

## 2015 EMPLOYEE BENEFIT PLAN 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 **2015 Knowledge-Based Audits of Employee Benefit Plans** has been updated to help auditors conduct audit 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, tips, and examples. Additionally, the 2015 edition of *Knowledge-Based Audits of Employee Benefit Plans* has been updated to incorporate the 2013 *Internal Control-Integrated Framework* (Framework) established by the Committee of Sponsoring Organizations of the Treadway Commission and has been updated for independence considerations and in accordance with changes in the AICPA Code of Professional Conduct. The 2015 tools include links to specific guidance that provides instant access to detailed analysis related to the steps and processes discussed in the workpapers. Also included are revised financial statement disclosures checklists that provide a centralized resource of the current required and recommended U.S. GAAP disclosures and key presentation items, using the style referencing under the FASB Accounting Standards Codification™.

The 2015 edition of *Knowledge-Based Audits of Employee Benefit Plans* 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-101 Overall Audit Strategy</b>					
Modify	Added a new Factor to Consider to Section I, Reporting Requirements, regarding users of the financial statements (e.g., participants, plan sponsors, DOL).	Table other than procedures	N		Data flows in from KBA-200
<b>KBA-103 Evaluating and Communicating Internal Control Deficiencies</b>					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.	Instructions	N		
Modify	Added a new column for Description of Potential Effect.	Table other than procedures	Y	AU-C 265	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	Content update for 2013 <i>COSO Internal Control – Integrated Framework</i> .	Instructions Table other than procedures	Y	COSO	
<b>KBA-200 Plan Information and Background</b>					
New	New table to allow the auditor to document the users of the financial statements (e.g., owners, shareholders, lenders)	Table other than procedures	N		The information in this table will flow to KBA-302, KBA302N and KBA-101.
<b>KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts</b>					
Modify	Updated Rule-of-Thumb percentages to better reflect current industry practice.	Instructions	Y	AU-C 320 AAG Sampling	
<b>KBA-302 Understanding the Entity and Its Environment: Complex Plans</b>					
Modify	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
Modify	Added Factors to be Considered when performing group audit engagements (new Section IV).	Table other than procedures	Y	AU-C 600 Appendix B	
Modify	Under “Nature of the Plan,” deleted step 5 Full-Scope Audits Only	Table	N		
<b>KBA-303 Inquiries of Management and Others within the Plan about the Risks of Fraud</b>					
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		
<b>KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures</b>					
Modify	Content updated for 2013 <i>COSO Internal Control – Integrated Framework</i> .	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.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
					There is new functionality in this workpaper to include changes in the way data flows, default answers, and dynamic diagnostics.
<b>KBA-401 Understanding Entity-Level Controls-Complex Plans and KBA-401N Understanding Entity-Level Controls: Noncomplex Entities</b>					
Modify	Content updates 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 or KBA-401N prior to roll forward to ensure you maintain your data.
Modify	New conclusion table added.	Table other than procedures	Y	COSO	
<b>KBA-403 Understanding Activity-Level Controls: Revenue, Employer and Employee Contributions Receivable, and Cash Receipts through KBA-410 Understanding Activity-Level Controls: Financial Reporting and Closing Process</b>					
Modify	Content update for 2013 Framework; new column for “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.
<b>KBA-502 Summary of Risk Assessments</b>					

### Audit Programs (AUDs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>AUD-101 Overall Audit Program</b>					
Modify	Additional links to workpapers have been added to enhance the usability of the checklist.	Procedure Steps	N		
Added	Added new step: 2. Determine that the financial reporting framework to be applied in the preparation of the financial statements is	Procedures Steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	acceptable.				
Added	Added new step: 25. Review the minutes from board of directors meetings and other relevant committee meetings.	Procedure Steps	N		
Deleted	Completing the Audit: Steps on “Differences of Professional Opinion” and “Review Audit Work” have been combined with “Complete the Audit by:” to reduce duplication.	Procedure Steps	N		
<b>AUD-201 Audit Program-Opening Balances and Additional Audit Procedures for an Initial Audit Engagement</b>					
Modify	Modified instruction to incorporate reference to auditing standards	Instructions	Y	AU-C 300 AU-C 510	
<b>AUD-602 Audit Program-Involvement of a Component Auditor</b>					
Modify	Added table for Similar to PY/Significant Change to Step 1.	Table other than procedures	Y	AU-C 315	
Modify	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	
Modify	Modified 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	
Modify	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	
<b>AUD-603 Audit Program-Using the Work of an Auditor's Specialist</b>					
Modify	Table for Similar to PY/Significant Change to Step 1.	Table other than procedures	Y	AU-C 315	
<b>AUD-604 Audit Program: Using the Work of a Management's Specialist</b>					
Modify	Table for Similar to PY/Significant Change to Step 1.	Table other than procedures	Y	AU-C 315	
<b>AUD-701 Audit Program-Designing Tests of Controls</b>					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modify	Modified instructions to incorporate reference to a new AID-823 Dual-Purpose Testing Worksheet.	Instructions	N		
Modify	Added 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.	Procedures	N	Consistency with CORE	
Modify	Added “The reliability of the data on which the controls testing will be performed” to the nature and the extent of the tests of controls steps.	Procedure Steps	Y	COSO	
<b>AUD-810 Audit Program: Tax Status of the Plan</b>					
Modify	Added steps: 7. We reviewed the plan’s fidelity bond to ensure that it meets ERISA’s bonding requirements. 8. We determined that the bond was at least \$1,000 and met the requirements of equally 10% of plan assets up to the maximum bond required of \$500,000. 9. If the plan is seeking the waiver of audit requirements of a small plan, we determined that the bond covers the amount of nonqualifying investments held by the plan.	Procedures	N		
Modify	Added step: 10. We determined that the bonding requirements have been adequately met.				
Modify	Added steps and substeps: 11. For defined benefit plans, is there evidence that the following tests were performed? a. Limit on maximum annual benefits and compensation that may be included in calculations to determine the maximum annual benefit from a defined benefit plan? b. Minimum distribution requirements to participants and beneficiaries? c. Nondiscrimination as to benefits (401(a)(4))? d. Limit on employer contributions? e. Minimum participation test (the 50-40 rule—Section 401(a)(26))?	Procedures	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	f. Determination of whether the plan was top heavy? g. Minimum plan coverage (the ratio percentage test or the average benefit test-410(b))? h. Nondiscrimination of availability of benefits, rights, and features?				
Modify	Added steps and substeps: 12. For defined contribution plans, if there evidence that the following tests were performed? a. Nondiscrimination in 401(k) elective deferrals (the ADP test) if the plan has a 401(k) arrangement? b. Nondiscrimination in 401(m) employee after-tax contributions or employer matching contributions (the ACP test) if the plan has a 401(m) arrangement? c. Nondiscrimination as to employer contributions? d. 415 limits—limit on maximum annual elective deferral to a 401(k) arrangement? e. Determination of whether the plan was top heavy? f. Minimum plan coverage (the ratio percentage test or the average benefit test— 410(b))? g. Nondiscrimination of availability of benefits, rights, and features?	Procedures	N		
Modify	Added steps: 19. Have the proper communications been conveyed to participants for Summary Plan Descriptions, Summary of Material Modifications, for defined contribution plans, these necessary fee disclosures under ERISA section 401(a)? 20. If a defined benefit plan has any reportable events, have they been properly communicated to the PBGC (for example, termination, distress termination)?	Procedure Steps	Y	ERISA section 401(a)	
<b>AUD-814D Audit Program: Benefit Obligations—Defined Benefit Plans, Including Health and Welfare Defined Benefit Plans</b>					
Modify	Benefit Obligations: updated step 1a. and added new Practice Point: a. We obtained a confirmation from the plan’s actuary as of the benefit information date.	Procedure Steps	Y	FASB ASC-960	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<b>Practice Point:</b> FASB ASC-960, <i>Plan Accounting—Defined Benefit Pension Plans</i> , allows the plan to select a benefit information date as of the beginning of the year or end of the year.				
<b>AUD-816 Audit Program: Fair Value Measurements and Disclosures</b>					
Modify	Modified step “we obtained an understanding of the plan’s transactions and environment relating to fair value measurements and disclosures” substep c. to incorporate its substeps, reducing the number of signoffs required.	Procedures	N		
<b>AUD-903 Audit Program: Consideration of Fraud</b>					
Modify	Combined steps on inquiry of others to reduce the number of signoffs required.	Procedures	N		
<b>AUD-905 Audit Program: Evaluating Subsequently Discovered Facts Existing at the Date of the Auditor’s Report</b>					Tailoring questions have been added to help facilitate a more efficient workflow.
Modify	Added headers to the program step list and added new tailoring questions to facilitate streamlining of the audit program.	Procedures	N		

### Auditor’s Reports (RPTs)

- **All Relevant Reports** updated to present illustrative language on supplementary information required by the DOL.
- **RPT-0927 Unmodified Opinion: Current Year's Audited Financial Statements; Prior Year's Financial Statements Compiled** updated to add a new example.
- **Deleted Reports 0913, 0920, 0925, 0929, and 0937** to avoid confusion; not applicable

### Correspondence Documents (CORs)

**COR-907 Preapproval of Nonattest Services** has been renumbered as **COR-220**.

### Practice Aids (AIDs)

- **AID-201 Nonaudit Services Independence Checklist** updated for independence considerations and in accordance with changes in the AICPA Code of Professional Conduct.
- **NEW AID-822 Board Minutes Review Checklist** designed to aid the auditor in documenting his or her review of the entity’s committee meeting minutes.
- **NEW AID-823 Dual-Purpose Testing Worksheet** designed to enable the auditor to document the sample items and test results when performing tests of internal controls attributes and substantive test criteria at the same time.
- **AID-901 Differences of Professional Opinion** added a signoff for the Engagement Quality Control Reviewer.

### Resource Documents (RESs)

- **RES-001 Knowledge-Based Audit Methodology Overview** modified as appropriate and in accordance with COSO Framework changes and industry-specific considerations.
- **RES-002 Index of Audit Programs, Forms, and Other Practice Aids** modified as appropriate to incorporate new workpapers and realignment of workpaper numbering schemes.
- **RES-008 Entity-Level Controls: Examples of Control Activities for Each Internal Control Component and Related Relevant Principles and Points of Focus** updated for COSO's 2013 Internal Control—Integrated Framework.

**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*.
- FASB Accounting Standards Codification as of December 31, 2014, and through Accounting Standards Update No. 2014-18, including ASU No. 2014-16, Derivatives and Hedging (Topic 815): *Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity*; ASU No. 2014-17, Business Combinations (Topic 805): *Pushdown Accounting*; and ASU No. 2014-18, Business Combinations (Topic 805): *Accounting for Identifiable Intangible Assets in a Business Combination*.



## 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>KBA</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	Plan Information and Background	X	
KBA-201	Client/Engagement Acceptance and Continuance Form: Complex Plans		
KBA-201N	Client/Engagement Acceptance and Continuance Form: Noncomplex Plans		
KBA-301	Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts		
KBA-302	Understanding the Plan and Its Environment: Complex Plans		
KBA-302N	Understanding the Plan and Its Environment: Noncomplex Plans		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-303	Inquiries of Management and Others within the Plan 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 Plans		
KBA-401N	Understanding Entity-Level Controls: Noncomplex Plans		
KBA-402	Understanding General Controls for Information Technology		
KBA-403	Understanding Activity-Level Controls: Revenue, Employer and Employee Contributions Receivable, and Cash Receipts		
KBA-404	Understanding Activity-Level Controls: Benefit Payments and Distributions		
KBA-405	Understanding Activity-Level Controls: Investments		
KBA-406	Understanding Activity-Level Controls: Participant Data		
KBA-407	Understanding Activity-Level Controls: Notes Receivable from Participants and Hardship Withdrawals		
KBA-408	Understanding Activity-Level Controls: Accounts Payable and Disbursements		
KBA-410	Understanding Activity-Level Controls: Financial Reporting and Closing Process		
KBA-411	Understanding Controls Maintained by a Service Organization		X
KBA-502	Summary of Risk Assessments	X	
KBA-503	Basis for Inherent Risk Assessment		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-902	Audit Review and Approval Checklist		
KBA-904	Audit Documentation Checklist		
<b>AUDs</b>	<b>AUDIT PROGRAMS</b>		
AUD-100	Tailoring Question Workpaper	X	
AUD-101	Overall Audit Program	X	
AUD-201	Audit Program: Opening Balances and Additional Audit Procedures for an Initial Audit Engagement		
AUD-202	Planning the Employee Benefit Plan Audit		
AUD-602	Audit Program: Involvement of a Component Auditor		X
AUD-603	Audit Program: Using the Work of an Auditor's Specialist		X
AUD-604	Audit Program: Using the Work of a Management's Specialist		X
AUD-701	Audit Program: Designing Tests of Controls		
AUD-800	Audit Program: Custom		X
AUD-801	Audit Program: Cash		
AUD-802A	Audit Program: Investments (Full-Scope Audits)		
AUD-802B	Audit Program: Investments (DOL Limited-Scope Audits)		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-803	Audit Program: Employer and Employee Contributions Received and Contributions Receivable		
AUD-804	Audit Program: Other Assets—Including Other Receivables, Deposits or Reserves with and Receivables from Insurance Companies and Other Service Providers, and Operating Assets		
AUD-805	Audit Program: Notes Receivable from Participants		
AUD-806	Audit Program: Accounts Payable and Accrued Expenses		
AUD-807	Audit Program: Debt Obligations		
AUD-808	Audit Program: Other Income and Operating Expenses		
AUD-809	Audit Program: Benefit Payments		
AUD-810	Audit Program: Tax Status of the Plan		
AUD-811	Audit Program: Changes in Service Providers; Plan Mergers or Spin-Offs; and Terminated and Partially Terminated or Frozen Plans		
AUD-812	Audit Program: Journal Entries and Financial Statement Review		
AUD-813	Audit Program: Related-Party and Party-in-Interest Transactions		
AUD-814A	Audit Program: Participant Data and Accounts—Defined Contribution Plans		
AUD-814B	Audit Program: Participant Data—Defined Benefit Plans		
AUD-814C	Audit Program: Participant Data—Health and Welfare Defined Benefit Plans		
AUD-814D	Audit Program: Benefit Obligations—Defined Benefit Plans, Including Health and Welfare Defined Benefit Plans		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-815	Audit Program: Minutes, Plan Documents, Agreements, and Relevant Contracts of an Employee Benefit Plan		
AUD-816	Audit Program: Fair Value Measurements and Disclosures		
AUD-817	Audit Program: Commitments and Contingencies		
AUD-818	Audit Program: Accounting Estimates		
AUD-819	Audit Program: Concentrations		
AUD-901	Audit Program: Subsequent Events		
AUD-902	Audit Program: Going Concern		
AUD-903	Audit Program: Consideration of Fraud		
AUD-904	Audit Program: Compliance with Laws and Regulations		
<b>AIDs</b>	<b>PRACTICE AIDs</b>		
AID-302	Understanding the Entity's Revenue Streams and Revenue Recognition Policies		
AID-601	Considering the Use of the Work of Internal Auditors		
AID-702	Results of Tests of Controls		
AID-801	Audit Sampling Worksheet for Substantive Tests of Details		
AID-901	Differences of Professional Opinion		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
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-411 Understanding Ctrl: Service Org (Custom)	AUD-100 Tailoring Question Workpaper	Does the plan use service organizations? Shows the " Document the service organizations used by the plan." table in KBA-101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the service organizations used by the plan.	Service Organization
AUD-602 Audit Program: Component Auditor Involvement (Custom)	AUD-100 Tailoring Question Workpaper	Do we intend 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 we 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 we 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