

2016 HOUSING AND URBAN DEVELOPMENT MULTIFAMILY HOUSING PROGRAMS OVERVIEW FOR KNOWLEDGE COACH USERS

PURPOSE

This document is published for the purpose of communicating, to users of the toolset, updates and enhancements included in the current version. This document is not, and should not be used as an audit program to update the audit documentation of an engagement started in a previous version of this product.

WORKPAPER UPDATES AND ROLL FORWARD NOTES

General Roll Forward Note:

You must be the current editor of all Knowledge Coach workpapers to update to the latest content, and you must be the current editor upon opening the updated workpaper for the first time to ensure you see the updated workpaper.

The **2016 Knowledge-Based Audits of Housing and Urban Development Multifamily Housing Programs** has been updated to help auditors conduct efficient and effective audit engagements and reflects comprehensive coverage of current authoritative literature following pronouncements through AICPA Statement on Auditing Standards (SAS) No. 131, *Using the Work of Internal Auditors, Amendment to Statement on Auditing Standards No. 122 Section 700, "Forming an Opinion and Reporting on Financial Statements"* (AU-C Section 700); SAS-130, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements* (AU-C Section 940); the revised AICPA Code of Professional Conduct (Code); and ET Section 1.295, Nonattest Services, and is current through September 30, 2016. Our authors are always looking to improve the flow of the audit engagement through the addition of new tailoring questions, new tips, and new examples. 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 required and recommended U. S. GAAP disclosures and key presentation items currently in effect, using the style referencing under the FASB Accounting Standards Codification™ as of September 30, 2016.

The 2016 edition of *Knowledge-Based Audits of Housing and Urban Development Multifamily Housing Programs* includes the following updates:

Knowledge-Based Audit Documents (KBAs)

Updated throughout for consistency with Commercial 2016.

- **KBA-303** title has been modified to Inquiries of Management and Others within the Entity about the Risks of Fraud and Noncompliance with Laws and Regulations
- **KBA-501** title has been modified to Team Discussion and Consideration of the Risks of Material Misstatement
- **KBA-5011** title has been modified to Team Discussion and Consideration of the Risks of Material Noncompliance

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
KBA-101 Overall Audit Strategy					
Modify	Modified for consistency with CORE throughout, where applicable.	Text	N		This step will retain on roll forward if the user selects to keep the responses in this workpaper.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>Section I, Reporting Requirements: Modified step4, now reads as follows: Users or expected users of the financial statements in addition to HUD (e.g., owners, stakeholders, lenders).</p> <p>Section I, Audit Coverage: Added reference: The auditor may use <i>AID-603 Component Identification and Analysis</i> to document the entity’s components and the auditor’s assessment of the significance of each component.</p>				
Modify	<p>Section III, added step 3, comment pane, and Practice Point: If applicable, the following is our rationale for concluding not to test operating effectiveness of controls:</p> <p>Practice Point: If the auditor is assessing control risk at maximum because testing controls would not be effective (as opposed to efficient), for example, the risk assessment procedures have identified controls that are not designed or implemented effectively, a control deficiency exists that must be evaluated and reported. <i>KBA-103 Evaluating and Communicating Internal Control Deficiencies</i> may be used to assess the severity of the deficiency.</p>	Section III	N		
KBA-103/103C Evaluating and Communicating Internal Control Deficiencies					
Modify	Modified throughout for consistency with CORE; added columns 11 and 14 (and modified instructions accordingly); added N/A to column 15.	Purpose; Instructions ; text; table	Y	SAS-130	All columns will retain on roll forward.
KBA-105 Review of Significant Estimates					
Modify	Modified table, adding new column (“Retrospective Review Performed, Yes, No) and Workpaper Reference column.	Table	N		All columns will retain on roll forward if user uses the default roll forward settings or the user selects to keep all responses.
KBA-200 Entity Information and Background					
Modify	Minor modifications for consistency with wording of related workpapers	Table	N		
KBA-201 Client/Engagement Acceptance and Continuance Form: Complex Entities					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
New	The Tailoring Question, “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” has been added and will show step b in Section III if “Yes” is answered.				This TQ will flow the answer from AUD-100.
Modify	Added new steps a, b, c, to Part 2 Section I table, as follows: <ul style="list-style-type: none"> a. Management has not identified a main point of contact. b. Management and those charged with governance do not care about our integrity. c. Management has not agreed to be available and is unwilling to answer questions and to provide clear answers or requested documentation in a timely fashion. 	Table			
Modify	Modified Part 2 Section I table step “u”, which now reads: Does management lack the commitment to adopt and apply appropriate accounting principles or demonstrate the desire to interpret accounting principles in an aggressive manner?				This step will retain on roll forward if the user uses the default roll forward settings
Modify	Modified Part 2 Section III table step “b”; now reads: If we have been engaged to perform an integrated audit, are we using the same suitable and available criteria as used by management for its assessment of the effectiveness of the entity’s internal control over financial reporting? (AU-C Section 940, <i>An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements</i> , effective for integrated audits for periods ending on or after December 15, 2016). This step will show if the TQ, “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is answered “Yes” in AUD-100.	Table	Y	AU-C Section 940	
Modify	Modified Section III table step “w” and “x” to add threats	Procedures	Y	Code	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>and safeguards; now read as follows:</p> <p>w. Have we evaluated client and auditor relationships and circumstances to identify potential threats to independence not identified above, including:</p> <ol style="list-style-type: none"> 1. Adverse interest threat, which is the threat that interests in opposition to the client’s will cause a lack of objectivity? 2. Advocacy threat, which is the threat that the auditor will promote the client’s interests to a point of impairing independence? 3. Familiarity threat, which is the threat that the auditor’s relationship with the client might cause it to be too sympathetic to the client’s interests or to lack professional skepticism when evaluating the client’s work? 4. Management participation threat, which is the threat that the auditor will take on the role of client management or will assume management responsibilities for the client? 5. Self-interest threat, which is the threat that the auditor may be influenced by some benefit, financial or otherwise, that may result from an interest in, or relationship with, the client? 6. Self-review threat, which is the threat that services previously performed for the client will not be adequately reviewed by the auditor in performing the engagement? 7. Undue influence threat, which is the threat that the auditor will subordinate judgment to that of an individual associated with the client or some other party due to their reputation, expertise, or some other factor? <p>x. For any identified threats to independence, have safeguards been created or implemented so that such threats are eliminated or reduced to an acceptable level? (Also, provide additional documentation in step 7 below.)</p> <p>Practice Point: Safeguards may partially or entirely eliminate a threat</p>	steps			

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>or reduce the potential influence of a threat. The nature and extent of the safeguards applied depend on many factors, including the size of the firm. However, to be effective, safeguards should eliminate the threat or reduce it to an acceptable level. The AICPA Code of Professional Conduct identifies the following three broad categories of safeguards:</p> <ul style="list-style-type: none"> • Safeguards created by the profession, legislation, or regulation. • Safeguards implemented by the client; however, it is not possible to rely solely on safeguards implemented by the client to eliminate or reduce significant threats to an acceptable level. • Safeguards implemented by the firm, including policies and procedures to implement professional and regulatory requirements. 				
Modify	<p>Added new step 7: For identified threat(s) to independence, the following describes the circumstances and/or relationships giving rise to the threat(s); the nature of the threat(s), for example advocacy threat, self-interest threat; the safeguards that have been applied; and whether the threat(s) was eliminated or reduced to an acceptable level.</p> <p>Practice Point: When the auditor applies safeguards to eliminate or reduce significant threats to an acceptable level, the auditor should document the identified threats and safeguards applied. Failure to prepare the required documentation would be considered a violation of the “Compliance with Standards Rule” (ET Section 1.310.001).</p> <p>This step will show if the TQ, “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is answered “Yes” in AUD-100.</p>	Table	Y	Code	
KBA-201N Client/Engagement Acceptance and Continuance Form: Noncomplex Entities					
Modify	<p>Part 2 Section III, added Practice Point under item 1, as follows: Practice Point: <i>AID-201 Nonattest Services Independence Checklist</i> may be used to supplement the information gathered and considered on this form prior to making the decision on whether or not an attest engagement should be accepted or continued.</p>	Text	N		
KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholders for					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Trivial Amounts					
Modify	Moved “Performance Materiality” section above “Lesser Materiality” on both the Component Materiality tab and the Materiality Calculations tab.	Text	N		
KBA-303 Inquiries of Management and Others Within the Entity About the Risks of Fraud and Noncompliance With Laws and Regulations					
Modify	<p>Modified title; modified Purpose and Instructions language from “risks of fraud” to “risks of fraud and noncompliance with laws and regulations.”</p> <p>Modified Practice Point, as follows:</p> <p>Practice Point: The auditor may wish to define fraud and noncompliance with laws and regulations as a lead-in to any inquiries. AU-C Section 240, <i>Consideration of Fraud in a Financial Statement Audit</i>, states that fraud is “an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit”. AU-C Section 240 specifically deals with the risk of material misstatement due to fraud and states that there are two types of intentional misstatements that are relevant to the auditor—misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Both of these should be considered by the auditor when assessing the risk of material misstatement. AU-C Section 250, <i>Consideration of Laws and Regulations in an Audit of Financial Statements</i>, refers to noncompliance with laws and regulations as “acts of omission or commission by the entity, either intentional or unintentional, which are contrary to the prevailing laws or regulations. Such acts include transactions entered into by, or in the name of, the entity or on its behalf by those charged with governance, management, or employees. Noncompliance does not include personal misconduct (unrelated to the business activities of the entity) by those charged with governance, management, or employees of the entity.”</p> <p>Practice Point: For an integrated audit, AU-C Section 940, <i>An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements</i>, states that when planning and performing the audit of internal control over financial reporting, the auditor should (1) incorporate the results of the fraud risk assessment performed in the financial statement audit pursuant to the requirements of AU-C Section 240; (2) evaluate whether the entity’s controls sufficiently address identified risks of material misstatement due to fraud and the risk of management override of other controls; and (3) focus more of his or her attention on the areas of higher risk.</p>	Purpose; Instructions	Y	AU-C 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	<p>Added items under Inquiries of Management:</p> <p>Are you aware of laws or regulations that may be expected to have a fundamental effect on the operations of the entity?</p> <p>Are you aware of any noncompliance with laws and regulations?</p>	Table	N		
Modify	<p>Modified/Added under Inquiries of Management:</p> <p>Document the identity of the entity's related parties including changes from the previous year, the nature of the relationships between the entity and each related party, and the type and purpose of transactions entered into, including how these transactions are identified, accounted for, disclosed, authorized and approved:</p> <p>Describe the entity's policies and procedures regarding compliance with laws and regulations, and for identifying, evaluating, and accounting for litigation claims resulting from noncompliance:</p> <p>Describe the entity's directives issued and periodic representations obtained from management at appropriate levels of authority concerning compliance with laws and regulations.</p>	Table			The modified question will be retained on roll forward if user selects to keep all responses.
Modify	<p>Added (under Inquiries of Those Charged with Governance):</p> <p>Are you aware of laws or regulations that may be expected to have a fundamental effect on the operations of the entity?</p> <p>Are you aware of any noncompliance with laws and regulations?</p> <p>Modified:</p> <p>Document the identity of the entity's related parties including changes from the previous year, the nature of the relationships between the entity and each related party, and the type and purpose of transactions entered into, including how these transactions are identified, accounted for, disclosed, authorized, and approved:</p>	Table	N		The modified question will be retained on roll forward if user selects to keep all responses.
Modify	Added (under Inquiries of Internal Audit Function (if	Table	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>applicable):</p> <p>Are you aware of any noncompliance with laws and regulations?</p>				
Modify	<p>Added (under Inquiries of Employees Involved in the Financial Reporting Process):</p> <p>Are you aware of any noncompliance with laws and regulations?</p>	Table	N		
Modify	<p>Added, under Inquiries of Others:</p> <p>Practice Point: Per AU-C Section 240, <i>Consideration of Fraud in a Financial Statement Audit</i>, examples of others within the entity to whom the auditor may wish to direct these inquiries include:</p> <ul style="list-style-type: none"> • Employees involved in initiating, authorizing, processing, or recording complex or unusual transactions (which may help in evaluating the appropriateness of the selection and application of certain accounting policies); • Employees with varying levels of authority within the entity, including, for example, entity personnel with whom the auditor comes into contact during the course of the audit (a) in obtaining an understanding of the entity’s systems and internal control, (b) in observing inventory or performing cutoff procedures, or (c) in obtaining explanations for fluctuations noted as a result of analytical procedures; • Operating personnel not directly involved in the financial reporting process; • Marketing, sales, or production personnel, or other operating personnel not directly involved in the financial reporting process; • In-house legal counsel; • Risk management function; • Information systems personnel; • Chief ethics officer or the equivalent position; and • The person(s) charged with dealing with allegations of fraud. 	Table	Y	AU-C Section 240	
Modify	<p>Added (under Inquiries of Others):</p> <p>Are you aware of any noncompliance with laws and regulations?</p> <p>Modified:</p> <p>Based upon the above inquiries, we investigated inconsistencies related to inquiries of management, those charged with governance, and others, and have</p>	Table	N	KBA-303	The modified question will be retained on roll forward if user selects to keep all responses.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	considered their impact on our assessment of the risk of fraud and identified risks of material misstatement due to fraud that have been summarized at <i>KBA-502 Summary of Risk Assessments Financial-Statement and Assertion-Level Risks</i> or <i>KBA-5023</i> through <i>KBA-5027 Summary of Risk Assessments of Noncompliance</i> .				
KBA-304 Determining Major HUD Programs					
Modify	Under HUD Major Program Determination, added Practice Point: Practice Alert: In February 2016, HUD updated Chapter 6 of the <i>Consolidated Audit Guide for Audits of HUD Programs</i> in its entirety. The chapter has been updated to reflect changes in Ginnie Mae's net worth, liquidity, insurance and reporting requirements. Modified table in accordance with changes in HUD AG Chapter 6 as of February 2016.	Instructions	Y	HUD AG	
KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures					
Modify	Minor modifications throughout	Text; table, other than procedures	N		
New	New diagnostic in Table 2 if the user answers column 12, "Are Controls Functioning" as "No" but the user hasn't answered column 7, "If Column 6 is "No" Describe the Control Deficiency Identified". This will remind the user to describe the control deficiency if the controls aren't functioning so there is no blank flow to KBA-103.	Table	N		
New	New diagnostic in Table 3 if the user answers column 13, "Are Controls Functioning" as "No" but the user hasn't answered column 8, "If Column 7 is "No" Describe the Control Deficiency Identified". This will remind the user to describe the control deficiency if the controls aren't functioning so there is no blank flow to KBA-103.	Table	N		
New	Added a comments column at end of Table 1: Scoping and Mapping. This column doesn't have to be completed as it will not have an unanswered question diagnostic.				
KBA-401 Understanding Entity-Level Controls: Complex Entities and KBA-415					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	<p>Added, to Instructions, after first paragraph: Obtaining an understanding of entity-level controls is a continuous, dynamic process of gathering, updating, and analyzing information throughout the audit. Identifying significant changes in entity-level controls from previous periods is particularly important in gaining a sufficient understanding of the entity and to identify and assess risks of material misstatement. To highlight significant changes in the current year, the auditor should designate the degree of change from the previous year. A significant change from the previous year may be an indication of a necessary modification to the assessment of risk and design of further audit procedures related to that item. While performing each audit, the auditor should continually update this form to update the knowledge gained in previous years.</p> <p>Entity-level controls vary in nature and level of precision and the extent to which the auditor may rely on them; therefore, the auditor should consider that:</p> <ul style="list-style-type: none"> • Some entity-level controls, such as certain control environment controls, have an important, but indirect, effect on the likelihood that a misstatement will be detected or prevented on a timely basis. These controls might affect the other controls the auditor selects for testing and the nature, timing, and extent of procedures the auditor performs on other controls. • Some entity-level controls monitor the effectiveness of other controls. Such controls might be designed to identify possible breakdowns in lower-level controls, but not at a level of precision that would, by themselves, sufficiently address the assessed risk that misstatements to a relevant assertion will be prevented or detected on a timely basis. These controls, when operating effectively, might allow the auditor to reduce the testing of other controls. • Some entity-level controls might be designed to 	Instructions	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>operate at a level of precision that would adequately prevent or detect on a timely basis misstatements to one or more relevant assertions. If an entity-level control sufficiently addresses the assessed risk of misstatement, the auditor need not test additional controls relating to that risk.</p>				
Modify	<p>Modified bulleted text under “If “No,” Identify the Type of Deficiency”:</p> <ul style="list-style-type: none"> • <i>Material weakness.</i> A deficiency or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows: <ul style="list-style-type: none"> — <i>Reasonably possible.</i> The chance of the future event or events occurring is more than remote but less than likely. — <i>Probable.</i> The future event or events are likely to occur. • <i>Significant deficiency.</i> A deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance. • <i>Deficiency in internal control.</i> A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the 	Table	Y	ICFR	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.</p> <p>Modified Instructions for table - under If “Yes,” Are Controls Selected for Operating Effectiveness Testing, modified Instructions for table:</p> <p>This column should be used to document the auditor’s conclusion as to whether the control will be tested for operating effectiveness. For an integrated audit (AU-C Section 940, <i>An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements</i>, effective for integrated audits for periods ending on or after December 15, 2016), the auditor should test those entity-level controls that are important to the auditor’s conclusion about whether the entity has effective internal control over financial reporting.</p>				
KBA-401N Understanding Entity-Level Controls: Noncomplex Entities and KBA-415N					
	<p>Added:</p> <p>Entity-level controls vary in nature and level of precision and the extent to which the auditor may rely on them; therefore, the auditor should consider that:</p> <ul style="list-style-type: none"> • Some entity-level controls, such as certain control environment controls, have an important, but indirect, effect on the likelihood that a misstatement will be detected or prevented on a timely basis. These controls might affect the other controls the auditor selects for testing and the nature, timing, and extent of procedures the auditor performs on other controls. • Some entity-level controls monitor the effectiveness of other controls. Such controls might be designed to identify possible breakdowns in lower-level controls, but not at a level of precision that would, by themselves, 	Instructions	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>sufficiently address the assessed risk that misstatements to a relevant assertion will be prevented or detected on a timely basis. These controls, when operating effectively, might allow the auditor to reduce the testing of other controls.</p> <ul style="list-style-type: none"> Some entity-level controls might be designed to operate at a level of precision that would adequately prevent or detect on a timely basis misstatements to one or more relevant assertions. If an entity-level control sufficiently addresses the assessed risk of misstatement, the auditor need not test additional controls relating to that risk. 				
Modify	<p>Added Reasonably possible and Probably definitions: AU-C Section 265, <i>Communicating Internal Control Related Matters Identified in an Audit</i>, defines deficiencies as follows:</p> <ul style="list-style-type: none"> <i>Material weakness.</i> A deficiency or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows: <ul style="list-style-type: none"> <i>Reasonably possible.</i> The chance of the future event or events occurring is more than remote but less than likely. <i>Probable.</i> The future event or events are likely to occur. <i>Significant deficiency.</i> A deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance. <p>Under “Controls Selected for Operating Effectiveness</p>	Instructions	Y	AU-C 265; AU-C 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>Testing, after the first paragraph, added:</p> <p>For an integrated audit (AU-C Section 940, <i>An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements</i>, effective for integrated audits for periods ending on or after December 15, 2016), the auditor should test those entity-level controls that are important to the auditor’s conclusion about whether the entity has effective internal control over financial reporting.</p>				
KBA-402 Understanding General Controls for Information Technology					
Modify	<p>Modified Section III instructions under “If No, Identify the Type of Deficiency”:</p> <p>AU-C Section 265, <i>Communicating Internal Control Related Matters Identified in an Audit</i>, defines deficiencies as follows:</p> <ul style="list-style-type: none"> • <i>Material weakness</i>. A deficiency or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows: <ul style="list-style-type: none"> — <i>Reasonably possible</i>. The chance of the future event or events occurring is more than remote but less than likely. — <i>Probable</i>. The future event or events are likely to occur. — <i>Significant deficiency</i>. A deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance. — <i>Deficiency in internal control</i>. A deficiency in internal control over financial reporting exists when the design or operation of a 	Table	Y	AU-C Section 265	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.</p>				
Modify	<p>Section III - under “If “Yes,” Are Controls Selected for Operating Effectiveness Testing?”- modified text as follows</p> <p>This column should be used to document the auditor’s conclusion as to whether the control will be tested for operating effectiveness. For an integrated audit (AU-C Section 940, <i>An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements</i>, effective for integrated audits for periods ending on or after December 15, 2016), the auditor should test those entity-level controls that are important to the auditor’s conclusion about whether the entity has effective internal control over financial reporting.</p>	Text	Y	AU-C Section 940	
KBA-403 Understanding Activity-Level Controls: Revenue, Accounts Receivable, and Cash Receipts through KBA-411 Understanding Activity-Level Controls: Financial Reporting and Closing Process					
	<p>Step 5 instructions, added:</p> <ul style="list-style-type: none"> If testing the operating effectiveness of controls, document the <i>Description of the Identified Key Controls</i> at AID-702 Results of Tests of Controls. <p>Table column modified:</p>	Table	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<i>Description of the Identified Key Controls (Document in AID-702, if applicable)</i>				
New	New diagnostic in the Subprocesses table if the user answers column 14, “Are Controls Functioning” as “No” but the user hasn’t answered column 9, “If Controls Are Not Implemented, Not Designed Effectively, or Only Partially Effective, Describe the Control Deficiency”. This will remind the user to describe the control deficiency if the controls aren’t functioning so there is no blank flow to the Conclusion Section.	Table	N		
Modify	Column 5 header of the subprocess table was modified to read: Description of the Identified Key Controls (Document in AID-702, if applicable) This part in parenthesis was added to remind the user where to document the key controls that may be tested.				
KBA-409 Understanding Activity Level Controls: Payroll and Other Liabilities					
Modify	Added additional Activity-Level Control Objectives	Table	N		
KBA-412 Understanding Controls Maintained by a Service Organization					
New	New Tailoring Question, “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” that will flow from answer from AUD-100.				
Modify	Added: Practice Point: In an integrated audit, if a service organization’s services are part of an entity’s information system, then they are part of the entity’s internal control over financial reporting and the auditor should consider the activities of the service organization when determining the evidence required to support his or her opinion on the effectiveness of an entity’s internal control over financial reporting. In such circumstances, the auditor is required to perform the procedures described in AU-C Section 402 with respect to the activities performed by the service organization and obtain evidence that controls at the service organization that are relevant to the auditor’s opinion on internal control over financial reporting are operating effectively.	Purpose	Y	AU-C Section 402	
Modify	Added step 4 : We inquired of management to determine if management is aware of any changes in the service organization’s	Table	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>controls subsequent to the period covered by the service auditor’s report, and evaluated the effect of any such changes on the audit.</p> <p>Practice Point: Changes in the service organization’s controls may include:</p> <ul style="list-style-type: none"> • Changes communicated to management from the service organization, including those related to the service organization’s processes and information systems. • Changes in personnel at the service organization with whom management interacts. • Changes in the design or implementation of controls that were necessary to achieve the control objectives. • Changes in reports or other data received from the service organization. • Changes in contracts or service level agreements with the service organization. • Errors identified in the service organization's processing or incidents of noncompliance with laws and regulations or fraud. 				
Modify	<p>Added step 6:</p> <p>In an integrated audit (AU-C Section 940, <i>An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements</i>, effective for integrated audits for periods ending on or after December 15, 2016), we determined whether additional evidence about the operating effectiveness of controls at the service organization is needed based on (a) the procedures performed by management or us and the results of those procedures, and (b) an evaluation of the following risk factors:</p> <ol style="list-style-type: none"> a. Deficiencies identified as a result of procedures performed. b. The elapsed time between the time period covered by the tests of controls in the service auditor's report and the “as of date” specified in management’s assessment. c. The significance of the activities of the service organization. d. Whether there are errors that have been identified in the service organization’s 	Table	Y	AU-C Section 940	Modify

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>processing.</p> <p>e. The nature and significance of any changes in the service organization's controls identified by management or the auditor.</p> <p>If these or similar factors have been found to exist, we determined whether to obtain additional evidence about the operating effectiveness of controls at the service organization.</p> <p>This step will Show if the user answers “Yes” to the new TQ noted above.</p>				
Modify	<p>Modified first step under Conclusion:</p> <p>We evaluated whether a sufficient understanding of the nature and significance of the services provided by the service organization and their effect on the entity’s internal control relevant to the audit has been obtained to provide a basis for the identification and assessment of the risks of material misstatement, or whether we need to perform updating or other procedures with respect to the service organization.</p> <p>Deleted: We determined whether a sufficient understanding of the nature and significance of the services provided by the service organization and their effect on the entity’s internal control relevant to the audit has been obtained to provide a basis for the identification and assessment of the risks of material misstatement, or whether we need to perform updating or other procedures with respect to the service organization</p>	Table			This step will reset on roll forward since it was combined with another step. Step 2 of the conclusion will retain the answer of this combined step from the prior year.
Modify	<p>Added new step 3, under Conclusion:</p> <p>Our assessment of the risk of material misstatement for the affected audit area considers, or has been appropriately updated for, our conclusions reached based on our evaluation of the service organization.</p> <p><i>KBA-502 Summary of Risk Assessments</i></p>	Table			
KBA-501 Team Discussion and Consideration of the Risks of Material Misstatement					
Modify	<p>Title modified to “Team Discussion and Consideration of the Risks of Material Misstatement”</p> <p>Added, to the Instructions:</p> <p>This document is designed to help the auditor respond to</p>	Instructions	Y	AU-C Section 240	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	those risks and to document the auditor’s consideration of fraud in accordance with AU-C Section 240.				
Modify	<p>Modified/added items:</p> <ul style="list-style-type: none"> • The susceptibility of a material misstatement of the financial statements due to fraud or error that could result from the entity’s related-party relationships and transactions, including how related-parties may be involved in fraud, such as: <ul style="list-style-type: none"> – Entities formed to accomplish a specific purpose and that are controlled by management might be used to facilitate earnings management; – Transactions between the entity and an affiliate of a key member of management could be arranged to misappropriate the entity’s assets; – Equity distributions or capital contributions that may be structured as loans; – Transactions between the entity and related parties that may be subject to period-end window dressing (e.g., a stockholder may pay a loan shortly before period-end, but the entity loans the same amount to the stockholder shortly after period-end); and – Certain entities (e.g., governmental entities or entities operating in regulated industries) may circumvent laws or regulations that curb their ability to engage in transactions with related parties. 	Instructions	N	KBA-501	
Modify	<p>Added Procedures steps 1 to 5 under “Identification of Risks of Material Misstatement”:</p> <ol style="list-style-type: none"> 1. We discussed the following matters that may be relevant in identifying risks of fraud: <ol style="list-style-type: none"> a. Risk of omitted, incomplete, or inaccurate disclosures. b. Information from the results of procedures relating to the acceptance and continuance of entity relationships and engagements. 				These steps will retain from AUD-903 if the user selects to keep all responses on roll forward. If KBA-501 wasn’t included in the binder before roll forward please insert it so that these steps will retain on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<ul style="list-style-type: none"> c. Information from the results of reviews of interim financial statements. d. Inherent risk identified as part of the consideration of audit risk at the relevant assertion level. <ol style="list-style-type: none"> 2. We reminded all engagement personnel of the need to emphasize professional skepticism, recognizing the possibility that a material misstatement due to fraud may exist, notwithstanding past experience related to the honesty and integrity of management and those charged with governance. 3. We reminded all engagement personnel to critically assess audit evidence, and that if reason exists to doubt the authenticity of documents obtained from management or the contents of those documents, to consult with other team members or experts in the firm where appropriate. 4. We included the person with final responsibility for the audit and other key members of the audit team (e.g., managers, seniors) in the discussion of the risks of material misstatement, including fraud. 5. If auditor’s specialists were assigned to the engagement, we considered involving such specialists in the brainstorming session. 				
Modify	<p>Added:</p> <p>We emphasized the need to discuss the risks of fraud throughout the audit, including when evaluating audit evidence at or near the completion of fieldwork</p>				
KBA-502 Summary of Risk Assessments					
Modify	<p>Added, under Section I: Financial-Statement-Level Risks:</p> <ul style="list-style-type: none"> • Scrutinizing those accounting principles involving subjective measurements and complex transactions; • Evaluating the entity’s selection and application of significant accounting principles; and 	Instructions			
Modify	Section II Assertion-Level Risks, step 2, modified				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	substep c and added d; now reads as follows: (c) consider the likelihood of its occurrence; and (d) consider the <i>pervasiveness</i> of the risk (i.e., is the risk related to specific financial-statement account balances or classes of transactions and related assertions, or is it related to the financial statements as a whole).				
Modify	Modified column 8 instructions: Column 8 to document the assessment of control risk. (Note: To assess control risk at less than maximum, the auditor should perform tests of operating effectiveness of internal controls. Where applicable, after testing the operating effectiveness of internal controls, the auditor should re-evaluate and modify, if necessary, the assessed level of control risk and determine whether any change in assessment would require any modification to the nature, timing, and extent of substantive audit procedures.)	Table	N		
Modify	Added Column 12 instructions and added a “Comments” column to the Section II table: Column 12 to provide additional comments, if necessary.	Table	N		
Modify	Modified table to reflect split of AUD-802 (now AUD-802A and 802B)	Table	N		
KBA-902 Audit Review and Approval Checklist					
Modify	Added Practice Alert: Practice Alert: In February 2016, HUD updated Chapter 6 of the <i>Consolidated Audit Guide for Audits of HUD Programs</i> in its entirety. The chapter has been updated to reflect changes in Ginnie Mae’s net worth, liquidity, insurance, and reporting requirements.	Instructions	Y	HUD AG	
KBA-903 Tax Specialist Review Checklist					
Modify	Tax Specialist Review table, added new item 4, as follows: Provisions for unrecognized tax benefits (uncertain tax positions), including the related liability, penalties, and interest have been properly accounted for and disclosed.	Procedures table			
KBA-904 HUD Audit Documentation Checklist					
Modify	Modified steps 1 and 5: 1. We documented the terms of the audit in an audit	Procedures table	Y	AU-C 210.10d;	Due to the changes within step 1 it will reset on roll forward. Step 2 was added as a new step.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>engagement letter or other suitable form of written agreement that includes (AU-C 210.10d):</p> <ol style="list-style-type: none"> a. The objective and scope of the audit of the financial statements or, if applicable, the audit of internal control over financial reporting that is integrated with an audit of financial statements (“integrated audit”); b. The responsibilities of the auditor; c. The responsibilities of management; d. Identification of the applicable financial reporting framework for the preparation of the financial statements; e. A statement that because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS; and f. Reference to the expected form and content of any reports to be issued by the auditor and a statement that there may be circumstances in which a report may differ from its expected form and content. <p>2. For an integrated audit, we requested and obtained from management its written assessment about the effectiveness of the entity’s internal control over financial reporting (AU-C Section 940, <i>An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements</i>, effective for integrated audits for periods ending on or after December 15, 2016).</p> <p>Practice Point: Management’s refusal to provide a written assessment represents a scope limitation. See <i>RES-001 Knowledge-Based Audit Methodology Overview</i> for further guidance.</p> <p>Modified step 5, substep a, now reads as follows: The overall audit strategy for the audit of the financial</p>			AU-C 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	statements or, if applicable, the integrated audit;				
KBA-9013 Financial Statement Disclosures Relating to HUD Multifamily Housing and Hospital Programs					
	Modified references	Instructions	Y	HUD AG; FASSUB	

Audit Programs (AUDs)

Updated for consistency with Commercial 2016 Title.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
AUD-100 Engagement Level Tailoring Questions					
New	New TQ: Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)? TQ will affect other workpapers within the title.				
AUD-103 Overall Audit Program					
New	New TQ: Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)? TQ will flow from AUD-100. New TQ will show/hide multiple steps within AUD-103. Each of these are new steps for this title. TQ answer will flow from AUD-100.				
Modify	Modified and updated throughout for ICFR, for consistency with CORE, and to add references to Chapter 6 HUD AG where applicable.	Purpose; text; procedures steps; practice points	Y	ICFR; AU-C 940	
AUD-601 Audit Program: Testing and Evaluating Internal Auditors' Work					
Modify	Modified and updated for consistency with CORE (& for	Purpose,	Y	AU-C 610,	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	ICFR); new references and Practice Points where applicable	Instructions, steps		ICFR, AU-C Section 940	
AUD-800 Audit Program: Custom through AUD-821 Audit Program: Concentrations					
Modify	Modified and updated for consistency with CORE; minor wording modifications in text and Practice Points; program step headings added as in CORE.	Text	N		
AUD-802 Audit Program: Investments in Securities, Derivative Instruments, and Hedging Activities					
Deleted	The content of this audit program has been split up and reorganized as 802A and 802B.		N		Due to the split of this program only “Investments in Securities” audit area will stay selected in AUD-100 tailoring question, “What financial statement audit areas are applicable to this engagement?” The user will need to reselect the “Derivative Instruments and Hedging Activities” audit area if this audit area is applicable. The same function will happen in the next TQ, “What audit areas, applicable to the engagement, will you be performing tests of the operating effectiveness of controls?” Due to only being able to retain the “Investments in Securities” audit area and not both due to split, the audit area “Derivative Instruments and Hedging Activities” will be lost from KBA-400 and new flow will need to be established in AUD-100, if applicable.
AUD-802A Audit Program: Investments in Securities					
New	Former AUD-802 content for investments in securities; updated; new practice alerts and practice points added.	text	Y	ASU No. 2016-01	Make sure to publish AUD-802 from the 2015 title before rolling the file forward as there are many steps that will reset due to this split of this audit program. There are some TQ’s that will reset on roll forward as well since they may be duplicated in these programs now and can’t retain the answer to both places from 2015.
AUD-802B Audit Program: Derivative Instruments and Hedging Activities					
New	Former AUD-802 content for derivative instruments and hedging activities; updated; new practice alerts and practice points added.	text	Y	ASU No. 2016-01; AU-C Section 540	Make sure to publish AUD-802 from the 2015 title before rolling the file forward as ALL TQ’s and ALL steps will RESET on roll forward.
AUD-803 Audit Program: Revenue and Accounts Receivable					
Modify	Modified for consistency with CORE; minor modifications for HUD content.	Table, procedures	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Step 1, under Revenue and Receivables, instead of combining substeps 1.b. (1), (2), and (3), as in CORE; the need to remain as separate substeps.	steps			
AUD-805 Audit Program: Escrow Accounts, Prepaid Expenses, Deferred Charges, and Other Assets					
Modify	Minor adjustments to references where applicable (HUD AG Chapter 6)	Step headings	Y	HUD AG	

Auditor's Reports (RPTs)

- Deleted former **RPT-904 HUD Audit Unmodified Opinion: Financial Statements Prepared on the Cash Basis with Opinion on Supplementary Information** (not relevant for HUD).
- Deleted former **RPT-905 HUD Audit Unmodified Opinion: Financial Statements Prepared on the Entity's Income Tax Basis with Opinion on Supplementary Information** (not relevant for HUD).

Correspondence Documents (CORs)

- NEW COR-201A Audit Engagement Letter: Integrated Audit** - Sample letter from auditor to client confirming scope of audit engagement that includes both an audit of the financial statements and an audit of internal control over financial reporting
- NEW COR-901A Management Representation Letter: ICFR**
- NEW COR-904A Communication to Entity with Significant Deficiencies and/or Material Weaknesses: ICFR**
- NEW COR-905 Communication to Entity with No Material Weaknesses (Not for Use When Performing an Integrated Audit)**

Practice Aids (AIDs)

- AID-201 Audit Program: Opening Balances and Additional Audit Procedures for an Initial Audit Engagement** modified and updated to reflect the provisions of ET Section 1.295, *Nonattest Services*, of the AICPA Code of Professional Conduct, including independence considerations and threats to independence and safeguards.
- AID-601 Considering the Use of the Work of Internal Auditors** updated in accordance with the provisions of AU-C Section **610**, *Using the Work of Internal Auditors*, and AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*.
- AID-602 Understanding and Preliminary Assessment of the Entity's Internal Audit Function** updated in accordance with the provisions of AU-C Section **610**, *Using the Work of Internal Auditors*.
- AID-701 Audit Sampling Worksheet for Tests of Controls** modified Purpose to add consideration, if applicable, for an audit that is integrated with an audit of internal control over financial reporting. New Practice Point added regarding the auditor's assessment of control risk; Section III table modified to add a column for "Assertion Is Relevant/Not Relevant."
- AID-702 Results of Tests of Controls** modified to add an Appendix illustrating a recommended workflow when evaluating and testing controls.
- AID-806 Count Sheet of Securities** modified to add new columns for "Number of Shares of Stock" and "Face Value of Debt."
- AID-840 Analysis of Legal Fees** modified to add a column for "Attorney Representation."
- AID-903 Audit Report Preparation Checklist** modified with new tips and references and updated with additional new steps reflecting the provisions of AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*.

Resource Documents (RESs)

- **RES-001 *Knowledge-Based Audit Methodology Overview*** modified and updated as appropriate in accordance with current guidance industry-specific examples, and for consistency with CORE.
- **RES-002 *Index of Audit Programs, Forms, and Other Practice Aids*** modified as appropriate to incorporate new workpapers and modified workpaper titles.
- **RES-003 *Consideration of Fraud in the Knowledge-Based Audit*** modified and updated to include all Chapter 6 references.
- **NEW RES-022 *Special Considerations in Auditing Financial Instruments*** has been added to illustrate questions that may be helpful to the auditor in obtaining an understanding of an entity's controls over its financial instrument activities.
- **NEW RES-023 *Illustrative Management's Report on Internal Control over Financial Reporting*** has been added as an aid to the client in preparing their Management's Report on Internal Control Over Financial Reporting for an integrated audit.
- **NEW RES-024 *Considerations of an Audit of Internal Control over Financial Reporting That Is Integrated with the Knowledge-Based Audit of Financial Statements*** has been added to provide a cross reference between the key AU-C 940 (SAS 130) requirements and the applicable form.
- **RES-HUD *Practice Aids Used in the Knowledge-Based Audit Methodology by HUD Chapter*** modified and updated to include all Chapter 6 references.

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, where applicable, as reflected in the following current audit and accounting guidance:

- AICPA Statement on Auditing Standards:
SAS-131, *Using the Work of Internal Auditors, Amendment to Statement on Auditing Standards No. 122 Section 700, "Forming an Opinion and Reporting on Financial Statements"* (AU-C Section 700)
SAS-130, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements* (AU-C Section 940)
- Revised AICPA Code of Professional Conduct (Code)
- ET Section 1.295, Nonattest Services
- FASB Accounting Standards Codification as of September 30, 2016, including ASU-2016-15.
- Changes made to *Consolidated Audit Guide for HUD Programs* Chapter 6, Ginnie Mae Issuers of Mortgage-Backed Securities

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

RELATED, FOUNDATIONS AND ASSOCIATION WORKPAPERS FOR THIS TITLE

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

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

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBAs	KNOWLEDGE-BASED AUDIT DOCUMENTS				
KBA-101	Overall Audit Strategy	X		X	
KBA-102	Engagement Completion Document	X	X	X	
KBA-103	Evaluating and Communicating Internal Control Deficiencies	X	X	X	
KBA-1033	Evaluating and Communicating Instances of Noncompliance for HUD Chapter 3 Audits: Multifamily Housing Programs		X	X	
KBA-105	Review of Significant Accounting Estimates	X			
KBA-201	Client/Engagement Acceptance and Continuance Form: Complex Entities	X			
KBA-201N	Client/Engagement Acceptance and Continuance Form: Noncomplex Entities	X			
KBA-301	Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts	X			
KBA-3023	Understanding the Entity and Its Environment for HUD Chapter 3 Audits: Multifamily Housing Programs	X			
KBA-303	Inquiries of Management and Others within the Entity about the Risks of Fraud and Noncompliance with Laws and Regulations	X			

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

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

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

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-808	Audit Program: Expenses and Accounts Payable	X			
AUD-809	Audit Program: Payrolls and Other Liabilities	X			
AUD-810	Audit Program: Income Taxes	X			
AUD-811	Audit Program: Debt Obligations	X			
AUD-812	Audit Program: Equity	X			
AUD-813	Audit Program: Other Income and Expense	X			
AUD-814	Audit Program: Journal Entries and Financial Statement Review	X			
AUD-815	Audit Program: Related-Party Transactions	X			
AUD-816	Audit Program: Fair Value Measurements and Disclosures	X			
AUD-817	Audit Program: Variable Interest Entities	X			
AUD-818	Audit Program: Share-Based Payments	X			
AUD-819	Audit Program: Commitments and Contingencies	X			
AUD-820	Audit Program: Accounting Estimates	X			
AUD-821	Audit Program: Concentrations	X			
AUD-8301	HUD Audit Program: Federal Financial Reports for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-8302	HUD Audit Program: Fair Housing and Nondiscrimination for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8303	HUD Audit Program: Mortgage Status for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8304	HUD Audit Program: Replacement Reserve for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8305	HUD Audit Program: Residual Receipts for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8306	HUD Audit Program: Distributions to Owners for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8307	HUD Audit Program: Equity Skimming for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8308	HUD Audit Program: Cash Receipts for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8309	HUD Audit Program: Cash Disbursements for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8310	HUD Audit Program: Tenant Application, Eligibility and Recertification for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8311	HUD Audit Program: Units Leased to Extremely Low-Income Families for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8312	HUD Audit Program: Tenant Security Deposits for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8313	HUD Audit Program: Management Functions for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8314	HUD Audit Program: Unauthorized Change of Ownership/Acquisition of Liabilities for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8315	HUD Audit Program: Unauthorized Loans of Project Funds for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8316	HUD Audit Program: Excess Income for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-8317	HUD Audit Program: Leased Nursing Homes for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8318	HUD Audit Program: Mark-to-Market Program (M2M) Capital Recovery Payments for M2M Projects for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8319	HUD Audit Program: Mark-to-Market Program (M2M) Incentive Performance Fee for M2M Projects for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8320	HUD Audit Program: Mark-to-Market Program (M2M) Distribution of Surplus Cash for M2M Projects for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8321	HUD Audit Program: Mark-to-Market Program (M2M) Special Rules for Cooperatives for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-8322	HUD Audit Program: Federal Financial Reports for HUD Chapter 3 Audits: Multifamily Housing Programs		X		X
AUD-890	HUD Agreed Upon Procedures Program: Certification of Electronic Submission	X			
AUD-901	Audit Program: Subsequent Events	X			
AUD-9023	Audit Program: Going Concern	X			
AUD-903	Audit Program: Consideration of Fraud	X			
AUD-904	Audit Program: Compliance with Laws and Regulations	X			
AUD-905	Audit Program: Evaluating Subsequently Discovered Facts Existing at Date of the Auditor's Report				
AUD-906	Audit Program: Consideration of Omitted Procedures after the Report Date				
AIDs	PRACTICE AIDs				
AID-303	Understanding the Entity's Revenue Streams and Revenue Recognition Policies for HUD Chapter 3 Audits: Multifamily Housing Programs	X			

<i>Form No.</i>	<i>Form Name</i>	<i>Financial Statement Package</i>	<i>Compliance Package</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AID-601	Considering Reliance on the Work of Internal Auditors	X			
AID-603	Component Identification and Analysis	X			
AID-702	Results of Tests of Controls	X			
AID-7023	Results of Tests of Internal Controls over Compliance for HUD Chapter 3 Audits: Multifamily Housing Programs		X		
AID-901	Differences of Professional Opinion	X			
AID-903	Audit Report Preparation Checklist	X			

Additional Information for Associated Workpapers

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

Workpaper Requiring Association	What is it associated with?		Association Item (Custom Value)
	Workpaper	Table/Question	
KBA-412 Understanding Ctrl: Service Org (Custom)	AUD-100 Tailoring Question Workpaper	Does the entity use service organizations? Shows the "Document the service organizations used by the entity." table in KBA-101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the service organizations used by the entity.	Service Organization
AUD-602 Audit Program: Component Auditor Involvement (Custom)	AUD-100 Tailoring Question Workpaper	Does the auditor plan to rely on audit evidence provided by a component auditor? is "Yes" Shows the "Document the audit evidence provided by the component auditor(s) that the engagement team will rely on in our engagement." table in KBA- 101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the audit evidence provided by the component auditor(s) that the engagement team will rely on in our engagement.	Audit Firm Name
AUD-603 Audit Program: Auditor's Specialist (Custom)	AUD-100 Tailoring Question Workpaper	Does the auditor intend 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 intend 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

Additional Information for Associated Workpapers

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

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