

# 2019 NONTRADITIONAL ENGAGEMENTS 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 2019 *Knowledge-Based™ Nontraditional Engagements* reflects current accounting authoritative literature including AICPA Auditing Standards Board (ASB) Statements on Standards for Attestation Engagements (SSAEs), *Attestation Standards: Clarification and Recodification* (SSAE No. 18); the 2011 Revision of *Government Auditing Standards* (GAGAS, or the Yellow Book); QC Section 10, *A Firm’s System of Quality Control*; and the revised AICPA Code of Professional Conduct (Code), including the provisions of ET Section 1.295, *Nonattest Services*. The 2019 tools include many tips and examples, as well as links to specific guidance that provides instant access to detailed analysis related to the steps and processes discussed in the workpapers.

### Important Information about Updating to the 2018/19 KC titles posted after July 2018

Beginning with the 2018 KBA Commercial title, there are significant changes to the ATT 40X ALC series workpapers that firms should review prior to content update through roll forward or Update Knowledge Coach Workpapers. Many of the activity controls have changed and will automatically reset on content update. Therefore, if you do plan to use the update knowledge coach content feature, consider publishing these workpapers before you update and re-evaluate your responses to the changed content. These changes were made to better describe true control objectives as opposed to control activities. We feel these changes make the tools more closely align with how internal control environments work and therefore easier to use and understand.

### Knowledge-Based Attestation Documents (KBAs):

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>KBA-201 Attestation Client/Engagement Acceptance Form</b>					
Modified	Under “Independence and Ability to Provide Services”, split step 7 into two separate steps which now read as follows: Are there any indications that our firm does (might) have a problem billing or collecting its fees? 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	Procedure Steps	Clarification		Steps will reset on roll forward due to content changes.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	report be paid prior to the issuance of the report for the current engagement?				
<b>KBA-503 Basis for Inherent Risk Assessment</b>					
Modified	Added consideration of size and volume of transactions.	Instructions, Tables	Enhancement		
<b>KBA-504 Basis for Inherent Risk Assessment: Cyber Security</b>					
Modified	Added consideration of whether the entity has ever had a publicly disclosed cybersecurity breach or attack.	Tables	Enhancement		

**Attestation Programs (ATTs):**

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>ATT-100 Overall Engagement-Level Tailoring Questions</b>					
New	New Comment Table				
<b>ATT-101 Overall Attestation Program through ATT-116</b>					
Modified	Added practice point regarding proposed Statement on Standards for Attestation Engagements, <i>Revisions to SSAE No. 18, Clarification and Recodification</i>	Purpose	New or Revised Guidance		
<b>ATT-401 Understanding Entity-Level Controls: Complex Entities</b>					
Modified	Instructions modified to enhance discussion of control objectives, compensating controls, and changes in controls from previous year.	Instructions	Clarification		
Modified	Modified Tables by modifying column headers, rearranging columns, and replacing referencing to “adequately reduce the risks of material misstatement” with “operating effectively”.	Instructions; Table	Improved Workflow		All columns will retain on roll forward if the user selects to keep workpaper on roll forward, except column 10 which is a new column.
Added	New show/hide due to reorganization and new columns as follows: Columns 9 and 10 will show only when TQ in ATT-100 are answered as “Yes”. Do we intend to test the operating effectiveness of controls?” is Yes	Table			

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>ATT-401N Understanding Entity-Level Controls: Non Complex Entities</b>					
Modified	Instructions modified to enhance discussion of control objectives, compensating controls, and changes in internal control from previous year.	Instructions	Clarification		
<b>ATT-402 Understanding General Controls For Information Technology</b>					
Modified	Instructions modified to enhance discussion of changes in internal control from previous year.	Instructions	Clarification		
Modified	Modified Tables in Section III “Understanding of IT General Controls for Entities with a More Complex IT Structure” by modifying column headers, rearranging columns, replacing referencing to “adequately reduce the risks of material misstatement” with “operating effectively”, and adding a column to document if compensating controls are selected for operating effectiveness.	Instructions; Table	Improved Workflow		Columns 1-5, 6, 8, 11, 12 and 13 will retain on roll forward if user selects to keep workpaper on roll forward
Added	New show/hide due to reorganization and new columns as follows: Columns 6, 7, 9, and 10 will show only when TQ in ATT-100 are answered as “Yes”. Do we intend to test the operating effectiveness of controls?” is Yes	Table			
<b>ATT-403 Understanding Activity-Level Controls: Revenue, Accounts Receivable, and Cash Receipts through ATT-411 Understanding Activity-Level Controls: Financial Reporting and Closing Process</b>					
Modified	Modified instructions to emphasize the relationship between activity-level controls and entity-level controls.	Instructions	Clarification		
Modified	Modified Table in Steps 2, 3, and 4 “Determine What Can Go Wrong, and Identify and Evaluate Controls that Address what Can Go Wrong” by modifying column headers, rearranging columns, replacing referencing to “adequately reduce the risks of material misstatement” with “operating effectively”, and adding a column to document if compensating controls are selected for operating effectiveness.	Instructions; Table	Improved Workflow		Columns 1-8, 10, 13-16 will retain on roll forward if user selects to keep workpaper on roll forward
Modified	Updated subprocesses and activity-level control objectives throughout.	Table	Enhancement		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	Under “Walkthroughs”, modified text describing the purpose of a walkthrough.	Text	Clarification		
Modified	Under “Process Conclusion” modified step 2 which now reads as follows: Has the process been implemented and has it operated consistently as documented throughout the period?	Table	Clarification		
Added	New show/hide due to reorganization and new columns as follows: Columns 8, 9, 11, and 12 will show only when TQ in ATT-100 are answered as “Yes”. Do we intend to test the operating effectiveness of controls?” is Yes	Table			
<b>ATT-412 Evaluation of Management’s Description of the Entity’s Cybersecurity Risk Management Program</b>					
Modified	Modified step 2 to account for non-corporate entities as follows: Read the entity’s annual report, financial statements, or similar documentation to understand: a. The nature of the entity’s operations and the goods or services offered to its customers; b. The entity’s network environment and the information and systems the entity uses when interacting with customers; and Other matters related to cybersecurity affecting financial reporting.	Procedures	Clarification		Step will retain on roll forward.
Modified	Modified step 3 to read as follows: Inspect documentation that describes the entity’s cybersecurity objectives to determine whether they are suitable and complete in the specific engagement circumstances.	Procedures	Clarification		Step will retain on roll forward.

**Consulting Programs (CONs):**

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>CON-101 Overall Engagement Program: Due Diligence Engagement – Buyer’s Assistance</b>					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
New	Added program for due diligence consulting engagement where the potential buyer is the client.				
<b>CON-102 Overall Engagement Program: Due Diligence Engagement – Seller’s Assistance</b>					
New	Added program for due diligence consulting engagement where the potential seller is the client.				
<b>CON-103 Findings Summary: Consulting Engagement</b>					
New	Added program to summarize findings in a consulting engagement.				
<b>CON-104 Overall Engagement Program: Risk Assessment Engagement</b>					
New	Added program for risk assessment consulting engagement.				
<b>CON-105 Risk Assessment Engagement: Risk Identification and Prioritization Form</b>					
New	Added program for identifying and prioritizing risks in a risk assessment consulting engagement.				
<b>CON-106 Overall Engagement Program: ElderCare Services Engagement</b>					
New	Added program for ElderCare services engagement.				
<b>CON-107 ElderCare Services Engagement: Client/Service Recipient Information Form</b>					
New	Added program for documenting client/service recipient information in an ElderCare services engagement.				

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

- **AID-101 Overall Examination or Review Engagement Strategy** Updates regarding documentation of nonattest services
- **AID-201 Nonattest Services Independence Checklist** Added practice alerts regarding PEECs *Proposed Revised Interpretation: Information System Services (formerly Information Systems Design, Implementation or Integration* and PEECs Independence Interpretation, *Hosting Services*; added factors to consider when assessing the skills, knowledge and experience of the individual designated to oversee the nonattest services; Added considerations regarding cybersecurity and hosting services.
- **AID-301 Analytical Procedures: Fluctuation and Ratio Analysis** Added column for explanation/comments.
- **AIDs 601, 604, 605** Minor wording changes to improve usability.
- **AID-603 Understanding and Preliminary Assessment of the Entity’s Internal Audit Function or Other Responsible Party Personnel** Updated step 4 to emphasize quality control.
- **AIDs 701, 801** Minor wording changes to improve usability; updated consistent with AICPA Audit Guide: *Audit Sampling – Clarified*.
- **AID-702 Designing Tests of Controls** Minor wording changes and reorganization of instructions to improve usability.
- **NEW AID-802 SWOT Analysis Worksheet**

**Correspondence Documents (CORs):** have been modified and updated, where applicable, in accordance with current guidance.

- **CORs 201, 202, 203, 204, 205, 206, 207, 208** Updated footnote regarding nonattest services to include more detailed language.
- **CORs 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916** Added representation regarding nonattest services.
- **NEW COR-212 Engagement Letter: Due Diligence Engagement**
- **NEW COR-213 Engagement Letter: Risk Assessment Engagement**
- **NEW COR-214 Engagement Letter: ElderCare Services Engagement**
- **NEW COR-917 Representation Letter: Due Diligence Engagement – Target Entity**
- **NEW COR-918 Representation Letter: Due Diligence Engagement – Buyer Client**
- **NEW COR-919 Representation Letter: Due Diligence Engagement – Seller Client**
- **NEW COR-920 Representation Letter: Due Diligence Engagement – Buyer Non-Client**
- **NEW COR-921 Representation Letter: Risk Assessment Engagement**
- **NEW COR-922 Representation Letter: ElderCare Services Engagement**

**Practitioner’s Reports (RPTs)** have been modified and updated, where applicable, in accordance with current guidance.

- **NEW RPT-1011A Examination Engagement: Unmodified Opinion on Subject Matter-Specified Indicators (Submitted to the Down Jones Sustainability Index)**
- **NEW RPT-1020A Review Engagement: Unmodified Opinion on Subject Matter-Specified Indicators (Submitted to the Down Jones Sustainability Index)**
- **NEW RPT-1080 Due Diligence Engagement: Report on Procedures Performed in Connection with a Proposed Acquisition**
- **NEW RPT-1081 Risk Assessment Engagement: Report on Procedures Performed and Risk Management Recommendations**
- **NEW RPT-1082 ElderCare Services Engagement: Report and Recommendations**

**Resource Documents (RESs)** significant changes to the Resource documents include:

- **RES-001 Knowledge-Based Nontraditional Engagements Methodology Overview** modified and updated as appropriate.
- **RES-002 Index of Attestation Programs, Forms, and Other Practice Aids** modified and updated as appropriate.
- **RESs 004, 005** Minor wording changes to improve usability; updated consistent with AICPA Audit Guide: *Audit Sampling – Clarified*.
- **RES-007 Guidelines for Performing Effective Walkthroughs and Making Inquiries** modified and updated as appropriate.
- **RES-009 – 017** enhanced control objectives, what can go wrong, and controls to improve usability.

**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 Auditing Standards Board (ASB) Statements on Standards for Attestation Engagements (SSAEs), *Attestation Standards: Clarification and Recodification* (SSAE No. 18)
- the 2011 Revision of *Government Auditing Standards* (GAGAS, or the Yellow Book)
- QC Section 10, *A Firm’s System of Quality Control*
- revised AICPA Code of Professional Conduct (Code), including the provisions of ET Section 1.295, *Nonattest Services*

## RELATED, FOUNDATIONS AND ASSOCIATION WORKPAPERS FOR THIS TITLE

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

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

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
<b>KBA</b> s	<b>KNOWLEDGE-BASED ATTESTATION DOCUMENTS</b>	
KBA-101	Findings Summary and Report Conclusions Worksheet: Examination-Level and Review-Level Engagements	X
KBA-102	Findings Summary: Agreed-Upon Procedures Engagement	X
KBA-200	Entity Information and Background	X in Exam and Review Packages
KBA-201	Attestation Client/Engagement Acceptance Form	
KBA-501	Risk Assessment and Attest Program: Examination-Level Engagement	X
KBA-502	Attest Program: Review-Level Engagement	X
KBA-901	Engagement Review and Approval Checklist	
KBA-902	Attestation Engagement Documentation Checklist	
<b>ATT</b> s	<b>ATTESTATION PROGRAMS</b>	
ATT-100	Engagement-Level Tailoring Questions	X

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
ATT-101	Overall Attestation Program: Examination-Level Engagement	
ATT-102	Overall Attestation Program: Review-Level Engagement	
ATT-103	Overall Attestation Program: Agreed-Upon Procedures Engagement	
ATT-104	Overall Attestation Program: Examination-Level Engagement on Prospective Financial Statements	
ATT-105	Overall Attestation Program: Compilation Engagement on Prospective Financial Statements	
ATT-106	Overall Attestation Program: Agreed-Upon Procedures Engagement on Prospective Financial Statements	
ATT-107	Overall Attestation Program: Examination-Level Engagement on Pro Forma Financial Information	
ATT-108	Overall Attestation Program: Review-Level Engagement on Pro Forma Financial Information	
ATT-109	Overall Attestation Program: Engagement to Report on the Effectiveness of an Entity's Internal Control over Financial Reporting or Management's Written Assertion (Integrated with an Audit of Financial Statements)	
ATT-110	Overall Attestation Program: Examination-Level Engagement on an Entity's Compliance with Specified Requirements	
ATT-111	Overall Attestation Program: Agreed-Upon Procedures Engagement on an Entity's Compliance with Specified Requirements	
ATT-112	Overall Attestation Program: Examination-Level Engagement on Management's Discussion and Analysis	
ATT-113	Overall Attestation Program: Review-Level Engagement on Management's Discussion and Analysis	
ATT-114	Overall Attestation Program: Examination-Level Engagement on Sustainability Information	
ATT-115	Overall Attestation Program: Review-Level Engagement on Sustainability Information	



<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
ATT-116	Overall Attestation Program: Examination Level Engagement on Cyber Security Risk Management Program	
ATT-301	Understanding the Subject Matter	
ATT-401	Understanding Entity-Level Controls: Complex Entities	
ATT-401N	Understanding Entity-Level Controls: Noncomplex Entities	
ATT-402	Understanding General Controls for Information Technology	
ATT-403	Understanding Activity-Level Controls: Revenue, Accounts Receivable, and Cash Receipts	
ATT-404	Understanding Activity-Level Controls: Inventory	
ATT-405	Understanding Activity-Level Controls: Property, Plant, and Equipment	
ATT-406	Understanding Activity-Level Controls: Other Assets	
ATT-407	Understanding Activity-Level Controls: Accounts Payable and Cash Disbursements	
ATT-408	Understanding Activity-Level Controls: Payroll and Other Liabilities	
ATT-409	Understanding Activity-Level Controls: Treasury	
ATT-410	Understanding Activity-Level Controls: Income Taxes	
ATT-411	Understanding Activity-Level Controls: Financial Reporting and Closing Process	
ATT-412	Evaluation of Management's Description of the Entity's Cybersecurity Risk Management Program	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
ATT-902	Attestation Program: Subsequent Events	
<b>CONs</b>	<b>CONSULTING PROGRAMS</b>	
CON-100	Engagement-Level Tailoring Questions	X
CON-101	Overall Engagement Program: Due Diligence Engagement – Buyer’s Assistance	
CON-102	Overall Engagement Program: Due Diligence Engagement – Seller’s Assistance	
CON-103	Findings Summary: Consulting Engagement	X
CON-104	Overall Engagement Program: Risk Assessment Engagement	
CON-106	Overall Engagement Program: ElderCare Services Engagement	
<b>AIDs</b>	<b>PRACTICE AIDS</b>	
AID-101	Overall Examination or Review Engagement Strategy	X in Exam and Review Packages
AID-201	Nonattest Services Independence Checklist	
AID-302	Inquiries of Management and Others within the Entity about the Risks of Fraud and Noncompliance with Laws and Regulations	
AID-601	Considering the Use of the Work of Internal Auditors or Other Responsible Party Personnel	
AID-604	Using the Work of a Practitioner’s Specialist	
AID-605	Using the Work of a Management’s Specialist	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
AID-606	Involvement of an Other Practitioner	
AID-702	Designing Tests of Controls	
AID-802	SWOT Analysis Worksheet: Risk Assessment Engagements	
AID-901	Differences of Professional Opinion	