

## 2016 INTERNATIONAL 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 **2016 Knowledge-Based Audits: International Audits** has been updated to help auditors conduct audit engagements in accordance with the ISAs. The 2016 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 access to a financial statement disclosures checklist tool that provides a centralised resource of the current required and recommended accounting disclosures and key presentation items under International Financial Reporting Standards (IFRS).

The 2016 edition of *Knowledge-Based Audits: International Audits* has been updated to incorporate the IAASB's new and revised auditor reporting standards, including revised international auditing standards, *Addressing Disclosures in the Audit of Financial Statements* with related conforming amendments and is current through ISA 720, *The Auditor's Responsibilities Relating to Other Information and Related Conforming Amendments*. Additionally, the 2016 edition of *Knowledge-Based Audits: International Audits* 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
<b>KBA-102 Engagement Completion Document</b>					
Modify	Added key audit matters; new item b.: a. Key audit matters, i.e. those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period and should be described in the auditor's report. Key audit matters are selected from matters communicated with those charged with governance.	Instructions	Y	ISA 701	
<b>KBA-103 Evaluating and Communicating Internal Control Deficiencies</b>					
Modify	Modified instructions and column header (column 14 and 15).	Instructions ; column heading	N		Column 14 of table will reset on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>KBA-200 Entity Information and Background</b>					
Modify	Minor wording modifications to improve consistency and flow of information (KBA-302; KBA-302N)	Text	N		
<b>KBA-302 Understanding the Entity and Its Environment: Complex Entities</b>					
Modify	Minor wording modifications to improve consistency and flow of information (KBA-200).	Text	N		Data flows in from KBA-200
<b>KBA-302N Understanding the Entity and Its Environment: Noncomplex Entities</b>					
Modify	Minor wording modifications to improve consistency and flow of information (KBA-200).	Text	N		Data flows in from KBA-200
<b>KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures</b>					
Added	Added a "Potential Error Diagnostic" in KBA-400 to note if an audit area has a significant or fraud risk but no risk has been identified this will notify the user to a potential error.	Table	N		
Removed	Removed "Potential Error Diagnostic" on last column (Control Understanding / Testing Workpaper) of Table 1 in KBA-400 when the user selects to add a, "Custom Value" option. The user would only select a "Custom Value" option if they're using a memo or non-KC workpaper to document their understanding of activity level controls. This diagnostic will continue to show if the user selects any other options and has not included the recommended workpaper option.	Table	N		
<b>KBA-401 Understanding Entity-Level Controls: Complex Entities and KBA-401N Understanding Entity-Level Controls: Noncomplex Entities</b>					
Modify	Conclusion table answer selections for "Functioning" modified from (Y, N) to (Y, N, N/A)	Table, other than procedures	N		Flow to KBA-103 will still only happen on a "No" answer.
Modify	Minor change moving "Information and Communication" to separate line	Table other than procedures	N		
<b>KBA-402 Understanding General Controls for Information Technology</b>					
Modify	Modified Section III, Control activities, sub-item 2.a. as	Table other than	N		

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	<p>follows:</p> <p>The entity has developed an acquisition and planning process that aligns with its overall strategic direction and ensures the capture of events and conditions, other than transactions, that are significant to the financial statements, including information that is obtained from within or outside of the general and subsidiary ledgers.</p>	procedures			
<b>KBA-501 Team Discussion of the Risks of Material Misstatement</b>					
Modify	Modified Practice Point	Instructions	N		
<b>KBA-902 Audit Review and Approval Checklist</b>					
Modify	<p>Added Practice Point</p> <p><b>Practice Point:</b> In January and April 2015, the International Auditing and Assurance Standards Board (IAASB) issued final releases of the following new and revised auditor reporting standards:</p> <ul style="list-style-type: none"> <li>• <i>Communication with Those Charged with Governance</i> (ISA 260, Revised);</li> <li>• <i>Going Concern</i> (ISA 570, Revised);</li> <li>• <i>Forming an Opinion and Reporting on Financial Statements</i> (ISA 700, Revised);</li> <li>• <i>Communicating Key Audit Matters in the Independent Auditor's Report</i> (ISA 701, New);</li> <li>• <i>Modifications to the Opinion in the Independent Auditor's Report</i> (ISA 705, Revised);</li> <li>• <i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i> (ISA 706, Revised); and</li> <li>• <i>The Auditor's Responsibilities Relating to Other Information</i> (ISA 720, Revised).</li> </ul> <p>The key provisions of the new and revised auditor reporting standards include:</p> <ul style="list-style-type: none"> <li>• Revisions to (1) establish required reporting elements, including a requirement for the auditor to include an explicit statement about the auditor's independence and fulfillment of relevant ethical responsibilities, with disclosure of the source(s) of relevant ethical requirements, and (2) illustrate these new elements in example auditor's reports. The revised standards include significant changes to the requirements, text, and format of the auditor's reports.</li> <li>• Requirements and guidance for the auditor's</li> </ul>	Instructions	Y	ISA 570, ISA 701, ISA 706, Revised, ISA 720, Revised	

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	<p>determination and communication of key audit matters, i.e. matters that, in the auditor's judgement, were of most significance in the audit of the current-period financial statements. This is a new requirement for the auditor to describe key audit matters in a new section of the auditor's report. This requirement is mandatory for audits of financial statements of listed entities or when the auditor is required by law or regulation to communicate key audit matters in the auditor's report (voluntary for other entities).</p> <ul style="list-style-type: none"> <li>• Amendments to the required auditor communications with those charged with governance, for example, to include communication about the significant risks identified by the auditor.</li> <li>• Amendments to enhance auditor reporting relating to going concern including: (1) a description of the respective responsibilities of management and the auditor for going concern; (2) a separate section in the auditor's report under the heading 'Material Uncertainty Related to Going Concern' when a material uncertainty exists related to going concern that is adequately disclosed; and (3) implications for the auditor's report when use of the going concern basis of accounting is inappropriate, potentially resulting in an adverse opinion.</li> <li>• Enhanced description of the responsibilities of the auditor and key features of an audit, together with the provision that certain components of this description may be presented in an appendix to the auditor's report or, where law, regulation or national auditing standards expressly permit, by reference in the auditor's report to a website of an appropriate authority.</li> <li>• A requirement to include the name of the engagement partner in the auditor's report for audits of financial statements of listed entities (voluntary for other entities) unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat (i.e. 'harm's way' exemption).</li> <li>• Amendments to clarify the relationship between Emphasis of Matter paragraphs, Other Matter paragraphs and the Key Audit Matters section of the auditor's report.</li> <li>• Amendments to clarify the auditor's responsibilities relating to other information, whether financial or non-financial information (other than financial statements and the auditor's report thereon), that is</li> </ul>				

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	<p>included in an entity's annual report (i.e. single document or a combination of documents).</p> <p>The new and revised auditor reporting standards are effective for audits of financial statements for periods ending on or after December 15, 2016.</p> <p>In addition, the IAASB issued conforming amendments to other ISAs as a result of the new and revised auditor reporting ISAs. These amendments will become effective at the same time as the new and revised auditor reporting ISAs.</p>				
Modify	<p>Section III, step 14, added substep d:</p> <p>If applicable, review of the conclusions reached by the audit engagement team regarding the inclusion, or lack thereof, of key audit matters in the auditor's report.</p>	Procedures table	Y	ISA 701 conforming amendments	
<b>KBA-904 Audit Documentation Checklist</b>					
Modify	<p>Step 15, sub-item a. now reads:</p> <p>The reconciliation of the accounting records to the audited financial statements or other audited information, including agreeing or reconciling disclosures, whether such information is obtained from within or outside of the general and subsidiary ledgers (ISA 330);</p>	Procedures table	Y	ISA 330 revised, par. 30	
<b>KBA-905 Review and Approval Checklist: Interim Review of Financial Information</b>					
Modify	<p>Replaced Practice Point with updated Practice Point about final releases of new and revised auditor reporting standards, as follows:</p> <p><b>Practice Point:</b> In January and April 2015, the International Auditing and Assurance Standards Board (IAASB) issued final releases of the following new and revised auditor reporting standards:</p> <ul style="list-style-type: none"> <li>• <i>Communication with Those Charged with Governance</i> (ISA 260, Revised);</li> <li>• <i>Going Concern</i> (ISA 570, Revised);</li> <li>• <i>Forming an Opinion and Reporting on Financial Statements</i> (ISA 700, Revised);</li> <li>• <i>Communicating Key Audit Matters in the Independent Auditor's Report</i> (ISA 701, New);</li> <li>• <i>Modifications to the Opinion in the Independent Auditor's Report</i> (ISA 705, Revised);</li> <li>• <i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i></li> </ul>	Instructions	Y	IAASB ISA 260, Revised, ISA 570, Revised, ISA 700 Revised, ISA 701 (new), ISA 705, Revised, ISA 706 Revised, ISA 720, Revised,	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>(ISA 706, Revised); and</p> <ul style="list-style-type: none"> <li>• <i>The Auditor's Responsibilities Relating to Other Information</i> (ISA 720, Revised).</li> </ul> <p>The key provisions of the new and revised auditor reporting standards include:</p> <ul style="list-style-type: none"> <li>• Revisions to (1) establish required reporting elements, including a requirement for the auditor to include an explicit statement about the auditor's independence and fulfillment of relevant ethical responsibilities, with disclosure of the source(s) of relevant ethical requirements, and (2) illustrate these new elements in example auditor's reports. The revised standards include significant changes to the requirements, text, and format of the auditor's reports.</li> <li>• Requirements and guidance for the auditor's determination and communication of key audit matters, i.e. matters that, in the auditor's judgement, were of most significance in the audit of the current-period financial statements. This is a new requirement for the auditor to describe key audit matters in a new section of the auditor's report. This requirement is mandatory for audits of financial statements of listed entities or when the auditor is required by law or regulation to communicate key audit matters in the auditor's report (voluntary for other entities).</li> <li>• Amendments to the required auditor communications with those charged with governance, for example, to include communication about the significant risks identified by the auditor.</li> <li>• Amendments to enhance auditor reporting relating to going concern including: (1) a description of the respective responsibilities of management and the auditor for going concern; (2) a separate section in the auditor's report under the heading "Material Uncertainty Related to Going Concern" when a material uncertainty exists related to going concern that is adequately disclosed; and (3) implications for the auditor's report when use of the going concern basis of accounting is inappropriate, potentially resulting in an adverse opinion.</li> <li>• Enhanced description of the responsibilities of the auditor and key features of an audit, together with the provision that certain components of this description may be presented in an appendix to the auditor's report or, where law, regulation or national auditing standards expressly permit, by reference in the auditor's report to a website of an appropriate</li> </ul>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>authority.</p> <ul style="list-style-type: none"> <li>A requirement to include the name of the engagement partner in the auditor's report for audits of financial statements of listed entities (voluntary for other entities) unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat (i.e. 'harm's way' exemption).</li> <li>Amendments to clarify the relationship between Emphasis of Matter paragraphs, Other Matter paragraphs and the Key Audit Matters section of the auditor's report.</li> <li>Amendments to clarify the auditor's responsibilities relating to other information, whether financial or non-financial information (other than financial statements and the auditor's report thereon), that is included in an entity's annual report (i.e. single document or a combination of documents).</li> </ul> <p>The new and revised auditor reporting standards are effective for audits of financial statements for periods ending on or after December 15, 2016.</p> <p>In addition, the IAASB issued conforming amendments to other ISAs as a result of the new and revised auditor reporting ISAs. These amendments will become effective at the same time as the new and revised auditor reporting ISAs.</p>				
Modify	<p>Section III, Engagement Quality Control Review, step 5: added new item d. as follows:</p> <p>d. The engagement team's evaluation and conclusions regrading key audit matters.</p>	Procedures step table	Y	ISA 701	

### Audit Programmes (AUDs)

- Where applicable, relevant assertions and audit objectives have been updated.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>AUD-101 Overall Audit Programme</b>					
Modify	<p>Updated Practice Point under step 88:</p> <p>Read the financial statements to ensure that the financial information and related disclosures are presented in accordance with the applicable financial reporting</p>		Y	Addressing Disclosures	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>framework.</p> <p><b>Practice Point:</b> When reading the financial statements, the auditor should determine that:</p> <ul style="list-style-type: none"> <li>a. The financial statements appropriately disclose the significant accounting policies selected and applied (in making this evaluation, the auditor should consider the relevance of the accounting policies to the entity, and whether they have been presented in an understandable manner);</li> <li>b. The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate;</li> <li>c. The accounting estimates made by management are reasonable;</li> <li>d. The information presented in the financial statements is relevant, reliable, comparable, and understandable (in making this evaluation, the auditor should consider whether (a) the information that should have been included has been included, and whether such information is appropriately classified, aggregated or disaggregated, and characterised and (b) the overall presentation of the financial statements has been undermined by including information that is not relevant or that obscures a proper understanding of the matters disclosed);</li> <li>e. The financial statements provide adequate disclosures to enable the intended users to understand the effect of material transactions and events on the information conveyed therein;</li> <li>f. The financial statements use appropriate terminology, including the title of each financial statement;</li> <li>g. For financial statements prepared in accordance with a fair presentation framework, the overall presentation, structure, and content including the related notes represent the underlying transactions and events in a manner that achieves fair presentation; and</li> </ul> <p>The financial statements, including the related notes, adequately refer to or describe the applicable financial reporting framework.</p>				
<p><b>AUD-801 Audit Programme: Cash through AUD-813 Audit Programme: Other Income and Expense AUD-816 Fair Value Measurements and Disclosures</b></p>					
Modify	<p>Under Disclosures Testing step “We reviewed financial statement disclosures related to this cycle to ensure:”, modified substep c and added new substep d as follows:</p> <ul style="list-style-type: none"> <li>c. Financial information is appropriately presented, measured, and described and disclosures are</li> </ul>	Procedures step	Y	Par. A124 of ISA 315 (Revised)	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	clearly expressed at appropriate amounts. Related disclosures are relevant and understandable in the context of the requirements of the applicable financial reporting framework.				
<b>AUD-814 Audit Programme: Journal Entries and Financial Statement Review</b>					
Modify	Added Practice Point between steps 2 and 3 (under the “Testing of Journal Entries and Other Adjustments” heading): <b>Practice Point:</b> Steps 3 through 5 relate to testing journal entries and other adjustments for indications of potential fraud as required by International Standard on Auditing No 240 (ISA 240), <i>The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements</i> . Step 7 relates to testing journal entries as part of substantive procedures related to the financial statement reporting process, as required by International Standard on Auditing No 330 (ISA 330), <i>The Auditor’s Responses to Assessed Risks</i> . Because of the nature of the testing, the auditor may consider testing the steps in conjunction with each other.	Table, procedures	Y	ISA 240	
Modify	Added Practice Point under the heading “The Auditor’s Responsibilities Relating to Other Information”: <b>Practice Point:</b> In April 2015, the IAASB issued a final release of the revised standard, <i>The Auditor’s Responsibilities Relating to Other Information and Related Conforming Amendments (ISA 720)</i> . The key provisions of the revised standard: <ul style="list-style-type: none"> <li>Extend the scope of the standard to include documents accompanying audited financial statements and the auditor’s report thereon;</li> <li>Extend the auditor’s responsibilities (i.e. the work effort) to determine, through discussion with management, which document(s) comprises the annual report, and the entity’s planned manner and timing of issuance, to obtain the final version of the document(s) in a timely manner, read the other information for consistency with the audited financial statements and consider the other information for consistency with the auditor’s understanding of the entity and the environment acquired during the course of the audit;</li> <li>Require the auditor to remain alert for indications that the other information not related to the financial statements or the auditor’s knowledge obtained in the audit appears to be materially misstated;</li> <li>Require the auditor to respond accordingly when</li> </ul>	Table, procedures	Y	ISA 720	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>having identified materially misstated information (e.g. request management to make corrections, communication with those charged with governance, update the auditor's understanding of the entity and its environment, or modify the auditor's report, if appropriate); and</p> <ul style="list-style-type: none"> <li>Bring transparency of the auditor's work through new suggested auditor reporting responsibilities with respect to other information.</li> </ul> <p>The scope of the revisions to ISA 720 are significant, even though as a baseline, the scope of the standard will continue to encompass other information in documents containing audited financial statements and the auditor's report thereon. The auditor's responsibilities relating to other information (other than applicable reporting responsibilities) apply regardless of whether the other information is obtained by the auditor prior to, or after, the date of the auditor's report. The effective date for the revised standard is for audits of financial statements for periods ending on or after December 15, 2016.</p>				
Modify	<p>Revised step 18 with new and modified substeps, now reads:</p> <p>18. With respect to 'other information' (e.g. financial and nonfinancial) contained in the document containing audited financial statements and our report thereon, as defined in and pursuant to the provisions of ISA 720 (Revised), <i>The Auditor's Responsibilities Relating to Other Information</i>, we performed the following procedures:</p> <ol style="list-style-type: none"> <li>We determined, through discussion with management, which document(s) comprise the annual report, and the entity's planned manner and timing of the issuance of such document(s).</li> <li>We made appropriate arrangements with management or those charged with governance to obtain prior to the date of the auditor's report, or as soon as practicable, the final version of the documents comprising the annual report.</li> <li>When some or all of the document(s) comprising the annual report will not be available until after the date of the auditor's report, we requested management to provide written representations that the final version of the document(s) will be provided to us when available, and prior to its issuance by the entity, and completed the required procedures.</li> </ol>	Table, procedures steps	Y	ISA 720, revised .13a - .13c; revised .14 a/b; revised .15; revised .16a-c, revised .17b; revised .18 a/b; revised .19 a/b; revised .20;	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>d. We have read the other information and evaluated whether there are any material inconsistencies (1) between the other information and the audited financial statements, and (2) between the other information and the knowledge of the entity and its environment that we obtained during the audit engagement.</p> <p>e. We remained alert for indications that the other information not related to the financial statement or to our knowledge of the entity and its environment obtained in the audit appears to be material misstated.</p> <p>f. If, on reading the other information, we identified a material inconsistency or other information that appears to be materially misstated, we discussed the matter with management and, if necessary, performed other procedures to conclude whether:</p> <ul style="list-style-type: none"> <li>(1) A material misstatement of the other information exists;</li> <li>(2) A material misstatement of the financial statements exists; or</li> <li>(3) The auditor’s understanding of the entity and its environment needs to be updated.</li> </ul> <p><b>Practice Point:</b> If the auditor determined that there is a material misstatement between the other information and the understanding of the entity and its environment obtained during the audit engagement, the auditor should determine whether modifications to the auditor’s nature, timing, and extent of audit procedures are necessary.</p> <p>g. If we concluded that a material misstatement of the other information exists and management refuses to make the correction we requested, we communicated this matter to those charged with governance and requested the correction be made.</p> <p>h. If we identified a material misstatement in the other information prior to the date of the auditor’s report that requires revision of the other information and management or those charged with governance refuses to make the revision, we considered the implications for our auditor’s report, communicated the intended modification of our report, and modified our opinion in accordance with ISA 705 (Revised), <i>Modifications to</i></p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p><i>the Opinion in the Independent Auditor’s Report</i> (see illustrative audit reports at <b>RPT-901</b> through <b>RPT-987</b>). We also determined whether to include an other matter paragraph in the auditor’s report describing the material misstatement, in accordance with ISA 706 (Revised), <i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report</i>. If determined necessary, we considered withdrawing from the engagement, where withdrawal is possible under applicable law or regulation (see illustrative audit reports at <b>RPT-901</b> through <b>RPT-987</b>).</p> <p>i. If we identified a material misstatement in the other information after the date of the auditor’s report that requires revision of the other information, we communicated with those charged with governance the need for correction of the other information and performed procedures to determine the correction has been made. If the other information is not corrected after communicating with those charged with governance, we communicated with our legal counsel and determined the necessary actions to have the uncorrected material misstatement appropriately brought to the attention of users for whom the auditor’s report is prepared.</p> <p>If revision of the audited financial statements was necessary as a result of a material misstatement with other information and the auditor’s report on the financial statements was already released, we applied the relevant requirements in ISA 560, <i>Subsequent Events</i>.</p>				
Modify	<p>Deleted the following substeps (no longer relevant; also would be out of context considering the significant revisions made to this section of the document):</p> <p>If revision of the other information was necessary after the report release date and management agreed to make the revision, we carried out the procedures necessary under the circumstances.</p> <p>If revision of the other information was necessary after the report release date but management refused to make the revision, we notified those charged with governance, of our</p>	Procedures table	Y	ISA-720	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>concerns regarding the other information and took further appropriate action.</p> <p>If, on reading the other information for the purpose of identifying material inconsistencies, we became aware of an apparent material misstatement of fact, we discussed the matter with management.</p> <p>If, following such discussions we still considered that there is an apparent material misstatement of fact, we requested management to consult with a qualified third party, such as the entity’s legal counsel, and we considered the advice received by the entity in determining whether such matter is a material misstatement of fact.</p> <p>If we concluded that there is a material misstatement of fact in the other information that management refuses to correct, we notified those charged with governance, of our concerns regarding the other information and took any further appropriate action.</p>				
<b>AUD-800 Audit Programme: Custom</b>					
Modify	<p>Added the following before the step “We documented the following items” and substeps a through g:</p> <p><b>Disclosures Testing</b></p> <ol style="list-style-type: none"> <li>1. We reviewed financial statement disclosures related to this cycle to ensure: <ol style="list-style-type: none"> <li>a. Disclosed events and transactions have occurred and pertain to the entity.</li> <li>b. All disclosures that should have been included in the financial statements have been included.</li> <li>c. Financial information is appropriately presented, measured, and described and disclosures are clearly expressed and at appropriate amounts</li> </ol> </li> </ol> <p>Related disclosures are relevant and understandable in the context of the requirements of the applicable financial reporting framework.</p>	Table	Y	Addressing Disclosures	
<b>AUD-902 Audit Programme: Going Concern</b>					
Modify	Modified first bullet point under Purpose (changing “going concern assumption” to “going concern basis of	Purpose	Y	ISA 570	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>accounting”):</p> <p>Obtain sufficient appropriate audit evidence regarding the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements;</p> <p>Added Practice Point:</p> <p><b>Practice Point:</b> A material uncertainty exists when the magnitude of its potential impact and likelihood of occurrence is such that, in the auditor’s judgement, appropriate disclosure of the nature and implications of the uncertainty is necessary for:</p> <p style="padding-left: 40px;">a. In the case of a fair presentation financial reporting framework, the fair presentation of the financial statements; or</p> <p>In the case of a compliance framework, the financial statements not to be misleading.</p>				
Modify	<p>AUD-902 has been modified and reorganized in accordance with ISA 570 Revised. New Section III added to help the auditor ensure that the proper report language is used and financial statement disclosures are adequate and in accordance with professional standards and the applicable financial reporting framework; instructions modified accordingly.</p> <p>Modified Section I heading, now reads: Risk Assessment Procedures and Going Concern Indicators</p> <p>Modified first paragraph under Instructions now reads: International Standard on Auditing No 570 (ISA 570) (Revised), <i>Going Concern</i>, states that the auditor has a responsibility to obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern. This responsibility exists even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the entity’s ability to continue as a going concern. This</p>	Instructions, Section 1	Y	par. 2, ISA 570	

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	section of the form is used to document:				
Modify	<p>Section III heading added, with instructions: Section III: Adequacy of Disclosures in the Financial Statements and Implications for the Auditor’s Report</p> <p>This section is to help the auditor ensure that the proper report language is used and that financial statement disclosures are adequate and in accordance with professional standards and the applicable financial reporting framework.</p> <p>Existing Section III Results now renumbered as Section IV Results; instructions modified, now read: This section is used to document issues and/or findings, including whether identified going concern matters are determined to be key audit matters. Significant modifications should be made to the audit plan and other matters identified during the performance of these procedures. Significant issues, findings, and key audit matters should also be documented in the appropriate document(s) within the <i>Communication Hub (KBA-101 Overall Audit Strategy through KBA-105 Review of Significant Accounting Estimates)</i>.</p>	Instructions	Y	ISA 570; ISA 701	
Modify	<p>Section I: Risk Assessment Procedures</p> <p>Modified step 1 now reads: We considered whether risk assessment and further audit procedures performed during the audit have identified conditions or events that may cast significant doubt about the entity’s ability to continue as a going concern. In connection with this item, we considered the existence or occurrence of factors such as the following:</p>	Procedures table	Y	ISA 570 Revised para. 10	
Modify	<p>Step 1 substep b. (1) now reads: Default or inability to comply with terms on loans or similar agreements.</p>	Procedures table	Y	ISA 570 Revised para. 10	
Modify	<p>Step 8 modified and added substep a.: 8. In performing our evaluation of management’s</p>	Procedures table	Y	ISA 570 Revised para. 12	

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	assessment, we: a. Evaluated management’s assessment of the entity’s ability to continue as a going concern, including management’s process to make that assessment, assumptions used, and plans for future action and whether those plans are feasible; and management’s use of the going concern basis of accounting.			and 13	
Modify	Section II, modified steps 1 and 4, changing “raise significant doubt” to “cast significant doubt”	Procedures step	Y	ISA 570 Revised para. 16	
Modify	Section II, deleted former step 6: We evaluated the adequacy of related financial statement disclosures.				
Modify	Section II, added new step 7: We obtained sufficient appropriate audit evidence to conclude on the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements.	Procedures steps	Y	ISA 570 Revised para. 17	
Modify	New Section III added: Section III: Adequacy of Disclosures in the Financial Statements and Implications for the Auditor’s Report  Adequacy of Disclosures When Events or Conditions Have Been Identified and a Material Uncertainty Exists 1. If the use of the going concern basis of accounting is appropriate in the circumstances but a material uncertainty exists, we determined whether the financial statements: a. Adequately describe the principal events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern and management’s plans to deal with these events or conditions; and b. Disclose clearly that there is a material	Procedures steps	Y	ISA 570	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>uncertainty related to events or conditions that may cast significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.</p> <p><b>Adequacy of Disclosures When Events or Conditions Have Been Identified but No Material Uncertainty Exists</b></p> <p>2. If events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern but, based on the audit evidence obtained, we concluded that no material uncertainty exists, we evaluated whether, in view of the requirements of the applicable financial reporting framework, the financial statements provide adequate disclosures about these events or conditions.</p> <p><b>Use of Going Concern Basis of Accounting Is Appropriate but a Material Uncertainty Exists, Adequate Disclosure Is Made</b></p> <p>3. If adequate disclosure is made in the financial statements, we expressed an unmodified opinion and included a separate section in the auditor's report under the heading "Material Uncertainty Related to Going Concern" to:</p> <ul style="list-style-type: none"> <li>a. State that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and that the auditor's opinion is not modified in respect of the matter; and</li> <li>b. Draw attention to the note in the financial statements that addresses the required disclosures.</li> </ul> <p><b>RPT-906 Unmodified Opinion: When a Material Uncertainty Related to Going Concern Exists and Disclosure in the Financial Statements Is Adequate Use of Going Concern Basis of Accounting Is</b></p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p><b>Appropriate but a Material Uncertainty Exists, Adequate Disclosure Is Not Made</b></p> <p>4. If adequate disclosure is not made in the financial statements, we expressed a qualified opinion or adverse opinion, as appropriate, and in the Basis for Qualified (Adverse) Opinion section we:</p> <ul style="list-style-type: none"> <li>a. Stated that a material uncertainty exists that may cast significant doubt on the entity’s ability to continue as a going concern; and</li> <li>b. Stated that the financial statements do not adequately disclose the matter.</li> </ul> <p><b>Use of Going Concern Basis of Accounting Is Inappropriate</b></p> <p>5. If the financial statements have been prepared on a going concern basis but management’s use of the going concern basis of accounting in the financial statements is inappropriate, we expressed an adverse opinion.</p> <p>6. We communicated with those charged with governance, when applicable, events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern. That communication included:</p> <ul style="list-style-type: none"> <li>a. Whether the events or conditions constitute a material uncertainty;</li> <li>b. Whether management’s use of the going concern basis of accounting is appropriate in the preparation of the financial statements;</li> <li>c. The adequacy of related disclosures in the financial statements; and</li> <li>d. Where applicable, the implications for the auditor’s report.</li> </ul> <p><b>Significant Delay in the Approval of Financial Statements</b></p> <p>7. If there is significant delay in the approval of the financial statements by management or those charged with governance after the date of the financial statements, we enquired as to the reasons for the delay. If the delay could be related to events or conditions</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>regarding the going concern assessment, we:</p> <p>a. Performed additional audit procedures as deemed necessary; and</p> <p>Considered the effect on our conclusion regarding the existence of a material uncertainty.</p>				
Modify	<p>Modified Step 8:</p> <p>Based on the audit evidence obtained and on auditor judgement, we concluded that a material uncertainty exists related to events or conditions that individually or collectively may cast significant doubt on the entity's ability to continue as a going concern.</p>	Procedures steps	Y	ISA 570	
Modify	<p>Added:</p> <p><b>Practice Point:</b> International Standard on Auditing No 701 (ISA 701) (Revised), <i>Communicating Key Audit Matters in the Independent Auditor's Report</i>, addresses the auditor's responsibility to communicate key audit matters in the auditor's report. It acknowledges that matters relating to going concern may be determined to be key audit matters, and explains that a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern is, by its nature, a key audit matter.</p> <p>Modified Table, adding a column for indicating whether key audit matter is to be included in the auditor's report and a column for the rationale</p>	Section IV, Results	Y	ISA 701	
<b>AUD-903 Audit Programme: Consideration of Fraud</b>					
Modify	<p>Modified substep 2.b.:</p> <p>Risk of omitted, incomplete, or inaccurate disclosures, including the risk that management may attempt to present disclosures in a manner that may obscure a proper understanding of the matters disclosed.</p>				
<b>AUD-907 Interim Review Programme: Review of Interim Financial Information</b>					
Modify	<p>Added Practice Point:</p> <p><b>Practice Point:</b> In April 2015, the IAASB issued a final release of the revised standard, <i>The Auditor's Responsibilities Relating to Other Information and Related Conforming Amendments, (ISA 720)</i>. The key provisions of the revised standard:</p> <ul style="list-style-type: none"> <li>Extend the scope of the standard to include</li> </ul>	Instructions	Y	ISA 720	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>documents accompanying audited financial statements and the auditor's report thereon;</p> <ul style="list-style-type: none"> <li>• Extend the auditor's responsibilities (i.e. the work effort) to determine, through discussion with management, which document(s) comprises the annual report, and the entity's planned manner and timing of issuance, to obtain the final version of the document(s) in a timely manner, read the other information for consistency with the audited financial statements and consider the other information for consistency with the auditor's understanding of the entity and the environment acquired during the course of the audit;</li> <li>• Require the auditor to remain alert for indications that the other information not related to the financial statements or the auditor's knowledge obtained in the audit appears to be materially misstated;</li> <li>• Require the auditor to respond accordingly when having identified materially misstated information (e.g. request management to make corrections, communication with those charged with governance, update the auditor's understanding of the entity and its environment, or modify the auditor's report, if appropriate); and</li> <li>• Bring transparency of the auditor's work through new suggested auditor reporting responsibilities with respect to other information.</li> </ul> <p>The scope of the revisions to ISA 720 are significant, even though as a baseline, the scope of the standard will continue to encompass other information in documents containing audited financial statements and the auditor's report thereon. The auditor's responsibilities relating to other information (other than applicable reporting responsibilities) apply regardless of whether the other information is obtained by the auditor prior to, or after, the date of the auditor's report. The effective date for the revised standard is for audits of financial statements for periods ending on or after December 15, 2016.</p>				

### Auditor's Reports (RPTs)

- Auditor Reports have been added and modified in accordance with revised Illustrations in ISAs 570, 700,706, 710, and 720 and conforming amendments to ISA 720. RPTs from 917 through 987 have been reorganized and renumbered to assist the auditor in selecting the appropriate auditor's report based on the circumstances of the engagement. New Auditor's Reports are as follows:
  - RPT-920 *Unmodified Opinion: Single-Year Financial Statements--Listed Entity--Fair Presentation Framework*
  - RPT-921 *Unmodified Opinion: Consolidated Single- Year Financial Statements—Listed Entity--Fair Presentation Framework*
  - RPT-922 *Unmodified Opinion: Comparative Financial Statements--Listed Entity--Fair Presentation Framework*

- RPT-923 *Unmodified Opinion: Consolidated Comparative Financial Statements—Listed Entity--Fair Presentation Framework*
- RPT-925 *Unmodified Opinion: When the Auditor Has Obtained All Other Information Prior to the Date of the Auditor's Report and Has Not Identified a Material Misstatement of the Other Information*
- RPT-926 *Unmodified Opinion: Comparative Financial Statements -- Listed Entity - When the Auditor Has Obtained Part of the Other Information Prior to the Date of the Auditor's Report, and Has Not Identified a Material Misstatement of the Other Information, and Expects to Obtain Other Information After the Date of the Auditor's Report*
- RPT-927 *Unmodified Opinion: Comparative Financial Statements -- When the Auditor has Obtained Part of the Other Information Prior to the Date of the Auditor's Report, and Has Not Identified a Material Misstatement of the Other Information, and Expects to Obtain Other Information After the Date of the Auditor's Report*
- RPT-928 *Unmodified Opinion: Comparative Financial Statements --Listed Entity-- When the Auditor Has Obtained No Other Information Prior to the Date of the Auditor's Report But Expects to Obtain Other Information After the Date of the Auditor's Report*
- RPT-929 *Unmodified Opinion: When the Auditor has Obtained All Other Information Prior to the Date of the Auditor's Report and Has Identified a Material Misstatement of the Other Information Exists*
- RPT-951 *Qualified Opinion: Group Audit of Consolidated Financial Statements When the Auditor Has Obtained All Other Information Prior to the Date of the Auditor's Report and There is a Scope Limitation with Respect to a Material Item in the Consolidated Financial Statements, Which Also Affects the Other Information*
- RPT-964 *Adverse Opinion: Material Misstatement of Consolidated Financial Statements—Effects Not Determined When the Auditor Has Obtained Other Information Prior to the Date of the Auditor's Report and the Adverse Opinion Affects the Other Information*

### Correspondence Documents (CORs)

- **COR-201; COR-216** Updated and revised in accordance with ISA 260, Revised; 700, Revised; ISA 705, Revised; ISA 706, Revised; and ISA 720, Revised.
- **COR-219** Title has changed to *Pre-Approval of Non-Assurance Services*.
- **COR-903** Updated and revised in accordance the requirements of ISA 260, revised para 16d, A23-25 and par. A.24.
- **COR-901** Updated in accordance the requirements of ISA-210 *Agreeing the Terms of Audit Engagements*.

### Practice Aids (AIDs)

- **AIDs 201 and 801** Modified where appropriate for consistency with CORE versions.

### Resource Documents (RESs)

- **RES-001** modified for consistency and as appropriate in accordance with current guidance.
- **RES-002** modified as appropriate to incorporate new workpapers and realignment of workpaper numbering schemes.
- **NEW RES-022** *Illustrative Key Audit Matter Paragraphs* provides example wording to describe key audit matters to be communicated in the auditor's report.
- **NEW RES-023** *Examples of Amounts and Other Items That May Be Included in Other Information* provides examples of the types of information that may be considered 'other information' as it relates to the auditor's report.

## RELATED, FOUNDATIONS AND ASSOCIATION WORKPAPERS FOR THIS TITLE

Related workpapers are Knowledge Coach Word workpapers where information flows in or out of tables within the workpaper. Some of these related workpapers are Foundation workpapers or associated workpapers.

Foundation Workpapers include most of the Communication Hub workpapers, which are central to the Knowledge-Based Audit Methodology used by the Knowledge Coach titles. Associated workpapers require you to associate them with custom values, such as audit areas, specialists, service organizations, and other items. Workpapers require an association when you need to have more than one instance of a particular Knowledge Coach workpaper in your binder for each type of item to which the workpaper is related. Making this association allows Knowledge Coach information to flow properly between workpapers.

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
<b>KBAs</b>	<b>KNOWLEDGE-BASED AUDIT DOCUMENTS</b>		
KBA-101	Overall Audit Strategy	X	
KBA-102	Engagement Completion Document	X	
KBA-103	Evaluating and Communicating Internal Control Deficiencies	X	
KBA-105	Review of Significant Accounting Estimates	X	
KBA-200	Entity Information and Background	X	
KBA-201	Client/Engagement Acceptance and Continuance Form: Complex Entities		
KBA-201N	Client/Engagement Acceptance and Continuance Form: Non-Complex Entities		
KBA-301	Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts		
KBA-302	Understanding the Entity and Its Environment: Complex Entities		
KBA-302N	Understanding the Entity and Its Environment: Non-Complex Entities		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-303	Enquiries of Management and Others within the Entity about the Risks of Fraud		
KBA-400	Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures	X	
KBA-401	Understanding Entity-Level Controls: Complex Entities		
KBA-401N	Understanding Entity-Level Controls: Non-Complex Entities		
KBA-402	Understanding General Controls for Information Technology		
KBA-403	Understanding Activity-Level Controls: Revenue, Accounts Receivable, and Cash Receipts		
KBA-404	Understanding Activity-Level Controls: Inventory		
KBA-405	Understanding Activity-Level Controls: Property, Plant, and Equipment		
KBA-406	Understanding Activity-Level Controls: Other Assets		
KBA-407	Understanding Activity-Level Controls: Accounts Payable and Disbursements		
KBA-408	Understanding Activity-Level Controls: Payroll and Other Liabilities		
KBA-409	Understanding Activity-Level Controls: Treasury		
KBA-410	Understanding Activity-Level Controls: Taxes		
KBA-411	Understanding Activity-Level Controls: Financial Reporting and Closing Process		
KBA-412	Understanding Controls Maintained by a Service Organisation		X

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-502	Summary of Risk Assessments	X	
KBA-503	Basis for Inherent Risk Assessment		
KBA-902	Audit Review and Approval Checklist		
KBA-904	Audit Documentation Checklist		
KBA-905	Review and Approval Checklist: Interim Review of Financial Information		
<b>AUDs</b>	<b>AUDIT PROGRAMMES</b>		
AUD-100	Overall Tailoring Questions	X	
AUD-101	Overall Audit Programme	X	
AUD-201	Audit Programme: Additional Audit Procedures for an Initial Audit Engagement		
AUD-601	Audit Programme: Testing and Evaluating Internal Auditors' Work		
AUD-602	Audit Programme: Involvement of a Component Auditor		X
AUD-603	Audit Programme: Using the Work of an Auditor's Expert		X
AUD-604	Audit Programme: Using the Work of a Management's Expert		X
AUD-701	Audit Programme: Designing Tests of Controls		
AUD-800	Audit Programme: Custom		X



<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-801	Audit Programme: Cash		
AUD-802	Audit Programme: Investments in Securities, Derivative Instruments, and Hedging Activities		
AUD-803	Audit Programme: Accounts Receivable and Revenue		
AUD-804	Audit Programme: Inventories and Cost of Sales		
AUD-805	Audit Programme: Prepaid Expenses, Deferred Charges, and Other Assets		
AUD-806	Audit Programme: Intangible Assets		
AUD-807	Audit Programme: Property and Equipment, and Depreciation		
AUD-808	Audit Programme: Accounts Payable and Purchases		
AUD-809	Audit Programme: Payrolls and Other Liabilities		
AUD-810	Audit Programme: Income Taxes		
AUD-811	Audit Programme: Debt Obligations		
AUD-812	Audit Programme: Equity		
AUD-813	Audit Programme: Other Income and Expense		
AUD-814	Audit Programme: Journal Entries and Financial Statement Review		
AUD-815	Audit Programme: Related-Party Transactions		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-816	Audit Programme: Fair Value Measurements and Disclosures		
AUD-817	Audit Programme: Special Purpose Entities		
AUD-818	Audit Programme: Share-Based Payments		
AUD-819	Audit Programme: Commitments and Contingencies		
AUD-820	Audit Programme: Accounting Estimates		
AUD-821	Audit Programme: Concentrations		
AUD-901	Audit Programme: Subsequent Events		
AUD-902	Audit Programme: Going Concern		
AUD-903	Audit Programme: Consideration of Fraud		
AUD-904	Audit Programme: Compliance with Laws and Regulations		
AUD-907	Interim Review Programme: Review of Interim Financial Information		
<b>AIDs</b>	<b>PRACTICE AIDS</b>		
AID-201	Non-Assurance Services Independence Checklist		
AID-302	Understanding the Entity's Revenue Streams and Revenue Recognition Policies		
AID-601	Considering the Use of the Work of Internal Auditors		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AID-702	Results of Tests of Controls		
AID-801	Audit Sampling Worksheet for Substantive Tests of Details		
AID-901	Differences of Professional Opinion		
AID-903	Audit Report Preparation Checklist		

### Additional Information for Associated Workpapers

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

Workpaper Requiring Association	What is it associated with?		
	Workpaper	Table/Question	Association Item (Custom Value)
KBA-412 Understanding Controls Maintained by a Service Organisation (Custom)	AUD-100 Tailoring Question Workpaper	Does the entity use service organisations? Shows the "Document the service organisations used by the entity." table in KBA-101 Overall Audit Strategy.	Service Organization
	KBA-101 Overall Audit Strategy	Document the service organisations used by the entity.	
AUD-602 Audit Programme: Involvement of a Component Auditor (Custom)	AUD-100 Tailoring Question Workpaper	Does the entity have multiple components, multiple locations, or segments expected to be audited by component auditors? 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.	Audit Firm Name
	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.	
AUD-603 Audit Programme: Using the Work of an Auditor's Expert (Custom)	AUD-100 Tailoring Question Workpaper	Does the auditor expect to use an expert on this engagement? is "Yes" and "Is the expert an auditor's expert?" is "Yes" Shows the "Document the expected use of an expert(s) on our audit." table in KBA-101 Overall Audit Strategy.	Specialist Firm Name
	KBA-101 Overall Audit Strategy	Document the expected use of an expert(s) on our audit.	
AUD-604 Audit Programme: Using the Work of a Management's Expert (Custom)	AUD-100 Tailoring Question Workpaper	Does the auditor expect to use an expert on this engagement? is "Yes" and "Is the expert a management's expert?" is "Yes" Shows the "Document the expected use of an expert(s) on our audit." table in KBA-101 Overall Audit Strategy.	Specialist Firm Name
	KBA-101 Overall Audit Strategy	Document the expected use of an expert(s) on our audit.	
AUD-800 Audit Programme: (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