

2016 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 2016 edition of *Knowledge-Based Audits of Employee Benefit Plans* incorporates 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. The tools in this edition are current through AICPA Statement on Auditing Standards (SAS) No.129, *Letters for Underwriters and Certain Other Requesting Parties*, and the revised AICPA Code of Professional Conduct, often referred as the AICPA Ethics Codification Project. Our authors are always looking to improve the flow of the audit engagement through the addition of new tailoring questions, tips, and examples. 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 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 2016 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
KBA-103 Evaluating and Communicating Internal Control Deficiencies					
Modify	Minor wording modification (customer request), first sentence now reads: This form has been designed to accumulate internal control deficiencies identified in the audit, and to evaluate their severity and classify each deficiency as a (a) material weakness, (b) significant deficiency, or (c) deficiency in internal control.	Purpose	N		
Modify	Modified instructions and column header (column 14 and 15).	Instructions ; column heading	N		Column 14 of table will reset on roll forward.
Modify	Instructions for column 15 (customer request) now read: Column 15. Based on the preceding steps, conclude as to whether the control deficiency, either individually	Instructions	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	or when combined with other deficiencies, should be classified as a material weakness, significant deficiency, or deficiency in internal control.				
Modify	Instructions for column 14 (customer request)now read: If the control deficiency, either individually, or when combined with other deficiencies, would not be considered a material weakness based on the preceding steps, consider whether the deficiency is nevertheless important enough to merit attention by those charged with governance. If the answer is “Yes”, then the deficiency is a “significant deficiency” that should be reported to management and to those charged with governance. If the answer is “No”, then the deficiency is a “deficiency in internal control” that should be reported to management, if it is of sufficient importance to merit management’s attention and if it has not been communicated to management by other parties.	Instructions	N		
KBA-200 Plan Information and Background					
Modify	Minor wording modifications to improve consistency and flow of information (KBA-302; KBA-302N)		N		
Modify	Question, “The following describes pertinent information about the key parties of the plan (e.g., trustee, custodian, record-keeper, investment manager/firm, actuary, employers participating in a multiemployer plan):” has been removed and all information in this table will be retained and transferred into the retained EXISTING Question, “The following describes pertinent information about the key parties involved in the operation of the plan (e.g., plan administrator, record-keeper, trustee, custodian, investment manager/firm, actuary, employers participating in a multiemployer plan):”.		N		If you are using the default Rollforward settings the removed question information will retain and transfer into the step provided in the description of change column. Column 1 of the removed question will retain and transfer into Column 1 (Name) of the retained EXISTING question. Columns 2, 3 and 4 of the removed question will retain and transfer into Column 4 (Background) of the old question.
KBA-302 Understanding the Plan and Its Environment: Complex Plans					
Modify	Minor wording modifications to improve consistency and flow of information (KBA-200).	Text	N		
Modify	Question, “The following describes pertinent information about the key parties of the plan (e.g., trustee, custodian, record-keeper, investment manager/firm, actuary,		N		If you are using the default Rollforward settings the removed question information will retain and transfer into the step provided in the description of change column. Column 1 of the

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	employers participating in a multiemployer plan):” has been removed and all information in this table will be retained and transferred into the retained EXISTING Question, “The following describes pertinent information about the key parties involved in the operation of the plan (e.g., plan administrator, record-keeper, trustee, custodian, investment manager/firm, actuary, employers participating in a multiemployer plan):”.				removed question will retain and transfer into Column 1 (Name) of the retained EXISTING question. Columns 2, 3 and 4 of the removed question will retain and transfer into Column 4 (Background) of the old question.
KBA-302N Understanding the Plan and Its Environment: NonComplex Plans					
Modify	Minor wording modifications to improve consistency and flow of information flow (KBA-200).	Text	N		
Modify	Question, “The following describes pertinent information about the key parties of the plan (e.g., trustee, custodian, record-keeper, investment manager/firm, actuary, employers participating in a multiemployer plan):” has been removed and all information in this table will be retained and transferred into the retained EXISTING Question, “The following describes pertinent information about the key parties involved in the operation of the plan (e.g., plan administrator, record-keeper, trustee, custodian, investment manager/firm, actuary, employers participating in a multiemployer plan):”.		N		If you are using the default Rollforward settings the removed question information will retain and transfer into the step provided in the description of change column. Column 1 of the removed question will retain and transfer into Column 1 (Name) of the retained EXISTING question. Columns 2, 3 and 4 of the removed question will retain and transfer into Column 4 (Background) of the old question.
KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures					
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		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
KBA-401 Understanding Plan-Level Controls-Complex Plans and KBA-401N Understanding Plan-Level Controls: Noncomplex Entities					
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 still only occurs on a “No” answer.

Audit Programs (AUDs): No significant changes.

Auditor’s Reports (RPTs)

- **NEW RPT-0983 DOL Limited Scope Audit: Disclaimer of Opinion—Defined Contribution Plan— Emphasis-of-Matter Paragraph for the Adoption of ASU 2015-12 and/or ASU 2015-7** provides a sample DOL limited-scope audit disclaimer of opinion for a defined contribution plan—emphasis-of-matter paragraph for the adoption of ASU 2015-12 and/or ASU 2015-7.

Correspondence Documents (CORs)

Tool	Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference
COR-901	Modify	Modified for full-scope audits.	Illustrative letter; practice points		DOL / ERISA; ASU 2015-12 and/or ASU 2015-7
COR-901A	New	Designed to provide guidance and a sample letter for obtaining management representations—limited-scope audit..			DOL’s Rules DOL / ERISA; ASU 2015-12 and/or ASU 2015-7

Practice Aids (AIDs)

- **AID-201 Nonattest Services Independence Checklist** for minor updates for references to ET Section 1.295.
- **AID-801 Audit Sampling Worksheet for Substantive Tests of Details** updated for functionality as in Commercial 2015 Title

Resource Documents (RESs)

- **RES-002 Index of Audit Programs, Forms, and Other Practice Aids** modified as appropriate to incorporate changes and new workpapers.
- **RES-QCA Meeting Quality Control Standards Using KBA Audit Tools** updated for modifications updating references to QC Section 10.

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:

FASB Accounting Standards Codification as of December 31, 2015, and through Accounting Standards Update No. 2015-17.

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>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA s	KNOWLEDGE-BASED AUDIT DOCUMENTS		
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		
AUDs	AUDIT PROGRAMS		
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		
AIDs	PRACTICE AIDs		
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's: 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	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 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	Does the auditor expect to use a specialist on this engagement? 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	Does the auditor expect to use a specialist on this engagement? 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