2017 NOT-FOR-PROFIT ENTITIES 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 **2017 *Knowledge-Based Audits of Not-for-Profit Entities*** includes revisions and updates to reflect current accounting authoritative literature including, among other things, auditing pronouncements through AICPA Statement on Auditing Standards (SAS) No. 131, *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); *Government Auditing Standards* (GAGAS) 2011 Revision; the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* contained in the 2nd Code of Federal Regulations, Part 200 – 2CFR200; the AICPA Code of Professional Conduct (Code);and Chapter 3 of the Yellow Book, including a new framework for independence with conditions, remediation, and safeguards; and guidance in the most recent editions of the AICPA Audit and Accounting Guide, *Not-for-Profit Entities.* Many new tips, practice alerts, and examples have been incorporated. The 2017 tools include links to specific guidance that provides instant access to detailed analysis related to the steps and processes discussed in the workpapers. Also included is a revised financial statement disclosures checklist that provides 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 2017 edition of *Knowledge-Based Audits of Not-for-Profit Entities* includes the following updates:

Knowledge-Based Audit Documents (KBAs)

- **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.***

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	Section I, item 4 modified; now reads: Users or expected users of the financial statements (e.g., donors, lenders, government funding sources).	Section 1	N		
Modify	Section I, item 6 modified; now reads: Need for statutory, regulatory, or other audit reporting requirements (e.g., GAGAS, Uniform Guidance) and	Section 1	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	expected deadlines and communications with third parties.				
Modify	Added: The auditor may use ***AID-603 Component Identification and Analysis*** to document the entity's components and the auditor's assessment of the significance of each component.	Section 1	N		
Modify	Added step 3, including comment table and Practice Point: If applicable, the following is our rationale for concluding not to test operating effectiveness of controls: **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. ***KBA-103 Evaluating and Communicating Internal Control Deficiencies*** may be used to assess the severity of the deficiency.	Section III	N		
KBA-103 Evaluating and Communicating Internal Control Deficiencies					
Modify	SAS-130 updates throughout; modified throughout; 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 Accounting Estimates					
Modify	Modified table, columns have been reorganized so user entry starts with 1st 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					
Modify	Added new steps a, b, c, to Section I table, as follows: Management has not identified a main point of contact. Management and those charged with governance do not care about our integrity. Management has not agreed to be available and is	Table			

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	unwilling to answer questions and to provide clear answers or requested documentation in a timely fashion. Added threats and safeguards				
Modify	Modified substep Section I table step "t", 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?	Table	N		This step will retain on Roll Forward.
Modify	Modified Section II table step "f", which now reads: Is the entity's industry unfavorable, unusually litigious, highly specialized, or considered risky?	Table	N		
Modify	Modified 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, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016).	Table	Y	AU-C Section 940	
Modify	Modified Section III table step "u"; now reads: Are there any indications that our firm does (might) have a problem billing or collecting its fees and will all fees, billed or unbilled, or note(s) receivable arising from such fees for any professional services provided more than one year prior to the date of the report be paid prior to the issuance of the report for the current engagement?	Table	N		Due to the changes in this step it will reset on Roll Forward.
KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts					
Modify	Moved "Performance Materiality" section above "Lesser Materiality" on both the Component Materiality tab and the Materiality Calculations tab of the excel version. Also moved this in the word version.	Text	N		
KBA-302 Understanding the Entity and Its Environment: Complex Entities					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	Added: **Practice Point:** In an integrated audit, since risk assessment underlies the entire audit process for the audit of internal control over financial reporting described by AU-C Section 940, *An Audit of Internal Control over Financial Reporting That Is Integrated With an Audit of Financial Statements* (effective for integrated audits for periods ending on or after December 15, 2016), the risk assessment procedures described in AU-C Section 315 (and incorporated in this practice aid) support both the financial statement audit and the audit of internal control over financial reporting.	Instructions	Y	AU-C Section 940	
Modify	Section III Nature of the Entity Added substep b (under item 7): Accounting alternatives adopted by the entity.	Table	N		
Modify	Added Practice Point in Section VII **Practice Point:** For an integrated audit, AU-C Section 940 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.	Table	Y	AU-C Section 940	
KBA-302N Understanding the Entity and Its Environment: Noncomplex Entities					
Modify	Added Practice Point: **Practice Point:** In an integrated audit, since risk assessment underlies the entire audit process for the audit of internal control over financial reporting described by AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements* (effective for integrated audits for periods ending on or after December 15, 2016), the risk assessment procedures described in AU-C Section 315 (and incorporated in this practice aid) support both the financial statement audit and the audit of internal control over financial reporting.	Instructions	Y	AU-C 940	
Modify	Added Practice Point under Section VI: **Practice Point:** For an integrated audit, AU-C Section 940 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	Table	Y	AU-C 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	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.				
KBA-303 Inquiries of Management and Others Within the Entity About the Risks of Fraud and Noncompliance with Laws and Regulations					
Modify	Modified title and Purpose and Instructions language from "risks of fraud" to "risks of fraud and noncompliance with laws and regulations." Modified Practice Points, as follows: **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, *Consideration of Fraud in a Financial Statement Audit*, 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, *Consideration of Laws and Regulations in an Audit of Financial Statements,* 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." **Practice Point:** For an integrated audit, AU-C Section 940, An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements, 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.	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	Added items under Inquiries of Management: Are you aware of laws or regulations that may be expected to have a fundamental effect on the operations of the entity? Are you aware of any noncompliance with laws and regulations?	Table	N		
Modify	Modified/Added under Inquiries of Management: 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: 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: Describe the entity's directives issued and periodic representations obtained from management at appropriate levels of authority concerning compliance with laws and regulations.	Table			
Modify	Added (under Inquiries of Those Charged with Governance): Are you aware of laws or regulations that may be expected to have a fundamental effect on the operations of the entity? Are you aware of any noncompliance with laws and regulations? Modified/added: 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:	Table	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	Added (under Inquiries of Internal Audit Function (if applicable): Are you aware of any noncompliance with laws and regulations?	Table	N		
Modify	Added (under Inquiries of Employees Involved in the Financial Reporting Process): Are you aware of any noncompliance with laws and regulations?	Table	N		
Modify	Added, under Inquiries of Others: **Practice Point:** Per AU-C Section 240, *Consideration of Fraud in a Financial Statement Audit*, examples of others within the entity to whom the auditor may wish to direct these inquiries include: • 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	Added (under Inquiries of Others): Are you aware of any noncompliance with laws and regulations? Modified:	Table	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	Based upon the above inquiries, we investigated inconsistencies related to inquiries of management, those charged with governance, and others, and have 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 ***KBA-502 Summary of Risk Assessments*.**				
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					
Modify	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	Instructions	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	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. 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: • 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 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	Modified bulleted text under “If “No,” Identify the Type of Deficiency”: *Material weakness*. A deficiency or a combination of	Table	Y	ICFR	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	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: – *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely. – *Probable*. The future event or events are likely to occur. *Significant deficiency*. 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. *Deficiency in internal control.* 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 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. Modified Instructions for table: 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, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016), the auditor				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	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.				
KBA-401N Understanding Entity-Level Controls: Noncomplex Entities					
Modify	Added: 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: • 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 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.	Instructions	N		
Modify	Procedures Performed to Evaluate the Control / Workpaper Reference, under "AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*, defines deficiencies as follows:"	Instructions	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	modified the first two bulleted items, which now read: *Material weakness.* 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: --*Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely. --*Probable*. The future event or events are likely to occur. *Significant deficiency.* 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. Added: Controls Selected for Operating Effectiveness Testing: The auditor should also indicate whether an identified control will be tested for operating effectiveness and document whether the control is functioning. "Functioning" refers to the determination that the components and relevant principles continue to exist in the operations and conduct of the system of internal control to achieve specified objectives. For an integrated audit (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, 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.				
KBA-402 Understanding General Controls for Information Technology					
Modify	Modified Section III instructions under "If No, Identify the Type of Deficiency":	Table	Y	AU-C Section	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*, defines deficiencies as follows: • *Material weakness*. 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: – *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely. – *Probable*. The future event or events are likely to occur. • *Significant deficiency*. 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. *Deficiency in internal control.* 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 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.			265	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	Modified, under the heading If "Yes," Are Controls Selected for Operating Effectiveness Testing? 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, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, 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.	Table	Y	AU-C Section 940	
New	New diagnostic in the Less Complex table if the user answers column 8, "Are Controls Functioning" as "No" but the user hasn't answered column 6, "If Not Effectively Designed or Implemented, 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 the Conclusion Section.	Table	N		
New	New diagnostic in the More Complex table 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 the Conclusion Section.	Table	N		
KBA-403 Understanding Activity-Level Controls: Program Service and Other Revenue, Contributions, Pledges, Receivables, Cash Receipts, and Agency Transactions through KBA-412 Understanding Activity-Level Controls: Financial Reporting and Closing Process					
Modify	Step 3 Instructions, added: • The data used by management in performing the control. Step 5 instructions, added:	Instructions	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	• If testing the operating effectiveness of controls, document the *Description of the Identified Key Controls* at ***AID-702 Results of Tests of Controls***. Table column modified: *Description of the Identified Key Controls* *(Document in AID-702, if applicable)*				
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: Treasury					
Modify	KBA-409 "Treasury," in the Activity-Level Control Objectives column of the table, under "investment management, including contributed investments and derivatives" Added: Investment and derivative transactions are initiated in accordance with management's established policies and procedures (Existence and Occurrence) Added: Information relating to financial instruments and financial instrument transactions is complete and accurate (Completeness) Modified: Fair value measurements for investments and derivatives are accurate and in accordance with the applicable financial reporting framework (Accuracy, Valuation, or	Table	N		The modified step 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
	Allocation) Added: The carrying amount of debt, equity securities, and investments and derivatives is adjusted to fair value, when applicable, and changes in the fair value of those investments and derivatives are accounted for in accordance with the applicable financial reporting framework (Accuracy, Valuation, or Allocation) Added: Investments and derivatives are monitored on an ongoing basis to recognize and measure events affecting related financial statement assertions (Cutoff) Modified: Investments and derivative instruments are properly classified (Understandability, Classification, Presentation, and Disclosure) Modified control objective "Derivatives" to "Investment and Derivative Income" Added: The carrying amount of investments and derivatives is adjusted to fair value, when applicable, and changes in the fair value of those financial instruments are accounted for in accordance with the applicable financial reporting framework (Accuracy, Valuation, or Allocation)				
KBA-411 Understanding Activity-Level Controls: Financial Reporting and Closing Process					
Modify	KBA-411 Financial Reporting and Closing Added: **Practice Point:** For an integrated audit, because the annual period-end financial reporting process normally occurs after the "as of date" specified in management's assessment about the effectiveness of internal control over financial reporting, those controls usually cannot be tested until after the "as of date."	Instructions	Y	AU-C Section 402	
Modify	Activity-Level Controls column of table, under "Prepare Financial Statements and Disclosures," modified: Disclosure information is stated accurately, including the statement of cash flows	Table	N		This step 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
KBA-412 Understanding Controls Maintained by a Service Organization					
Modify	Added step 4 and Practice Point as follows: We inquired of management to determine if management is aware of any changes in the service organization's controls subsequent to the period covered by the service auditor's report, and evaluated the effect of any such changes on the audit. **Practice Point:** Changes in the service organization's controls may include: • 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.	Procedures steps	N		
Modify	Added step 6 as follows: In an integrated audit (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, 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: 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	Procedures steps	Y	AU-C Section 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	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 processing. e. The nature and significance of any changes in the service organization's controls identified by management or the auditor. f. 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.				
Modify	Modified first step under Conclusion: 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.	Procedures steps	N		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	Added new step 3, under Conclusion: 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. ***KBA 502 Summary of Risk Assessments***	Procedures steps	N		
KBA-501 Team Discussion and Consideration of the Risks of Material Misstatement					
Modify	Title modified to "Team Discussion and Consideration of the Risks of Material Misstatement" Added, to the first paragraph of the Instructions: This document is designed to help the auditor respond to those risks and to document the auditor's consideration of	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
	fraud in accordance with AU-C Section 240.				
Modify	Modified/added items to the bulleted list of factors in determining whether a risk is a significant risk: • 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: – Entities formed to accomplish a specific purpose and that are controlled by the entity could be used to avoid consolidation of these activities; – Transactions between the entity and an affiliate of a key member of management could be arranged to misappropriate the entity's assets; – Transactions between the entity and related parties that may be subject to period-end window dressing (e.g., a donor makes a pledge prior to year-end knowing that they intend to revoke that pledge in the next reporting period); 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		
Modify	Added Procedures steps 1 to 5 and substeps under "Identification of Risks of Material Misstatement": 1. We discussed the following matters that may be relevant in identifying risks of fraud: 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. c. Information from the results of reviews of interim financial statements.	Procedures steps	N		Steps 1, 1(a) – (d), 3, 4, 5, and 6 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
	d. Inherent risk identified as part of the consideration of audit risk at the relevant assertion level. 2. We considered the following: a. Specific incentives and pressures for management and others to commit fraud in a not-for-profit environment, including incentives to: a. Minimize reported fundraising and management and general expenses and maximize reported program expenses in order to make the organization appear worthy of contributions, especially if some potential resource providers have stated or implied limits in these areas (e.g., the resource provider will not fund organizations with more than 25 percent overhead), or if the organization desires to be in compliance with standards of the charitable organization rating agencies, such as those mentioned in Appendix E of the AICPA Audit and Accounting Guide, *Not-for-Profit Organizations*. b. Defer fundraising expenses to future periods if the related contributions will not be received until those future periods. c. Represent the organization as underfunded in order to induce contributors to contribute. d. Mischaracterize the relationship with related parties (e.g., affiliated chapters, fundraising organizations, foundations, guilds, trusts, funds, student clubs, and auxiliaries) to avoid consolidating those entities or reporting the assets held by them for the organization's benefit if the organization wants to appear poorer. e. Achieve certain fundraising goals, especially to meet terms of matching gifts. f. Misstate financial information if				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	contributions are conditioned on achieving certain financial performance goals. g. Report that donor gifts (or restricted income from donor endowments) have been used in accordance with donor restrictions when, in fact, that is not the case. This incentive may be particularly strong if there is a deficit change in unrestricted net assets. h. "Borrow" from restricted funds to cover a current unrestricted deficit. i. Mischaracterize revenue so as not to fail the IRS public support test. j. Recognize intentions to give as contributions made in order to reduce the private foundation excise tax on the net investment income, avoid the excise tax for failure to distribute income, or both. k. Misallocate expenses to avoid exceeding IRS limits on allowable lobbying. l. Inappropriately minimize unrelated business income taxes (e.g., by over-allocating costs against taxable unrelated business income). m. Mischaracterize overhead expenses as direct program expenses when grantors limit the amount of their grants that may be used for overhead (sometimes such limits are zero). n. Avoid surplus funds in grants that require that surplus funds be returned to the grantor. b. Specific opportunities for fraud to be perpetrated in a not-for-profit environment, including: a. Domination of management by a single person or small group without compensating controls (for example, a charismatic executive director whose direct reports are reluctant to disagree with him or				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	her). b. Limited number of staff involved in the accounting functions and a resulting inadequate internal control over assets and increased susceptibility of misappropriation. c. An attitude among management that charities are safe from theft, with an attendant lack of appreciation for the importance of strong internal controls. d. Unwarranted trust in employees or volunteers because of their apparent commitment or loyalty. e. Key management functions and controls that are in the hands of volunteers who are not subject to normal levels of supervision. f. Management that lacks the necessary background, experience, or commitment to fulfill their duties. g. A hands-off governing board or one with insufficient financial expertise to oversee the financial reporting process and internal controls. h. Special events or fundraising methods that result in large amounts of cash on hand or processed (for example, church plate collections and door-to-door and other off-premises fundraising). i. Revenue (including contributions) received in the form of coins/currency or in the form of checks personally handed to organization staff and volunteers. j. Inadequate investigation of past-due promises to give, especially conditional promises, that are not recognized in the financial statements. k. Numerous restricted grants received under the control of a single individual or a small group of individuals that could lead to the				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	allocation of expenses to an inappropriate grant account when grant limits are reached on the appropriate one. l. Programs supported by mixed types of grants (fixed price, units of service, cost reimbursement) that could result in charging inappropriate expenses against certain grants or charging multiple grants for the same expenditure. m. Fixed assets not subject to existing general ledger controls because they are not recorded (e.g., fixed assets legally owned by a grantor or collection items that the organization has chosen not to capitalize). n. Grant programs for which the recipients are individuals (e.g., food, clothing, or other assets are distributed, or scholarships, fellowships, or other financial assistance is paid out). o. Research projects where payments to test subjects are made in cash, especially if lists of payments are not prepared so as to preserve the confidentiality of the subjects' identities. p. A complex organizational structure (often including several entities under common control); especially if there are numerous inter-organization transactions. c. A culture or environment that enables management or others within the entity to rationalize committing fraud in a not-for-profit environment, including situations or factors such as the following: a. Concern for provision of program services at the expense of sound internal controls. b. Misguided attempts to preserve the organization's program services at all costs (e.g., by not remitting payroll withholdings).				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	c. An employee's perception that his or her compensation is lower than he or she could earn in the for-profit sector, and the attitude that special perquisites are therefore justified (such as taking donated noncash items for personal use). d. An employee who has access to assets subject to misappropriation is dissatisfied, perhaps because of long work hours or inability to get resources assigned to the employee's projects. e. Governing board members having personally guaranteed debt of the organization and the organization is experiencing a deteriorating financial condition. 3. 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. 4. 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. 5. 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. 6. If auditor's specialists were assigned to the engagement, we considered involving such specialists in the brainstorming session.				
Modify	Added step 9: 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	Procedures step	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
KBA-502 Summary of Risk Assessments					
Modify	Added the following bulleted items (before the last one), under Section I: Financial-Statement-Level Risks: • Scrutinizing those accounting principles involving subjective measurements and complex transactions; • Evaluating the entity's selection and application of significant accounting principles; and	Instructions	N		
Modify	Modified step 2 under Section II Assertion-Level Risks, now reads as follows: Document any identified risks specific to each area. The auditor should identify risks specific to an area because audit procedures especially designed to address those risks will often need to be performed. For example, the allowance for inventory obsolescence for an entity that sells highly perishable goods may be a specific risk. In that case, the auditor should design audit procedures to address that risk rather than rely on audit procedures typically performed in audits of other entities. These specific risks may also be fraud risks or significant risks. In determining whether a specific risk should be assessed in this form, the auditor should (a) relate the risk to what can go wrong at the relevant assertion level; (b) consider the magnitude of the potential misstatement; (c) consider the likelihood of its occurrence; and (d) consider the pervasiveness 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). For example, a large quantity of highly perishable goods in inventory may be evaluated as a specific risk because (a) goods becoming unusable affect the valuation assertion, which is relevant to inventory; (b) the magnitude of the potential misstatement is high because of the large amount of perishable inventory; and (c) the likelihood of occurrence is high because the goods are highly perishable. Note that the significant risks and fraud risks may have already been identified at ***KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions,***	Instructions	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	and Disclosures. If not done already, the significant or fraud risks should also be identified at ***KBA-400***.				
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		
KBA-902 Audit Review and Approval Checklist					
Modify	Section I table, modified step 13, updating reference to the Uniform Guidance: The audit was conducted in accordance with the applicable auditing standards, professional standards, applicable laws and regulations, and firm policies and procedures, including *Government Auditing Standards* and a Single Audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), where applicable. Section II table, modified step 2: The engagement was directed, supervised, and performed in accordance with the applicable auditing standards, professional standards, applicable laws and regulations (and *Government Auditing Standards* and the Uniform Guidance, where applicable), and firm policies and procedures.	Procedures steps	Y	Uniform Guidance	Modified steps will retain on roll forward is you have set the workpaper to retain on roll Rollforward.
KBA-903 Tax Specialist Review Checklist					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	Added step 7: Provisions for unrecognized tax benefits (uncertain tax positions), including the related liability, penalties, and interest have been properly accounted for and disclosed.	Procedures steps	N		
KBA-904 Audit Documentation Checklist					
Modify	SAS-130 updates, steps 1 substeps a and e and step 3 as follows: 1. 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"); 1. 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 3. 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, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016). **Practice Point:** Management's refusal to provide a written assessment represents a scope limitation. See ***RES-001 Knowledge-Based Audit Methodology Overview*** for further guidance.	Procedures steps	Y	SAS-130	These steps will reset on roll forward.
Modify	SAS-130 Updates, step 5as follows: The audit documentation includes the following (AU-C 300; AU-C 940): The overall audit strategy for the audit of the financial statements or, if applicable, the integrated audit;	Procedures steps	Y	AU-C 940	These steps will reset on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	Added Practice Point (in step 14) as follows: The audit documentation includes the written communication made to management and those charged with governance, about significant deficiencies in internal control (AU-C 265). **Practice Point:** This communication is best made within the time limit in which the complete assembly of the final audit file is ordinarily done, but not more than 60 days after the date of the auditor's report.	Procedures steps	N		
Modify	Added substep 16 j: Abstracts or copies of significant contracts and agreements inspected (AU-C 230);	Procedures steps	Y	AU-C 230	
Modify	Added Practice Point to step 30 (Assembly of the final audit file has been completed within 60 days) following the report release date (AU-C 230). **Practice Point:** After the documentation completion date, the auditor should not delete or discard any audit documentation prior to the end of the specified retention period. In addition, the auditor should maintain confidentiality, safe custody, integrity, accessibility and retrievability of the files, as well as ensure the proper retention of the engagement files for a period sufficient to meet the needs of the audit firm or as required by law or regulation, but would ordinarily be no less than 5 years from the report release date.	Procedures steps	Y	AU-C 230	

Audit Programs (AUDs)

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)? If this TQ is marked as "Yes" then the TQ, "Does the auditor intend to test the operating effectiveness of internal				If the TQ "Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?" was answered "Yes" in the prior year then after roll forward this question will be hidden by default but retains the "Yes" answer. The tailoring question above will only show in AUD-100 if you

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	controls over financial reporting?" will default to "Yes" and will be hidden. If his TQ is marked as "No" then the TQ, "Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?" will be left for user selection. TQ will affect other workpapers within the title.				have answered "No" to this 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)?" After you answer this new TQ, the TQ, "What audit areas, applicable to the engagement, will you be performing tests of operating effectiveness of controls?" will show and retain your prior year response.
AUD-101 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-101. Each of these are new steps for this title. TQ answer will flow from AUD-100.				
Modify	Modified and updated throughout for ICFR and with new references and Practice Points where applicable. Modified first paragraph as follows: This overall audit program has been designed to help the auditor apply an audit methodology to an audit of financial statements (and, if applicable, an audit of internal control over financial reporting) in accordance with professional auditing standards by listing the steps that should typically be performed in each phase of an audit. This program is supplemented by forms and practice aids to help the auditor perform various audit process steps. In addition to this program and the accompanying forms and practice aids, the auditor will need to create additional audit documentation during the course of the audit.	Purpose	Y	ICFR	
Modify	Modified and updated throughout for ICFR and with new references and Practice Points where applicable. Added step (new step 3) and Practice Point, step will show if the TQ above is answered "Yes":	Text; procedures steps	Y	AU-C 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	For an integrated audit, determine which suitable and available criteria has been used by management for its assessment of the effectiveness of the entity's internal control over financial reporting for use in our evaluation of the effectiveness of the entity's internal control over financial reporting. (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016). **Practice Point:** The auditor should plan and perform the audit of internal control over financial reporting to obtain appropriate evidence that is sufficient to provide reasonable assurance about whether material weaknesses exist as of the date specified in management's assessment about the effectiveness of internal control over financial reporting. To achieve this objective, the auditor should use the same suitable and available criteria to perform the audit of internal control over financial reporting as management uses for its assessment of the effectiveness of the entity's internal control over financial reporting.				
Modify	Modified first subitem in Practice Point (in step 13) as follows: **Practice Point:** The required elements of the terms of engagement include: a. The objective, timing, and scope of the audit of the financial statements (and, if applicable, the audit of internal control over financial reporting); Modified references: ***COR-201 Audit Engagement Letter*** ***COR-201A Audit Engagement Letter: Integrated Audit*** ***COR-202 Audit Engagement Letter When Also Performing Reviews of Interim Financial Information*** ***COR-202A Audit Engagement Letter: Integrated Audit When Also Performing Reviews of Interim Financial Information***	Procedures step (Practice Point)	Y	ICFR	
Modify	Added new step (14) and Practice Points, step will show if the TQ above is answered "Yes":	Procedures steps	Y	AU-C 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	For an integrated audit, obtain from management its written assessment of the effectiveness of the entity's internal control over financial reporting. (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016). **Practice Point:** Management's refusal to provide the auditor with a written assessment represents a scope limitation. See ***RES-001 Knowledge-Based Audit Methodology Overview*** for further guidance. **Practice Point:** Management's assessment about internal control over financial reporting should include: (1) entities that are acquired on or before the date specified in management's assessment; (2) operations that are accounted for as discontinued operations on the date specified in management's assessment; and (3) for equity-method investment components, controls over the reporting in the entity's financial statements of the entity's portion of the investees' income or loss, the investment balance, adjustments to the income or loss and investment balance, and related disclosures.				
Modify	Step 17 modified: Establish and document the overall audit strategy for the audit of financial statements, and if applicable, the audit of internal control over financial reporting, that sets the scope, timing, and direction of the audit, and that guides the development of the audit plan. Modified first bulleted item in the first Practice Point: **Practice Point:** Elements of the overall audit strategy may include: • The characteristics of the engagement that define its scope, such as the components (e.g., locations) to be visited or the reliance on other auditors or internal auditors; Added: **Practice Point:** For an integrated audit (AU-C Section 940*, An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016), the following factors may assist the auditor in developing	Procedures steps	Y	AU-C 940	Step will reset on roll forward due to extent of changes.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	an audit strategy and planning the audit of internal control over financial reporting: • Knowledge of the entity’s internal control over financial reporting obtained during other engagements performed by the auditor or, if applicable, during a review of a predecessor auditor’s working papers; • Matters affecting the industry in which the entity operates, such as financial reporting practices, economic conditions, laws and regulations, and technological changes; • Matters relating to the entity's business, including its organization, operating characteristics, and capital structure; • The nature and extent of recent changes, if any, in the entity, its operations, or its internal control over financial reporting; • The auditor's preliminary judgments about financial statement materiality, risk, and other factors relating to the determination of material weaknesses; • Internal control deficiencies previously communicated to those charged with governance or management; • Legal or regulatory matters of which the entity is aware; • The type and extent of available evidence related to the effectiveness of the entity's internal control over financial reporting; • Preliminary judgments about the effectiveness of internal control over financial reporting; • Public information about the entity pertinent to the evaluation of the likelihood of material financial statement misstatements and the effectiveness of its internal control over financial reporting; • Knowledge about specific risks related to the entity that were evaluated as part of the acceptance and retention evaluation of the client; and • Complexity of the entity's operations. Updated references: ***KBA-101 Overall Audit Strategy*** ***AID-601 Considering the Use of the Work of Internal Auditors*** ***AID-602 Understanding and Preliminary Assessment of the Entity’s Internal Audit Function*** ***AID-603 Component Identification and Analysis*** ***AUD-601 Audit Program: Testing and Evaluating***				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Internal Auditors' Work ***AUD-602 Audit Program: Involvement of a Component Auditor*** ***AUD-603 Audit Program: Using the Work of an Auditor's Specialist*** ***AUD-604 Audit Program: Using the Work of a Management's Specialist***				
Modify	Step (26) modified: Hold a discussion among the engagement team, which should include the engagement partner and other key engagement team members, including any component auditors, to emphasize the need to use professional skepticism and to discuss the susceptibility of the entity's financial statements to material misstatements, whether due to error or fraud, and the application of the applicable financial reporting framework to the entity's facts and circumstances.	Procedures step	Y	ICFR	
Deleted	Deleted Practice Point: **Practice Point:** During the engagement team meeting, the auditor should: b. Discuss the susceptibility of the entity's financial statements to material misstatements. c. Discuss the entity's selection and application of accounting principles, including related disclosure requirements. d. "Brainstorm" about how and where the entity's financial statements might be susceptible to material misstatement due to fraud; consideration of known external and internal factors affecting the entity that might create incentives, pressures, and opportunities; how management could perpetrate and conceal fraudulent financial reporting and how assets of the entity could be misappropriated; and consideration of risk of management override of internal controls. The discussion should occur setting aside beliefs that management and those charged with governance are honest and have integrity. e. Emphasize the importance of maintaining professional skepticism throughout the audit regarding the potential for material misstatement due to fraud and, when issues arise, remind engagement team members of the need to probe the issues, acquire additional evidence, and consult with other team members.	Procedures step	Y	ICFR	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	f. Enable the engagement partner to determine which matters discussed are to be communicated to the team members not involved in the discussion				
Modify	Added step (28) and substeps as follows: Obtain an understanding of the entity's business rationale for significant unusual transactions and whether that suggests the transactions may have been entered into to engage in fraudulent financial reporting or conceal misappropriation of assets. In obtaining such an understanding, consider the following: a. Whether the structure of such transactions is unnecessarily complex (e.g., involving multiple entities within a consolidated group or unrelated third parties). b. Whether management has informed those charged with governance about the nature of and accounting for such transactions. c. Whether management is emphasizing the need for a particular accounting treatment over the underlying economics of the transaction. d. Whether those charged with governance have reviewed and approved transactions that involve unconsolidated related parties. e. Whether the transactions involve previously unidentified related parties or parties that are unable to support the transaction without assistance from the entity being audited.	Procedures step	Y	ICFR	
Modify	Modified step (29) as follows: Make required fraud and noncompliance with laws and regulations inquiries of those charged with governance, the internal audit function, and others within the entity (e.g., operating personnel not directly involved in the financial reporting process and employees with different levels of authority considered to have information that is likely to assist in identifying risks of material misstatement).	Procedures step	Y	ICFR	Step will reset on roll forward due to extent of changes
Modify	Modified step (35) as follows: Presume that there is a risk of material misstatement due to	Procedures step	Y	ICFR	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	fraud as a result of improper revenue recognition, and develop auditing procedures based on the understanding obtained of the entity and its environment, including the composition of revenues, specific attributes of the revenue transactions, and unique industry considerations.				
Modify	Added step (52) and substeps as follows: Evaluate whether the entity's controls sufficiently address identified risks of material misstatement due to fraud and controls intended to address the risk of management override of other controls, including: a. Controls over significant, unusual transactions, particularly those that result in late or unusual journal entries; b. Controls over journal entries and adjustments made in the period-end financial reporting process; c. Controls over related party transactions; d. Controls related to significant management estimates; and e. Controls that mitigate incentives for, and pressures on, management to falsify or inappropriately manage financial results.	Procedures step	Y	ICFR	
Modify	Modified step (63) as follows: Design further audit procedures to respond to the assessed risks of material misstatement at the relevant assertion level, including the risks of management override of internal controls, providing a clear link between the nature, timing, and extent of audit procedures and the risk assessments due to fraud or error. The procedures must address all relevant assertions related to each significant account balance, class of transactions, and disclosure, as well as the financial statement closing process. Procedures may include: a. Obtaining additional corroborative audit evidence from independent sources outside the entity or physically inspecting certain assets. b. Performing substantive tests closer to or at year-	Procedures step	Y	ICFR	Step will reset on roll forward due to extent of changes

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	end. c. Increasing sample sizes or using computer-assisted audit techniques. d. Performing substantive analytical procedures using disaggregated data, for example, comparing gross profit by location, by line of business, or by month to expectations developed by the auditor. e. Performing procedures at locations on a surprise or unannounced basis. f. Making oral inquiries of major customers and suppliers in addition to sending written confirmations. g. Interviewing personnel involved in activities in areas where fraud risk has been identified to obtain their insights about the risk and how controls address the risk. h. If other auditors are auditing the financial statements of other components (e.g., subsidiaries, divisions), discussing with them the extent of work that needs to be performed to address the fraud risk resulting from transactions and activities among these components.				
Modify	Added step (69) and Practice Point, step will show if the TQ above is answered "Yes": For an integrated audit, test those entity-level controls that (1) support our assessment of control risk, and (2) are important to our conclusion about whether the entity has effective internal control over financial reporting. (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016). **Practice Point:** The auditor should evaluate and test controls over the following: • Controls related to the control environment, including whether management's philosophy and operating style promote effective internal control over financial reporting; • Controls over management override;	Procedures step	Y	ICFR	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	• The entity's risk assessment process; • Centralized processing and controls, including shared service environments; • Controls to monitor results of operations; • Controls to monitor other controls, including activities of the internal audit function, those charged with governance, and self-assessment programs; • Controls over the period-end financial reporting process; and • Programs and controls that address significant business risks.				
Modify	Added step (99) as follows, step will show if the TQ above is answered "Yes": For an integrated audit, the auditor may issue either separate reports or a combined report on the entity's financial statements and on internal control over financial reporting, and the dates of the reports should be the same when issuing separate reports. (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016). ***AID-903***	Procedures step	Y	ICFR	
Modify	Modified step (102) and Practice Point as follows: Communicate in writing significant deficiencies in internal control and material weaknesses to management and those individuals responsible for financial reporting oversight. Alternatively, if no material weaknesses exist and the client requests the auditor to communicate such, a "no material weaknesses" communication may be issued if the auditor is not performing an integrated audit. ***COR-904 Communication to Entity with Significant Deficiencies and/or Material Weaknesses*** ***COR-904A Communication to Entity with Significant Deficiencies and/or Material Weaknesses: ICFR*** ***COR-905 Communication to Entity with* No *Material Weaknesses (Not for Use When Performing an Integrated Audit)***	Procedures step	Y	ICFR	Step will reset on roll forward due to extent of changes

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Practice Point: For an integrated audit, the auditor should not issue a report indicating that no material weaknesses were identified during the integrated audit because the auditor is issuing a report that expresses an opinion on the effectiveness of the entity's internal control over financial reporting. (AU-C Section 940*, An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016).				
Modify	Modified step (109) as follows: Obtain a representation letter addressed to the auditor signed by management with appropriate responsibilities for the financial statements and, if applicable, internal control over financial reporting and knowledge of the matters concerned. ***COR-901 Management Representation Letter*** ***COR-901A Management Representation Letter: ICFR***	Procedures step	Y	ICFR	Step will reset on roll forward due to extent of changes
Modify	Modified step (112): Issue the auditor's report on the financial statements, and if applicable, on the integrated audit, and document the report release date. ***AID-903***	Procedures step	N		Step will reset on roll forward due to extent of changes
AUD-601 Audit Program: Testing and Evaluating Internal Auditors' Work					
Modify	Modified Purpose section (now reads as follows); added a new Practice Point: This audit program has been designed to assist the auditor in accomplishing the following objectives when the auditor expects to use the work of the internal audit function to modify the nature or timing or reduce the extent of audit procedures to be performed during the audit of financial statements or, when applicable, the audit of internal control over financial reporting: • Determine whether the work of the entity's internal audit function, or others in a similar function (hereinafter referred to as "internal audit function"), or direct assistance from the internal auditors can be used and, if so in which areas and	Purpose	Y	AU-C Section 610	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	to what extent; • If using the work of the internal audit function to obtain audit evidence, determine whether such work is adequate for the purposes of the audit; and • If using internal auditors to provide direct assistance, determine the appropriate level of direction, supervision, and review of their work. **Practice Point:** When the auditor plans to use the work of others in obtaining audit evidence or to provide direct assistance in the audit of internal control over financial reporting, the auditor should apply the requirements in AU-C Section 610, *Using the Work of Internal Auditors*, as if others were internal auditors.				
Modify	Added new substep (2.a.) as follows: An understanding of the work of the internal audit function sufficient to identify those activities related to the audit.	Purpose	Y	ICFR	
AUD-602 Audit Program: Involvement of a Component Auditor					
Modify	Modified Purpose; now reads as follows: This audit program has been designed to help the auditor in the audit of group (or combined) financial statements and, if applicable, in the audit of internal control over financial reporting for the group: • Plan procedures when involving a component auditor, whether from another office of the firm, correspondent, affiliate, or another independent auditor, in the group financial statement audit and, if applicable, in the audit of internal control over financial reporting for the group; • Document the procedures the group engagement team performed to supervise and review the work performed by the component auditor; and • When applicable, decide whether to make reference to the component auditor in the auditor's report.	Purpose	Y	ICFR	This question will retain on roll forward if the workpaper is set to keep all responses on roll forward.
Modify	Modified instructions; added new Practice Point; now reads as follows: This audit program should be used when the auditor plans	Instructions	Y	AU-C Section 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	to involve another office of the firm, correspondent, affiliate, or independent auditor to audit the financial statements and, if applicable, internal control over financial reporting of one or more subsidiaries, divisions, branches, components, or investments included in the financial statements. The auditor may use ***AID-603 Component Identification and Analysis***, to identify, assess significance of, and document all the components included in the group. This audit program contemplates that (1) the group engagement team will establish an overall group audit strategy and develop a group audit plan(s), and (2) the group engagement partner is responsible for reviewing the overall group audit strategy and group audit plan(s), including the direction, supervision, and performance of the group audit engagement(s) in compliance with professional standards and applicable legal and regulatory requirements. For more information about group audits, refer to AU-C Section 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)* and, for integrated audits, AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, which is effective for integrated audits for periods ending on or after December 15, 2016. If the decision is made to assume responsibility for the work of a component auditor, no reference is made to the component auditor's work or report. If the decision is made to not assume that responsibility, the report should reference the audit of the component auditor and should indicate clearly the division of responsibility between the auditor of group financial statements and the component auditor in expressing an opinion on the group financial statements. Regardless of the decision reached, the component auditor remains responsible for the performance of his or her own work and for his or her own report(s). **Practice Point:** The decision about whether to make reference to				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	a component auditor in the auditor's report on internal control over financial reporting over the group financial statements might differ from the corresponding decision as it relates to the audit of the financial statements. For example, the audit report on the group financial statements may make reference to the audit of a significant equity investment performed by a component auditor, but the report on internal control over financial reporting over the group financial statements might not make a similar reference because management's assessment about internal control over financial reporting ordinarily would not extend to controls at the equity method investee.				
Modify	Modified Practice Point under step 16: **Practice Point:** The decision to make reference to the audit of a component auditor is made individually for each component auditor. The auditor of the group financial statements may make reference to any, all, or none of the component auditors. For integrated audits, in situations in which management elects to limit its assessment about internal control over financial reporting by excluding certain entities, the auditor should evaluate whether it is appropriate, in the auditor's judgment, to do so. If the auditor concludes that it is appropriate, the auditor should include in the introductory paragraph of the report a disclosure similar to management's regarding the exclusion of an entity from the scope of both management's assessment about internal control over financial reporting and the auditor's audit of internal control over financial reporting. Additionally, the auditor should evaluate the appropriateness of management's disclosure related to such a limitation.	Procedures step	Y	ICFR	
AUD-603 Audit Program: Using the Work of an Auditor's Specialist					
Modify	Added Practice Point to the Instructions: **Practice Point:** An auditor's specialist includes either an auditor's internal specialist (who is a partner or staff, including temporary staff**,** of the auditor's firm or a network firm) or an auditor's external specialist.	Instructions	N		
AUD-701 Audit Program: Designing Tests of Controls					
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 answer will flow from AUD-100				
Modify	Added the following to the Instructions:	Instructions	Y	SAS-130; AU-C 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	For an integrated audit (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016), the auditor should design tests of controls to: a. Obtain sufficient appropriate audit evidence to support the auditor's opinion on internal control over financial reporting as of the date specified in management's assessment about internal control over financial reporting; and b. Obtain sufficient appropriate audit evidence to support the auditor's control risk assessments for purposes of the audit of financial statements.				
Modify	Updated for SAS-130 throughout. Added the following section, steps, and substeps: **Integrating the Audit of Internal Control Over Financial Reporting with the Financial Statement Audit (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016)** 15. We have considered the effect of the results of the financial statement auditing procedures on our risk assessments and the testing necessary to conclude on the operating effectiveness of a control. 16. In selecting which internal controls to test for operating effectiveness, we have focused more attention on areas of higher risk and have taken into consideration our assessment of fraud risk (including the risk of management override of other controls). 17. For purposes of identifying significant classes of transactions, account balances, and disclosures, and their relevant assertions, and understanding the likely sources of potential misstatements, we have: a. Obtained an understanding of the flow of transactions related to the relevant assertions, including how these transactions are initiated, authorized, recorded, processed, and reported;	Procedures steps	Y	AU-C Section 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	b. Identified the points within the entity's processes at which a misstatement due to fraud or error could arise that, individually or in combination with other misstatements, would be material; c. Identified the controls that management has implemented to address these potential misstatements; and d. Identified the controls that management has implemented over the prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements. 18. For each significant account balance, class of transactions, and disclosure and their relevant assertions, we have obtained an understanding of how IT affects the entity's flow of transactions and how the entity has responded to risks arising from IT. 19. When, during the audit of internal control over financial reporting, we identified deficiencies in internal control over financial reporting (including deficiencies in controls that are designed to prevent, or detect and correct, misstatements due to fraud), we have determined the effect of the deficiency on the nature, timing, and extent of substantive procedures to be performed in the audit of financial statements to reduce audit risk to an acceptably low level. 20. For tests of the operating effectiveness of controls that we performed at an interim date, we determined the need for additional evidence concerning the operation of the controls for the remaining period under audit and considered the following factors: a. The specific control tested prior to the "as of date", including the risks associated with the control, the nature of the control, and the results of those tests; b. The sufficiency of the evidence of the operating effectiveness obtained at an interim date; c. The length of the remaining period; and d. The possibility that there have been any significant changes in internal control over financial reporting				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	subsequent to the interim date. 22. We have formed an opinion on the effectiveness of internal control over financial reporting by evaluating evidence obtained from all sources including: a. Our testing of controls for the audit of internal control over financial reporting; b. Any additional tests of controls performed to achieve the objective related to expressing an opinion on the financial statements; c. Findings or misstatements detected during the financial statement audit; d. Any identified deficiencies; and e. Reports issued during the year by the internal audit function (or similar functions) that address controls related to internal control over financial reporting. ***AID-903 Audit Report Preparation Checklist***				
Modify	References to steps (under Results) adjusted: 23. Our planned control reliance for all risks and assertions remains appropriate after completion of our audit procedures to test the operating effectiveness of controls: If "No," steps 1 and 2 below this table will show.	Procedures steps	N		
AUD-800 Audit Program: Custom through AUD-821 Audit Program: Concentrations					
Modify	Minor wording modifications in text and Practice Points (clarity); audit program step headings added throughout; additional references added (to other tools) where applicable.	Text	N		
AUD-801 Audit Program: Cash					
Modify	Step (4) modified: For accounts selected for testing, we obtained electronic bank confirmations or requested that the entity prepare bank confirmation forms for bank/custodian accounts used during the period under audit (see the sample confirmation request at ***COR-802 Standard Form to Confirm Account Balance Information with***	Procedures step	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Financial Institutions). When not performed electronically, we maintained control of the bank confirmation forms and mailed the forms directly to the bank/custodian.				
AUD-802 Audit Program: Investments including Programmatic Investments					
Modify	Minor wording modifications throughout, and: Added Practice Alerts: **Practice Alert:** In January 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which affects current U.S. GAAP primarily as it relates to the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The following are the more significant provisions of ASU No. 2016-01. *Equity investments with readily determinable fair values*. Equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are required to be measured at fair value with unrealized holding gains and losses in fair value to be recognized in net income. This amendment supersedes the guidance that requires (1) classification of equity securities with readily determinable fair values into different categories (i.e., trading or available-for-sale), and (2) recognition of changes in fair value of available-for-sale securities in other comprehensive income. *Equity investments without readily determinable fair values*. For equity investments without readily determinable fair values, ASU No. 2016-01 eliminates the cost method of accounting previously allowed in ASC Subtopic 325-20, *Investments—Other—Cost Method Investments*. Rather, under ASU No. 2016-01, an entity has the option to measure these equity investments either at: (1) cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer, or (2) fair value. This amendment simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment (similar to the qualitative assessment for long-lived assets, goodwill, and indefinite-lived intangible assets). When a qualitative assessment indicates that impairment exists, an entity is required to measure the equity investment at fair value and recognize an impairment loss in net income. The impairment loss is calculated as the difference between the fair value of the investment and its carrying amount. This impairment assessment reduces the complexity of the other-than-temporary impairment guidance entities were required to follow before ASU No. 2016-01.	Purpose	Y	ASU No. 2016-01 ASU 2016-14	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Simplified disclosures. This amendment eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. Although public business entities will still be required to do so, they no longer will have to disclose the methods and significant assumptions used in estimating those fair values. *Using the exit price notion when measuring fair value for disclosure purposes.* This amendment requires public business entities that are required to disclose fair value of financial instruments measured at amortized cost to use the exit price notion when measuring the fair value for disclosure purposes, consistent with ASC Topic 820, *Fair Value Measurement*. This change to U.S. GAAP eliminates the entry price method previously used by some entities to estimate the fair values of certain instruments when a market price is not available. *Financial liabilities measured under the fair value option.* For entities that elect the fair value option to measure financial liabilities, this amendment requires the entity to present separately in other comprehensive income the portion of the total change in the fair value of a financial liability resulting from a change in the instrument-specific credit risk (also referred to as "own credit risk"). Upon derecognition of the financial liability, the accumulated gains and losses due to changes in the instrument-specific credit risk will be reclassified from other comprehensive income to net income. Under current U.S. GAAP, entities that elect the fair value option to measure financial liabilities recognize all changes in fair value in net income (including changes in fair value related to instrument-specific credit risk). *Separate presentation of financial assets and financial liabilities*. This amendment requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables) on the statement of financial position or in the accompanying notes to the financial statements. *Deferred tax assets*. This amendment clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale debt securities in combination with the entity's other deferred tax assets. This amendment is intended to reduce diversity in current practice whereby some entities evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale debt securities separately from their other deferred tax assets. *Effective date*. ASU No. 2016-01 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. For all other entities (including nonpublic entities), the requirements are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. *Early adoption*. Nonpublic business entities may early adopt the				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	standard in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years (i.e., as of the effective date for public business entities). Also, nonpublic business entities may early adopt the provisions of the standard that eliminate certain previously required disclosures for financial statements of annual or interim periods that have not yet been made available for issuance, including those for periods in 2015. All entities may early adopt the provisions requiring them to recognize the fair value change in the instrument-specific credit risk in other comprehensive income for financial liabilities measured using the fair value option. These provisions may be early adopted for financial statements of annual or interim periods that have not yet been issued (public business entities) or made available for issuance (nonpublic business entities), including those for periods in 2015. *Transition guidance*. Entities should apply the standard by recording a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year of adoption, except as follows: (1) the provisions related to equity securities without readily determinable fair values (including disclosure requirements) should be applied prospectively to all equity investments that exist as of the adoption date; and (2) the provisions that require the exit price notion to be used to measure the fair value of financial instruments for disclosure purposes should be applied prospectively. **Practice Alert:** In August, 2016 the FASB issued Accounting Standards Update 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 includes a number of changes that will change certain aspects of financial reporting for not-for-profit organizations. The FASB project to re-examine the reporting model used by not-for-profit organizations was widely expected to have more far-reaching changes than what is included in ASU 2016-14. However, the FASB decided to move forward with some of the areas that could be addressed quickly and deferred consideration of other topics to the future. Some of the main provisions of ASU 2016-14 are as follows: • Eliminates the distinction between resources with permanent restrictions and those with temporary restriction from the face of the financial statements. • Requires information about liquidity and how liquidity is managed by the entity. • Requires reporting of investment return net of external and direct internal investment				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	expenses. • Eliminates, absent explicit donor restriction, the option to release a donor imposed restriction for gifts of cash or other assets used to acquire or construct an asset over the estimated useful life of the asset. • ASU 2016-14 is effective for fiscal years beginning after December 31, 2017, with earlier application permitted. Deleted Practice Alert about ASU 2016-14				
Modify	Under "Realized and Unrealized Gains and/or Losses," modified step 16, which now reads as follows: We recomputed realized and unrealized gains and/or losses for current and noncurrent investments, and ascertained that the method used in determining the cost of securities sold was consistently applied and presented in the financial statements.	Procedures steps	N		
Deleted	Under "Donated Financial Assets Sold," deleted Practice Point about ASU 2012-05.	Procedures steps	N		
Modify	Under "Transfers or Sales-Risks and Rewards or Control, modified step 24 and added Practice Point: For securities for which the entity has transferred ownership, we have evaluated whether the entity has retained any of the risks and rewards of ownership or control over the assets and properly recognized the transfer or sale of the assets. **Practice Point:** For example, the following are procedures that may be performed: • Evaluate the entity's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset. • Compute and compare the entity's exposure to the variability in the present value of the future net cash flows before and after the transfer, using as the discount rate an appropriate current market interest rate. • Assess the entity's ability to sell the asset in its entirety to an unrelated third party and whether the entity is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer and	Procedures steps	N		Modified step will reset on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	therefore, has not retained control over the asset. Assess whether the entity has retained the right to service the asset for a fee and therefore should recognize either a servicing asset or a servicing liability for that servicing contract.				
Modify	Under "Transfers or Sales-Procedures," modified step 25, which now reads as follows: For assets which have been transferred or sold, we have evaluated whether they have been recognized or derecognized in accordance with the applicable financial reporting framework. **Practice Point:** For example, the following are procedures that may be performed: • If a transfer of financial assets has been accounted for as a sale by the entity, evaluate whether all of the requisite conditions have been met. • Recompute the profit or loss recognized by the entity on the sale or transfer of the asset. • If the transfer or sold asset is part of a larger financial asset, recompute the allocation of previous carrying amount of the larger financial asset between the part that continues to be recognized and the part that is derecognized and evaluate the fair value of the part that continues to be recognized by the entity.	Procedures steps	N		
Modify	Under "Transfers or Sales-Continued Involvement,", modified step 26 and substeps a and b, and added Practice Point, as follows: If applicable, we have evaluated the entity's continuing involvement in the assets, including the entity's recognition of an associated liability (e.g., guarantee, purchase option or cash-settled option): a. Upon completion of a transfer of assets by an entity that satisfies the conditions to be accounted for as a sale, we evaluated whether the entity has accounted for the transfer in accordance with the applicable financial reporting framework. **Practice Point:** For example, evaluate whether the entity: • Derecognized all assets sold; • Recognized all assets obtained and liabilities	Procedures steps	N		Modified steps will reset on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	incurred in consideration as proceeds of the sale; • Initially measured at fair value assets obtained and liabilities incurred in a sale or, if it is not practicable to estimate the fair value of an asset or a liability, has applied alternative measures; and • Recognized in profit or loss any gain or loss on the sale. b. Upon completion of any transfer of financial assets in which the entity is the transferor, we evaluated whether the entity has accounted for the transaction in accordance with the applicable financial reporting framework. **Practice Point:** For example, evaluate whether the entity: • Continued to carry in its statement of financial position any retained interest in the transferred assets, including, if applicable, servicing assets, beneficial interests in assets transferred to a qualifying special-purpose entity in a securitization, and retained undivided interests. • Allocated the previous carrying amount between the assets sold, if any, and the retained interests, if any, based on their relative fair values at the date of transfer.				
Modify	Under "Investments Carried on the Equity Method-Detailed Analysis," modified step 27 and substeps as follows: We obtained from the entity a detailed analysis of investments in closely held corporations and partnerships and investments carried on the equity method, showing the following: The name of each investee. The percentage of ownership (e.g., 20 percent or more of the voting power of the investee is presumed to provide the investor with significant influence), including the consideration of currently exercisable potential voting rights. For an investment accounted for using the equity method, we inquired of management as to whether the entity has the ability to exercise significant influence over the operating and financial policies of the investee and evaluated	Procedures steps	N		Modified step will reset on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	the attendant circumstances that serve as a basis for management's conclusions. The accounting policies of the entity/investor. The difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets.				
Modify	Under "Investments Carried on the Equity Method-Proper Accounting," modified step 29, as follows: We evaluated whether management has properly accounted for the investments in closely held corporations and partnerships using the cost method or the equity method of accounting, as appropriate, in accordance with the applicable financial reporting framework.	Procedures steps	N		Modified step will reset on roll forward.
Modify	Under "Investments Carried on the Equity Method-Material Transactions," modified step 39, which now reads as follows: We obtained evidence about material transactions between the entity and the investee and evaluated the accounting treatment in accordance with the applicable financial reporting framework	Procedures steps	N		Modified step will reset on roll forward.
Modify	Added heading "Investments Carried on the Equity Method-Audits of Internal Control over Financial Reporting," and step 42, as follows: If performing an integrated audit (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016), for equity-method investments,, we have tested controls over the reporting in the entity's financial statements of the entity's portion of the investee's income or loss, the investment balance, adjustments to the income or loss and investment balance, and related disclosures.	Procedures steps	Y	AU-C 940	
Modify	Under "Joint Ventures-Detailed Analysis, modified step 43 substeps d, e, and f, which now read as follows: Substep d reads:	Procedures steps			Modified steps will reset on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	For jointly controlled operations: (1) The assets that the entity controls, the liabilities that the entity has incurred, and the expenses that the entity has incurred. (2) Its share of the income that it earned from the sale of goods or services by the joint venture. Substep e reads: For jointly controlled assets and liabilities: (1) Its share of the jointly controlled assets, classified according to the nature of the assets rather than as an investment. (2) Any liabilities that it has incurred. (3) Its share of any liabilities incurred jointly with the other venturers in relation to the joint venture. (4) Any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture. (5) Any expenses that it has incurred in respect of its interest in the joint venture. Substep f reads: For jointly controlled entities: (1) The cash or other resources contributed to the joint venture. (2) The entity's share of profits of the jointly controlled entity.				
Modify	Under "Audit Procedures for Tests of Valuations,", modified step 97 and added Practice Point, as follows: For investments in securities and derivative instruments that are valued based on fair value, we tested such valuations as follows: **Practice Point:** Further guidance is provided in AU-C Section 540, *Auditing Accounting Estimates*, *Including Fair Value Accounting Estimates, and Related Disclosures,* and AU-C Section 620*, Using the Work of an Auditor's Specialist,* on	Procedures steps	Y	AU-C 540; AU-C 620	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	obtaining and evaluating sufficient appropriate audit evidence to support significant accounting estimates and using the work of an auditor's specialist in connection therewith. ***AUD-818 Audit Program: Fair Value Measurements and Disclosures*** ***AUD-603 Audit Program: Using the Work of an Auditor's Specialist***				
AUD-803 Audit Program: Accounts Receivable and Revenue					
Modify	Minor wording modifications throughout, and: Added heading, "Receivables Not Confirmed," and step 8 as follows: If, in accordance with AU-C 505, *External Confirmations*, if we determined that confirmation of receivables is not necessary, we documented our acceptable reason for not confirming receivables.	Procedures steps	Y	AU-C 505; peer review checklist (A224);	
Modify	Under "Receivables Cutoff," step 15, modified substep (.e.); which now reads as follows: We confirmed with customers relevant contract terms and account activity, such as (1) side agreements; (2) acceptance criteria; (3) delivery and payment terms; (4) the absence of future or continuing vendor obligations; (5) the right to return the product; (6) guaranteed resale amounts; (7) cancellation or refund provisions; (8) sales returns; (9) credit memos; (10) merchandise receipt date; and (11) amounts written off that appear unusual, such as write-offs of balances due from continuing customers. ***COR-821 Confirmation of Sales Terms***	Procedures steps	N		Modified step will reset on roll forward.
Delete	Under "Receivables Cutoff," step 15, deleted the following substep: We confirmed directly with customers the following: (1) account activity (not just the balance); (2) sales returns; (3) credit memos; (4) merchandise receipt date; and (5) amounts written off that appear unusual, such as write-offs of balances due from continuing customers.				
Modify	Added Practice Point (under the Receivables Transferred section, step 29): **Practice Point:** If the entity has transferred or factored accounts	Text	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	receivable, the auditor should consider performing the transfers or sales procedures in ***AUD-802A Investments in Securities***.				
AUD-805 Audit Program: Contributions and Program Service Fees Receivable and Related Support and Program Service Fees Revenues and Agency Transactions					
Modify	Under "Future Interests, step 15, added Note: See additional procedures at ***AUD-804 Split-Interest Agreements and Beneficial Interests in Trusts***				
AUD-806 Audit Program: Inventories and Cost of Sales					
Modify	Added new Practice Alert: **Practice Alert:** In July 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, which requires that inventory within the scope of the guidance be measured at the lower of cost and net realizable value. The amendments in ASU No. 2015-11 do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. ASC Topic 330 currently requires an entity to measure inventory at the lower of cost or market. Market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. Under ASU No. 2015-11, inventory within the scope of the guidance is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The amendments should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period.	Purpose	Y	ASU No. 2015-11	
Modify	Added new step 3 (under "Perpetual Inventory) and Practice Point: If the entity maintains perpetual inventory records and verifies them in cycles continually throughout the year, we reviewed the results of the entity's cycle counts to make a preliminary assessment of the reliability of the system. If the system appears reliable, we tested the system.	Procedures step	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Practice Point: The auditor's tests typically include a selection of items from the perpetual records for tracing to the physical inventory and a selection from the physical inventory items for tracing to the perpetual records. These tests can be performed on either an interim or a year-end basis. If the system does not appear reliable, the auditor may need to require the entity to take a full physical inventory at year-end. This step will be marked N/A if the new TQ, "Does the entity maintain a perpetual inventory record?" is No.				
AUD-807 Audit Program: Prepaid Expenses, Deferred Charges, Collection Items, and Other Assets					
Modify	Under Prepaid Insurance, step 24, added substep: We evaluated whether the insurance policy has been pledged as collateral and evaluated whether the accounting for the related loan was appropriate.	Procedures steps	Y	Peer review checklist A232	
AUD-808 Audit Program: Intangible Assets					
Modify	Added new Practice Alerts: **Practice Alert:** In September 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*. To simplify the accounting for adjustments made to provisional amounts recognized in a business combination, the amendments eliminate the requirement to retrospectively account for those adjustments. U.S. GAAP currently requires that during the measurement period, the acquirer retrospectively adjust the provisional amounts recognized at the acquisition date with a corresponding adjustment to goodwill. Those adjustments are required when new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts initially recognized or would have resulted in the recognition of additional assets or liabilities. The acquirer also must revise comparative information for prior periods presented in financial statements as needed, including revising depreciation, amortization, or other income effects as a result of changes made to provisional amounts. The amendments in ASU No. 2015-16 require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been	Purpose	Y	ASU No. 2015-16; ASU 2015-05	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	completed at the acquisition date. In addition, the amendments require an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The amendments should be applied prospectively to adjustments to provisional amounts that occur after the effective date with earlier application permitted for financial statements that have not been issued. **Practice Alert:** In April 2015, the FASB issued Accounting Standards Update No. 2015-05, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. Existing U.S. GAAP does not include explicit guidance about a customer's accounting for fees paid in a cloud computing arrangement. Examples of cloud computing arrangements include: (*a*) software as a service; (*b*) platform as a service; (*c*) infrastructure as a service; and (*d*) other similar hosting arrangements. The amendments add guidance to Subtopic 350-40, which will help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The guidance already exists in ASC paragraphs 985-605-55-121 through 55-123, but it is included in a Subtopic applied by cloud service providers to determine whether an arrangement includes the sale or license of software. The amendments in ASU No. 2015-05 provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The amendments do not change the accounting for a customer's accounting for service contracts. As a result of the amendments, all software licenses within the scope of Subtopic 350-40 will be accounted for consistent with other licenses of intangible assets. For public business entities, the amendments are effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the amendments are effective for annual periods beginning after				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	December 15, 2015, and interim periods in annual periods beginning after December 15, 2016. Early adoption is permitted for all entities. An entity can elect to adopt the amendments either: (1) prospectively to all arrangements entered into or materially modified after the effective date; or (2) retrospectively.				
Modify	Under "Analysis of Intangibles Subject to Amortization," modified substep 2.d.(3), which now reads as follows: We ascertained that capitalized costs are recognized in accordance with the requirements of the applicable financial reporting framework (e.g., technological feasibility met; product design has been completed). Deleted substep: We evaluated whether the intangible asset was recorded in accordance with the applicable financial reporting framework. Modified substep 2.f.: We reviewed valuations (prepared by an independent third party or internally) for intangible assets, obtained an understanding of the methods used, and assessed the reasonableness thereof. Deleted substep: We identified fully amortized intangible assets and ascertained whether they are still utilized or held by the entity, and whether they have been de-recognized in accordance with the applicable financial reporting framework	Procedures steps	N		
Modify	Under Long-Lived Assets Subject to Amortization, deleted substep 3.d.(9): A current expectation that an asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. Under Long-Lived Assets Subject to Amortization, deleted substep 3.e.(3): If there is an indication that an asset may be impaired, we	Procedures steps	N		Step 3.d.(9) will reset on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	evaluated whether the entity reviewed the remaining useful life, the depreciation (amortization) method, and the residual value for the asset and, if needed, adjusted it in accordance with the applicable financial reporting framework, even if no impairment loss is recognized for the asset. Under "Long-Lived Intangibles Subject to Amortization," modified substep 3.f.: If an impairment loss should have been or was recognized, we tested the calculation of the loss in accordance with the applicable financial reporting framework and evaluated whether any impairments or write-offs have been authorized and approved by appropriate officials and examined related supporting documentation (e.g., board minutes, agreements, and correspondence).				
Modify	Under Sale of Long-Lived Intangibles Subject to Amortization, modified substep 4.c., which now reads: We evaluated whether an impairment loss was recorded in the income statement in accordance with the applicable financial reporting framework.	Procedures steps	N		Step will reset on roll forward.
Delete	Under Sale of Long-Lived Intangibles Subject to Amortization deleted previous substep 4.e: If a previously intended sale will not occur, we evaluated the new value for the asset group.	Procedures steps	N		
AUD-809 Audit Program: Property and Equipment, and Depreciation Including Contributed Property and Equipment					
Modify	Added the following Practice Alerts: **Practice Alert:** In February 2016, the FASB issued its new lease accounting guidance in Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required recognize the following for all leases (with the exception of short-term leases) at the commencement date: • A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and • A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a	Purpose	Y	ASU No. 2016-02; ASU 2016-14	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and ASC Topic 606, *Revenue from Contracts with Customers*. The new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. Public business entities should apply the amendments in ASU 2016-02 for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (i.e., January 1, 2019, for a calendar year entity). Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity), and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted for all public business entities and all nonpublic business entities upon issuance. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. **Practice Alert:** In August, 2016 the FASB issued Accounting Standards Update 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 includes a number of changes that will change certain aspects of financial reporting for not-for-profit organizations. The FASB project to re-examine the reporting model used by not-for-profit organizations was widely expected to have more far-reaching changes than what is included in ASU 2016-14. However, the FASB decided to move forward with some of the areas that could be addressed quickly and deferred consideration of other topics to the future. Some of the main provisions of ASU 2016-14 are as follows: • Eliminates the distinction between resources with permanent restrictions and those with temporary restriction from the face of the financial statements. • Requires information about liquidity and how liquidity is managed by the entity.				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	• Requires reporting of investment return net of external and direct internal investment expenses. • Eliminates, absent explicit donor restriction, the option to release a donor imposed restriction for gifts of cash or other assets used to acquire or construct an asset over the estimated useful life of the asset. ASU 2016-14 is effective for fiscal years beginning after December 31, 2017, with earlier application permitted.				
Deleted	Under "Immaterial PPE Balances," deleted previous sub-substeps 2.c.(1) and (2): Depreciation expense to total depreciable fixed assets. Repairs and maintenance expense to total depreciable fixed assets. Modified step 2 now reads as follows: We computed the relevant ratios for the current period and compared them with the prior period's ratios (see the sample analytical procedure for property, plant, and equipment at ***AID-830 PPE Analytical Procedures***).	Procedures steps	N		
Modify	Under "Long-Lived Assets Classified as Held for Sale," modified substep 13.c., now reads as follows: We evaluated whether an impairment loss was recorded in the income statement in accordance with the applicable financial reporting framework. Deleted: We verified that management has ceased recording depreciation as of the date the assets are reclassified as held for sale.	Procedures steps	N		Step will reset on roll forward.
Modify	Under "Long Lived Assets Held and Used Impairment Testing," modified substup 12.b.(7), now reads as follows: A current expectation that as asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.				Step will reset on roll forward.
AUD-810 Audit Program: Accounts Payable and Purchases					
Modify	Added new item "C" to the Primary Objectives table:	Table other	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Expenses and costs of products and services are valid, complete, and recorded correctly as to account, amount, and period. Recorded expenses include costs that are properly allocable to the year and are properly matched with revenues. Added Program Step headings; minor wording modifications throughout.	than procedures			
AUD-811 Audit Program: Payroll and Other Liabilities					
Modify	Added: **Practice Alert:** In April 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-04, *Compensation—Retirement Benefits (Topic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets*. For an entity with a fiscal year-end that does not coincide with a month-end (e.g., companies with a 52/53-week fiscal year), the amendments in ASU No. 2015-04 provide a practical expedient that permits the entity to measure defined benefit plan assets and obligations using the month-end that is closest to the entity's fiscal year-end and apply that practical expedient consistently from year to year. The practical expedient should be applied consistently to all plans if an entity has more than one plan. Employee benefit plans are not within the scope of the amendments. If a contribution or significant event (e.g., a plan amendment, settlement, or curtailment that calls for a remeasurement in accordance with existing requirements) occurs between the month-end date used to measure defined benefit plan assets and obligations and an entity's fiscal year-end, the entity should adjust the measurement of defined benefit plan assets and obligations to reflect the effects of those contributions or significant events. However, an entity should not adjust the measurement of defined benefit plan assets and obligations for other events that occur between the month-end measurement and the entity's fiscal year-end that are not caused by the entity (e.g., changes in market prices or interest rates). If an entity applies the practical expedient and a contribution is made between the month-end date used to measure defined benefit plan assets and obligations and the entity's fiscal year-end, the entity should not adjust the fair value of each class of plan assets for the effects of the contribution. Instead, the entity should disclose the amount of the contribution to permit reconciliation of the total fair value of all the classes of plan assets in the fair value hierarchy to the ending balance of the fair value of plan assets. An entity is required to disclose the accounting policy election and	Purpose	Y	ASU No. 2015-04	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	the date used to measure defined benefit plan assets and obligations in accordance with the amendments in this ASU. The new guidance includes a similar practical expedient for interim remeasurement for significant events that occur on other than a month-end date, which permits entities to remeasure defined benefit plan assets and obligations using the month-end that is closest to the date of the significant event, adjusted as necessary for the effects of the significant event. The amendments are effective for public business entities for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Earlier application is permitted. If elected, the practical expedient amendments should be applied prospectively.				
Deleted	Deleted “Disclosure of Payroll and Other Short-Term Employee Benefits,” and previous step 4: We reviewed management’s disclosure of payroll and other short-term employee benefits for compliance with the applicable financial reporting framework.	Procedures steps	N		
Modify	Under “Post-Employment Benefits (Including Defined Contribution Plans and Defined Benefit Plans),” modified step 4.i.(6), and (7), which now read as follows: We evaluated whether the actuary appears to have the proper professional qualifications and credentials, in accordance with AU-C Section 500, *Audit Evidence*, and evaluated whether the relationships between the actuary and the entity would impair independence. We compared key plan provisions included in the actuarial valuation report to the latest plan document and inquired about any recent plan amendments.	Procedures steps	Y	AU-C Section 500	Step will reset on roll forward due to extent of changes.
Deleted	Deleted former substep: We inquired about any relationships between the actuary and the entity that would impair independence.	Procedures steps	N		
Deleted	Deleted former substep 4.g.(8): We inquired about any recent plan amendments considered in preparing the actuarial valuation.	Procedures steps	N		
Deleted	Deleted substep:	Procedures	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	We evaluated whether the financial statements and, where applicable, required supplementary information, included adequate presentations and disclosures, including proper classification of the type of employee benefit plan information, as required by the applicable financial reporting framework.	steps			
Modify	Modified substep 5.b. under Postemployment Benefits; now reads as follows: We ascertained that the postemployment benefits are accrued in accordance with the applicable financial reporting framework.	Procedures steps	N		Step will reset on roll forward due to extent of changes.
Deleted	Deleted former substep 5.g.: We evaluated whether management properly disclosed postemployment benefit policies relating to key management personnel, as well as any contingent liabilities relating to postemployment benefits.	Procedures steps	N		
AUD-812 Audit Program: Unrelated Business Income and Other Tax Issues					
Modify	Under "Unique Tax Considerations," added new substep m.: If the entity is a private foundation, we evaluated whether the entity complied with IRS regulations concerning required distributions of income and prohibited activities.	Procedures steps	Y	Peer reviewer checklist	
AUD-813 Audit Program: Debt Obligations and Debt Service					
Modify	Added: **Practice Alert:** In February 2016, the FASB issued its new lease accounting guidance in Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required recognize the following for all leases (with the exception of short-term leases) at the commencement date: • A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and • A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model	Purpose	Y	ASU 2016-02	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	and ASC Topic 606, *Revenue from Contracts with Customers*. The new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. Public business entities should apply the amendments in ASU 2016-02 for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (i.e., January 1, 2019, for a calendar year entity). Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity), and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted for all public business entities and all nonpublic business entities upon issuance. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach.				
Modify	Under “Debt Substantive Analytical Procedures,” modified substep 1.b. to reduce signoffs; now reads as follows: We computed the relevant ratios and relationships for the current period and compared them with the prior period’s data and/or industry data (see the sample analytical procedures for debt obligations and interest at ***AID-840 Debt Obligations and Interest: Analytical Procedures***).				
Modify	Under “Debt Summary and Analysis,” modified substep 2.d., which now reads as follows: We obtained copies of new debt agreements and amendments to existing agreements entered into during the year and reviewed terms, conditions, and restrictive covenants.				Step will reset on roll forward due to extent of changes.
Modify	Under “Debt Maturing within the Next Year-Negotiations,” modified step 4, which now reads as follows: We obtained or reviewed executed agreements documenting that debt maturing in the current or				Step will reset on roll forward due to extent of changes.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	succeeding period had/has been extended, renewed, or replaced with debt maturing more than 12 months after the statement of financial position date.				
AUD-814 Audit Program: Net Assets					
Modify	Added new Practice Alert: **Practice Alert:** In August, 2016 the FASB issued Accounting Standards Update 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 includes a number of changes that will change certain aspects of financial reporting for not-for-profit organizations. The FASB project to re-examine the reporting model used by not-for-profit organizations was widely expected to have more far-reaching changes than what is included in ASU 2016-14. However, the FASB decided to move forward with some of the areas that could be addressed quickly and deferred consideration of other topics to the future. Some of the main provisions of ASU 2016-14 are as follows: • Eliminates the distinction between resources with permanent restrictions and those with temporary restriction from the face of the financial statements. • Requires information about liquidity and how liquidity is managed by the entity. • Requires reporting of investment return net of external and direct internal investment expenses. • Eliminates, absent explicit donor restriction, the option to release a donor imposed restriction for gifts of cash or other assets used to acquire or construct an asset over the estimated useful life of the asset. ASU 2016-14 is effective for fiscal years beginning after December 31, 2017, with earlier application permitted.	Purpose	Y	ASU 2016-14	
AUD-816 Audit Program: Journal Entries and Financial Statement Review					
Modify	Former steps 9 (“Financial Statement Review” to “Other Information Published by the Client”) moved down and renumbered as steps 16 – 32.	Procedures steps	N		
AUD-817 Audit Program: Related-Party Transactions					
Modify	Modified step 2.a. (to reduce signoffs); now reads as follows: We inquired of management about the nature of these	Procedures steps	N		Step will reset on roll forward due to extent of changes.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	transactions and whether related parties could be involved.				
AUD-818 Audit Program: Fair Value Measurements and Disclosures					
Modify	Added: **Practice Alerts:** In January 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which affects current U.S. GAAP primarily as it relates to the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The following discussion addresses the more significant provisions of ASU No. 2016-01. *Equity investments with readily determinable fair values*. Equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are required to be measured at fair value with unrealized holding gains and losses in fair value to be recognized in net income. This amendment supersedes the guidance that requires (1) classification of equity securities with readily determinable fair values into different categories (i.e., trading or available-for-sale), and (2) recognition of changes in fair value of available-for-sale securities in other comprehensive income. *Equity investments without readily determinable fair values*. For equity investments without readily determinable fair values, ASU No. 2016-01 eliminates the cost method of accounting previously allowed in ASC Subtopic 325-20, *Investments—Other—Cost Method Investments*. Rather, under ASU No. 2016-01, an entity has the option to measure these equity investments either at: (1) cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer, or (2) fair value. This amendment simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment (similar to the qualitative assessment for long-lived assets, goodwill, and indefinite-lived intangible assets). When a qualitative assessment indicates that impairment exists, an entity is required to measure the equity investment at fair value and recognize an impairment loss in net income. The impairment loss is calculated as the difference between the fair value of the investment and its carrying amount. This impairment assessment reduces the complexity of the other-than-temporary impairment guidance entities were required to follow before ASU No. 2016-01. *Simplified disclosures.* This amendment eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. Although public business entities will still be	Purpose	Y	ASU No. 2016-01; ASU No. 2015-07	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	required to do so, they no longer will have to disclose the methods and significant assumptions used in estimating those fair values. *Using the exit price notion when measuring fair value for disclosure purposes.* This amendment requires public business entities that are required to disclose fair value of financial instruments measured at amortized cost to use the exit price notion when measuring the fair value for disclosure purposes, consistent with ASC Topic 820, *Fair Value Measurement*. This change to U.S. GAAP eliminates the entry price method previously used by some entities to estimate the fair values of certain instruments when a market price is not available. *Financial liabilities measured under the fair value option.* For entities that elect the fair value option to measure financial liabilities, this amendment requires the entity to present separately in other comprehensive income the portion of the total change in the fair value of a financial liability resulting from a change in the instrument-specific credit risk (also referred to as "own credit risk"). Upon derecognition of the financial liability, the accumulated gains and losses due to changes in the instrument-specific credit risk will be reclassified from other comprehensive income to net income. Under current U.S. GAAP, entities that elect the fair value option to measure financial liabilities recognize all changes in fair value in net income (including changes in fair value related to instrument-specific credit risk). *Separate presentation of financial assets and financial liabilities*. This amendment requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables) on the balance sheet or in the accompanying notes to the financial statements. *Deferred tax assets*. This amendment clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale debt securities in combination with the entity's other deferred tax assets. This amendment is intended to reduce diversity in current practice whereby some entities evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale debt securities separately from their other deferred tax assets. *Effective date*. ASU No. 2016-01 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. For all other entities (including nonpublic entities), the requirements are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. *Early adoption*. Nonpublic business entities may early adopt the standard in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years (i.e., as of the effective date for public business entities). Also, nonpublic				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	business entities may early adopt the provisions of the standard that eliminate certain previously required disclosures for financial statements of annual or interim periods that have not yet been made available for issuance, including those for periods in 2015. All entities may early adopt the provisions requiring them to recognize the fair value change in the instrument-specific credit risk in other comprehensive income for financial liabilities measured using the fair value option. These provisions may be early adopted for financial statements of annual or interim periods that have not yet been issued (public business entities) or made available for issuance (nonpublic business entities), including those for periods in 2015. *Transition guidance*. Entities should apply the standard by recording a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year of adoption, except as follows: (1) the provisions related to equity securities without readily determinable fair values (including disclosure requirements) should be applied prospectively to all equity investments that exist as of the adoption date; and (2) the provisions that require the exit price notion to be used to measure the fair value of financial instruments for disclosure purposes should be applied prospectively. **Practice Alert:** In May 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The amendments apply to reporting entities that elect to measure the fair value of an investment using the net asset value per share (or its equivalent) practical expedient. ASC Topic 820 permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. Currently, investments valued using the practical expedient are categorized within the fair value hierarchy on the basis of whether the investment is redeemable with the investee at net asset value on the measurement date, never redeemable with the investee at net asset value, or redeemable with the investee at net asset value at a future date. For investments that are redeemable with the investee at a future date, a reporting entity must consider the length of time until those investments become redeemable to determine the classification within the fair value hierarchy. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient.				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The amendments are effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. A reporting entity should apply the amendments retrospectively to all periods presented. The retrospective approach requires that an investment for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. Earlier application is permitted.				
Delete	Deleted substep 7.b.(3): Whether the valuation technique meets the criteria of the applicable financial reporting framework and is appropriate in the circumstances.	Procedures steps	N		
Delete	Deleted substeps 7.e. thru 7.h.: We determined that the method of estimation and significant assumptions used are adequately disclosed. We evaluated whether the disclosures adequately inform users about any estimation uncertainty (e.g., observable market input and entity-specific input disclosures). We evaluated whether the nature and extent of risks arising from financial instruments are adequately disclosed in accordance with the applicable financial reporting framework. If the required fair value disclosures have been omitted because it is not practicable to determine fair value, we evaluated the adequacy of disclosures required in the circumstances and whether the financial statements are materially misstated.	Procedures steps	N		
Delete	Deleted former step 10: We considered applying additional audit procedures (e.g., inspecting an asset) to obtain adequate evidence about the appropriateness of a fair value measurement.	Procedures steps	N		
Modify	Modified step 10 (formerly step 11); now reads as follows: If the fair value measurement was made as of a date that is	Procedures steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	different from the date that the entity is required to measure and report that information in its financial statements, we evaluated whether management has appropriately considered the effect of intervening events, transactions, and changes in circumstances (i.e., those occurring between the date of fair value evidence and the reporting date).				
Delete	Deleted former substep 14.b.(6): We evaluated whether all tangible and intangible assets acquired and all liabilities assumed have been identified and accounted for in accordance with the applicable financial reporting framework.	Procedures steps	N		
Modify	Modified step 14.c, adding substeps as follows: (1) The purchase price allocation. (2) The methods, assumptions, and inputs used to assign values to the assets acquired and liabilities assumed, particularly those relating to items such as intangibles; complex financial instruments; inventories; executive compensation plans; and plant, property, and equipment. (3) The allocation of assets, including goodwill, and liabilities to reporting units. ***AUD-603 Audit Program: Using the Work of an Auditor's Specialist***	Procedures steps	N		Step will reset on roll forward due to extent of changes.
AUD-819 Audit Program: Commitments and Contingencies					
Modify	Added new Practice Point: **Practice Point:** In February 2016, the FASB issued its new lease accounting guidance in Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required recognize the following for all leases (with the exception of short-term leases) at the commencement date: • A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and • A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged.	Purpose; text	Y	ASU No. 2016-02	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and ASC Topic 606, *Revenue from Contracts with Customers*. The new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. Public business entities should apply the amendments in ASU 2016-02 for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (i.e., January 1, 2019, for a calendar year entity). Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity), and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted for all public business entities and all nonpublic business entities upon issuance. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach.				
Modify	Modified wording in step 14 substeps a through d; now read as follows: Whether the entity is aware of any potential environmental hazards on its site and what steps management has taken to minimize the entity's exposure for environmental remediation liabilities. Whether the entity is required to have a permit to transport, treat, store, or dispose of any potential environmental hazards. Whether the entity generates any potential environmental hazards or "regulated substances" in its business and how it disposes of these substances. Whether the entity ever used landfills, underground storage tanks, or barrels to dispose of any potential environmental hazards and how management tests and monitors for leakage.	Procedures steps	N		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modify	Modified step 21; now reads as follows: If the entity had not consulted legal counsel during the period under audit, we included the following item in the representation letter from management: "We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments."	Procedures steps	N		Step will reset on roll forward due to extent of changes.
AUD-901 Audit Program: Subsequent Events					
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)? This TQ will show/hide multiple steps, see below.				
Modify	Modified Instructions, Section I, General Procedures, paragraph one; now reads as follows: Many audit procedures that normally are integrated as part of the verification of year-end account balances, provide evidence of subsequent events. For example, subsequent-period sales and purchases transactions are tested to determine whether the cutoff is accurate. Likewise, the auditor often tests the collectibility of accounts receivable by reviewing subsequent-period cash receipts. However, in addition to these normal audit procedures, AU-C Section 560, *Subsequent Events and Subsequently Discovered Facts*, requires the auditor to perform other audit procedures to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements have been identified. The auditor's responsibility for reviewing for subsequent events normally is limited to the period from the date of the financial statements to the date of the auditor's report. When performing an integrated audit of financial statements and internal control over financial reporting, AU-C Section 940, *An Audit of*	Instructions	Y	AU-C Section 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements (effective for integrated audits for periods ending on or after December 15, 2016), provides additional direction with respect to subsequent events in an audit of internal control over financial reporting. In an integrated audit, the auditor is also concerned about changes in internal control over financial reporting, or other conditions that might significantly affect internal control over financial reporting, that have occurred subsequent to the date specified in management's assessment about the effectiveness of internal control over financial reporting but before the date of the auditor's report. The procedures in this audit program incorporate the audit requirements discussed in both AU-C Section 560 and AU-C Section 940 and are designed to help the auditor address those requirements.				
Modify	Added step 5: For an integrated audit (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016), we inquired of management, and where appropriate those charged with governance, and obtained information about any changes in, or conditions that might significantly affect, internal control over financial reporting that have occurred subsequent to the "as of date" but before the date of the auditor's report on internal control over financial reporting. This step will show if you have answered "Yes" to the TQ above.				
Modify	Added step 6: For an integrated audit (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016), we inquired about, and if available, obtained and read the following for the	Procedures steps	Y	AU-C Section 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	subsequent period: a. Relevant internal audit (or similar functions) reports issued; b. Reports regarding deficiencies in internal control over financial reporting issued by other independent auditors; c. Regulatory agency reports on the entity's internal control over financial reporting; and d. Information about the effectiveness of the entity's internal control over financial reporting obtained through other engagements performed for the entity. This step will show if you have answered "Yes" to the TQ above.				
Modify	Modified steps 13 to 16; now read as follows: 13. We reviewed the entity's financial statement disclosures related to subsequent events to ensure the disclosures are complete and accurate, and that the date through which management evaluated subsequent events is on or before the date of the auditor's report. 14. For an integrated audit (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016), if we have become aware of a subsequent event and have determined that this event materially and adversely affected the operating effectiveness of the entity's internal control over financial reporting, as of the date of management's assessment, we have issued an adverse opinion on the internal control over financial reporting. 15. For an integrated audit (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016), if we were unable to determine the effect of the subsequent event on the operating effectiveness of internal control over financial reporting,	Procedures steps	Y	AU-C Section 940	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	we disclaimed an opinion. 16. For an integrated audit (AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, effective for integrated audits for periods ending on or after December 15, 2016), if we have become aware of a material subsequent event with respect to conditions that did not exist as of the date of management's assessment but arose subsequent to that date and before the release of the audit report, we included in the auditor's report either: (1) an emphasis-of-matter paragraph directing the reader's attention to the subsequently discovered fact and its effects as disclosed in management's report, or (2) an other-matter paragraph describing the subsequently discovered fact and its effects. This step will show if you have answered "Yes" to the TQ above.				
AUD-902 Audit Program: Going Concern					
Modify	Added: **Practice Alert:** In August 2014, FASB issued Accounting Standards Update (ASU) No. 2014-15, *Presentation of Financial Statements—Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* to provide guidance under U.S. GAAP as to whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures. Under generally accepted auditing standards (U.S. GAAS), the auditor's responsibility is to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern for a reasonable period of time (AU-C Section 570, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*), which is defined as "a period of time not to exceed one year beyond the date of the financial statements being audited." ASU No. 2014-15 requires the entity's management to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). ASU 2014-15 is effective for annual periods ending after December 15, 2016, and for interim periods thereafter. Early application is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. In January 2015, the Auditing Standards Board issued four	Instructions	Y	ASU No. 2014-15	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	interpretations of AU-C Section 570 (see AU-C Section 9570). Interpretation No. 2 (*Definition of Reasonable Period of Time*) addresses how an auditor should apply the definition of "reasonable period of time" when the applicable financial reporting framework requires management to evaluate whether there are conditions and events that raise substantial doubt for a period of time greater than one year from the date of the financial statements. It states that, if under the entity's applicable financial reporting framework management is required to evaluate whether there are conditions and events that raise substantial doubt for a period of time greater than one year from the date of the financial statements, the auditor's assessment of management's going concern evaluation would be for the same period of time as required by the applicable financial reporting framework.				
AUD-903 Audit Program: Consideration of Fraud					
Modify	Purpose modified; now reads: This audit program is designed to help the auditor address the risk of fraud in a financial statement audit or, when applicable, in an integrated audit of financial statements and internal control over financial reporting.	Purpose	Y	ICFR	
Modify	First paragraph of instructions modified and new Practice Point added; now reads: This audit program is based on the requirements and guidance set forth in AU-C Section 240, *Consideration of Fraud in a Financial Statement Audit*, and when applicable, AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements* (effective for integrated audits for periods ending on or after December 15, 2016). Refer to this guidance for additional information. **Practice Point:** For an integrated audit, AU-C Section 940 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.	Instructions	Y	AU-C Section 940	
Modify	Deleted the "Brainstorming" segment (steps 1-25); steps are covered elsewhere; reduces duplication and signoffs.	Table			The 2016 AUD-903 steps 2, 2a – 2d, 3, 4, 5, and 6 will retain into KBA-501 on roll forward if you have set 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

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
					retain on roll forward.
AUD-904 Audit Program: Compliance with Laws and Regulations, Violations of Contract Provisions and Grant Agreements, and Abuse					
Modify	Step 1 modified; now reads as follows: We obtained an understanding of the legal and regulatory framework applicable to the entity and the industry or sector in which the entity operates, including the identification of instances of noncompliance, by performing the following steps: a. Understanding the entity's policies and procedures for compliance with laws and regulations; b. Inquiring of management regarding compliance with laws and regulations; c. Understanding those laws and regulations that directly determine the reported amounts and disclosures in the financial statements; d. Inspecting correspondence, if any, with the relevant licensing or regulatory authorities; and e. Incorporating our knowledge of the entity's history of noncompliance with laws and regulations. ***KBA-303 Inquiries of Management and Others within the Entity about the Risks of Fraud and Noncompliance with Laws and Regulations***	Table	N		Due to the changes in this step it will reset on Roll Forward.
AUD-908 Interim Review Program: Management Inquiries					
Modify	Modified throughout with additional steps.	Text; steps	N		

Auditor's Reports (RPTs) have been modified and updated, where applicable, in accordance with current guidance and to update references for the Uniform Guidance.

- **NEW RPT-0901A *Unmodified Opinion: Single-Year Financial Statements—Combined Report Expressing an Unmodified Opinion on ICFR* -** sample unmodified report for single-year financial statements with a combined opinion on internal control over financial reporting.
- **NEW RPT-0901B *Unmodified Opinion: Single-Year Financial Statements with Reference Made to Separate Report on ICFR* -** Sample unmodified report for single-year financial statements with a separate opinion on internal control over financial reporting.
- **NEW RPT-0902A *Unmodified Opinion: Comparative Years Financial Statements—Combined Report Expressing an Unmodified Opinion on ICFR* -** Sample unmodified report for comparative-years financial statements with a combined opinion on internal control over financial reporting.

- **NEW RPT-0902B *Unmodified Opinion: Comparative Financial Statements with Reference Made to Separate Report on ICFR* -** Sample unmodified report for comparative-year financial statements with a separate opinion on internal control over financial reporting will be issued
- **NEW RPT-0918A *Unmodified Opinion on Internal Control over Financial Reporting When Making Reference to the Report of a Component Auditor* -** Sample unmodified opinion on internal control over financial reporting when part of the opinion is based in part on the report of a component auditor
- **Former RPT-0958 (**_Unmodified Opinion: Since Inception Report—Development Stage Entity_) has been **deleted**.
- **NEW RPT-0959 *Unmodified Opinion: Separate Report on ICFR* -** Sample separate unmodified opinion on internal control over financial reporting.
- **NEW RPT-1004 *Adverse Opinion: Separate Report on ICFR* -** Sample adverse opinion: internal control over financial reporting.
- **NEW RPT-1019 *Disclaimer of Opinion: Separate Report on ICFR* -** Sample disclaimer of opinion: internal control over financial reporting.
- **NEW RPT-1033 *Unmodified Opinion: U.S.-Form Report on an Audit Conducted in Accordance with Both U.S. GAAS and the Standards of the PCAOB When the Audit Is* Not *Within the Jurisdiction of the PCAOB* -** Sample consolidated report in connection with an audit conducted in accordance with U.S. GAAS and in accordance with the auditing standards of the PCAOB.

Correspondence Documents (CORs) have been modified and updated, where applicable, in accordance with standards.

- **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-202A *Audit Engagement Letter: Integrated Audit When Also Performing Reviews of Interim Financial Information* -** 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, when the auditor is also performing reviews of interim financial information.
- **NEW COR-901A *Management Representation Letter: ICFR.***
- **NEW COR-904A *Communication to Entity with Significant Deficiencies and/or Material Weaknesses: ICFR***
- **COR-905** modified with new title ***Communication to Entity with No Material Weaknesses (Not for Use When Performing an Integrated Audit)***.

Practice Aids (AIDs) have been modified and updated, where applicable, with additional tips, references, and examples.

- **AID-302 *Understanding the Entity's Revenue Streams and Revenue Recognition Policies*** modified with additional references; added another Revenue Stream column to Section II table.
- **AID-601 *Considering the Use of the Work of Internal Auditors*** updated in accordance with the requirements 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-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-843 *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 *KBA Methodology Overview*** modified and updated.
- **RES-002 *Index of Audit Programs, Forms, and Other Practice Aids*** Modified as appropriate to incorporate new workpapers.
- **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 0ver 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

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:

- AICPA Statement on Auditing Standards (SAS) No. 131, *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);
- *Government Auditing Standards* (GAGAS) 2011 Revision; the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* contained in the 2nd Code of Federal Regulations, Part 200 – 2CFR200;
- AICPA Code of Professional Conduct (Code); and
- Chapter 3 of the Yellow Book, including a new framework for independence with conditions, remediation, and safeguards; and guidance in the most recent editions of the AICPA Audit and Accounting Guide, *Not-for-Profit Entities.*

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.

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

Form No.	*Form Name*	*Foundation Workpaper*	*Association Workpaper*
KBA-303	Inquiries of Management and Others within the Entity about the Risks of Fraud		
KBA-400	Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures	X	
KBA-401	Understanding Entity-Level Controls: Complex Entities		
KBA-401N	Understanding Entity-Level Controls: Noncomplex Entities		
KBA-402	Understanding General Controls for Information Technology		
KBA-403	Understanding Activity-Level Controls: Program Service and Other Revenue, Contributions, Pledges, Receivables, Cash Receipts, and Agency Transactions		
KBA-404	Understanding Activity-Level Controls: Purchases and Inventory		
KBA-405	Understanding Activity-Level Controls: Property, Plant, and Equipment and Contributed Property and Equipment		
KBA-406	Understanding Activity-Level Controls: Other Assets and Collection Items		
KBA-407	Understanding Activity-Level Controls: Accounts Payable and Cash Disbursements		
KBA-408	Understanding Activity-Level Controls: Payroll		
KBA-409	Understanding Activity-Level Controls: Treasury		
KBA-410	Understanding Activity-Level Controls: Income Taxes		
KBA-411	Understanding Activity-Level Controls: Financial Reporting and Closing Process		
KBA-412	Understanding Controls Maintained by a Service Organization		X

Form No.	*Form Name*	*Foundation Workpaper*	*Association Workpaper*
KBA-502	Summary of Risk Assessments	X	
KBA-503	Basis for Inherent Risk Assessment		
KBA-901	Financial Statement Disclosures Checklist		
KBA-902	Audit Review and Approval Checklist		
KBA-904	Audit Documentation Checklist		
AUDs	**AUDIT PROGRAMS**		
AUD-100	Engagement-Level Tailoring Questions	X	
AUD-101	Overall Audit Program	X	
AUD-201	Audit Program: Opening Balances and Additional Audit Procedures for an Initial Audit Engagement		
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		

Form No.	*Form Name*	*Foundation Workpaper*	*Association Workpaper*
AUD-802	Audit Program: Investments Including Programmatic Investments		
AUD-803	Audit Program: Accounts Receivable and Revenue		
AUD-804	Audit Program: Split-Interest Agreements and Beneficial Interests in Trusts		
AUD-805	Audit Program: Contributions and Program Service Fees Receivable and Related Support and Program Service Fees Revenues and Agency Transactions		
AUD-806	Audit Program: Inventories and Cost of Sales		
AUD-807	Audit Program: Prepaid Expenses, Deferred Charges, Collection Items, and Other Assets		
AUD-808	Audit Program: Intangible Assets		
AUD-809	Audit Program: Property and Equipment, and Depreciation Including Contributed Property and Equipment		
AUD-810	Audit Program: Accounts Payable and Purchases		
AUD-811	Audit Program: Payroll and Other Liabilities		
AUD-812	Audit Program: Unrelated Business Income and Other Tax Issues		
AUD-813	Audit Program: Debt Obligations and Debt Service		
AUD-814	Audit Program: Net Assets		
AUD-815	Audit Program: Other Income and Expenditures/Expenses		
AUD-816	Audit Program: Journal Entries and Financial Statement Review		

Form No.	*Form Name*	*Foundation Workpaper*	*Association Workpaper*
AUD-817	Audit Program: Related-Party Transactions		
AUD-818	Audit Program: Fair Value Measurements and Disclosures		
AUD-819	Audit Program: Commitments and Contingencies		
AUD-820	Audit Program: Accounting Estimates		
AUD-821	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, Violations of Contract Provisions and Grant Agreements, and Abuse		
AUD-907	Interim Review Program: Review of Interim Financial Information		
AUD-908	Interim Review Program: Management Inquiries		
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		

Form No.	*Form Name*	*Foundation Workpaper*	*Association Workpaper*
AID-801	Audit Sampling Worksheet for Substantive Tests of Details		
AID-901	Differences of Professional Opinion		
AID-903	Audit Report Preparation Checklist		

Additional Information for Associated Workpapers

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

Workpaper Requiring Association	*What is it associated with?*		
	Workpaper	*Table/Question*	*Association Item (Custom Value)*
KBA-412 Understanding Ctrls: Service Org (Custom)	AUD-100 Tailoring Question Workpaper	Does the entity use service organizations? is “Yes” 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 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 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 plan 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 plan 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

