

## 2017 Knowledge Based Audits™ of Employee Benefit Plans for ProSystem fx® Knowledge Coach March 2017

### 2017 Knowledge-Based Audits™ of Employee Benefit Plans for ProSystem fx® Knowledge Coach

#### Welcome to 2017 Knowledge-Based Audits™ of Employee Benefit Plans for ProSystem fx® Knowledge Coach

This Release Notes document provides important information about the 2017 release of Knowledge Based Audits™ of Employee Benefit Plans. Please review this information carefully. If you have any questions, contact Customer Support at 1-800-PFX-9998. Additional information is available on CCH [Support Online](#).

#### New in this Release

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Knowledge-Based Audits of Employee Benefit Plans is designed to help the auditor efficiently and effectively perform financial statement audits of employee benefit plans in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). The Knowledge-Based Audit Methodology is a risk-based methodology that emphasizes using knowledge of the plan to make risk assessments in connection with a financial statement audit of an employee benefit plan. This allows the auditor to more appropriately focus audit efforts on those areas which in the auditor's judgment are the most significant and pose the most risk of material misstatement to the financial statements.

The operations of employee benefit plans are unique and complex and require specialized accounting and auditing knowledge. This edition includes specific up-to-date guidance for auditing all types of plans, including defined benefit, defined contribution, and health and welfare plans. The knowledge-based audit tools include documents, audit programs, practice aids, correspondence, and example reports.

Conducting audits of nonpublic employee benefit plans requires the exercise of the auditor's professional judgment. 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.

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This is the seventh update to this Knowledge Coach title. If you are updating from a previous version of this title, refer to the Knowledge Coach User Guide Chapter 12. The guide is found on the Engagement File Room Help menu.

The 2017 documents include Accounting Research Material links to specific guidance that provides instant access to detailed analysis related to the steps and processes discussed in the workpapers.

The 2017 edition of Knowledge-Based Audits of Employee Benefit Plans features numerous enhancements, including:

- ◆ New and updated workpapers to be used for audits of employee benefit plans that file a Form 11-K. Please note that most of this guidance has been integrated within current KC workpapers. However, there are four checklists that will have no Knowledge Coach functionality (they are "flat files") due to the nature of the differences between these 11-K Filing checklists and the existing Employee Benefit Plan checklists. If the Employee Benefit Plan files a Form 11-K, please use the following flat file checklists instead of the corresponding Knowledge Coach files used for Employee Benefit Plans that do not file a Form-11-K:
  - AID-201A Nonattest Services Independence Checklist (For 11-K Filings)
  - AID-903A Audit Report Preparation Checklist (For 11-K Filings)
  - AUD-902A Audit Program: Going Concern (For 11-K Filings)
  - KBA-904A Audit Documentation Checklist (For 11-K Filings)
- ◆ AUD-903 and AUD-904 have been streamlined and minimized for duplication elsewhere. Some steps in AUD-903 have been moved to KBA-501.

- ◆ A new table has been added to KBA-101 for users to document why the auditor isn't testing the operating effectiveness of internal controls. If the auditor has selected in AUD-100 that the auditor intends to test the operating effectiveness of internal controls over financial reporting, this table will be hidden.
- ◆ KBA-105 has been reorganized so that the user will add entries to column 1 instead of column 3 so the flow is more logical.
- ◆ New columns have been added to AID-701 which will allow the user to select whether the assertion is relevant or not. For any assertion marked as not relevant the user will NOT need to complete the planned level of control risk. The selections made in this new column will flow to other areas of the workpaper.
- ◆ A comments column has been added to KBA-400 Scoping and Mapping Table and in KBA-502 Assertion Level Risk Table.
- ◆ An option for a Not Applicable answer has been added to question 10 of AUD-602.
- ◆ A new Not Applicable option has been added in KBA-103 column 15, "If Not a Material Weakness, Is It Important Enough to Merit Attention by Management?"
- ◆ Many new documents as follows:
  - AID-201A Nonattest Services Independence Checklist (For 11-K Filings)
  - AID-903A Audit Report Preparation Checklist (For 11-K Filings)
  - AUD-902A Audit Program: Going Concern (For 11-K Filings)
  - KBA-904A Audit Documentation Checklist (For 11-K Filings)
  - COR-201B Audit Engagement Letter: Integrated Audit
  - COR-207A Representation Letter from Successor Auditor to Predecessor Auditor (For 11-K Filings)
  - COR-210A Principal Auditor's Request for Representations from Other Auditor Who Audits the Financial Statements of a Subsidiary, Division, or Branch (For 11-K Filings)
  - COR-211A Principal Auditor's Request for Representations for Representations from Other Auditor Who Performs Certain Audit Procedures (For 11-K Filings)
  - COR-216A Communication with the Audit Committee during Planning (11-K Filings)
  - COR-220A Preapproval of Nonattest Services (For 11-K Filings)
  - COR-221 Communication of Independence to Audit Committee: Initial Audit (For 11-K Filings)
  - COR-221A Communication of Independence to Audit Committee (Continuing Audit) (For 11-K Filings)
  - COR-901B Management Representation Letter: ICFR
  - COR-903A Communication with the Audit Committee: Financial Statements Only Audit (For 11-K Filings)
  - COR-904A Communication to Entity with Significant Deficiencies and/or Material Weaknesses: ICFR
  - COR-905A Communication to Entity with No Material Weaknesses Financial Statements Audit Only (For 11-K Filings)
  - COR-906A Communication to Board of Directors of Material Weaknesses: Ineffective Audit Committee Oversight (For 11-K Filings)
  - RPT-0995 Auditor's Consent When Financial Statements Are Incorporated By Reference in a Form 11-K
  - RES-001A Knowledge-Based Audit Methodology Overview (For 11-K Filings)
  - RES-021 Special Considerations in Auditing Financial Instruments
  - RES-022 Illustrative Management's Report on Internal Control over Financial Reporting
  - RES-023 Considerations of an Audit of Internal Control over Financial Reporting That Is Integrated with the Knowledge-Based Audit of Financial Statements
  - RES-QCA-A Meeting Quality Control Standards Using KBA Audit Tools (For 11-K Filings)

[Click here](#) for the 2017 Employee Benefit Plans Title Overview for Knowledge Coach Users

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:

- ◆ SAS-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)
- ◆ AICPA Statement on Quality Control Standards No. 8, A Firm's System of Quality Control (Redrafted) (QC Section 10)
- ◆ The revised AICPA Code of Professional Conduct (Code), often referred as the AICPA Ethics Codification Project, including ET Section 1.295, Nonattest Services);
- ◆ FASB Accounting Standards Codification as of December 31, 2017 through Accounting Standards Update No. 2016-19.

### Important Notes

- ◆ Make sure to save changes to workpapers before closing the workpaper or the binder to ensure data is correctly updated.
- ◆ If your Current Editor Knowledge Coach MS® Word workpapers become read-only or crash, please do the following:
  - Keep the binder with the affected workpapers open.
  - Highlight the workpaper in the binder window and go to Tools > Save Knowledge Coach Answers.
- ◆ As of the December 2016 update to Engagement 7.5 and Knowledge Coach 2.5, you can open binders that contain Knowledge Coach workpapers when logged into the Shared File Room (SFR) mode in Engagement with the following restrictions:
  - Knowledge Coach workpapers cannot be edited in the SFR mode.
  - However, Knowledge Coach workpapers can be viewed as read-only, signed off on, and workpaper notes can be written on Knowledge Coach workpapers while in the SFR mode.
  - Non-Knowledge Coach workpapers can be edited in SFR mode without restriction.

### System Requirements

- ◆ This title MUST be used with ProSystem fx® Engagement version 7.5 or higher, ProSystem fx® Knowledge Coach version 2.5, and 2016 Financial Statement Base v4 or higher. If you have not installed the ProSystem fx® Engagement 7.5 and Knowledge 2.5, ensure that you do so before using this title. If you are upgrading from ProSystem fx® Engagement 7.1 or lower please contact Technical Support at 1-800-PFX-9998 for detailed instructions.
- ◆ A minimum of 4GB of RAM is required for optimal performance when opening and navigating through ProSystem fx® Knowledge Coach workpapers.

### Download Instructions

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Download the 2017 Knowledge Based Audits of Employee Benefit Plans from the ProSystem fx® Knowledge Coach Updates section of the ProSystem fx® Engagement Support Web site at the following URL: <http://support.cch.com/updates/KnowledgeCoach>, then select the Knowledge Coach Series and Download file link next to the 2017 Knowledge-Based Audits of Employee Benefit Plans. On some occasions the content package file (.KCP) will download with the extension changed to .ZIP. If this occurs, please change the extension of the downloaded file to KCP using all capital letters.

You must install the 2016 Financial Statement Base v4 title before installing the 2017 Knowledge Based Audits of Employee Benefit Plans.

The Financial Statement Base title is also available at the following link: <http://support.cch.com/updates/KnowledgeCoach>

**Important:** ProSystem fx® Engagement version 7.5 or higher and Knowledge Coach version 2.5 must be installed on the computer in order to install this Knowledge Coach title. Additional requirements include Microsoft® Office 2010, Microsoft® Office 2010 Primary Interop Assemblies (PIA) and Visual Studio® 2005 Tools for the Office Second Edition Runtime, Visual Studio® Tools for Office System Runtime version 3.0, and Visual Studio® Tools for the Office System 3.0 Runtime Service Pack 1., Visual Studio® Tools for Office Runtime 4.0 (VSTOR) (32-bit version for 32-bit OS and 64-bit version for 64-bit OS).

The 2017 Knowledge-Based Audits of Employee Benefit Plans (3/30/2017).KCP download is a proprietary file that must be installed from within Engagement. Save this KCP file to a location on your local drive and follow the Installation Instructions included in the Release Bulletin.

## Installation Instructions

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Once you have downloaded your Knowledge Coach title, you will need to add it to the list of titles within ProSystem fx® Engagement. The only additional system requirement is approximately 75MB of disk space to store your Knowledge Coach Program content files. Please refer to the ProSystem fx® Engagement with Knowledge Coach Release Notes for any other system requirements.

After downloading the 2017 Knowledge Based Audits of Employee Benefit Plans, do the following:

- ◆ Launch the ProSystem fx® Engagement Workpaper Management application so that the Local File Room is displayed. Select Tools > Knowledge Coach Titles.
- ◆ The Knowledge Coach Titles window will be displayed.
- ◆ Choose Add Title.
- ◆ Browse to the title package file (\*.KCP) that you previously downloaded from the ProSystem fx® Knowledge Coach Support Web site.
- ◆ Choose Open.
- ◆ The system will display a progress indicator while the title package is added. You will receive a message that the title has been successfully installed once the process is complete.

**Note:** You can determine this access in the ProSystem fx® Engagement Admin module by selecting a staff group and choosing File > Properties > Content "Insert Knowledge Coach workpapers from unreleased titles" option.

To release a title:

- ◆ Select one of the Knowledge Coach titles in the list that has been added but is not yet released.
- ◆ Choose Release Title. The current date and time will be displayed in the Date released column, and the status will change to "Released."

**Note:** You must add and assign a Knowledge Coach module as well as the Knowledge Coach title license in the ProSystem fx® Engagement Administrator before using the workpapers.

**Important:** Once the 2017 Knowledge-Based Audits of the Employee Benefit Plans title has been added and released, they will be automatically deployed to other staff members when they login to the "Office" location, or when they synchronize a binder that contains Knowledge Coach workpapers from this title.

## Online Permission Key

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Permission key files may be downloaded from our Web site at <https://prosystemfxsupport.tax.cchgroup.com/permkey/download.aspx> or when adding or updating the new licenses within ProSystem fx® Engagement with Knowledge Coach version 7.5 and higher. After updating the license file in the ProSystem fx® Engagement Admin module, licenses need to be assigned to the staff who will use 2017 Knowledge-Based Audits of Employee Benefit Plans.

If you have not already established a Single Sign-on (SSO) account with Customer Service, we urge you to do so at this time.

## Accounting Research Manager

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CCH's Accounting Research Manager ("ARM") is the most comprehensive, up-to-date and objective online database of financial reporting literature. It includes all authoritative and proposed accounting, auditing, and SEC literature, plus independent, expert-written interpretive guidance.

Available on ARM, the Knowledge-Based Audits of Employee Benefit Plans Guide helps you comply with the most recent professional standards and guidance for the conduct of audits of Employee Benefit Plans and to integrate the use of practice aids, tools, and other resources with its guidance. This publication supplements and complements the Knowledge-Based documents that are available in Knowledge Coach.

If you subscribe to an ARM library that includes Employee Benefit Plans content, you can link directly to source material from Resources within Knowledge Coach documents. These links have been updated to refer to the accounting standards under the FASB Accounting

Standards Codifications. Also, if you subscribe to the Knowledge-Based Audits of Employee Benefit Plans Guide on ARM, you can take advantage of references to the guide material from within the Knowledge Coach documents.

With Accounting Research Manager, you maximize the efficiency of your research time, while enhancing your results. Learn more about our content, our experts, and how you can request your free trial by visiting <http://www.accountingresearchmanager.com>. You can also access the Accounting Research Manager Web site by selecting the item in ProSystem fx® Engagement from the Guidance tab on the Shortcuts bar in the Binder window.

## Using Your Knowledge Coach Content

To use your Knowledge Coach Workpaper Templates, open a binder in ProSystem fx® Engagement, select the workpaper tab into which you would like to insert the workpaper, and select New Knowledge Coach Workpaper from the toolbar or File menu. The New Knowledge Coach Workpaper dialog appears (Figure 1).

Select the New Knowledge Coach Title with the content you would like to use. You can only select titles you have installed. The information displayed changes to reflect the workpaper organization available for the selected title.

Select the Knowledge Coach Workpaper Templates to insert into your binder and click OK. The Selected Workpaper Properties dialog appears. Each workpaper name is automatically loaded into the Name field. Add a workpaper index in the Index field and make any Name modifications you desire. You can also modify the tab location or the roll forward settings for each workpaper. Then click OK.

The integrated Knowledge Coach workpaper is now inserted into your engagement binder. For more information on how to use Knowledge Coach workpapers in your binder, see the Knowledge Coach User Guide.

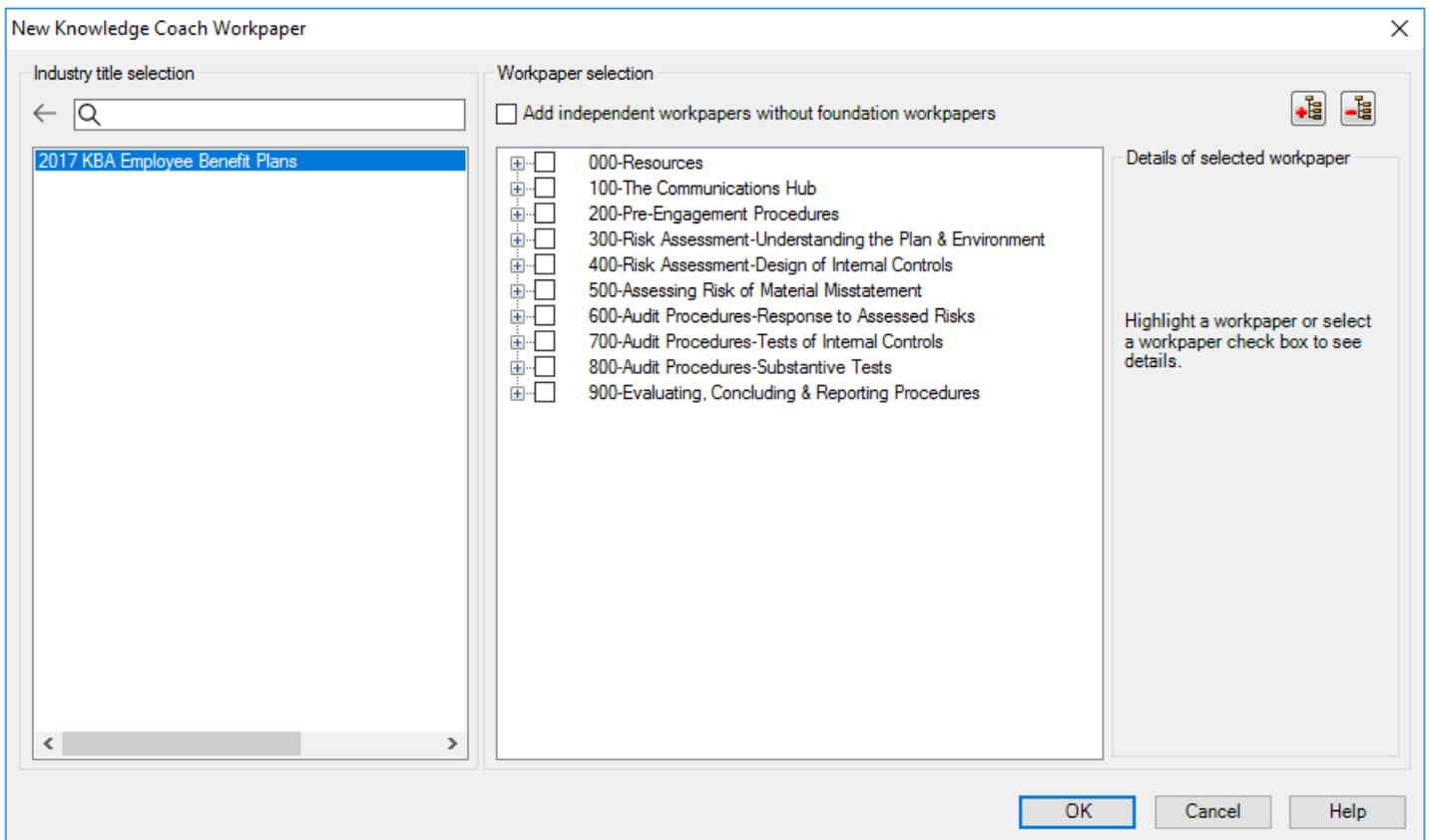


Figure 1 - New Knowledge Coach Workpaper

## Additional Information on Knowledge Coach and the KBA Methodology

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Knowledge-Based Audit (KBA) Methodology - Allows the results of one set of procedures to become the input for the next. The key components of the KBA methodology include:

- ◆ An Overview that guides auditors through the methodology;
- ◆ Knowledge-Based Audit documents, integral to the risk assessment and overall audit processes, which contain steps and procedures required by GAAS;
- ◆ Customizable Audit Programs that take auditors through related steps and procedures;
- ◆ Practice Aids to help auditors complete steps or processes outlined in the Knowledge-Based Audit documents and Audit Programs;
- ◆ Auditor's Reports that provide a variety of sample auditor's opinions on audited financial statements; and
- ◆ Correspondence documents that provide sample letters to be used to comply with GAAS requirements and in many other common situations.
- ◆ The AICPA's Auditing Standards Board's (ASB) Risk Assessment Standards - The practice aids and tools in the 2016 Knowledge-Based Audits of Employee Benefit Plans are designed around the AICPA's risk assessment and clarified standards to assist auditors of employee benefit plans by:
  - Facilitating compliance with GAAS and GAGAS;
  - Encouraging more effective audits through tailored audit programs and comprehensive practice aids;
  - Helping auditors to focus on and respond to identified audit risks; and
  - Enhancing audit documentation.

### ProSystem fx® Knowledge Coach

- ◆ ProSystem fx® Knowledge Coach functionality allows auditors to use the Knowledge-Based-Audit methodology more efficiently by eliminating the need for duplicate entry of the same information, tailoring audit documentation to each particular engagement, and documenting the link between risks identified and procedures performed. AUD-100 Tailoring Question Workpaper is a document in Knowledge Coach that presents engagement-level questions designed to aid in tailoring the engagement documentation to fit each client. Completing the questions helps the auditor avoid duplication and unnecessary workpapers.
- ◆ Before you begin your audit, please review the guidance in AUD-101 Overall Audit Program. This workpaper is intended to be your road map through a Knowledge-Based Audit methodology. You should start your audit with AUD-100 Tailoring Question Workpaper and AUD-101 Overall Audit Program.
- ◆ Risks can be captured via the Risk Summary task pane from any Knowledge Coach workpaper by the current editor of KBA-502 Summary of Risk Assessments. This allows the user to continuously assess risks during the engagement. Several workpapers prompt the consideration of the presence of risks, but the Risk Summary task pane must be used to document those risks. All documented risks flow to the Risk Summary. To ensure risks show in findings tables, make sure to check the "workpaper identified in" field of the Risk pane.
- ◆ Information Flow helps cut down on the time spent duplicating information across forms. In addition, the flow of consistent information ensures that information and updates to information are not missed between workpapers. Drill-down functionality helps the user navigate quickly to the source of the information, aiding in the review of the audit file.
- ◆ Diagnostics help keep track of unresolved issues like unanswered questions, incomplete risks, program steps not linked to risks or relevant assertions, missing workpaper, and more.
- ◆ **Links to Accounting Research Manager (ARM)**-If you subscribe to an ARM library that includes audit content, you can link directly to source material from Resources within Knowledge Coach workpapers. These links have been updated to reference to the accounting standards under the FASB Accounting Standards Codifications and the auditing standards issued by the AICPA. Also, if you subscribe to the Knowledge-Based Audits of Employee Benefit Plans Guide on ARM, you can take advantage of links to the audit guide material from within the Knowledge Coach documents.

- ◆ Interpretive Guidance is integrated into each Knowledge Coach template through the Tips view of each new task pane. Informational features include Practice Points, Examples, Optional Workpapers, and Resources to help auditors work more effectively and efficiently. You can also navigate from Resources within a document or the tip pane directly to CCH's Accounting Research Manager and industry audit guides by simply clicking on the Reference.

Download Description:	2017 Knowledge-Based Audits of Employee Benefit Plans(3/30/2017)
Version:	Engagement v. 7.5 with Knowledge Coach 2.5 or higher and 2016 Financial Statement Base v4
Release Date:	March 2017
File size:	18MB
Approx. Download Time:	42 minutes at 56 kbps
License:	Full Version
Platforms:	Windows® 7, 8, 8.1, 10
Office:	Microsoft® Office 2010 or higher required

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## Contact Information

- ◆ For a demo or to purchase additional titles as they become available 1-800-PFX-9998
- ◆ Technical Support 1-800-PFX-9998

The ProSystem fx® Engagement version of the Knowledge Coach Integrated Knowledge-Based Guides is sold and supported by CCH, a Wolters Kluwer business. The contact information above can be used for customer service and support issues for this product. For information about other CCH products, please call 1-800-248-3248 or visit the online Store at <http://tax.cchgroup.com>.