

# 2016 CIRA PREPARATIONS, COMPILATIONS AND REVIEWS 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, a program to update the engagement 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 **2016 Knowledge-Based Preparations, Compilations, and Reviews of Common Interest Realty Associations** tools have been updated to take into account the latest literature, standards, and guidance applicable to preparation, compilation, and review engagements. The 2016 tools include links 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 required and recommended U.S. GAAP disclosures and key presentation items currently in effect, using the style referencing under the FASB Accounting Standards Codification.<sup>TM</sup>

The **2016 Edition of Knowledge-Based Audits, Compilations, and Reviews of Common Interest Realty Associations** is current through Statement on Standards for Accounting and Review Services No. 21 (SSARS-21), *Clarification and Recodification*; Nonattest Services interpretation (ET Section 1.295); AICPA Code of Professional Conduct (Code); AR-C Section 70, *Preparation of Financial Statements*; AR-C Section 80, *Compilation Engagements*; AR-C Section 90, *Review of Financial Statements*; and 2014/2015 Audit Risk Alert *Developments in Review, Compilation, and Financial Statement Preparation Engagements—2014/15*. Users of this content should consider guidance issued subsequent to these items to determine their effect on engagements covered by this product.

The 2016 edition of ***Knowledge-Based Preparations, Compilations, and Reviews of Common Interest Realty Associations*** includes the following updates and enhancements:

### Review Programs (REVs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>REV-101 Overall Review Program</b>					
Modify	Step 9 (d) consequential was reworded to inconsequential  1. Establish and document, in the form of an engagement letter, signed by both the accountant and either management or those charged with governance, as appropriate, the	Procedures Step	Y		This step will reset on Rollforward

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>accountant’s understanding with management and, if applicable, those charged with governance regarding the services to be performed on the engagement, including:</p> <ol style="list-style-type: none"> <li>A description of the scope and the limitations of the engagement;</li> <li>A description of the report that is likely to be issued;</li> <li>A statement that the engagement cannot be relied upon to disclose errors, fraud, any wrongdoing within the entity, or noncompliance with laws or regulations;</li> <li>A statement that the firm will inform the appropriate level of management of the following matters that come to the firm’s attention: (a) any material errors, (b) any evidence or information that indicates fraud may have occurred, and (c) any evidence or information regarding noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential.</li> </ol>				

### Knowledge-Based Audit Documents (KBAs)

- **KBA-901 Financial Statement Disclosure Checklist**
  - Steps 4(a)(2) The assets, liabilities, equity interests, or items of considerations for which the initial accounting is incomplete? and 4(a)(3) The nature and amount of any measurement period adjustments recognized during the reporting period in accordance with ASC paragraph 805-10-25-17? Under Business Combinations, were both moved from “Note” rows into their own row with separate sign off. These two steps will Reset on Rollforward if your setting is to “Keep all responses”.

### Correspondence Documents (CORs)

- **CORs 221-226A** includes a new practice point note on management’s acknowledgement and agreement under Additional Guidance.

### Practice Aids (AIDs)

- **AID-202 Nonattest Services Independence Checklist** includes the following updates:

- New Practice Alert addressing the revised AICPA Code of Professional Conduct (Code) updated in accordance with ET Section 1.280.030, “Member of a Common Interest Realty Association.”
- New Step under, “General Activities That Would Impair the Accountant’s Independence”:
  - Step 5 (b), Directing or accepting responsibility for actions of the entity’s employees, except to the extent permitted when using internal auditors to provide assistance for services performed under auditing or attestation standards?
- Step 5g was reworded from, “Reporting to the board of directors or others charged with governance on behalf of management?” to “Reporting to those charged with governance on behalf of management?”. This step will retain on Rollforward.

## Resource Documents (RESs)

- **RES-021 Knowledge-Based Preparation, Compilation, and Review Methodology Overview** includes updated references (AR-C Section 70; AR-C Section 80; AR-C Section 90; QC Section 10) where applicable.
- **RES-023 Comparison of Preparation, Compilation, Review, and Audit Engagements** has minor modifications to present both pre- and post-SSARS 21 requirements.
- **RES-QCCR Meeting Quality Control Standards Using KBA Preparation, Compilation, and Review Tools** has been updated for QC Section 10 references; table updated for requirements.

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

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

- Statement on Standards for Accounting and Review Services No. 21 (SSARS No. 21), *Clarification and Recodification*;
- AICPA Statement on Quality Control Standards No. 8, *A Firm's System of Quality Control (Redrafted)* (QC Section 10);
- Nonattest Services interpretation (ET Section 1.295); and
- AICPA Code of Professional Conduct (Code).

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

## RELATED AND FOUNDATIONS 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.

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
<b>KBPs</b>	<b>KNOWLEDGE-BASED PREPARATION DOCUMENTS</b>	
KBP-101	Preparation: Significant Matters	X
KBP-201	Preparation: Client/Engagement Acceptance and Continuance Form	
KBP-902	Preparation: Review and Approval Checklist	
<b>KBCs</b>	<b>KNOWLEDGE-BASED COMPILATION DOCUMENTS</b>	
KBC-101	Compilation: Significant Matters	X
KBC-201	Compilation: Client/Engagement Acceptance and Continuance Form	
KBC-902	Compilation: Review and Approval Checklist	
<b>KBRs</b>	<b>KNOWLEDGE-BASED REVIEW DOCUMENTS</b>	
KBR-101	Information for Analytical Procedures	
KBR-102	Review: Significant Matters	X
KBR-201	Review: Client/Engagement Acceptance and Continuance Form	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
KBR-902	Review: Review and Approval Checklist	
<b>PRPs</b>	<b>PREPARATION PROGRAMS</b>	
PRP-100	Tailoring Question Workpaper	X
PRP-101	Overall Preparation Program	X
PRP-201	Pre-Preparation Program: Procedures Performed Prior to a Preparation Engagement	
PRP-202	Preparation Program: Additional Procedures for Initial Year of Engagement	
PRP-801	Preparation Program: Significant Risks and Uncertainties	
PRP-902	Preparation Program: Going Concern	
<b>CMPs</b>	<b>COMPILATION PROGRAMS</b>	
CMP-100	Tailoring Question Workpaper	X
CMP-101	Overall Compilation Program	X
CMP-201	Pre-Compilation Program: Procedures Performed Prior to a Compilation Engagement	
CMP-202	Compilation Program: Additional Procedures for Initial Year of Engagement	
CMP-801	Compilation Program: Significant Risks and Uncertainties	
CMP-902	Compilation Program: Going Concern	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
<b>REVs</b>	<b>REVIEW PROGRAMS</b>	
REV-100	Tailoring Question Workpaper	X
REV-101	Overall Review Program	X
REV-201	Pre-Review Program: Procedures Performed Prior to a Review Engagement	
REV-202	Review Program: Additional Procedures for Initial Year of Engagement	
REV-801	Review Program: Client Inquiries	
REV-802	Review Program: Significant Risks and Uncertainties	
REV-902	Review Program: Going Concern	