

2014 HOUSING AND URBAN DEVELOPMENT PROGRAMS 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 2014 *Knowledge-Based Audits of Housing and Urban Development Programs* has been updated to help auditors conduct efficient and effective audit engagements in accordance with U.S. GAAS and is current through the most recent auditing standard, SAS 128, *Using the Work of Internal Auditors*. Our authors are always looking to improve the flow of the audit engagement through the addition of new tailoring questions, new tips, and new examples. Additionally, the 2014 edition of *Knowledge-Based Audits of Real Estate Entities* has been updated to incorporate the 2013 *Internal Control-Integrated Framework* (Framework) established by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). The 2014 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 is a revised financial statement disclosures checklist that provides a centralized resource of the current required and recommended U.S. GAAP disclosures and key presentation items, using the style referencing under the FASB Accounting Standards Codification™.

The 2014 edition of *Knowledge-Based Audits of Housing and Urban Development Programs* 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-101 Overall Audit Strategy					
New	Added a new Factor to Consider to Section I, Reporting Requirements, regarding users of the financial statements.	Table other than procedures	N		Data flows in from KBA-200
Enhancement	Enhanced the flow of content from KBA-200 to KBA-101 to eliminate duplication of work in Section I, Reporting Requirements.	Table other than procedures	N		
KBA-103/103C Evaluating and Communicating Internal Control Deficiencies					The flow of findings identified in the KBA-400 series of workpapers has changed due to the COSO Framework changes. Therefore, findings from will not flow into KBA-103 . Publish KBA-103 prior to roll forward to ensure you maintain your data.
Modify	Modified instructions to include guidance on potential effects of deficiencies noted by the auditor.	Instructions	Y	AU-C 265	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
New	Added a new column for Description of Potential Effect.	Table other than procedures	Y	AU-C 265	
Modify	Content update for 2013 COSO Internal Control – Integrated Framework.	Instructions Table other than procedures	Y	COSO	
KBA-1033 Evaluation and Communicating Instances of Noncompliance					
Modify	Flow of Nonmajor HUD programs from KBA-304 to KBA-1033 has been removed	Table	N		Flow of non-major programs have been removed to KBA-1033 and KBA-5023 since non-major programs no longer require additional associated workpapers. Please removed the associated workpapers with non-major programs if necessary.
KBA-200 Entity Information and Background					
New	New workpaper developed to capture relevant entity information and background details in one workpaper and modified for HUD.	Table other than procedures	N		This is a new foundation workpaper that will capture, combine, and retain data entered into KBA-101 , KBA-201 , KBA-302 and KBA-302N . Due to the combination of data from multiple sources please review for duplicates and accuracy.
KBA-201 Client/Engagement Acceptance and Continuance Form: Complex Entities					
Deleted	Part 1, Section I, Background and Basic Information – this information is now captured in KBA-200.	Table other than procedures	N		Data previously entered in this workpaper will be captured and retained on rollforward in KBA-200 .
KBA-201N Client/Engagement Acceptance and Continuance Form: Noncomplex Entities					
New	New workpaper developed to allow the auditor the option of documenting his or her client/engagement acceptance decisions in a memorandum format, based on the circumstances of the engagement; modified for HUD.	Table other than procedures	N		
KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts					
Modify	Added Practice Point to emphasize auditor judgment regarding Rule-of-Thumb percentages.	Table other than procedures	Y	AU-C 320 AAG Sampling	
Modify	Updated Rule-of-Thumb percentages to better reflect current industry practice. See note above.	Component Materiality Worksheet	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
New	This workpaper has been moved to a word document to better facilitate flow and rollforward retention in Knowledge Coach.	Table - other than procedures	N		
KBA-3023 Understanding the Entity and Its Environment					
Modify	Removed "No" from the Considered column.	Table other than procedures			
New	Enhanced the flow from KBA-200 to incorporate users of the financial statements into Section I: Entity Information.	Table other than procedures	N		
New	Added Factors to be Considered when performing group audit engagements (New Section IV).	Table other than procedures	Y	AU-C 600 Appendix B	
New	Added new Practice Point in Section IV: Practice Point: The information documented here as required by AU-C Section 600 should not be confused with, and does not take the place of, documentation required by the <i>Consolidated Audit Guide for Audits of HUD Programs</i> , Chapter 3, when the auditor chooses to perform group project-based sampling. The auditor should refer to <i>AID-705 Audit Sampling Worksheet for Tests of Compliance Using Group Project-Based Sampling</i> when the auditor chooses to perform group project-based sampling.	Section IV instructions	Y	AU-C 600 Appendix B	
KBA-303 Inquiries of Management and Others within the Entity about the Risks of Fraud					
Modify	Modified instructions to emphasize that this document is a summary document and can be used to either summarize all of the auditor's inquiries or be used multiple times to document each individual inquiry interview.	Instructions	N		
Modify	Modified section on Inquiries of Internal Audit Function with a new Practice Point	Practice Point	Y	AU-C 610	
KBA-304 Determining Major HUD Programs					
New	Added: Note: Beginning with the 2014 Title, non-major programs no longer require additional associated workpapers. If necessary, please remove the <i>KBA-1033 Evaluating and Communicating Instances of Noncompliance</i> and <i>KBA-</i>	Above Table	N		Flow of non-major programs have been removed to KBA-1033 and KBA-5023 since non-major programs no longer require additional associated workpapers. Please removed the associated workpapers for non-major programs if necessary.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	5023 Summary of Risk Assessments of Noncompliance for all non-major programs.				If a program was non-major in the prior period but is considered a major program in the current period KBA-1033 and KBA-5023 will need to be deleted and re-inserted for that program.
KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures					
Modify	Content updated for 2013 COSO Internal Control – Integrated Framework.	Instructions Table other than procedures	Y	COSO	Most of the data in the Reconciliation Table and the Risk Table will retain, but some of the columns have been combined. Publish KBA-400 prior to roll forward to ensure you maintain your data. There is new functionality in this workpaper to include changes in the way data flows, default answers, and dynamic diagnostics.
New	Added new comments section for each audit area.	Table other than procedures	N		
KBA-401 Understanding Entity-Level Controls: Complex Entities					
Modify	Content update for 2013 Framework, to include new columns for “Are Controls Present?” and “Are Controls Functioning?”	Instructions Table other than procedures	Y	COSO	Data in this workpaper needs to be reassessed and reevaluated and will not roll forward due to the changes for the COSO framework. You will need to publish KBA-401 prior to rollforward to ensure you maintain your data.
New	New conclusion table added.	Table other than procedures	Y	COSO	
KBA-401N Understanding Entity-Level Controls: Noncomplex Entities					
Modify	Content update for 2013 Framework, to include new columns for “Are Controls Present?” and “Are Controls Functioning?”	Instructions Table other than procedures	Y	COSO	Data in this workpaper needs to be reassessed and reevaluated and will not roll forward due to the changes for the COSO framework. You will need to publish KBA-401N prior to rollforward to ensure you maintain your data.
New	New conclusion table added.	Table other than procedures	Y	COSO	
KBA-403 Understanding Activity-Level Controls: Revenue, Accounts Receivable, and Cash Receipts					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
through KBA-411 Understanding Activity-Level Controls: Financial Reporting and Closing Process					
Modify	Content updated for 2013 <i>COSO Internal Control – Integrated Framework</i> , to include new columns for “Are Controls Present?” and “Are Controls Functioning?”	Instructions Table other than procedures	Y	COSO	There is new functionality in this workpaper to include changes in the way data flows, default answers, and dynamic diagnostics.
KBA-412					
New	Added step regarding the evaluation of the date of Type 1 reports.	Table other than procedures	Y	AU-C 402	
KBA-502 Summary of Risk Assessments					
New/Deleted	Risk/Area sections modified to correspond to the Audit Programs.	Table other than procedures	N		
Modify	Modified options in Column 11 to make it clear that only one answer is appropriate.	Instructions	N		
KBA-5023 Summary of Risk Assessments of Noncompliance					
Modify	Flow of Nonmajor HUD programs from KBA-304 to KBA-5023 has been removed	Table	N		Flow of non-major programs have been removed to KBA-1033 and KBA-5023 since non-major programs no longer require additional associated workpapers. Please removed the associated workpapers with non-major programs if necessary.

Audit Programs (AUDs)

- Audit program steps, as applicable, have been enhanced to emphasize that the auditor evaluates or obtains information from management.
- New tailoring questions have been added to the audit programs to further enable user customization for the specific needs of each engagement.
- Audit programs have been reorganized and reordered for better workflow. Additionally, duplicative steps have been removed throughout the audit program series.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
AUD-100 Tailoring Question Workpaper					
New	New tailoring questions have been added.	Tailoring	N	N/A	Review and answer. All of these new tailoring questions will impact other workpapers. Be sure to add additional audit areas (AUD 819-821) when applicable.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
AUD-103 Overall Audit Program for HUD Chapter 3 Audits: Multifamily Housing Programs					
Deleted	Steps on “Differences of Professional Opinion” under “Completing the Audit” have been combined as substeps with “Complete the audit by:” to reduce duplication.	Procedure Steps	N		
Modify	Updated step: 2. Determine that the financial reporting framework to be applied in the preparation of the financial statements is accounting principles generally accepted in the United States of America (U.S. GAAP), as required by HUD	Procedure Steps	N		
Modify	Combined steps to eliminate duplication; new step reads as follows: 4. Evaluate, conclude on, and document whether the auditor has the training and ability to adhere to the fundamental principles and ethical requirements of professional and ethics standards and <i>Government Auditing Standards</i> including: a. Conducting the audit in the public interest; b. Integrity; c. Objectivity; d. Independence; e. Professional competence and due care; e. Compliance with firm policies; f. Confidentiality; g. Proper use of government information, resources and h. positions; and i. Professional behavior	Procedure Steps	N		
New	Added step: 6. Evaluate, conclude on, and document the auditor’s compliance with <i>Government Auditing Standards</i> , including ethical standards; independence; professional judgment; competence and continuing professional education; and the audit firm’s compliance with quality control and assurance requirements.	Procedure Steps	N		
Modify	Changed step to include directive to perform opening balance procedures. New step reads as follows: 9. 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	Procedure Steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	opening balances.				
Modify	<p>Modified recurring engagement step:</p> <p>10. If this is a recurring engagement, assess whether circumstances require the terms of the audit engagement to be revised and whether there is a need to remind the entity of the existing terms of the audit engagement.</p> <p>Practice Point: An engagement letter is not explicitly required for a recurring audit; however, it is considered best practice. Also, if the auditor concludes that the terms of the recurring audit need not be revised, the auditor should remind management of the terms of the engagement and the reminder should be documented.</p>	Procedure Steps	N		
Delete	<p>Deleted the following step:</p> <p>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.</p>	Procedure Steps	N		
Modify	<p>Updated steps under the Risk Assessment Procedures: Obtaining an Understanding of the Entity and Its Environment section, modified materiality step to include AU-C 600 considerations. Modified steps reads as follows:</p> <p>20 Determine materiality for the financial statements as a whole, the materiality level(s) for particular classes of transactions, account balances, or disclosures, if 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 Section 600 apply with respect to audits of group financial statements.</p> <p>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</p>	Procedure Steps	Y	AU-C 600	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>performance materiality for the group financial statements as a whole.</p> <p>21. Determine the entity's major HUD programs.</p> <p>22. Determine the compliance requirements that could have a direct and material effect on the entity's major HUD programs.</p> <p>23. Determine planning materiality for each of the entity's major HUD programs for purposes of assessing risks of material noncompliance and determining the nature, timing, and extent of further tests of compliance.</p>				
Modify	<p>Updated step:</p> <p>25. Hold a discussion among the engagement team, which should include the engagement partner and other key engagement team members, including any component auditors, to discuss the susceptibility of the entity's financial statements to material misstatements, whether due to error or fraud, the susceptibility of the entity's major HUD programs to material noncompliance, whether due to error or fraud, and the application of U.S. GAAP</p>	Procedure Steps	N		
Modify	<p>Updated steps:</p> <p>31. Evaluate whether the entity's compliance procedures are appropriate to ensure compliance with requirements that could have a direct and material effect on the entity's HUD programs.</p> <p>32. Determine the resolution of matters previously communicated to management and those charged with governance (e.g., the audit committee or board of directors), including matters communicated by the HUD Office of Inspector General, HUD management, a contract administrator, or any other federal agency.</p> <p>33. Consider the relevance of information from other sources, such as engagement acceptance or continuance documents, and other engagements performed for the entity as it relates to identifying risks of material misstatement and risks of material noncompliance.</p>	Procedure Steps	N		
Delete	<p>Deleted steps:</p> <p>Determine the client's major HUD programs</p>	Procedure Steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Determine applicable compliance requirements for the client's major HUD programs				
Modify	Updated steps: 36 Identify and document relevant assertions and relevant related controls for the following: <ul style="list-style-type: none"> • Significant classes of transactions; • Significant account balances; and • Significant financial statement disclosures and disclosure expectations. 37 Identify and document risks of noncompliance for the compliance requirements that could have a direct and material effect on the entity's HUD programs.	Procedure Steps	N		
Modify	Combined steps; new step reads as follows: 38 Identify and document the following: <ol 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; f. New or significant accounting issues; and g. Other areas requiring special audit consideration. 	Procedure Steps	N		
Modify	Deleted the following step: Identify and document other areas requiring special audit consideration.	Procedure Steps	N		
Modify	Deleted the following step: Identify financial and nonfinancial information that may be useful for performing substantive analytical procedures.	Procedure Steps	N		
Delete	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	Procedure Steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	extent to which audit procedures should be performed at selected locations or business units to obtain sufficient appropriate audit evidence about whether the consolidated financial statements are free of material misstatement.				
Delete	Added documentation to understanding 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.	Procedure Steps	N		
Delete	Deleted the following 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.	Procedure Steps	N		
Delete	Deleted the following step: Document the controls related to the identified risks about which the auditor has obtained an understanding.	Procedure Steps	N		
Modify	Combined steps on response. Modified step reads as follows: 50. Design, document, and implement the auditor's overall responses to the assessed risks of material misstatement at the financial statement level.	Procedure Steps	N		
Delete	Deleted step: 51. Design, document, and implement overall responses to address the assessed risks of material misstatement at the financial statement level.	Procedure Steps	N		
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		
Modify	Add step: 71 Determine whether to test the design and operating effectiveness of internal controls over compliance.	Procedure Steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>Practice Point: Chapter 1 of the <i>Consolidated Audit Guide for Audits of HUD Programs</i> states the auditor should test internal controls over compliance to evaluate the effectiveness of the design and their operation. Tests may be omitted only in the areas in which internal control over compliance is likely to be ineffective in preventing or detecting and timely correcting noncompliance. If tests of internal control over compliance are omitted, the auditor is to report the deficiency in internal control as at least a significant deficiency.</p>				
Modify	<p>Deleted step because HUD does not allow auditors to use information about controls from prior periods</p> <p>If the audit plan includes using audit evidence about the operating effectiveness of controls obtained in previous audits, perform procedures to establish the continuing relevance of that information to the current audit and include in the audit documentation the conclusions reached about relying on such controls that were tested in a previous audit.</p>	Procedure Steps	N		
Modify	<p>Deleted step: 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; Add the following steps:</p> <p>78 Determine that the nature, timing and extent of the procedures are based on, and responsive to, the assessed risks of material noncompliance with compliance requirements that could have a direct and material effect on the entity's major HUD programs.</p> <p>79 If tests of compliance were performed at an interim date, cover the remaining period by performing further tests of compliance (combined with tests of controls when necessary) that provide a reasonable basis for extending the audit conclusions from the interim date to the period-end.</p>				
Modify	<p>87 For each finding, perform procedures necessary to develop the elements that are necessary and relevant to achieving the objective(s) of the engagement, including:</p> <ul style="list-style-type: none"> • The finding number that is the year followed by a consecutive number. • Criteria that identify the required or desired state or expectation and provide a context for evaluating evidence and understanding the finding. 	Procedure Steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> • The condition or situation that exists. • 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. • 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. • A recommendation by the auditor for specific action to correct the condition, prevent recurrence of the condition, and alleviate the adverse effects of the condition. • The amount of known questioned costs that are quantifiable. If costs are not quantifiable, the reasons for that determination. • The views of responsible officials concerning the finding, recommendation, and perspective of the finding. <p>The auditor's evaluation of the views of responsible officials, including the validity of the views presented</p>				
Modify	<p>89 Evaluate, based on the audit procedures performed and the audit evidence obtained, whether the assessments of the risks of material noncompliance at the HUD program and compliance requirement levels remain appropriate.</p> <p>90 Document the auditor's conclusions about results of tests of compliance performed on the entity's major HUD programs.</p>	Procedure Steps	N		
Modify	<p>102 Complete the audit by:</p> <ul style="list-style-type: none"> • Documenting differences of opinion among firm personnel and those consulted, if any, that have been dealt with in accordance with firm policies and procedures. • To the extent not already done, documenting consultations with others held to resolve technical or other sensitive matters. 	Procedure Steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> • Resolving all pending matters. • Ensuring that all reviews have been completed and documented. • Obtaining all documentation necessary to release an audit report. • Completing any required communications with group/component auditors, successor/predecessor auditors, or regulators or other parties requiring access to the audit documentation. • Finalizing any firm administrative items, such as budgets or evaluations. <p>Performing a file check to ensure all review notes are cleared and audit documentation has been reviewed</p>				
Added	<p>116. Obtain certifications from the mortgagor and from management regarding the financial statements and the supplementary information.</p> <p>117 If the auditor is also performing agreed-upon procedures regarding the comparison of the electronically submitted information to HUD to the audit documents, the auditor should document the procedures performed, including identifying any findings in the performance of the agreed-upon procedures.</p>	Procedure Steps	N		
Modify	<p>118 If the auditor is also performing agreed-upon procedures regarding the comparison of the electronically submitted information to HUD to the audit documents, the auditor should obtain a representation letter addressed to the auditor signed by management with appropriate responsibilities for the electronic submission and knowledge of the matter concerned regarding the agreed-upon procedures.</p>	Procedure Steps	N		
Added	<p>119 If the auditor is also performing agreed-upon procedures regarding the comparison of the electronically submitted information to HUD to the audit documents, the auditor should draft an appropriate auditor's report dated no earlier than the date on which the auditor performed the certification</p>	Procedure Steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	process and that those with recognized authority have asserted that they have taken responsibility for the electronic submission.				
AUD-201 Audit Program: Opening Balances and Additional Audit Procedures for an Initial Audit Engagement					
Modify	Modified instruction to incorporate reference to auditing standards	Instructions	Y	AU-C 300 AU-C 510	
Modify	Modified step 2: Prior to beginning the initial audit engagement, we have obtained a signed engagement letter that provides permission to allow a review of the predecessor's audit documentation and for the predecessor auditor to respond fully to all inquiries by us.	Procedure steps	N		
AUD-601 Audit Program: Testing and Evaluating Internal Auditors' Work					
Modify	Modified instruction to incorporate reference to auditing standards	Instructions	Y	AU-C 610	
Added	Added the following steps to Section I: <ul style="list-style-type: none"> We discussed the planned use of the work of the internal audit function with the internal auditors as a basis for coordinating respective duties. Our communication with those charged with governance of the planned scope and timing of the audit included how we plan to use the work of the internal audit function in obtaining audit evidence. We read the reports of the internal audit function which relate to the work of the function that we plan to use to obtain an understanding of the nature and extent of audit procedures the internal audit function performed and the related findings. We made all significant judgments in the audit engagement, including those related to assessing the risks of material misstatement and evaluating various matters such as the sufficiency of tests performed, significant accounting estimates, and 	Procedure Steps	Y	SAS-128 – AU-C 610	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>the adequacy of disclosures in the financial statements.</p> <ul style="list-style-type: none"> • We determined that using the work of the internal audit function did not preclude us from being sufficiently involved in the audit to fulfill our responsibility for the audit opinion expressed. • We documented our evaluation of the internal audit function performed above, the nature and extent of the internal audit work used and the basis for that decision, and the audit procedures we performed to evaluate the adequacy of the work of internal auditors used. 				
Added	<p>Added the following substeps to Section I: We evaluated the internal audit function, including the following:</p> <ul style="list-style-type: none"> • The extent to which the internal audit function’s organizational status and relevant policies and procedures support the objectivity of the internal auditors. • The level of competence of the internal audit function. • Whether the internal audit function applies a systematic and disciplined approach, including quality control. • Whether the nature, timing, and extent of the internal audit functions’ work was appropriate to meet our objectives and relevant to the overall audit strategy and audit plan. • Whether workpapers adequately documented the work performed, including evidence of supervision and review. • Whether any exceptions or unusual matters were properly resolved. 	Procedure Steps	Y	SAS-128 – AU-C 610	
Added	<p>Added or modified the following substeps to Section I: We tested some of the work performed by internal auditors by:</p> <ul style="list-style-type: none"> • Examining some of the controls, transactions, or 	Procedure Steps	Y	SAS-128 – AU-C 610	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>balances that the internal auditors examined, and reperforming some of the work;</p> <p>We evaluated whether:</p> <ul style="list-style-type: none"> • The work of the internal audit function had been properly planned, performed, supervised, reviewed, and documented; • Audit programs used were adequate and the evidence obtained by the internal audit function was sufficient and appropriate to draw reasonable conclusions; • Conclusions reached are appropriate in the circumstances and the reports prepared by the internal audit function are consistent with the results of the work performed; and • Management has responded to the findings and recommendations of the internal audit function regarding deficiencies in internal control relevant to the audit, whether and how such responses have been implemented, and whether they have been subsequently evaluated by the internal audit function. 				
Added	<p>Added the following steps to Section II:</p> <ul style="list-style-type: none"> • We have evaluated the existence and significance of threats to the internal auditors' objectivity, any safeguards applied to reduce or eliminate the threats, and the level of competence of the internal auditors who will be providing such assistance. • In determining the nature and extent of work that can be assigned to internal auditors providing direct assistance, we have considered: <ul style="list-style-type: none"> ▪ The amount of judgement involved in: <ul style="list-style-type: none"> • Planning and performing relevant audit procedures; and • Evaluating the audit evidenced gathered. ▪ The assessed risk of material misstatement; and 	Procedure Steps	Y	SAS-128 – AU-C 610	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> ▪ The existence and significance of threats to the objectivity and level of competence of the internal auditors' objectivity, the effectiveness of the safeguards applied to reduce or eliminate the threats, and level of competence of the internal auditors who provided direct assistance. • Our communication with those charged with governance of the planned scope and timing of the audit included how we plan to use internal auditors to provide direct assistance. • We obtained a written acknowledgment from an authorized representative of the entity that internal auditors providing direct assistance will be allowed to follow our instructions, and that the entity will not intervene in the work of internal auditors in the performance of procedures on the engagement. • We obtained written acknowledgement from the internal auditors that they will keep confidential specific matters as instructed by us and inform us of any threat to their objectivity. • We determined that using internal auditors to provide direct assistance did not preclude us from being sufficiently involved in the audit to fulfill our responsibility for the audit opinion expressed. • We documented: <ul style="list-style-type: none"> - Our evaluation of the existence and significance of threats to the objectivity of the internal auditors, any safeguards applied to reduce or eliminate the threats, and the level of competence of the internal auditors used to provide direct assistance on the engagement; - The basis for the decision regarding the nature and extent of the work performed by the internal auditors; - The nature and extent of our review of the internal auditors' work, including the 				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>testing of some of the work performed by the internal auditors;</p> <ul style="list-style-type: none"> - The written acknowledgments above obtained from an authorized representative of the entity and the internal auditors; and - The working papers prepared by the internal auditors who provided direct assistance. 				
AUD-602 Audit Program: Involvement of a Component Auditor					
Added	Table for Similar to PY/Significant Change to Step 1.	Table other than procedures	Y	AU-C 315	
Added	Consideration of whether the component auditor possesses an understanding of the financial reporting framework sufficient to fulfill his or her role in the audit engagement.	Table other than procedures	Y	AU-C 600	
New	Step 8 table to include whether it is impracticable for the group engagement team to be involved in the work of the component auditor.	Table other than procedures	Y	AU-C 600	
New	Added Step 9, regarding evaluations performed when the component entity reports on a different financial reporting framework than the group entity.	Table other than procedures	Y	AU-C 600	
Modify	Modified Step 16 to include: Reference will be made to the component auditor in our audit report and, <i>if the component audit uses a different financial reporting framework, disclosure will be made of the financial reporting framework used by the component and that we are taking responsibility for evaluating the appropriateness of the adjustments to convert the component's financial statements to the financial reporting framework used by the group.</i>	Table other than procedures	Y	AU-C 600	
AUD-603 Audit Program: Using the Work of Auditor's Specialist					
Added	Table for Similar to PY/Significant Change to Step 1.	Table other than procedures	Y	AU-C 315	
AUD-604 Audit Program: Using the Work of a Management's Specialist					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Added	Table for Similar to PY/Significant Change to Step 1.	Table other than procedures	Y	AU-C 315	
AUD-701 Audit Program: Designing Tests of Controls					
Modify	Purpose: In some instances, the auditor may decide to test controls in order to obtain sufficient appropriate audit evidence about functionality and operating effectiveness. If it is determined that controls are functioning properly and operating effectively, the auditor may modify the nature, timing, and extent of related substantive procedures	Purpose	N		
Modify	Instructions: This program should be completed for each transaction cycle or financial statement account for which the auditor decides to test the functionality and operating effectiveness of controls in order to document the major considerations, steps performed, and results relating to those tests. "Functioning" refers to the determination that the components and relevant principles continue to exist in the operations and conduct of the system of internal control to achieve specified objectives. The auditor may consider using <i>AID-702 Results of Tests of Controls</i> to document the details of the tests performed	Instructions	N		
Added	Added new step 3: We have tested the accuracy and the reliability (e.g., tested the source of the data, including information technology [IT] general and application controls) of the data used by management when performing control activities.	Procedure steps	N		
Added	Added substep to step 4 under Nature of Tests of Controls: <ul style="list-style-type: none"> The reliability of the data on which the controls testing will be performed; 	Procedure steps	N		
Added	Added substep to step 9 under Extent of Tests of Controls: The reliability of the data on which the controls testing will be performed;	Procedure steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Added	Added "The reliability of the data on which the controls testing will be performed" to the determination and the extent of the tests of controls steps.	Procedure Steps	Y	COSO	
AUD-800's Audit Programs					
New	Materiality Summary Tables have been added to all workpapers. Data flows from KBA-301.				
Modify	Combined disclosures substep in all audit programs. Modified substep to read as follows: c. Financial information is appropriately presented and described and disclosures are clearly expressed at appropriate amounts.	Procedure Steps	N		
AUD-801 Audit Program: Cash					
Added	Added new step: We determined that all accounts opened or closed during the period under audit were approved by appropriate personnel.	Procedure Steps	N		
Added	Added substep to petty cash procedure: We evaluated the petty cash turnover rate (times replenished) for propriety and reasonableness	Procedure Steps	N		
AUD-802 Audit Program: Investments in Securities, Derivative Instruments, and Hedging Activities					
New	Added: Chapter 1, Appendix A of the <i>Consolidated Audit Guide for Audits of HUD Programs</i> , provides required minimum sample sizes. Chapter 1 states that these sample sizes should be used for testing in all areas, including financial areas. Chapter 1 also requires the use of the minimum sample sizes in all HUD audits. AID-701 can assist the auditor in documenting sampling considerations.	Instructions	Y	Chapter 1, Appendix A, HUD Guide	
New	4 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. Journal entries related to the reconciliations were appropriate and made by authorized persons.	Procedure steps	N		
New	5 We reviewed any master netting arrangements and	Procedure	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	determined that all related financial instruments were recorded.	steps			
Added	<p>New step and substeps:</p> <p>8 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. <p>Examining cash receipts, disbursements, and trade confirmations subsequent to period-end.</p>	Procedure steps	N		
Modify	<p>9 If a service organization provided services that are part of a client’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. <p>Determined whether complementary user entity controls identified by the service organization are relevant in addressing the risks of material misstatement relating to the relevant assertions in the user entity’s financial statements and, if so, obtained an understanding of whether the user entity has designed and implemented such controls.</p>	Procedure steps	N		
New	<p>Added new step and substeps under “Audit Procedures for Derivative Instruments and Hedging Activities”:</p> <p>70 We reviewed the entity’s reconciliations of statements or data feeds from custodians to the accounting records and determined that:</p>	Procedures Steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> a. Reconciling items were resolved properly. b. Journal entries related to the reconciliations were appropriate and made by authorized persons. 				
New	71 We reviewed any master netting arrangements and determined that all related financial instruments were recorded.	Procedures Steps	N		
New	<p>Added new step under “Audit Procedures for Tests of Valuations”:</p> <p>73 We evaluated management’s valuation policies and valuation models, including the assumptions used, consideration of estimation uncertainty, and frequency of recalibration.</p>	Procedures Steps	N		
New	<p>New substep added to valuation procedures:</p> <p>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.</p>	Procedures Steps	N		
New	<p>Added new step and substeps:</p> <p>75 For values of asset-backed securities, we performed the following procedures:</p> <ul style="list-style-type: none"> a. We examined contractual documentation to understand the terms of the security, the underlying collateral, and the rights of each class of security holder. b. We inquired about management’s process of estimating cash flows. c. We evaluated the reasonableness of assumptions used, including prepayment rates, default rates, and loss reserves. d. We obtained an understanding of the method used to determine the cash flow "waterfall." <p>We compared the results of the fair value measurement with the valuations of other financial instruments with similar underlying collateral and terms</p>	Procedures Steps	N		
New	Added substeps under the “Evaluation of Impairment Loss	Procedures	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>for all Investments” section, 77, c</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; and</p> <p>Determined whether the entity has appropriately complied with the requirements of U.S. GAAP.</p>	Steps			
AUD-803 Audit Program: Revenue and Accounts Receivable					
New	<p>Added new step</p> <p>13 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.</p>	Procedures Steps	N		
AUD-805 Audit Program: Escrow Accounts, Prepaid Expenses, Deferred Charges, and Other Assets					
New	<p>Added new step:</p> <p>4 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).</p>	Procedures Steps	N		
AUD-806 Audit Program: Intangible Assets					Tailoring added and modified to reflect changes noted below.
New	<p>Added new steps regarding the entity’s election to amortize goodwill.</p>	Procedures Steps	Y	ASU 2014-02 and FRF for SMEs	
AUD-807 Audit Program: Property and Equipment, and Depreciation					
Modify	<p>Primary Objectives Table to align with audit guide content.</p>	Table other than	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
		procedures			
AUD-809 Audit Program: Payroll and Other Liabilities					
New	<p>Added step and substeps</p> <p>7 If postemployment benefits (e.g., salary continuation, severance benefits, disability and health care benefits, and job training and counseling) are provided by the entity and are material to the overall financial statements, or if specific risks were identified related to these accounts, we performed the following procedures:</p> <ul style="list-style-type: none"> a. We obtained from management an understanding of the policies. b. We ascertained that the postemployment benefits are accrued if they meet all of the following conditions: <ul style="list-style-type: none"> (1) They relate to services already rendered. (2) The employee's right to be paid postemployment benefits vests or accumulates. (3) It is probable the benefits will be paid. (4) The amount that will be paid can be reasonably estimated. c. For postemployment benefits that do not meet all of the above-mentioned criteria, we determined that the benefits are: <ul style="list-style-type: none"> (1) Accrued if (i) information available prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the balance sheet date, and (ii) the amount of the liability can be reasonably estimated. (2) Disclosed (but not accrued) if (i) it is probable a liability exists but the amount of the liability cannot be reasonably estimated, or (ii) it is reasonably possible, but not probable, that a liability exists d. We compared current-period liability amounts to prior-period balances and investigated unusual fluctuations. e. We compared actual amounts to budgeted amounts for each job classification. f. We reviewed general ledger account activity and investigated any entries that appeared to be unusual. 	Procedure steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>g. We compared amounts accrued as of the balance sheet date to subsequent payments made</p> <p>We determined whether management properly disclosed postemployment benefit policies relating to key management personnel, as well as any contingent liabilities relating to postemployment benefits.</p>				
AUD-814 Audit Program: Journal Entries and Financial Statement Review					
Modify	<p>Combined substeps (reduce signoffs):</p> <p>The characteristics of fraudulent entries or adjustments, such as the following:</p> <ul style="list-style-type: none"> b. Entries made to unrelated, unusual, or seldom-used accounts. c. Entries made by individuals who typically do not make journal entries. d. Entries made with little or no explanation or description at period end or as post-closing entries. e. Entries made before or during the preparation of the financial statements that do not have account numbers. <p>Entries that contain round numbers or a consistent ending number.</p>	Procedure steps	N		
Modify	<p>Added substep:</p> <p>Whether items selected for testing should include journal entries made throughout the audit period.</p>	Procedure steps	N		
Modify	<p>Added new step substeps</p> <p>4 We considered the need to select journal entries from the various locations or components, based on the following factors:</p> <ul style="list-style-type: none"> a. The amount and nature of assets and transactions executed at the individual location or component. b. The degree of centralization of records. c. If the operating effectiveness of controls was tested, the effectiveness of controls. d. The frequency, timing, and scope of management's monitoring activities. 	Procedure steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	e. Judgments about materiality of the location or component.				
Modify	Modified step: 5 We ensured that items selected for testing included journal entries and other adjustments made in the course of preparing the financial statements and those made at the end of a reporting period.	Procedure steps	N		
Modify	Modified the first step under the “Financial Statement Review” section: 9 We performed an overall review of the financial statements, including performing analytical procedures to evaluate our conclusions regarding significant account balances and disclosures and to assist in forming an opinion on whether the financial statements as a whole are free of material misstatement. <i>Note: The auditor should perform analytical procedures relating to revenue through the end of the reporting period.</i>	Procedure steps	N		
AUD-815 Audit Program: Related-Party Transactions					Tailoring added and modified to reflect changes noted below.
Modify	This audit program has been modified to only apply to Related-Party Transactions. New separate audit programs were created for commitments and contingencies, accounting estimates, and concentrations.	Procedures Steps	N		
AUD-816 Audit Program: Fair Value Measurements and Disclosures					
Modify	Modified step “we obtained an understanding of the entity’s transactions and environment relating to fair value measurements and disclosure” substep c. to incorporate its substeps, reducing the number of signoffs required.	Procedures Steps	N		
Modify	Modified step “we obtained an understanding of the entity’s transactions and environment relating to fair value measurements and disclosure” substep c. to incorporate its substeps, reducing the number of signoffs required.	Procedures Steps	N		
AUD-819 Audit Program: Commitments and Contingencies					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	New audit program for Commitments and Contingencies.	Procedures Steps	N		AUD-815 was broken apart into four separate areas. This is one of the new audit areas added to the tailoring questions in AUD-100 . Review the questions in AUD-100 . New tailoring questions related to these steps. All answers and customizations will retain per your roll forward selections.
New	Added the following steps: <ul style="list-style-type: none"> We obtained an understanding of how the entity is complying with the legal and regulatory framework applicable to the entity and its industry or sector. We obtained sufficient appropriate audit evidence regarding material amounts and disclosures in the financial statements that are determined by the provisions of laws and regulations generally recognized to have a direct effect on the financial statements. 	Procedures Steps	N		
AUD-820 Audit Program: Accounting Estimates					
New	New audit program for Accounting Estimates.	Procedures Steps	N		AUD-815 was broken apart into four separate areas. This is one of the new audit areas added to the tailoring questions in AUD-100 . Review the questions in AUD-100 . New tailoring questions related to these steps. All answers and customizations will retain per your roll forward selections.
AUD-821 Audit Program: Concentrations					
New	New audit program for Concentrations.	Procedures Steps	N		AUD-815 was broken apart into four separate areas. This is one of the new audit areas added to the tailoring questions in AUD-100 . Review the questions in AUD-100 . New tailoring questions related to these steps. All answers and customizations will retain per your roll forward selections.
AUD-9023 Audit Program: Going Concern					
New	Added new step 1: <ul style="list-style-type: none"> We considered whether the results of procedures performed during the course of the audit identified conditions or events that, when considered in aggregate, indicated there could be 	Procedures steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	substantial doubt about the entity's ability to continue as a going concern.				
New	Added the following step 9 If substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time existed at the date of prior period financial statements that are presented on a comparative basis, and that doubt has been removed in the current period, we have removed the going-concern emphasis-of-matter paragraph included in the prior-period auditor's report	Procedures steps	N		
New	Added the following new step 11: If we have been asked to reissue an auditor's report and eliminate a going-concern emphasis-of-matter paragraph contained therein and we determined it was appropriate to do so, we reassessed the going-concern status of the entity.	Procedures steps	N		
Modify	Deleted the following and checkboxes: Based on the above, events or conditions exists that may indicate substantial doubt on the entity's ability to continue as a going concern	Table other than procedures	N		
AUD-903 Audit Program: Consideration of Fraud					
Modify	Combined steps on inquiry of others to reduce the number of signoffs required.	Procedures Steps	N		
AUD-905 Audit Program: Evaluating Subsequently Discovered Facts Existing at the Date of the Auditor's Report					
New	Added headers to the program step list and added new tailoring questions to facilitate streamlining of the audit program.	Procedures Steps	N		

Auditor's Reports (RPTs)

- **NEW RPT-900 Auditor's Report Tailoring Question Tool** new tailoring questionnaire that assists the auditor in determining the proper auditor's report to use based on the conditions identified during the audit engagement.

Correspondence Documents (CORs)

- **COR-200** series correspondence documents have been reorganized to better reflect the order in which these correspondences may be used during the engagement.
- **COR-2015 Audit Engagement Letter For a HUD Cost Certification of Mortgage's Certificate of Actual Costs** changed name (Audit Engagement Letter for a HUD Cost Certification of Mortgage's Certificate of Actual Costs)

- **COR-202 Entity Consent and Acknowledgement Letter and COR-214 Request from Client to Predecessor Auditor to Release Information to Successor Auditor** have been deleted from the toolset (the HUD audit guide requires entities to provide consent to predecessor auditors and the signed engagement letter is permission by the entity).
- **COR-907 Pre-Approval of Nonaudit Services** has been renumbered to **COR-217**.

Tool	Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference
COR-811	New	Added: List the claims submitted that remain unpaid and the date of your response. Added: Describe the nature of the claims paid and the date of your response,	Confirm Text	N	
COR-813	New	Added section to confirm variable rate debt terms.	Confirm Text	N	
COR-815	New	Added: The financial institution may withdraw the line of credit under the following conditions [<i>describe the conditions as understood by the entity</i>].	Confirm Text	N	

Practice Aids (AIDs)

- **AID-301 Preliminary Analytical Procedures: Fluctuation and Ratio Analysis** three new ratios have been added to the “Ratio Analysis” tab; modified for HUD where applicable.
- **AID-601 Considering the Use of the Work of Internal Auditors** modified to be compliant with SAS-128, *Using the Work of Internal Auditors*.
- **NEW AID-602 Understanding and Preliminary Assessment of the Entity’s Internal Audit Function** designed to aid the auditor obtain an understanding and make a preliminary assessment of the entity’s internal audit function and document the auditor’s procedures for understanding the internal audit function’s organizational status, determining the nature and extent of the work of the internal audit function that can be used, technical competence of the internal auditors, and the systematic and disciplined approach used by the internal audit function.
- **NEW AID-603 Component Identification and Analysis** designed to aid the auditor in identifying and analyzing significant component entities.
- **NEW AID-842 Board Minute Review Checklist** designed to aid the auditor in documenting his or her review of the entity’s committee meeting minutes.
- **AID-901 Differences of Professional Opinion** added a signoff for the Engagement Quality Control Reviewer.
- **AID-903 Audit Report Preparation Checklist** updated to add GAGAS considerations in accordance with Government Auditing Standards and the Consolidated Audit Guide for Audits of HUD Programs.

Resource Documents (RESs)

- **RES-001 Knowledge-Based Audit Methodology Overview** has been updated with modified text and references and new practice points.
- **RES-002 Index of Audit Program, Forms, and Other Practice Aids** modified as appropriate to incorporate new workpapers and realignment of workpaper numbering schemes.

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-128, *Using the Work of Internal Auditors*

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

FASB Accounting Standards Codification as of June 30, 2014, and through Accounting Standards Update No. 2014-12, including ASU No. 2014-08, *Presentation of Financial Statements* (Topic 205) and *Property, Plant, and Equipment* (Topic 360) — *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*; ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606); ASU No. 2014-10, *Development Stage Entities* (Topic 915) — *Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation*; ASU No. 2014-11, *Transfers and Servicing* (Topic 860) — *Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures*; and ASU No. 2014-12, *Compensation — Stock Compensation* (Topic 718) — *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*.

Users of this content should consider guidance issued subsequent to these items to determine their effect on engagements conducted using this product.

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>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBAs	KNOWLEDGE-BASED AUDIT DOCUMENTS				
KBA-101	Overall Audit Strategy	X		X	
KBA-102	Engagement Completion Document	X	X	X	
KBA-103	Evaluating and Communicating Internal Control Deficiencies	X	X	X	
KBA-1033	Evaluating and Communicating Instances of Noncompliance for HUD Chapter 3 Audits: Multifamily Housing Programs		X	X	
KBA-105	Review of Significant Accounting Estimates	X			
KBA-201	Client/Engagement Acceptance and Continuance Form: Complex Entities	X			
KBA-201N	Client/Engagement Acceptance and Continuance Form: Noncomplex Entities	X			
KBA-301	Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts	X			
KBA-3023	Understanding the Entity and Its Environment for HUD Chapter 3 Audits: Multifamily Housing Programs	X			
KBA-303	Inquiries of Management and Others within the Entity about the Risks of Fraud	X			

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-304	Determining Major HUD Programs		X	X	
KBA-3053	Determining Direct and Material Compliance Requirements for HUD Chapter 3 Audits: Multifamily Housing Programs		X	X	
KBA-400	Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures	X		X	
KBA-401	Understanding Entity-Level Controls: Complex Entities	X			
KBA-401N	Understanding Entity-Level Controls: Noncomplex Entities	X			
KBA-402	Understanding General Controls for Information Technology	X			
KBA-403	Understanding Activity-Level Controls: Revenue, Accounts Receivable, and Cash Receipts	X			
KBA-404	Understanding Activity-Level Controls: Inventory	X			
KBA-405	Understanding Activity-Level Controls: Property, Plant and Equipment	X			
KBA-406	Understanding Activity-Level Controls: Other Assets	X			
KBA-407	Understanding Activity-Level Controls: Accounts Payable, and Cash Disbursements	X			
KBA-408	Understanding Activity-Level Controls: Payroll and Other Liabilities	X			
KBA-409	Understanding Activity-Level Controls: Treasury	X			
KBA-410	Understanding Activity-Level Controls: Income Taxes	X			
KBA-411	Understanding Activity-Level Controls: Financial Reporting and Closing Process	X			

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-412	Understanding Controls Maintained by a Service Organization	X			X
KBA-415	Understanding Internal Controls over Compliance: Complex Entities		X		
KBA-415N	Understanding Internal Controls over Compliance: Noncomplex Entities		X		
KBA-501	Team Discussion of the Risks of Material Misstatement	X			
KBA-5011	Team Discussion of the Risks of Material Noncompliance		X		
KBA-502	Summary of Risk Assessments: Financial-Statement and Assertion-Level Risks	X		X	
KBA-5023	Summary of Risk Assessments of Noncompliance for HUD Chapter 3 Audits: Multifamily Housing Programs		X	X	
KBA-503	Basis for Inherent Risk Assessment	X			
KBA-902	Audit Review and Approval Checklist	X			
KBA-903	Tax Specialist Review Checklist	X			
KBA-904	HUD Audit Documentation Checklist	X			
AUDs	AUDIT PROGRAMS				
AUD-100	Overall Tailoring Questions	X		X	
AUD-103	Overall Audit Program for HUD Chapter 3 Audits: Multifamily Housing Programs	X		X	
AUD-201	Audit Program: Opening Balances and Additional Audit Procedures for an Initial Audit Engagement	X			

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-601	Audit Program: Testing and Evaluating Internal Auditors' Work	X			
AUD-602	Audit Program: Involvement of a Component Auditor	X			X
AUD-603	Audit Program: Using the Work of an Auditor's Specialist	X			X
AUD-604	Audit Program: Using the Work of a Management's Specialist	X			X
AUD-701	Audit Program: Designing Tests of Controls	X			
AUD-7013	Audit Program: Designing Tests of Internal Controls over Compliance for HUD Chapter 3 Audits: Multifamily Housing Programs		X		
AUD-800	Audit Program: Custom	X			X
AUD-801	Audit Program: Cash	X			
AUD-802	Audit Program: Investments in Securities, Derivative Instruments, and Hedging Activities	X			
AUD-803	Audit Program: Revenue and Accounts Receivable	X			
AUD-804	Audit Program: Inventories and Cost of Sales	X			
AUD-805	Audit Program: Escrow Accounts, Prepaid Expenses, Deferred Charges, and Other Assets	X			
AUD-806	Audit Program: Intangible Assets	X			
AUD-807	Audit Program: Property and Equipment, and Depreciation	X			
AUD-808	Audit Program: Expenses and Accounts Payable	X			

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-809	Audit Program: Payrolls and Other Liabilities	X			
AUD-810	Audit Program: Income Taxes	X			
AUD-811	Audit Program: Debt Obligations	X			
AUD-812	Audit Program: Equity	X			
AUD-813	Audit Program: Other Income and Expense	X			
AUD-814	Audit Program: Journal Entries and Financial Statement Review	X			
AUD-815	Audit Program: Related-Party Transactions	X			
AUD-816	Audit Program: Fair Value Measurements and Disclosures	X			
AUD-817	Audit Program: Variable Interest Entities	X			
AUD-818	Audit Program: Share-Based Payments	X			
AUD-819	Audit Program: Commitments and Contingencies	X			
AUD-820	Audit Program: Accounting Estimates	X			
AUD-821	Audit Program: Concentrations	X			
AUD-8301	HUD Audit Program: Federal Financial Reports for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8302	HUD Audit Program: Fair Housing and Nondiscrimination for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-8303	HUD Audit Program: Mortgage Status for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8304	HUD Audit Program: Replacement Reserve for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8305	HUD Audit Program: Residual Receipts for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8306	HUD Audit Program: Distributions to Owners for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8307	HUD Audit Program: Equity Skimming for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8308	HUD Audit Program: Cash Receipts for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8309	HUD Audit Program: Cash Disbursements for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8310	HUD Audit Program: Tenant Application, Eligibility and Recertification for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8311	HUD Audit Program: Units Leased to Extremely Low-Income Families for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8312	HUD Audit Program: Tenant Security Deposits for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8313	HUD Audit Program: Management Functions for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8314	HUD Audit Program: Unauthorized Change of Ownership/Acquisition of Liabilities for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8315	HUD Audit Program: Unauthorized Loans of Project Funds for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8316	HUD Audit Program: Excess Income for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8317	HUD Audit Program: Leased Nursing Homes for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-8318	HUD Audit Program: Mark-to-Market Program (M2M) Capital Recovery Payments for M2M Projects for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8319	HUD Audit Program: Mark-to-Market Program (M2M) Incentive Performance Fee for M2M Projects for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8320	HUD Audit Program: Mark-to-Market Program (M2M) Distribution of Surplus Cash for M2M Projects for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8321	HUD Audit Program: Mark-to-Market Program (M2M) Special Rules for Cooperatives for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8322	HUD Audit Program: Federal Financial Reports for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-890	HUD Agreed Upon Procedures Program: Certification of Electronic Submission	X			
AUD-901	Audit Program: Subsequent Events	X			
AUD-9023	Audit Program: Going Concern	X			
AUD-903	Audit Program: Consideration of Fraud	X			
AUD-904	Audit Program: Compliance with Laws and Regulations	X			
AUD-905	Audit Program: Evaluating Subsequently Discovered Facts Existing at Date of the Auditor's Report				
AUD-906	Audit Program: Consideration of Omitted Procedures after the Report Date				
AIDs	PRACTICE AIDs				
AID-303	Understanding the Entity's Revenue Streams and Revenue Recognition Policies for HUD Chapter 3 Audits: Multifamily Housing Programs	X			
AID-601	Considering Reliance on the Work of Internal Auditors	X			

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AID-603	Component Identification and Analysis	X			
AID-702	Results of Tests of Controls	X			
AID-7023	Results of Tests of Internal Controls over Compliance for HUD Chapter 3 Audits: Multifamily Housing Programs		X		
AID-801	Audit Sampling Worksheet for Substantive Tests of Details	X			
AID-802	Audit Sampling Worksheet for Tests of Compliance	X			
AID-901	Differences of Professional Opinion	X			
AID-903	Audit Report Preparation Checklist	X			

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-411 Understanding Ctrl: Service Org (Custom)	AUD-100 Tailoring Question Workpaper	Does the entity 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	Does the auditor plan to rely on audit evidence provided by a component auditor? is "Yes" Shows the "Document the audit evidence provided by the component auditor(s) that the engagement team will rely on in our engagement." table in KBA- 101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the audit evidence provided by the component auditor(s) that the engagement team will rely on in our engagement.	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

Additional Information for Associated Workpapers

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

<i>Workpaper Requiring Association</i>	<i>What is it associated with?</i>	
	<i>Workpaper</i>	<i>Table/Question</i>
KBA-5023 Summary of Risk Assessments of Noncompliance	KBA-304 Determining Major and Nonmajor HUD Programs	Once major programs are listed in the table these workpapers will be automatically selected and inserted for each major program when you next insert a Knowledge Coach workpaper.
AUD-8301 through AUD-8322	KBA-304 Determining Major and Nonmajor HUD Programs	Once major programs are listed in the table these workpapers will be automatically selected and inserted for each major program when you next insert a Knowledge Coach workpaper.
KBA-102 Engagement Completion Document	KBA-304 Determining Major and Nonmajor HUD Programs	Once major programs are listed in the table these workpapers will be automatically selected and inserted for each major program when you next insert a Knowledge Coach workpaper.
KBA-103 Evaluating and Communicating Internal Control Deficiencies	KBA-304 Determining Major and Nonmajor HUD Programs	Once major programs are listed in the table these workpapers will be automatically selected and inserted for each major program when you next insert a Knowledge Coach workpaper.
KBA-1033 Evaluating and Communicating Instances of Noncompliance	KBA-304 Determining Major and Nonmajor HUD Programs	Once major programs are listed in the table these workpapers will be automatically selected and inserted for each major program when you next insert a Knowledge Coach workpaper.