2013 SINGLE AUDIT 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.

2013 Knowledge-Based Single Audits™, has been updated where applicable to take into account new or pending compliance auditing standards and guidance, and their applicability to single audits, as well as the OMB Circular A-133 2013 Compliance Supplement. 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. The 2013 edition of Knowledge-Based Single Audits is current through SAS-127, *Omnibus Statement on Auditing Standards – 2013, Government Auditing Standards, December 2011 Revision,* and OMB Circular A-133 2013 Compliance Supplement, and includes the following updates:

Knowledge-Based Audit Documents (KBAs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
KBA 101S Overall OMB Circular A-133 Compliance Audit Strategy					
New	New tailoring added to allow users to combine documentation with financial statements audit workpapers.		N	N/A	
New	New procedures and tables to document the compliance auditor's use of the reliance on others including service organizations, internal audit functions, component auditors, and specialists.	Tables	N	N/A	
KBA-303S Inquiries of Management and Others within the Entity about the Risks of Fraud in an OMB Circular A-133 Compliance Audit					
New	New inquiries added as follows: Do you assess the risk of material noncompliance in federal programs due to fraud, and how and how often do you make that assessment? Are you aware of any federal program transactions entered into with related parties?	Tables	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
KBA-400S Identification of Applicable Compliance Requirements					
New	New table provided to document rationale for determining that a compliance requirement type designated as applicable by Part 2 of the Compliance Supplement is not applicable to a particular major program.	Tables	N	N/A	
KBA-503S Basis for Assessment of Inherent Risk of Noncompliance					
New	New optional KBA to document basis for assessment of inherent risk of noncompliance.		N	N/A	
KBA-902S OMB Circular A-133 Compliance Audit Review and Approval Checklist					
New	New step added to Section II: The engagement quality review was completed on or before the date of the auditor's report.	Procedure Steps	N	N/A	
KBA-903S OMB Circular A-133 Compliance Audit Documentation Checklist					
Modify	Modified term of engagement step to read as follows: We documented the terms of the compliance audit in an engagement letter or other suitable form of written agreement that includes (AU-C 210): a. The objective and scope of the compliance audit; b. The responsibilities of the auditor; c. The responsibilities of management; d. Reference to the expected form and content of any reports to be issued by the auditor and a statement that there may be circumstances in which a report may differ from its expected form and content.	Procedure Steps	N	N/A	
New	New step: In connection with our consideration of quality control, we documented (SQCS-8): a. Issues identified with respect to compliance with relevant ethical requirements and how they were resolved; b. Conclusions on compliance with independence requirements that apply to the compliance audit engagement, and any relevant discussions with the firm that support these conclusions; c. Conclusions reached regarding the acceptance and continuance of	Procedure Steps	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	client relationships and compliance audit engagements; and d. The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the compliance audit engagement.				
Modify	Modified and combined documentation steps to read as follows: The compliance audit documentation includes the following (AU-C 300): a. The overall compliance audit strategy; b. The audit plan; and c. Any significant changes made during the compliance audit engagement to the overall compliance audit strategy or the audit plan, and the reasons for such changes.	Procedure Steps	N	N/A	
New	New step: We prepared compliance audit documentation on a timely basis and in a way that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand (AU-C 230): a. The nature, timing and extent of the compliance audit procedures performed; b. The results of the compliance audit procedures performed, and the audit evidence obtained; and c. Significant matters arising during the compliance audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.	Procedure Steps	N	N/A	

Audit Programs (AUDs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
AUD-100S Tailoring Question Workpaper					
New	New tailoring added to allow users to combine documentation with financial statements audit workpapers for AUD-101S and KBA-101S.		N	N/A	
AUD-101S Overall Audit Program: OMB Circular A-133 Compliance Audit					
New	New tailoring added to allow users to combine documentation with financial statements audit workpapers.		N	N/A	
New	Practice Point added for proposed changes to OMB Circular A-133.	Practice Point	N	N/A	
Modify	Combined steps. Combined step reads: Obtain a schedule of expenditures of federal awards for the audit period, determine whether a Circular A-133 compliance audit must be performed, and make inquiries of management and others to obtain a preliminary understanding of the scope of the Circular A-133 compliance engagement, including: a. Defining the entity to be audited; and b. Determining the audit period.	Procedure Steps	N	N/A	
Modify	Combined steps. Combined step reads: Evaluate, conclude on, and document whether the 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	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	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Delete	Moved project management step to practice point, deleting the following step: 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: Consider preparing a budget for completion of the audit engagement.	Procedure Steps	N	N/A	
Modify	Modified understanding documentation step to read as follows: Document the understanding of the entity and its federal program environment.	Procedure Steps	N	N/A	
Modify	Modified step to read as follows: Identify and document the following: a. Major programs; b. Applicable types of compliance requirements that could have a direct and material effect on each major program; c. Risks of noncompliance at the major program level; d. Risks of noncompliance at the compliance requirement level; e. Compliance audit issues;	Procedure Steps	N	N/A	
Delete	Deleted the following step: Identify program financial and nonfinancial information that may be useful for performing substantive compliance audit procedures.	Procedure Steps	N	N/A	
Modify	Modified control evaluation step to read as follows: Perform and document risk assessment procedures to evaluate the design and implementation of relevant entity-level controls over compliance based on current information.	Procedure Steps	N	N/A	
Modify	Combined compliance requirement type steps and deleted the following step: Identify relevant types of compliance requirements that are	Procedure Steps	N	N/A	

RES-KCO

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	applicable and material to each major program				
Modify	Combined documentation steps and deleted the following step: Document the understanding obtained of internal controls over compliance relevant to the compliance audit and of each of the internal control components, the sources of information from which the understanding was obtained, and the risk assessment procedures performed	Procedure Steps	N	N/A	
Modify	Modified the auditors response step to read as follows: Design, document, and implement the auditor's responses to the assessed risks of material noncompliance at the entity and major program levels.	Procedure Steps	N	N/A	
New	New step added: Review the compliance audit documentation for completeness and compliance with applicable auditing standards.	Procedure Steps	N	N/A	
Modify	Modified the management representation step to read as follows: Obtain a representation letter addressed to the auditor signed by management with appropriate responsibilities for federal programs and knowledge of the matters concerned.	Procedure Steps	N	N/A	
Delete	Combined documentation steps and deleted the following step: Document the auditor's reviews of the compliance audit work.	Procedure Steps	N	N/A	
AUD-601S Audit Program: Testing and Evaluating Internal Auditors' Work					
New	New program added to assist the auditor in documenting procedures to evaluate and test work performed by internal auditors	Procedure Steps	N	N/A	
AUD-602S Audit Program: Involvement of a Component Auditor					
New	New program added to help the compliance auditor plan procedures when involving a component auditor in the compliance audit and document the procedures the engagement team performed to supervise and review the work performed by the component auditor.	Procedure Steps	N	N/A	
AUD-603S Audit Program: Using the Work of an Auditor's Specialist					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	New program added to help the auditor evaluate the competence, capabilities, and objectivity of an auditor's specialist; document his or her understanding of an auditor's specialist's methods and assumptions; document the relevance and reasonableness of the auditor's specialist's findings and conclusions; and document the procedures performed, including the evaluation of the relevance, completeness, and accuracy of the auditor's specialist's source data, and the decision to use that specialist's work	Procedure Steps	N	N/A	
AUD-604S Audit Program: Using the Work of a Management's Specialist					
New	New program added to help the auditor evaluate the competence, capabilities, and objectivity of a management's specialist; obtain an understanding of the work of the management's specialist; and evaluate the appropriateness of that specialist's work as audit evidence.	Procedure Steps	N	N/A	
AUD-811S Audit Program: Procurement and Suspension and Debarment					
Modify	Modified substep to read as follows: a. We examined contract files and verified that they document the significant history of the procurement, including the rationale for the method of procurement, selection of contract type, basis for contractor selection, and the basis of contract price.	Procedure Steps	Y	2013 Compliance Supplement	
New	New step: We reviewed the non-federal entity's procedures for verifying that an entity with which it plans to enter into a covered transaction and any of its principals is not debarred, suspended, or otherwise excluded.	Procedure Steps	Y	2013 Compliance Supplement	
Modify	Modified step and substeps to read as follows: We selected a sample of procurements and subawards and tested whether the non-federal entity followed its procedures before entering into a covered transaction	Procedure Steps	Y	2013 Compliance Supplement	
AUD-814S Audit Program: Reporting					
Modify	Modified step and substeps to read as follows:	Procedure Steps	Y	2013 Compliance Supplement	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	For subawards subject to reporting under the Transparency Act, we used the Federal Assistance Identification Number (FAIN) to find the award on Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS), and compared the award information accessed to the subaward documents maintained by the recipient to assess whether:				

Auditor's Reports (RPTs)

- **2013** *Knowledge-Based Single Audits* includes illustrative example auditor's reports updated to reflect the new reporting language presented in the AICPA's Audit Guide, *Government Auditing Standards and Circular A-133 Audits*.

Correspondence Documents (CORs)

- **COR-201S Single Audit Engagement Letter: Governmental Entity and COR-202S Single Audit Engagement Letter: Not-for-Profit Entity** have been updated engagement letters to include expanded management responsibilities language reflected in the AICPA's Audit Guide, *Government Auditing Standards and Circular A-133 Audits*.
- **NEW COR-203S Program-Specific Audit Engagement Letter** provides an illustrative example engagement letter designed specifically for a program-specific audit.
- **NEW COR-206S Inquiry Letter from the Component Auditor to the Group Engagement Team** provides an illustrative example inquiry letter from the component auditor to the group engagement team.
- **NEW COR-207S Group Engagement Team's Response Letter to Inquiries from the Component Auditor** provides an illustrative example group engagement team's response letter to inquiries from the component auditor.
- **NEW COR-208S Group Engagement Team's Request for Component Auditor's Confirmations When the Component Auditor Performs Certain Audit Procedures** provides an illustrative example group engagement team's request for component auditor's confirmations when the component auditor performs certain audit procedures.
- **NEW COR-209S Component Auditor's Confirmation Response to Group Engagement Team** provides an illustrative example component auditor's confirmation response to group engagement team.
- **NEW COR-210S Group Engagement Team's Letter of Instruction to the Component Auditor Who Performs Certain Audit Procedures or Audits a Compliance Requirement Type of a Major Program** provides an illustrative example group engagement team's letter of instruction to the component auditor who performs certain audit procedures or audits a compliance requirement type of a major program.
- **NEW COR-211S Group Engagement Team's Request for Documentation from Component Auditor** provides an illustrative example group engagement team's request for documentation from component auditor.
- **NEW COR-212S Letter to Component Auditors Regarding Related Parties** provides an illustrative example letter to component auditors regarding related parties.
- **NEW COR-213S Communication with Those Charged with Governance during Planning** provides an illustrative example communication with those charged with governance during planning.
- **COR-901S Management Representation Letter: Government Entity Single Audit** through **COR-903S Management Representation Letter: Single Audit Representations Only** have been updated to include additional written representations from management.

Practice Aids (AIDs)

- **New AID-401S Understanding General Controls over Compliance for Information Technology** New aid designed to help the auditor gather information related to the client's entity-level controls over compliance related to information technology (IT).

- **New AID-402S Understanding Controls over Compliance Maintained by a Service Organization** New aid designed to provide the auditor with factors to consider when obtaining an understanding of an entity's internal controls over compliance that relate to federal program transactions processed by a service organization.

- **New AID-601S Considering Reliance on the Work of Internal Auditors** New aid designed to help the auditor gather and document information about the entity's internal audit function; assess the competency and objectivity of the entity's internal audit function; and document his or her conclusions about reliance on the work of the entity's internal function

Resource Documents (RESs)

- **RES-002S Index of Audit Programs, Forms, and Other Practice Aids** has been updated to reflect the numbering of the 2013 tool set.
- **KCO-001 2013 Single Audits Title Overview for Knowledge Coach Users** formally **RES-KCO** 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-127, *Omnibus Statement on Auditing Standards—2013*;
- *Government Auditing Standards, December 2011 Revision* (Yellow Book).

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.

Form No.	Form Name	Foundation Workpaper	Association Workpaper
KBAs	**KNOWLEDGE-BASED AUDIT DOCUMENTS**		
KBA-101S	Overall OMB Circular A-133 Compliance Audit Strategy	X	
KBA-102S	OMB 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's Federal Program Environment: Complex Entities		
KBA-302N	Understanding the Entity's Federal Program Environment: Noncomplex Entities		
KBA-303S	Inquiries of Management and Others within the Entity about the Risks of Fraud in an OMB Circular A-133 Compliance Audit		
KBA-400S	Identification of Applicable Compliance Requirements	X	
KBA-401S	Understanding Entity-Level Controls over Compliance: Complex Entities		

Form No.	Form Name	Foundation Workpaper	Association Workpaper
KBA-401N	Understanding Entity-Level Controls over Compliance: Noncomplex Entities		
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
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-502S	Summary of Assessments of Risks of Noncompliance	X	X

Form No.	Form Name	Foundation Workpaper	Association Workpaper
KBA-503S	Basis for Assessment of Inherent Risk of Noncompliance		
KBA-901S	Schedule of Expenditures of Federal Awards Presentation and Disclosure Checklist		
KBA-902S	OMB Circular A-133 Compliance Audit Review and Approval Checklist		
KBA-903S	OMB Circular A-133 Compliance Audit Documentation Checklist		
AUDs	**AUDIT PROGRAMS**		
AUD-100S	Tailoring Question Workpaper	X	
AUD-101S	Overall Audit Program: OMB Circular A-133 Compliance Audit	X	
AUD-602S	Audit Program: Involvement of a Component Auditor		X
AUD-603S	Audit Program: Using the Work of an Auditor's Specialist		X
AUD-604S	Audit Program: Using the Work of a Management's Specialist		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 (OMB Circular A-87)		X
AUD-803S	Audit Program: Allowable Costs and Cost Principles (OMB Circular A-21)		X
AUD-804S	Audit Program: Allowable Costs and Cost Principles (OMB Circular A-122)		X

Form No.	Form Name	Foundation Workpaper	Association Workpaper
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
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		
AUD-901S	Audit Program: Subsequent Events		
AIDs	**PRACTICE AIDS**		

Form No.	Form Name	Foundation Workpaper	Association Workpaper
AID-201S	Nonaudit Services Independence Checklist		
AID-401S	Understanding General Controls over Compliance for Information Technology		
AID-402S	Understanding Controls over Compliance Maintained by a Service Organization		X
AID-601S	Considering Reliance on the Work of Internal Auditors		
AID-801S	Audit Sampling Worksheet for Substantive Tests of Compliance		
AID-901S	Differences of Professional Opinion: OMB 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.

Workpaper Requiring Association	What is it associated with?		
	Workpaper	Table/Question	Association Item (Custom Value)
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.	
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.	
AID-402S Understanding Ctrls: Service Org (Custom)	AUD-100S Tailoring Question Workpaper	Have we adequately documented our consideration of service organizations used for federal program transactions in the financial statement audit workpapers? Shows the " Document the service organizations used by the entity for federal program transactions." table in KBA-101S Overall A- 133 Compliance Audit Strategy.	
	KBA-101S Overall A- 133 Compliance Audit Strategy	Document the service organizations used by the entity for federal program transactions.	Service Organization
AUD-602S Audit Program: Component Auditor Involvement (Custom)	AUD-100S Tailoring Question Workpaper	Are any of the applicable compliance requirement types of any of the major programs expected to be audited by component (other independent) auditors? is "Yes" Shows the "Document the compliance requirement types that will be audited by component (other independent) auditors." table in KBA-101S Overall A- 133 Compliance Audit Strategy.	
	KBA-101S Overall A- 133 Compliance Audit Strategy	Document the compliance requirement types that will be audited by component (other independent) auditors.	Audit Firm Name
AUD-603S Audit Program: Auditor's Specialist (Custom)	AUD-100S Tailoring Question Workpaper	Have we adequately documented our consideration of the use of a specialist for federal program transactions in the financial statement audit workpapers? is "Yes" Shows the "Document the expected use of a specialist(s) on our audit." table in KBA-101S Overall A- 133 Compliance Audit Strategy.	
	KBA-101S Overall A- 133 Compliance 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-604S Audit Program: Management's Specialist (Custom)	AUD-100S Tailoring Question Workpaper	Have we adequately documented our consideration of the use of a specialist for federal program transactions in the financial statement audit workpapers? is "Yes" Shows the "Document the expected use of a specialist(s) on our audit." table in KBA-101S Overall A- 133 Compliance Audit Strategy.	
	KBA-101S Overall A- 133 Compliance Audit Strategy	Document the expected use of a specialist(s) on our audit. Then select Management's Specialist from the KBA-101S Overall A- 133 Compliance Audit Strategy.	Specialist Firm Name

RES-KCO