

2015 Knowledge Based Audits of HUD Multifamily Housing Programs for ProSystem fx® Knowledge Coach November 2015

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Welcome to 2015 Knowledge-Based Audits of HUD Multifamily Housing Programs for ProSystem fx® Knowledge Coach

This Release Notes document provides important information about the 2015 release of Knowledge Based Audits of HUD Multifamily Housing Programs. Please review this information carefully. If you have any questions, contact Customer Support at 1-800-PFX-9998, option 4, then option 1. Additional information is available on CCH [Support Online](#).

The 2015 Knowledge-Based Audits of HUD Multifamily Housing Programs includes the Compliance and Financial Statements title packages which must be downloaded and installed separately.

New in this Release

Knowledge-Based Audits of HUD Multifamily Housing Programs is designed to help the auditor efficiently and effectively perform audits of housing and urban development programs in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), Government Auditing Standards (GAGAS), and the Consolidated Audit Guide to Audits of HUD Programs, published by the U.S. Department of Housing and Urban Development (HUD Audit Guide). The Knowledge-Based Audit methodology is also designed to help the auditor efficiently and effectively perform cost certification audits in accordance with attestation standards generally accepted in the United States of America, GAGAS, and the HUD Audit Guide. The knowledge-based audit is a risk-based methodology that emphasizes using knowledge of the entity to make risk assessments in connection with the financial statement and compliance audit of a HUD program. 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 to the audit. The administration of HUD programs includes both financial statement and compliance considerations, and requires specialized accounting and auditing knowledge. This module includes up-to-date guidance for audits of programs identified under Chapter 3. Conducting audits of HUD programs requires the exercise of the auditor's professional judgment and knowledge of the requirements of the HUD Audit Guide.

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

This is the third 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 2015 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 2015 edition of Knowledge-Based Audits of HUD Multifamily Housing Programs features numerous enhancements, including:

- ◆ Updated text and column header in KBA-103 and KBA-103C to clarify the decision making process in the Financial Statement and Compliance title packages, respectively
- ◆ Findings are being accumulated in KBA-415 and KBA-415N to better facilitate flow to KBA-103C in the Compliance title package
- ◆ KBA-415 and KBA-415N series workpapers updated to facilitate the changes to the 2013 COSO framework for the Compliance title package. All Relevant Principles and Points of Focus were updated for the Internal Control: Integrated Framework (COSO Framework) published by the Committee on Sponsoring Organizations of the Treadway Commission, as incorporated by reference in Part 6 of the OMB Compliance Supplement.
- ◆ Added a "Not Applicable" option in the "Functioning" column in the summary tables in KBA-401, KBA-401N, KBA415 and KBA415N in the Financial Statement and Compliance title packages, respectively. Flow to KBA-103 or KBA-103C will still only occur on a "No" answer.

- ◆ New RES-008A has been added to the Compliance title package to identify entity-level controls over compliance management that has implemented to mitigate the risk of material noncompliance.

For more information on specific program enhancements, review the 2015 Audits of HUD Multifamily Housing Programs Overview for Knowledge Coach Users available at the following link or in the binder through the KCO-001 workpaper.

http://support.cch.com/updates/KnowledgeCoach/pdf/guides_tab/2015%20HUD%20Title%20Overview%20for%20Knowledge%20Coach%20Users.pdf

In addition, forms and practice aids throughout have been updated to include new examples and tips and, where applicable, to take into account:

New literature, standards, and developments, reflected in the following current audit and accounting guidance:

- ◆ FASB Accounting Standards Codification as of September 30, 2015
- ◆ AICPA Statement on Quality Control Standards (SQCSs) No. 8, A Firm’s System of Quality Control (Redrafted)
- ◆ 2013 Internal Control-Integrated Framework (Framework) established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

Additional Information on Knowledge Coach and the KBA Methodology

Knowledge-Based Methodology for Audits of HUD Multifamily Housing Programs- 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 U.S. GAAS, GAGAS, and the HUD Audit Guide;
- ◆ 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 compliance with HUD programs; and
- ◆ Correspondence documents that provide sample letters to be used to comply with U.S. GAAS, GAGAS, and the HUD Audit Guide requirements and in many other common situations.

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 added through the Risk Summary task pane which is accessible 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 Housing and Urban Development Programs 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. We have also added the ability to 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.

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.
- ◆ Knowledge Coach cannot be used within the Shared File Room (SFR) feature of Engagement. However, Knowledge Coach workpapers can be shared across team members through check in, check out, workpaper assignment, syncing to the central file room and through peer-to-peer sync in the same way other Engagement workpapers are shared.

System Requirements

- ◆ This title MUST be used with the following:
 - ProSystem fx® Engagement version 7.2, ProSystem fx® Knowledge Coach version 2.2
 - 2015 Financial Statement Base v4 for the Financial Statement title
 - 2015 Compliance Audits Base for the Compliance title
 - CCH® ProSystem fx® Engagement 7.2 and Knowledge Coach 2.2 September Update
 - Knowledge Coach Content Update October 2015
- ◆ If you are upgrading from ProSystem fx® Engagement 7.1 or lower please contact Technical Support at 1-800-PFX-9998, option 4 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

The 2015 Knowledge-Based Audits of HUD Multifamily Housing Programs includes the Compliance and Financial Statements title packages which are two separate packages.

Download the 2015 Knowledge Based Audits of HUD Multifamily Housing-Compliance and/or the 2015 Knowledge Based Audits of HUD Multifamily Housing-Financial Statements 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 2015 Knowledge-Based Audits of HUD Multifamily Housing-Compliance and/or the 2015 Knowledge Based Audits of HUD Multifamily Housing-Financial Statements. 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 2015 Financial Statement Base title before installing the 2015 Knowledge Based Audits of HUD Multifamily Housing Programs.

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

If you have already installed this title for 2015 Knowledge-Based Audits of HUD Multifamily Housing Programs, ensure you have the latest Knowledge Coach Content Update installed.

Important: ProSystem fx® Engagement version 7.2 or higher and Knowledge Coach version 2.2 must be installed on the computer in order to install this Knowledge Coach title. Additional requirements include Microsoft® Office 2007, Microsoft® Office 2007 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 2015 Knowledge-Based Audits of HUD Multifamily Housing-Compliance and 2015 Knowledge Based Audits of HUD Multifamily Housing-Financial Statements (11/25/15).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

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 2015 Knowledge Based Audits of HUD Multifamily Housing-Compliance and/or the 2015 Knowledge Based Audits of HUD Multifamily Housing-Financial Statements, 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.

Once the title is added, you must release it, so that other staff members in your firm can use it. You may also wish to “unrelease” previous versions of the title.

To unrelease a title:

- ◆ Select a version of the Knowledge-Based Audits of HUD Multifamily Housing-Compliance and/or Knowledge-Based Audits of HUD Multifamily Housing-Financial Statements titles.
- ◆ Choose Unrelease Title. The date will be removed from the Date released column and staff that do not have the staff group property right to insert unreleased titles will not be able to insert the unreleased titles into a binder.

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 2015 Knowledge-Based Audits of Multifamily Housing-Compliance and/or the 2015 Knowledge-Based Audits of Multifamily Housing-Financial Statements titles have 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

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 7.2 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 2015 Knowledge-Based Audits of Multifamily Housing Programs.

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

Permission keys are no longer generally distributed via floppy diskette. You can choose to continue receiving the diskette by going to <https://prosystemfxsupport.tax.cchgroup.com/service/accountadmin/>, clicking the Firm Administration link, and making the appropriate selection (SSO access is required), or by contacting Customer Service at 1-800-PFX-9998, option 4.

Accounting Research Manager

CCH's Accounting Research Manager 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.

Our Weekly Summary email newsletter highlights the key developments of the week, giving you assurance that you have the most current information. It provides links to new FASB, AICPA, SEC, EITF, and IASB authoritative and proposal-stage literature, plus guidance from financial reporting experts.

Our team of content experts updates the system on a daily basis, so you can stay as current as possible. What's more, our experts attend critical, standard-setting meetings and summarize the results for you, which means you'll learn of newly released literature and deliberations of current financial reporting projects as soon as they occur! Plus, you'll benefit from their easy-to-understand technical translations. Our expert's interpretations clearly lay out what the rules mean from your perspective.

Also available in the Knowledge-Based Audits of HUD Multifamily Housing Programs, a guide that helps you comply with the most recent professional standards and guidance for the conduct of compilations and reviews 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.

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.

Reference to Accounting Research Manager (ARM) – If you subscribe to an ARM library that includes HUD 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 Multifamily Housing Programs Guide on ARM, you can take advantage of references to the guide material from within the Knowledge Coach documents.

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.

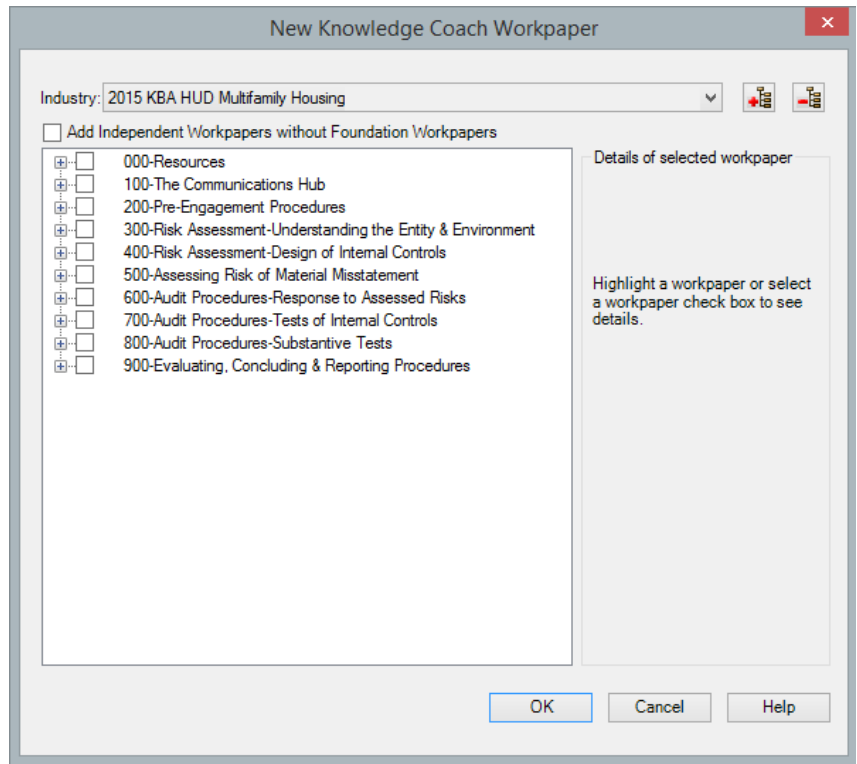


Figure 1 - New Knowledge Coach Workpaper

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|------------------------|---|
| Download Description: | 2015 Knowledge-Based Audits of HUD Multifamily Housing Programs (11/25/2015) |
| Version: | Engagement v. 7.2 with Knowledge Coach 2.2 or higher and 2015 Financial Statement Base v4 for the Financial Statement Title 2015 Compliance Audits Base for the Compliance Title |
| Release Date: | November 2015 |
| File size: | 18MB |
| Approx. Download Time: | 42 minutes at 56 kbps |
| License: | Full Version |
| Platforms: | Windows® 7, 8 and 8.1 |
| Office: | Microsoft® Office 2007 required |

Contact Information

- ◆ For a demo or to purchase additional titles as they become available 1-800-PFX-9998, option 1
- ◆ Technical Support 1-800-PFX-9998, option 4, then option 1

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>.