delete	Removed ratios that do not apply to NFP.	Procedure Steps	N	N/A	
New	If improper revenue recognition was not identified as a risk of a material misstatement due to fraud, we documented the reasons regarding how that presumption was overcome.	Procedure Steps	Y	AU-C 240	
AUD-804 Audit Program: Split-Interest Agreements					Tailoring added and modified to reflect changes noted below.
Delete	Deleted reference to AID-810 which did not apply to Split Interest Agreements	Procedure Steps	N	N/A	
AUD-805 Audit Program: Contributions Receivable and Related Support and Contribution Revenue					Tailoring added and modified to reflect changes noted below.
New	Added new analytical procedures to coincide with AID-817: Calculated the aging of contributions receivable. Receivables turnover. Ratio of allowance for uncollective contributions receivable to total contributions receivable.	Procedure Steps	N	N/A	
Modify	Reorganized steps to facilitate tailoring and flow.	Procedure Steps	N	N/A	
Delete	Deleted duplicate steps	Procedure Steps	N	N/A	
New	If improper revenue recognition was not identified as a risk of a material misstatement due to fraud, we documented the reasons regarding how that presumption was overcome.	Procedure Steps	AU-C 240	N/A	
AUD-806 Audit Program: Inventories and Cost of Revenue					Tailoring added and modified to reflect changes noted below.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	We obtained an understanding of the types of inventory held by the entity.	Procedure Steps	N	N/A	
New	Added new analytical procedures to coincide with AID-828: Year over year analysis of inventory components.	Procedure Steps	N	N/A	
New	For donated inventory that is valued at fair value on the date of the donation, inquire as to how the fair value was determined and corroborate the reasonableness of the fair value.	Procedure Steps	Y	ASC-958	
AUD-807 Audit Program: Prepaid Expenses, Deferred Charges, and Other Assets					Tailoring added and modified to reflect changes noted below.
New	Added assertions and respective steps on collection items to this program, as they are considered "other assets" by the standard setters. Removed these items from AUD-809.	Procedure Steps	N	N/A	
New	1. We obtained an understanding of the types of collections held by the entity, including whether or not the entity maintained collections of works of art, historical treasure, or similar assets.	Procedure Steps	N	N/A	
New	2. If the entity maintains collections, we have considered the need for use of a specialist in accordance with AU-C Section 620, <i>Using the Work of An Auditor's Specialist</i> .	Procedure Steps	N	N/A	
New	3. If the entity maintains collections, we have evaluated whether the entity has probably accounted for and reported the collection in accordance with the applicable financial reporting framework (i.e. ASC 958-360 for U.S. GAAP).	Procedure Steps	N	N/A	
New	4. We evaluated whether the entity has properly classified the contribution of the collection in the statement of cash flows.	Procedure Steps	N	N/A	
New	5. We performed the following procedures on capitalized collection items (excluding matters related to retroactive capitalization) contained in the entity's property and equipment: a. We reviewed the entity's procedures for controlling collections and physically inspecting	Procedure Steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>them.</p> <ul style="list-style-type: none"> b. We considered whether to observe the physical inspection. c. We reviewed actions taken by management to investigate discrepancies disclosed by the physical inspection and to adjust the records. d. We reviewed the documentation supporting accessions and deaccessions of collection items. e. We reviewed the minutes of the governing board and governing board committee meetings for authorization of major accessions and deaccessions. f. We made inquiries of curatorial personnel about deaccessioned collection items. g. We reviewed the minutes of the governing board and governing board committee meetings for evidence of restrictions and current period purchases or contributions. h. We reviewed documentation and procedures supporting the determination of cost or fair value. i. We reviewed donor correspondence to determine the presence or absence of restrictions. j. If the entity has specific collection items restricted, we reviewed collection item transactions for propriety of use and disposition. k. We reviewed documentation underlying collection items for propriety of classification. 				
New	<p>6. We performed the following procedures on retroactive collection items:</p> <ul style="list-style-type: none"> a. We reviewed documents and procedures supporting the recorded value. b. We reviewed donor correspondence to determine the presence or absence of restrictions. c. We reviewed the minutes of the governing board and the governing board committee meetings for evidence of restrictions. d. We reviewed the minutes of the governing board 	Procedure Steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	and the governing board committee meetings for evidence of restrictions.				
New	8. We evaluated the consistency of the application of accounting method from period to period (e.g., considered whether any items were treated as assets in one period and expense in the next, or vice versa).	Procedure Steps	N	N/A	
AUD-808 Audit Program: Intangible Assets					Tailoring added and modified to reflect changes noted below.
New	Modified substep on impairment analysis. Modified steps reads as follows: (2) We reviewed management's analysis of the recoverability of the carrying values for reasonableness.	Procedure Steps	N	N/A	
New	Added the following substep for intangible assets not subject to amortization: a. 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 the asset is less than its carrying amount, we have reviewed and evaluated management's assessment and conclusion.	Procedure Steps	Y	ASU 2012-02	
AUD-809 Audit Program: Property and Equipment, and Depreciation					Tailoring added and modified to reflect changes noted below.
Delete	Removed steps and assertions regarding collections and moved to AUD-807.	Procedure Steps	N	N/A	
Modify	Reorganized steps to facilitate sign off.	Procedure Steps	N	N/A	
New	We evaluated compliance with resource provider requirements.	Procedure Steps	N	N/A	
Delete	Removed duplicative steps.	Procedure Steps	N	N/A	
AUD-811 Audit Program: Payrolls and Other Liabilities					Tailoring added and modified to reflect changes noted below.
Delete	Removed duplicative steps.	Procedure Steps	N	N/A	
New	Presentation of the functional allocation of payroll expense is based upon a reasonable allocation methodology, consistent with prior periods.	Procedure Steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
AUD-812 Audit Program: Unrelated Business Income and Other Tax Issues					Tailoring added and modified to reflect changes noted below.
New	If the entity did not have appropriate documentation of the calculation or contents of the accrual for income taxes or denied us access to the documentation or personnel responsible for making the judgments and estimates relating to the accrual, we have evaluated the effect on our ability to conclude whether sufficient appropriate audit evidence has been obtained and we have evaluated the impact on our opinion on the financial statements.	Procedure Steps	Y	AU-C 9500	
AUD-813 Audit Program: Debt Obligations and Debt Service					Tailoring added and modified to reflect changes noted below.
New	Added new analytical procedures to coincide with AID-840: Debt to unrestricted net assets ratio. Times interest earned ratio. Long-term debt to net working capital.	Procedure Steps	N	N/A	
New	3. We obtained from the entity a schedule of maturities of long-term debt for each of the five years following the statement of position date and traced pertinent information to the agreements and confirmations obtained.	Procedure Steps	N	N/A	
New	4. For debt maturing in the next year, we inquired of the management as to whether there are any negotiations with the lender to extend the debt.	Procedure Steps	N	N/A	
New	5. For debt maturing in the current or succeeding period that has been extended, renewed, or replaced with debt maturing more than one year after the date of the financial statements, we reviewed written documentation supporting the amounts and classifications in the financial statements.	Procedure Steps	N	N/A	
New	6. For debt maturing in the next year, we reviewed the debt payment schedules and evaluated whether the entity has the ability to pay current debt installments or to refinance the debt, if necessary.	Procedure Steps	N	N/A	
New	Added consideration of any "cross default" provisions (i.e., a violation of one loan covenant that affects other loan covenants).	Procedure Steps	N	N/A	
AUD-814 Audit Program: Net Assets					Tailoring added and modified to reflect changes noted below.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Delete	Removed duplicative steps.	Procedure Steps	N	N/A	
AUD-816 Audit Program: Journal Entries and Financial Statement Review					Tailoring added and modified to reflect changes noted below.
New	The financial information and related disclosures are presented fairly, in all material respects, in conformity with the applicable financial reporting framework.	Procedure Steps	N	N/A	
AUD-817 Audit Program: Related-Party Transactions, Commitments and Contingencies, Estimates, and Concentrations					Tailoring added and modified to reflect changes noted below.
Modify	Step 1 modified to better reflect the required reassessment procedures required by AU-C 550, to include new and modified substeps.	Procedure Steps	Y	AU-C 550	
Modify	Step 2 modified to better reflect the required reassessment procedures required by AU-C 550, to include new and modified substeps.	Procedure Steps	Y	AU-C 550	
Modify	Step 4 modified to better reflect the required reassessment procedures required by AU-C 550, to include new and modified substeps.	Procedure Steps	Y	AU-C 550	
Modify	Substeps of fraud risk steps removed and replaced by modifications at step 2.	Procedure Steps	Y	AU-C 550	
Delete	Removed duplicative step on transactions not previously identified and on fraud risk.	Procedure Steps	N	N/A	
Modify	Reorganized the order of the audit procedures.	Procedure Steps	N	N/A	
New	Added new step on forming an opinion and the related evaluations.	Procedure Steps	Y	AU-C 550	
Delete	Removed duplicative steps.	Procedure Steps	N	N/A	
New	Added step on the evaluation of third-party pricing services.	Procedure Steps	Y	AU-C 550	
Delete	Removed step on reasonableness of the entity's valuation model, as this work is done in AUD-816	Procedure Steps	N	N/A	
New	Added new step on obtaining an understanding of how the entity is complying with the applicable legal and regulatory	Procedure Steps	Y	AU-C 250	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	framework.				
New	Added new step on obtaining sufficient appropriate audit evidence regarding material amounts that are determined by the provisions of laws and regulations that have a direct effect on the financial statements.	Procedure Steps	Y	AU-C 250	
Delete	Removed duplicative step on fraud, as the work is done in AUD-903.	Procedure Steps	N	N/A	
New	Added new step on the evaluation of the effect of legal counseling restricting the use of their report.	Procedure Steps	Y	AU-C 250	
New	Added new step on the auditor's consideration that obtaining a legal letter is not required, when the auditor has not identified actual or potential litigation, claims or assessments.	Procedure Steps	Y	AU-C 250	
AUD-818 Audit Program: Fair Value Measurements and Disclosures					Tailoring added and modified to reflect changes noted below.
Delete	Removed duplicative steps.	Procedure Steps	N	N/A	
New	We inquired of management whether the entity's retained the services of a third-party pricing agency to provide its fair value measurements and we performed the following procedures: a. We obtained an understanding of the valuation model used by the third-party pricing agency. b. We evaluated whether the use of quoted market prices, observable inputs and other significant assumptions are reasonable.	Procedure Steps	Y	AU-C 540	
AUD-901 Audit Program: Subsequent Events					
New	Added new substep to inquire of management about whether there have been any agreements or plans to merge or liquidate.	Procedure Steps	Y	AU-C 560	
New	Added step on the auditor's responsibilities when he or she has identified subsequent events that require adjustment or disclosure.	Procedure Steps	Y	AU-C 560	
AUD-902 Audit Program: Going Concern					
Delete	Removed duplicative step.	Procedure	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
		Steps			
AUD-903 Audit Program: Consideration of Fraud					
Modify	Modified the instructions to include Sections and additional guidance.	Procedure Steps	N	N/A	
Delete	Deleted the duplicative substeps regarding brainstorming meeting.	Procedure Steps	N	N/A	
Modify	Reorganized the order of the audit procedures.	Procedure Steps	N	N/A	
Delete	Deleted the duplicative substeps regarding identified risks of material misstatement and added reference to KBA-501 and KBA-502 where the work is completed, eliminating 4 sign offs.	Procedure Steps	N	N/A	
Delete	Deleted the duplicative substeps regarding revenue transactions and added reference to AUD-805 where the work is completed, eliminating 5 sign offs.	Procedure Steps	N	N/A	
Delete	Deleted substeps related to unpredictability, retained top-level step, eliminating 4 sign offs.	Procedure Steps	N	N/A	
Delete	Deleted the duplicative substeps regarding accounting estimates and added reference to AUD-817 where the work is completed, eliminating 3 sign offs.	Procedure Steps	N	N/A	
Delete	Deleted the duplicative substeps regarding obtaining written representation, eliminating 5 sign offs.	Procedure Steps	N	N/A	
New	Added a Results section to capture findings as a result of work performed on this audit program.	Procedure Steps	N	N/A	
AUD-904 Audit Program: Compliance with Laws and Regulations, Violations of Contract Provisions and Grant Agreements, and Abuse					
Delete	Removed duplicative step.	Procedure Steps	N	N/A	

Auditor's Reports (RPTs)

- **NEW RPT-956 Unmodified Opinion: Since Inception Report** a new report with unmodified opinion since inception
- **RPT-990 Adverse U.S. GAAP Opinion, Unmodified Special-Purpose Opinion: Special-Purpose Financial Statements Prepared Pursuant to Reporting Provisions Established by a Regulatory Agency** removed

- **RPT-1037 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (No Material Weaknesses Identified, No Significant Deficiencies Identified, No Reportable Instances of Noncompliance or Other Matters Identified)** through **RPT-1044 Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 (Qualified Opinion on Compliance for One Major Federal Program; Unmodified Opinion on Compliance on Each of the Other Major Federal Programs; Material Weaknesses and Significant Deficiencies in Internal Control over Compliance Identified)** updated to conform to the new AICPA report illustrations in clarified format.

Correspondence Documents (CORs)

- **2013 Knowledge-Based Audits of Not-for-Profit 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-200 Series** has been reorganized to better reflect the order in which these correspondences may be used during the audit engagement, as follows:

2013	2012	Title
COR 202	COR-201	Entity Consent and Acknowledgment Letter
COR 205	COR-202	Successor Auditor Acknowledgment Letter
COR 206	COR-203	Representation Letter from Successor Auditor to Predecessor Auditor
COR 201	COR-204	Audit Engagement Letter
COR 207	COR-205	Inquiry Letter from the Component Auditor to the Group Engagement Team
COR 208	COR-206	Group Engagement Team's Response Letter to Inquiries from the Component Auditor
COR 209	COR-207	Group Engagement Team's Request for Representations from Component Auditor Who Audits the Financial Statements of a Component
COR 210	COR-208	Group Engagement Team's Request for Component Auditor's Confirmations When the Component Auditor Performs Certain Audit Procedures
COR 213	COR-209	Group Engagement Team's Request for Documentation from Component Auditor
COR 215	COR-210	Communication to Client When the Auditor Is <i>Not</i> Required by Law, Regulation, or Audit Contract to Provide Access to the Audit Documentation
COR 217	COR-211	Letter to Regulator Prior to Allowing a Regulator Access to the Audit Documentation
COR 218	COR-212	Auditor's Agreement with and Request for Representations from the Auditor's Specialist Who Performs Certain Audit Procedures
COR 203	COR-213	Communication with Predecessor Auditor Prior to Client/Engagement Acceptance
COR 204	COR-214	Request from Client to Predecessor Auditor to Release Information to Successor Auditor
COR 211	COR-215	Component Auditor's Confirmation Response to Group Engagement Team
COR 216	COR-216	Communication with Those Charged with Governance during Planning
COR 214	COR-301	Letter to Component Auditors Regarding Related Parties
COR 212	COR-302	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** added new column for Maturity Date to table.
- **COR-813 Request for Confirmation of Notes Payable** added new consideration of the nature and details of actual or technical defaults on debt.
- **COR-814 Request for Confirmation of Mortgage Debt** added new consideration of the nature and details of actual or technical defaults on debt.
- **COR-820 Related-Party Confirmation Letter** modified additional guidance
- **COR-904 Communication to Client with Significant Deficiencies and/or Material Weaknesses** and **COR-905 Communication to Client with No Material Weaknesses** modified practice point to include guidance for communications during interim periods

- **COR-906 Communication to Board of Directors of Material Weaknesses: Ineffective Oversight by Those Charged with Governance** modified introductory paragraph and reformatted this letter to confirm to clarified format.

Practice Aids (AIDs)

- **AID-201 Nonaudit Services Independence Checklist** added practice point on Exposure Draft – Omnibus Proposal – AICPA Professional Ethics Division, Interpretations and Definitions.
- **AID-701 Audit Sampling Worksheet for Tests of Controls** modified sample size chart to reflect AICPA Interpretive Guidance.
- **AID-801 Audit Sampling Worksheet for Substantive Tests of Details** added new Determination of Tolerable Misstatement tab.
- **AID-801 Audit Sampling Worksheet for Substantive Tests of Details** modified the instructions.
- **AID-824 Inventory Reconciliation: Physical to Statement of Financial Position** added line for donated goods.
- **AID-840 Debt Obligations and Interest: Analytical Procedures** added debt-to-net unrestricted assets ratio.
- **AID-903 Reporting Preparation Checklist** developed to help determine whether the auditor’s report contains the elements required by professional standards when the auditor is not using the provided illustrative report examples.

Resource Documents (RESs)

- **RES-002 Index of Audit Programs, Forms, and Other Practice Aids** modified as appropriate to incorporate new workpapers and realignment of workpaper numbering schemes.
- **RES-010 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Purchases and Inventory** moved Collection Items to RES-012 and Contributed Property and Equipment to RES-011.
- **RES-011 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Property, Plant, and Equipment and Contributed Property and Equipment** added contributed property and equipment that was moved from RES-010.
- **RES-012 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong—Other Assets and Collection Items** added collection items that were moved from RES-010.
- **RES-018 Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts** removed tolerable misstatement guidance and updated with additional guidance on performance materiality.
- **NEW RES-020 Examples of Conditions or Events That May Indicate Risks of Material Misstatement of the Group Financial Statements** New resource document providing examples of conditions and events that may be indicative of risk of material misstatements of the group financial statements.
- **RES-GOV Government Auditing Standards and Circular A-133 Audits** added practice point regarding proposed guidance that would raise the threshold for a single audit from \$500,000 to \$750,000

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-127, *Omnibus Statement on Auditing Standards – 2013*

FASB Accounting Standards Codification as of March 1, 2013, and through Accounting Standards Update (ASU) No. 2013-03—*Financial Instruments (Topic 825): Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities*.

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>
KBAs	KNOWLEDGE-BASED AUDIT DOCUMENTS		
KBA-101	Overall Audit Strategy	X	
KBA-102	Engagement Completion Document	X	
KBA-103	Evaluating and Communicating Internal Control Deficiencies and Noncompliance	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, Accounts Receivable, Cash Receipts, Contributions, Pledges, and Agency Transactions		
KBA-404	Understanding Activity-Level Controls: Purchases and Inventory		
KBA-405	Understanding Activity-Level Controls: Property, Plant, and Equipment, and Contributed Property and Equipment		
KBA-406	Understanding Activity-Level Controls: Other Assets and Collection Items		
KBA-407	Understanding Activity-Level Controls: Accounts Payable and Cash Disbursements		
KBA-408	Understanding Activity-Level Controls: Payroll		
KBA-409	Understanding Activity-Level Controls: Treasury		
KBA-410	Understanding Activity-Level Controls: Income Taxes		
KBA-411	Understanding Activity-Level Controls: Financial Reporting and Closing Process		
KBA-412	Understanding Controls Maintained by a Service Organization		X
KBA-502	Summary of Risk Assessments	X	
KBA-503	Basis for Inherent Risk Assessment		
KBA-902	Audit Review and Approval Checklist		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-904	Audit Documentation Checklist		
AUDs	AUDIT PROGRAMS		
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: Accounts Receivable and Revenue		
AUD-804	Audit Program: Split-Interest Agreements		
AUD-805	Audit Program: Contributions Receivable and Related Support and Contribution Revenue		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-806	Audit Program: Inventories and Cost of Sales		
AUD-807	Audit Program: Prepaid Expenses, Deferred Charges, and Other Assets		
AUD-808	Audit Program: Intangible Assets		
AUD-809	Audit Program: Property and Equipment, and Depreciation		
AUD-810	Audit Program: Accounts Payable and Purchases		
AUD-811	Audit Program: Payrolls and Other Liabilities		
AUD-812	Audit Program: Unrelated Business Income and Other Tax Issues		
AUD-813	Audit Program: Debt Obligations and Debt Service		
AUD-814	Audit Program: Net Assets		
AUD-815	Audit Program: Other Income and Expenditures/Expenses		
AUD-816	Audit Program: Journal Entries and Financial Statement Review		
AUD-817	Audit Program: Related-Party Transactions, Commitments and Contingencies, Estimates, and Concentrations		
AUD-818	Audit Program: Fair Value Measurements and Disclosures		
AUD-901	Audit Program: Subsequent Events		
AUD-902	Audit Program: Going Concern		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-903	Audit Program: Consideration of Fraud		
AUD-904	Audit Program: Compliance with Laws and Regulations, Violations of Contract Provisions and Grant Agreements, and Abuse		
AIDs	PRACTICE AIDs		
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		
AID-903	Reporting Preparation Checklist		

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>	<i>Association Item (Custom Value)</i>
KBA-412 Understanding Ctrl's: 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 components, locations or segments expected to be audited by component (other independent) auditors? is "Yes" Shows the "Document the components, locations or segments expected to be audited by other independent (component) auditors." table in KBA- 101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the components, locations or segments 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