

# 2019 GOVERNMENT 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 2019 *Knowledge-Based Audits of Government Entities* have been updated to help auditors conduct efficient and effective audit engagements in accordance with U.S. GAAS and GAGAS and to take into account the latest literature, standards, and guidance, including AICPA Statement on Auditing Standards (SAS) No. 133, *Auditor Involvement with Exempt Offering Documents*. The 2019 tools include links to detailed analysis related to the steps and processes discussed in the workpapers. Many new tips and examples have been incorporated. Also included are revised financial statement disclosures checklists that provide a centralized resource of the required and recommended U.S. GAAP disclosures and key presentation items currently in effect, using the style referencing under the FASB Accounting Standards Codification™.

The 2019 edition of *Knowledge-Based Audits of Government Entities* includes the following updates:

### Knowledge-Based Audit Documents (KBAs)

#### 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 KBA 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.

#### Important Roll Forward Information Regarding the GOV 2019 Title

On roll forward if you have tested controls in the prior year in any audit area the user will need to answer the TQ, “Does the auditor intend to test the operating effectiveness of internal controls over financial reporting? TQ as “Yes” then answer the TQ, “What audit areas, applicable to the engagement, will you be performing tests of the operating effectiveness of controls?” with the applicable audit areas where internal controls were tested in the prior year. If you select “No” to the first TQ noted above after roll forward you could lose data associated with testing of internal controls in the workpapers noted below under AUD-100 and noted in KCO-003 based on this new functioning.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>KBA-101 Overall Audit Strategy</b>					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Added	<p>Added 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)?” which will flow from AUD-100 and have the following show/hide within KBA-101:</p> <p><b>If “Yes” show:</b></p> <p>Procedure: The auditor plans to test operating effectiveness of internal controls in the following significant classes of transactions:</p>	Procedure Step	Clarification		
Added	<p>Added TQ, “Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” which will flow from AUD-100 and have the following show/hide within KBA-101:</p> <p><b>If “No” Show:</b></p> <p>If applicable, the following is our rationale for concluding not to test operating effectiveness of controls:</p> <p>This step along with table is new to the 2019 Governmental Title.</p>	Procedure Step	Clarification		
Added	<p>Under “Audit Coverage” added a new step:</p> <p>Have we determined that we will be able to obtain sufficient appropriate audit evidence through our work (i.e., the group engagement team’s work) or through the use of the component auditor’s work to act as the auditor of the group financial statements?</p>	Procedure Step	Clarification		
Modified	<p>Under “Use of Other Information”, modified first column in the first table to read as follows:</p> <p>Audit Evidence Obtained in Previous Audits or Other Engagements</p>	Table	Clarification		
Modified	<p>Under “Use of Other Information”, modified step to read as follows:</p> <p>Has the auditor prepared documentation to address potential independence considerations in accordance with ET Section 1.295, Nonattest Services, of the AICPA Code of Professional Conduct and documented our discussion with management regarding the services to be performed and potential independence concerns, if applicable? The auditor may use <i>AID-201 Nonattest Services Independence Checklist</i> to document these independence considerations.</p>	Table	Clarification		
Modified	<p>Under “Factors that Will Determine the focus of the Audit Team’s Efforts”, modified step which now reads as follows:</p> <p>The following represents the selection of the audit team (i.e., individual with appropriate knowledge, competency, and skills) and the assignment of audit work to team members:</p>	Table	Clarification		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>KBA-102 Engagement Completion Document</b>					
Modified	Minor wording changes throughout.	Purpose; Instructions	Clarification		
<b>KBA-103 Evaluating and Communicating Internal Control Deficiencies</b>					
Modified	Under “Communication of Internal Control Deficiencies”, added columns 11 and 12 for documentation of management recommendations.	Instructions ; Table	Enhancement		
<b>KBA-104 Summary and Evaluation of Misstatements and Omitted, Inaccurate, or Incomplete Disclosures</b>					
Modified	Under “Section II” tab, updated formulas for check totals.	Table	Enhancement		
Modified	Under “Section III” tab, added column “Indicative of Fraud (Yes/No)”.	Table	Enhancement		
<b>KBA-200 Entity Information and Background</b>					
Added	Added table for listing known related parties.	Table	Improved Workflow		
<b>KBA-201 Client/Engagement Acceptance and Continuance Form: Complex Entities</b>					
Modified	Under “Independence and Ability to Provide Services”, split step 6u 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 report be paid prior to the issuance of the report for the current engagement?	Procedure Steps	Clarification		Steps will reset on roll forward due to content changes
<b>KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts</b>					
Modified	Benchmark / Rule of Thumb percentage table has been modified so users are allowed to insert rows for separate benchmarks and saved from year to year.	Table	Improved Workflow		
<b>KBA-302 Understanding the Entity and Its Environment: Complex Entities</b>					
Modified	Under “Nature of the Entity”, updated 7e which now reads as follows: Revenue recognition policies and procedures, including sales policies and policies regarding pricing, price concessions, sales returns, discounts, extension of credit, contingencies, and normal delivery and payment terms, as appropriate.	Procedure Steps	New or Revised Guidance	AICPA’s Audit and Accounting Guide:	Step 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
				<i>Revenue Recognition</i>	
Modified	Under “Group, Its Components, and their Environments”, clarified that the section applies even when the same engagement team audits all components of the group.	Text	Clarification		
Modified	Under “Measurement and Review of the Entity’s Financial Performance”, updated step which now reads as follows: Employee performance measures, contractual commitments, and incentive compensation policies. Consideration should include whether there are compensation arrangements that depend on the entity’s recording of revenue.	Procedure Steps	New or Revised Guidance	No. 133, <i>Auditor Involvement with Exempt Offering Documents</i>	Step will retain on roll forward with default settings
Modified	Under “Fraud Risk Factors and Noncompliance with Laws and Regulations”, added a discussion about money laundering. This was also done in KBA-302N	Text	Enhancement		
<b>KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures</b>					
Added	Added 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)?” which will flow from AUD-100 and will show/hide the following: If “Yes” Show: <ul style="list-style-type: none"> <li>• Table 2 <ul style="list-style-type: none"> <li>○ Column: If Column 5, Is “Yes,” Are Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Controls Operating Effectively</li> <li>○ Column: If Compensating Controls Are Described in Column 8, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul> </li> <li>• Table 3 <ul style="list-style-type: none"> <li>○ Column: If Column 6, Is “Yes,” Are Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Controls Operating Effectively</li> </ul> </li> </ul>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<ul style="list-style-type: none"> <li>○ Column: If Compensating Controls Are Described in Column 9, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul>				
Added	<p>Added TQ, “Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” which will flow from AUD-100 and will show/hide the following: If “Yes” Show:</p> <ul style="list-style-type: none"> <li>• Table 2 <ul style="list-style-type: none"> <li>○ Column: If Column 5, Is “Yes,” Are Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Controls Operating Effectively</li> <li>○ Column: If Compensating Controls Are Described in Column 8, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul> </li> <li>• Table 3 <ul style="list-style-type: none"> <li>○ Column: If Column 6, Is “Yes,” Are Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Controls Operating Effectively</li> <li>○ Column: If Compensating Controls Are Described in Column 9, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul> </li> </ul>				
Modified	Added verbiage above Table 1 “Scoping and Mapping” discussing the further understanding that is recommended.	Text	Improved Workflow		
Modified	Modified Table 2 and Table 3 by modifying column headers, rearranging columns, replacing referencing to “functioning” with “operating effectively”, and adding a column to document if compensating controls are selected for operating effectiveness.	Instructions ; Table	Improved Workflow		<p>Table 2: Columns 1-5, 6, 8, 11, 12 and 13 will retain on roll forward if user selects to keep workpaper on roll forward</p> <p>Table 3: Columns 1-5, 6, 7, 9, 12, 13, and 14 will retain on roll</p>

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
					forward if user selects to keep workpaper on roll forward
Added	<p>New show/hide due to reorganization and new columns as follows:</p> <p>Table 2: Columns 6, 7, 9, and 10 will show only when TQ in AUD-100 are answered as “Yes”.</p> <p>Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” is Yes OR IF “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is Yes</p> <p>Table 3: Columns 7, 8, 10, and 11 will show only when TQ in AUD-100 are answered as “Yes”.</p> <p>Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” is Yes OR IF “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is Yes</p>	Table			
<b>KBA-401 Understanding Entity-Level Controls: Complex Entities</b>					
Added	<p>Added 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)?” which will flow from AUD-100 and will show/hide the following:</p> <p>If “Yes” Show:</p> <ul style="list-style-type: none"> <li>• Column: If Compensating Controls Are Described in Column 8, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>• Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul>				
Added	<p>Added TQ, “Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” which will flow from AUD-100 and will show/hide the following:</p> <p>If “Yes” Show:</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<ul style="list-style-type: none"> <li>Column: If Compensating Controls Are Described in Column 8, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul>				
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	<p>New show/hide due to reorganization and new columns as follows: Columns 9 and 10 will show only when TQ in AUD-100 are answered as “Yes”. Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” is Yes OR IF “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is Yes</p>	Table			
<b>KBA-401N Understanding Entity-Level Controls: Noncomplex Entities</b>					
Modified	Instructions modified to enhance discussion of control objectives, compensating controls, and changes in internal control from previous year.	Instructions	Clarification		
<b>KBA-402 Understanding General Controls for Information Technology</b>					
Added	<p>Added 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)?” which will flow from AUD-100 and will show/hide the following: If “Yes” Show:</p> <ul style="list-style-type: none"> <li>Column: Controls Selected for Operating Effectiveness Testing In Less Complex Table.</li> <li>More Complex Table <ul style="list-style-type: none"> <li>Column: If Column 5 Is “Yes,” Are Controls Selected for Operating Effectiveness Testing?</li> <li>Column: Are Key Controls Operating Effectively</li> </ul> </li> </ul>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<ul style="list-style-type: none"> <li>○ Column: If Compensating Controls Are Described in Column 8, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul>				
Added	<p>Added TQ, “Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” which will flow from AUD-100 and will show/hide the following: If “Yes” Show:</p> <ul style="list-style-type: none"> <li>● Column: Controls Selected for Operating Effectiveness Testing In Less Complex Table.</li> <li>● More Complex Table <ul style="list-style-type: none"> <li>○ Column: If Column 5 Is “Yes,” Are Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Key Controls Operating Effectively</li> <li>○ Column: If Compensating Controls Are Described in Column 8, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul> </li> </ul>				
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	<p>New show/hide due to reorganization and new columns as follows: Columns 6, 7, 9, and 10 will show only when TQ in AUD-100 are answered as “Yes”.</p> <p>Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” is Yes OR</p>	Table			



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	IF “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is Yes				
<b>KBA-403 Understanding Activity-Level Controls: Revenue, Accounts Receivable, and Cash Receipts through KBA-408 Understanding Activity-Level Controls: Financial Reporting and Closing Process</b>					
Added	<p>Added TQ, “What audit areas, applicable to the engagement, will you be performing tests of the operating effectiveness of controls?” which will flow from AUD-100 and will show/hide the following:</p> <p><b>For Audit Area Selected Show:</b></p> <ul style="list-style-type: none"> <li>• Column: If Column 7 Is “Yes,” Are the Key Controls Selected for Operating Effectiveness Testing?</li> <li>• Column: Are Key Controls Operating Effectively</li> <li>• Column: If Compensating Controls Are Described in Column 10, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>• Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul>				
Modified	Modified instructions to emphasize the relationship between activity-level controls and entity-level controls.	Instructions	Clarification		
Modified	Modified Table in Steps 4, 5, and 6 “Determine What Can Go Wrong, and Identify and Evaluate Controls that Address what Can Go Wrong at the Assertion Level” 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		
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 audit period?	Table	Clarification		
Added	<p>New show/hide due to reorganization and new columns as follows: Columns 8, 9, 11, and 12 will show only when TQ in AUD-100 are answered as “Yes”.</p> <p>Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” is Yes</p>	Table			

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	OR IF “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is Yes				
<b>KBA-409 Understanding Controls Maintained by a Service Organization</b>					
Modified	Modified purpose to discuss obtaining an understanding of the service provided, risk assessment, and designing and performing procedures responsive to the assessed risks.	Purpose	Clarification		
Modified	Minor wording changes throughout.	Table	Clarification		
Modified	Modified step 2, which now reads as follows: We obtained and read the following to ensure the service auditor’s report met our audit objectives: <ul style="list-style-type: none"> <li>• The service auditor’s report;</li> <li>• The service organization’s description of processes and controls; and</li> <li>• Other information provided by the service auditor as applicable.</li> </ul>	Procedure Steps	Clarification		Step will reset on roll forward due to content changes
Modified	Modified step 3, which now reads as follows: We inquired of entity management whether the service organization has reported to them, or they are otherwise aware of, any fraud, noncompliance with laws and regulations, or uncorrected misstatements affecting the financial statements of the user entity.	Procedure Steps	Clarification		Step will reset on roll forward due to content changes
Modified	Modified step 5, which now reads as follows: We obtained a sufficient understanding of the entity’s internal control to evaluate the design and implementation of relevant controls by ensuring we had sufficient information to: <ul style="list-style-type: none"> <li>• Understand the nature of the services provided by the service organization and the significance of those services to the entity, including the effect thereof on the entity’s internal control.</li> <li>• Understand the user entity controls that relate to the services provided by the service organization, including those that are applied to the transactions processed by the service organization.</li> <li>• Understand the nature and materiality of the transactions processed or accounts or financial reporting processes affected by the service organization.</li> <li>• Determine whether the control objectives are relevant to the entity’s financial statement assertions.</li> </ul>	Procedure Steps	Clarification		Step 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
	<ul style="list-style-type: none"> <li>• The flow of significant transactions through the service organization’s system to determine the points in the transaction flow where material misstatements in the user entity’s financial statements could occur.</li> <li>• Determine whether the service organization’s controls are suitably designed to prevent or detect and correct processing errors that could result in material misstatements in the entity’s financial statements.</li> <li>• Understand the degree of interaction between the activities of the service organization and those of the entity.</li> <li>• Understand the nature of the relationship between the entity and the service organization, including the relevant contractual terms for the activities undertaken by the service organization.</li> </ul>				
Modified	<p>Modified step 7 to include Type 2 report: If we plan to use a Type 1 or Type 2 report as audit evidence to support the understanding about the design and implementation of controls at the service organization, we:</p> <ol style="list-style-type: none"> <li>a. Evaluated whether the description and design of controls at the service organization is at a date (Type 1) or for a period (Type 2) that is appropriate for our purposes.</li> <li>b. Evaluated the sufficiency and appropriateness of the evidence provided by the report for the understanding of the entity’s internal control relevant to the audit.</li> <li>c. Determined whether complementary user entity controls identified by the service organization are relevant to the entity and, if so, obtained an understanding of whether the entity has designed and implemented such controls.</li> </ol>	Procedure Steps	Clarification		Step 7(a) will reset on roll forward due to content changes
Deleted	<p>Deleted step 8 as duplicative of step 7a: We evaluated the Type 1 report to determine that it was as of a date that is appropriate for our purposes.</p>	Procedure Steps	Clarification		
Modified	<p>Added substep 8e as follows: Evaluating the scope of the service auditor’s work and the services and processes covered, the controls tested, and the tests that were performed and the way in which tested controls relate to the entity’s controls.</p>	Procedure Steps	Clarification		
Modified	<p>Under “Conclusion”, modified step 2 which now reads as follows: We also determined whether we can rely on the service auditor’s report or whether we need to perform updating or other procedures with respect to the service organization. We considered the following in making this conclusion:</p>	Procedure Steps	Clarification		Step 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
	<ul style="list-style-type: none"> <li>The reputation of the service auditor;</li> <li>The date of the service auditor’s report; and</li> <li>Our review of the service auditor’s report in terms of encompassing the assessed risks and controls related to the outsourced functions performed by the service organization.</li> </ul>				
<b>KBA-501 Team Discussion and Consideration of the Risks of Material Misstatement</b>					
Modified	Added practice points within purpose section.	Purpose	Clarification		
<b>KBA-502 Summary of Risk Assessments</b>					
Modified	Minor wording changes to improve readability; added additional verbiage about professional judgment.	Instructions	Clarification		
<b>KBA-503 Basis for Inherent Risk Assessment</b>					
Modified	Added additional workpaper references and consideration of size and volume of transactions to the instructions.	Instructions	Enhancement		
<b>KBA-901 Financial Statement Disclosure Checklist</b>					
Modified	Updated through GASB-90.	Program	New or Revised Guidance	GASB-89, <i>Accounting for Interest Costs Incurred Before the End of a Construction Period</i> GASB-90, <i>Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61</i>	
<b>KBA-902 Audit Review and Approval Checklist</b>					
Added	Added TQ, “Will the audit be performed in accordance with Government Auditing Standards (GAGAS)?” which will flow from AUD-100 and show the following steps if answered “Yes”:	Procedure Steps	Clarification		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>If applicable, we have reviewed the auditor's reports required by Government Auditing Standards and ascertained that they are in accordance with the standards and appropriate for this engagement.</p> <p>If applicable, I have reviewed the auditor's reports required by Government Auditing Standards and I am satisfied that they are in accordance with the standards.</p> <p>For engagements performed in accordance with <i>Government Auditing Standards</i>: and substeps</p>				
Modified	Under "Detailed Auditor Review", modified step 15 to read as follows: We have communicated misstatements to those charged with governance, management, and other parties, such as regulatory bodies.	Procedure Steps	Clarification		Step will retain on roll forward if user selects to keep workpaper on roll forward
Added	Under "Detailed Auditor Review", added step 18 to read as follows: If applicable, we have reviewed the auditor's reports required by Government Auditing Standards and ascertained that they are in accordance with the standards and appropriate for this engagement.	Procedure Steps	Enhancement		
Added	Under "Engagement Partner Review", added step 22 to read as follows: If applicable, I have reviewed the auditor's reports required by Government Auditing Standards and I am satisfied that they are in accordance with the standards.	Procedure Steps	Enhancement		
<b>KBA-903 Audit Documentation Checklist</b>					
Modified	Added practice point regarding peer review deficiencies.	Purpose	Enhancement		
Modified	Modified step 15 to discuss material weaknesses: The audit documentation includes the written communication made to management and those charged with governance about significant deficiencies and material weaknesses in internal control, including those that were remediated during the audit (AU-C 265).	Procedures Steps	Clarification		Step will reset on roll forward due to content changes

### Audit Programs (AUDs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>AUD-100 Engagement-Level Tailoring Questions</b>					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Added	<p>Added TQ, “Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” which will have the following show/hide effects throughout the KC Content Library for this title:</p> <p><b>If "Yes" Show:</b></p> <p>AUD-101 Overall Audit Program</p> <ul style="list-style-type: none"> <li>• Section: Performing Audit Procedures: Tests of the Operating Effectiveness of Internal Controls</li> <li>• Procedure: Determine whether to test the operating effectiveness of internal controls over financial reporting in an audit of financial statements. If testing the operating effectiveness of internal controls for significant audit areas, document the planned approach to testing, results of testing, and conclusions.</li> </ul> <p>KBA-101 Overall Audit Strategy</p> <ul style="list-style-type: none"> <li>• Procedure: The auditor plans to test operating effectiveness of internal controls in the following significant classes of transactions:</li> </ul> <p>KBA-400 Scoping and Mapping of Sig Accts, Trans, and Discl</p> <ul style="list-style-type: none"> <li>• Table 2 <ul style="list-style-type: none"> <li>○ Column: If Column 5, Is “Yes,” Are Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Controls Operating Effectively</li> <li>○ Column: If Compensating Controls Are Described in Column 8, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul> </li> <li>• Table 3 <ul style="list-style-type: none"> <li>○ Column: If Column 6, Is “Yes,” Are Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Controls Operating Effectively</li> <li>○ Column: If Compensating Controls Are Described in Column 9, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul> </li> </ul> <p>KBA-401 Understanding Entity-Level Controls: Complex Entities</p> <ul style="list-style-type: none"> <li>• Column: If Compensating Controls Are Described in Column 8, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> </ul>				<p>On roll forward if you have tested controls in the prior year in any audit area the user will need to answer this TQ as “Yes” then answer the TQ noted below by selecting the applicable audit area. In doing so all information will retain related to these TQs. If you select “No” to this TQ after roll forward you could lose data associated with testing of internal controls in the workpapers noted to the right based on this new functioning.</p>

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>• Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul> <p>KBA-402 Understanding General IT Controls</p> <ul style="list-style-type: none"> <li>• Column: Controls Selected for Operating Effectiveness Testing In Less Complex Table.</li> <li>• More Complex Table <ul style="list-style-type: none"> <li>○ Column: If Column 5 Is “Yes,” Are Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Key Controls Operating Effectively</li> <li>○ Column: If Compensating Controls Are Described in Column 8, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul> </li> </ul> <p>KBA-403 Series: Understanding Activity-Level Controls:</p> <ul style="list-style-type: none"> <li>• Step 1 Table <ul style="list-style-type: none"> <li>○ Column: If Column 6, Is “Yes,” Are Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Controls Operating Effectively</li> <li>○ Column: If Compensating Controls Are Described in Column 9, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>○ Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul> </li> </ul> <p>KBA-502 Summary of Risk Assessments</p> <ul style="list-style-type: none"> <li>• Assertion Level Risks Table: Control Selected for Testing of Operating Effectiveness Column</li> </ul> <p><b>If "No" Show:</b></p> <ul style="list-style-type: none"> <li>• KBA-101 Overall Audit Strategy <ul style="list-style-type: none"> <li>○ Question: If applicable, the following is our rationale for concluding not to test operating effectiveness of controls:</li> </ul> </li> </ul>				
Added	<p>Added TQ, “What audit areas, applicable to the engagement, will you be performing tests of the operating effectiveness of controls?” which will have the following show/hide effects throughout the KC Content Library for this title:</p> <p><b>For Audit Area Selected Show:</b></p> <p><u>Applicable Audit Program Workpapers</u></p>				On rollforward if you have tested controls related to any audit area in the prior year please mark the TQ above as “Yes” and select those audit areas within this TQ to ensure all information related to testing of internal controls is retained.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>Section: CONSIDERATION OF TESTING THE OPERATING EFFECTIVENESS OF INTERNAL CONTROLS</li> </ul> <u>Applicable Transaction Cycle Workpapers</u> <ul style="list-style-type: none"> <li>Column: If Column 7 Is “Yes,” Are the Key Controls Selected for Operating Effectiveness Testing?</li> <li>Column: Are Key Controls Operating Effectively</li> <li>Column: If Compensating Controls Are Described in Column 10, Are Compensating Controls Selected for Operating Effectiveness Testing?</li> <li>Column: Are Compensating Controls, If Any, Operating Effectively?</li> </ul>				
Added	<p>Added TQ, “Does the audit plan include using audit evidence about the operating effectiveness of controls obtained in previous audits?” which will flow from AUD-100 and have the following show/hide:</p> <p><b>If "Yes" Show:</b></p> <p><u>AUD-101 Overall Audit Program</u></p> <ul style="list-style-type: none"> <li>Section: Performing Audit Procedures: Tests of the Operating Effectiveness of Internal Controls</li> <li>Procedure: If the audit plan includes using audit evidence about the operating effectiveness of controls obtained in previous audits, perform procedures to establish the continuing relevance of that information to the current audit and include in the audit documentation the conclusions reached about relying on such controls that were tested in a previous audit.</li> </ul>	Procedure Steps	Clarification		
Added	Added a comment box at the end of the document for user to document any information you want to capture related to tailoring.	End of Document	N		
<b>AUD-101 Overall Audit Program</b>					
Added	<p>Added TQ, “Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” which will flow from AUD-100 and have the following show/hide:</p> <p><b>If "Yes" Show:</b></p> <p><u>AUD-101 Overall Audit Program</u></p> <ul style="list-style-type: none"> <li>Section: Performing Audit Procedures: Tests of the Operating Effectiveness of Internal Controls</li> </ul>	Procedure Steps	Clarification		



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>Procedure: Determine whether to test the operating effectiveness of internal controls over financial reporting in an audit of financial statements. If testing the operating effectiveness of internal controls for significant audit areas, document the planned approach to testing, results of testing, and conclusions.</li> </ul>				
Added	<p>Added TQ, “Does the audit plan include using audit evidence about the operating effectiveness of controls obtained in previous audits?” which will flow from AUD-100 and have the following show/hide:</p> <p><b>If "Yes" Show:</b></p> <p><u>AUD-101 Overall Audit Program</u></p> <ul style="list-style-type: none"> <li>Section: Performing Audit Procedures: Tests of the Operating Effectiveness of Internal Controls</li> <li>Procedure: If the audit plan includes using audit evidence about the operating effectiveness of controls obtained in previous audits, perform procedures to establish the continuing relevance of that information to the current audit and include in the audit documentation the conclusions reached about relying on such controls that were tested in a previous audit.</li> </ul>	Procedure Steps	Clarification		
Modified	Minor wording changes throughout			Modified	
Modified	Added practice points throughout to provide practical guidance in completing the program.	Procedure Steps	Enhancement	Modified	
Modified	<p>Under “Preliminary Engagement Procedures”, Modified step 10 to specifically refer to reaudit engagements and initial audit engagements:</p> <p>Perform the preliminary engagement activities necessary to establish an appropriate audit strategy and audit plan, including the audit procedures necessary to obtain sufficient appropriate audit evidence regarding the opening balances in an initial or reaudit engagement.</p>	Procedure Steps	Improve workflow	Modified	Step will retain on roll forward with default settings
Modified	<p>In multiple sections, modified last steps to highlight fair value measurements and revenue recognition as significant estimates:</p> <p>Post information on the following matters that may have been identified to the <i>Communication Hub</i>:</p> <ol style="list-style-type: none"> <li>Certain risks of material misstatement;</li> <li>Internal control deficiencies;</li> <li>Fraud risk factors;</li> </ol>	Procedure Steps	Clarification	Modified	Step will retain on roll forward with default settings

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>d. Noncompliance with laws and regulations;</li> <li>e. Litigation and claims;</li> <li>f. Potential contingencies;</li> <li>g. Significant estimates, including fair value measurements and revenue recognition;</li> <li>h. Misstatements; and</li> <li>i. Other information that should be considered in other phases of the audit.</li> </ul> <p>Other team members may then appropriately consider these matters when assessing and responding to the risks of material misstatement.</p>				
Delete	<p>Under “Risk Assessment Procedures: Obtaining an Understanding of the Entity and its Environment”, deleted step 15 as it was duplicative of step 5 in table above:</p> <p>Document the understanding of the entity and its environment.</p>	Procedure Steps	Clarification		
Modified	<p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls”, modified step for better understanding:</p> <p>Perform risk assessment procedures at the relevant assertion-level to identify and assess the risks of material misstatement for all significant account balances, classes of transactions, and disclosures; including consideration of information technology (IT) and “what could go wrong,” taking into account activity-level controls.</p>	Procedures Steps	Clarification		
Modified	<p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls”, modified step 3 as follows:</p> <p>Evaluate the design and implementation of relevant entity-level controls and the financial reporting process, including controls related to the development of significant financial statement disclosures, based on current information.</p>	Procedures Steps	Clarification		Step will reset on roll forward due to content changes.
Modified	<p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls”, modified step 4 as follows:</p> <p>Perform risk assessment procedures at the relevant assertion-level to identify and assess the risks of material misstatement for all significant account balances, classes of transactions, and disclosures; including consideration of information technology (IT) and “what could go wrong,” taking into account activity-level controls.</p>	Procedures Steps	Clarification		Step will retain on roll forward with default settings
Added	<p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls”, added step which reads as follows:</p>	Procedures Steps	Improved workflow		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>2. When performing an integrated audit, we have performed the following procedures for purposes of identifying significant classes of transactions, account balances, and disclosures, and their relevant assertions, and understanding the likely sources of specific risks and potential misstatements:</p> <ul style="list-style-type: none"> <li>a. Obtained an understanding of the flow of transactions through the entity’s information systems related to the relevant assertions, including how these transactions are initiated, authorized, recorded, processed, and recorded; and how the information system captures events and conditions, other than transactions, that are significant to the financial statements;</li> <li>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;</li> <li>c. Identified the controls that management has implemented to address these potential misstatements;</li> <li>d. Identified the extent to which manual and automated controls are important to the effective operation of automated controls, including information technology general controls; and</li> <li>e. 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.</li> </ul>				
Modified	<p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls”, modified step to highlight controls over revenue recognition:</p> <p>3. Obtain an understanding of the design and implementation of the entity’s controls and evaluate whether the controls sufficiently address identified risks of material misstatement due to fraud and the risk of management override of other controls, including:</p> <ul style="list-style-type: none"> <li>a. Controls over significant, unusual transactions, particularly those that result in late or unusual journal entries;</li> <li>b. Controls over journal entries and adjustments made in the period-end financial reporting process;</li> <li>c. Controls over related party transactions;</li> <li>d. Controls related to significant management estimates;</li> <li>e. Controls over revenue recognition practices and policies; and</li> <li>f. Controls that mitigate incentives for, and pressures on, management to falsify or inappropriately manage financial results.</li> </ul>	Procedures Steps	New or Revised Guidance	AICPA’s Audit and Accounting Guide: <i>Revenue Recognition</i>	Step 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 Considerations
Modified	<p>Under “Assessing the Risks of Material Misstatement”, modified step to specifically consider disclosures:</p> <p>4. Identify, assess, and document the risks of material misstatement of the financial statements, including:</p> <ul style="list-style-type: none"> <li>a. Risks of material misstatement at the financial statement level.</li> <li>b. Risks at the relevant assertion level for all significant account balances, classes of transactions, and disclosures, including consideration of omitted, incomplete, or inaccurate disclosures.</li> <li>c. Significant risks, including fraud risks.</li> <li>d. Risks for which substantive procedures alone do not provide sufficient appropriate audit evidence.</li> <li>e. The degree of estimation uncertainty associated with accounting estimates, including whether estimates with high estimation uncertainty give rise to significant risks.</li> </ul>	Procedures Steps	Clarification		Step will reset on roll forward due to content changes
Added	<p>Under “Designing Audit Procedures in Response to Assessed Risks”, added step regarding reliability of information produced by management:</p> <p>We evaluated the reliability of the information produced by management and others that has been provided for our use in performing audit procedures.</p>	Procedures Steps	Improved Workflow		
Modified	<p>Under “Designing Audit Procedures in Response to Assessed Risks”, modified step to emphasize intentional misstatement:</p> <p>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 and intentional misstatement, 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.</p> <p>5. Procedures may include:</p> <ul style="list-style-type: none"> <li>a. Obtaining additional corroborative audit evidence from independent sources outside the entity or physically inspecting certain assets.</li> <li>b. Performing substantive tests closer to or at year-end.</li> <li>c. Increasing sample sizes or using computer-assisted audit techniques.</li> <li>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.</li> </ul>	Procedures Steps	Clarification		Step will retain on roll forward using default settings

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>e. Performing procedures at locations on a surprise or unannounced basis.</li> <li>f. Making oral inquiries of major customers and suppliers in addition to sending written confirmations.</li> <li>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.</li> <li>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.</li> </ul>				
Added	<p>Under “Performing Audit Procedures: Tests of the Operating Effectiveness of Internal Controls” and “Performing Audit Procedures: Substantive Tests”, added step to prompt Communication Hub updates as part of performing procedures related to internal control and substantive procedures:</p> <p>5. ...post any of the following matters that have been identified to the Communication Hub:</p> <ul style="list-style-type: none"> <li>a. Certain risks of material misstatement;</li> <li>b. Internal control deficiencies;</li> <li>c. Fraud risk factors;</li> <li>d. Noncompliance with laws and regulations;</li> <li>e. Litigation and claims;</li> <li>f. Potential contingencies;</li> <li>g. Significant estimates, including fair value measurements and revenue recognition;</li> <li>h. Misstatements; and</li> <li>i. Other information that should be considered in other phases of the audit.</li> </ul> <p>Other team members may then appropriately consider these matters when assessing and responding to the risks of material misstatement.</p>	Procedures Steps	Improved workflow		
Modified	<p>Under “Evaluating, Concluding, and Reporting Procedures”, modified step 10 to emphasize accumulation of misstatements and other findings:</p> <p>Ensure that misstatements and other findings have been accumulated and communicated to management in a timely manner. Consider drafting and issuing a management letter.</p>	Procedures Steps	Clarification		Step will retain on roll forward with default settings

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	Under “Evaluating, Concluding, and Reporting Procedures”, modified step 14 to remind the auditor to update the planned audit approach if necessary: Evaluate the impact of deficiencies in internal control, whether individually, or in combination, they constitute significant deficiencies or material weaknesses and other audit findings as a whole and whether the planned audit approach needs to be updated accordingly.	Procedures Steps	Clarification		Step will retain on roll forward with default settings
Added	Under “Evaluating, Concluding, and Reporting Procedures”, added step 22 regarding exempt offering documents: Inquire of management whether the financial information of the entity will be included in exempt offering documents. If we determine that our auditor’s report will be included in the exempt offering document, we performed the appropriate procedures.	Procedures Steps	New or Revised Guidance	SAS No. 133, <i>Auditor Involvement with Exempt Offering Documents</i>	
Modified	Under “Evaluating, Concluding, and Reporting Procedures”, modified step 23 to emphasize notes to the financial statements: Draft an appropriate auditor’s report dated no earlier than the date on which we obtained sufficient appropriate audit evidence on which to base the auditor’s opinion on the financial statements, including related notes to the financial statements, and that those with recognized authority have asserted that they have taken responsibility for the completed financial statements.	Procedures Steps	Clarification		Step will retain on roll forward with default settings
<b>AUD-201 Audit Program: Opening Balances and Additional Audit Procedures for an Initial or Reaudit Engagement</b>					
Modified	Modifications throughout to also refer to reaudit engagements. Renamed Title as seen above Removed 1 TQ, with flow from AUD-100, as it is no longer relevant in the show/hide functioning of this workpaper Is this a new or recurring engagement?		Clarification		
Modified	Under “Opening Balance Procedures”, modified step 5 to remove reference to recurring engagements: For a new engagement where no predecessor auditor exists, we obtained evidence and assessed the reasonableness of opening balances of significant balance sheet accounts.	Procedures Steps	Improved Workflow		Step will reset on roll forward due to content changes
<b>AUD-601 Audit Program: Testing and Evaluating Internal Auditor’s Work</b>					
Modified/ Added	Under Section I “Using the Work of the Internal Audit Function in Obtaining Audit Evidence”, modified step 5 and added step 6 to more clearly address reperformance of work performed by internal audit:	Procedures Steps	Clarification		Modified step 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 Considerations
	<p>We reperformed some of the body of work performed by internal audit by performing procedures, such as:</p> <ul style="list-style-type: none"> <li>a. Examining controls, transactions, or balances and supporting documentation that the internal auditors examined; or</li> <li>b. Examining similar controls, transactions, or balances and supporting documentation not actually examined by the internal auditors.</li> </ul> <p>We performed additional procedures on the work performed by internal audit sufficient to determine whether the work was adequate for the purpose of the engagement. Additional procedures may include the following:</p> <p>Making inquiries of appropriate individuals within the internal audit function.</p> <p>Observing procedures performed by the internal audit function.</p> <p>Reviewing the internal audit function’s work program and working papers.</p>				
<b>AUD-602 Audit Program: Involvement of a Component Auditor</b>					
Modified	Added practice alert regarding proposed guidance that may impact component auditors.	Purpose	Proposed Guidance	Proposed SAS: <i>Omnibus Statement Auditing Standards, 2018</i>	
Modified	Modified instructions to clarify objectives of the auditor as it relates to group financial statements.	Instructions	Clarification		
Modified	Added practice points throughout to provide practical guidance in completing the program.	Procedure Steps	Enhancement		
Modified	<p>Under “Communications with the Component Auditor”, added subpoint m to step 5:</p> <p>A request that the component auditor identify the financial information of the component on which the component auditor is reporting.</p>	Procedures	Improved Workflow		Step will retain on roll forward with default settings
Modified	<p>Under “Procedures Performed for Involvement of a Component Auditor”, modified the options in step 8 to include evaluation of independence requirements and other matters such as competence:</p> <p>When determining whether to use the work of a component auditor and whether to make reference to the component auditor, we evaluated the following:</p>	Procedures	Improved Workflow		Step 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 Considerations
	<ul style="list-style-type: none"> <li><input type="checkbox"/> Whether there are differences in the financial reporting framework applied in preparing the component and group financial statements.</li> <li><input type="checkbox"/> Whether the audit of the component financial statements will be completed in time to meet the group reporting schedule.</li> <li><input type="checkbox"/> Whether there are differences in the auditing and other standards applied by the component auditor and those applied in the audit of group financial statements.</li> <li><input type="checkbox"/> Whether it is impracticable for the group engagement team to be involved in the work of a component auditor.</li> <li><input type="checkbox"/> Whether the component auditor meets the independence requirements that are relevant to the group audit.</li> <li><input type="checkbox"/> Whether we have any other serious concerns about other matters (e.g., competence of component auditor).</li> </ul>				
Modified	<p>Under “Procedures Performed for Involvement of a Component Auditor”, modified step 9 to emphasize reports on a different period-end: If the component prepares financial statements using a different financial reporting framework or reports on a different period-end than that used by the group, we have evaluated following:</p>	Procedures	Improved Workflow		Step will retain on roll forward with default settings
Modified	<p>Under “Procedures Performed for Involvement of a Component Auditor”, modified the options in step 10 to include reading the financial statements and the report of the component auditor: We performed the following procedures to supervise, and review the work performed by, the component auditor:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Read the financial statements of the component and the report of the component auditor thereon.</li> <li><input type="checkbox"/> Review of audit documentation of the component auditor.</li> <li><input type="checkbox"/> Review of summary memo and other concluding documents of the component auditor.</li> <li><input type="checkbox"/> Meetings with team members to discuss the significant matters, findings, and conclusions of the component auditor.</li> <li><input type="checkbox"/> We have inquired about subsequent events, or performed subsequent procedures on the components and documented them in <i>AUD-901</i>.</li> </ul>	Procedures	Clarification		Step will reset on roll forward due to content changes
Added	Under “Procedures Performed for Involvement of a Component Auditor”, added step 14 as follows:	Procedures	Improved Workflow		



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	We have determined that the financial information identified in the component auditor's communication is the financial information incorporated into the group financial statements:				
<b>AUD-603 Audit Program: Using the Work of an Auditor's Specialist</b>					
Modified	Added practice points throughout to provide practical guidance in completing the program.	Procedure Steps	Enhancement		
Modified	Under "Agreement with the Auditor's Specialist", modified step 4 as follows: The following describes our understanding of the nature, scope, and objectives of the work performed or to be performed by the specialist, as well as, complexity and nature of the matter to which specialist will perform work, including the risk of material misstatement related to the matter and the procedures we performed to gain that understanding:	Procedures	Clarification		Step will reset on roll forward due to content changes
<b>AUD-604 Audit Program: Using the Work of a Management's Specialist</b>					
Modified	Modified instructions to better instruct the auditor on when the form is to be used.	Instructions	Clarification		
Modified	Added practice points throughout to provide practical guidance in completing the program.	Procedure Steps	Enhancement		
<b>AUD-701 Audit Program: Designing Tests of Controls</b>					
Modified	Minor wording changes, enhanced instructions and rearranged steps for better work flow.	Throughout	Improved Workflow		All rearranged steps will retain on roll forward if user selects to keep this workpaper on roll forward
Added	Under "Selection of Control Activities", added step 1 to further highlight the relationship with entity level controls: We have considered the results of obtaining an understanding of entity level controls when identifying and selecting control activities for testing of operating effectiveness.	Procedure Steps	Clarification		
Modified	Under "Timing of Tests of Controls", modified step 9b as follows: a. Updated controls tested at the interim date through the end of the period by extending the test of controls to transactions occurring in the remaining period or obtaining other evidence. In determining the extent of the additional tests needed we considered: (1) The significance of the risks at the relevant assertion level; (2) The specific controls that were tested during the interim period and the results of those tests;	Procedure Steps	Clarification		Step 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 Considerations
	<ul style="list-style-type: none"> <li>(3) The length of the remaining period;</li> <li>(4) The degree to which audit evidence about the operating effectiveness of those controls was obtained;</li> <li>(5) The extent of further planned reductions to substantive procedures;</li> <li>(6) The effectiveness of the control environment; and</li> <li>(7) Changes to the process or controls since interim testing.</li> </ul>				
Added	<p>Under “Timing of Tests of Controls”, added step 10 and substeps as follows:</p> <p>10. For controls for which we plan to use audit evidence about their operating effectiveness obtained in prior periods:</p> <ul style="list-style-type: none"> <li>a. We determined such controls were not being relied on to mitigate a risk identified as a significant risk.</li> <li>b. We performed and documented audit procedures to identify significant changes in internal control, including changes in the information system, processes, and personnel that occurred subsequent to the period last tested.</li> <li>c. We evaluated whether the length of time from the last time the control activity was tested for operating effectiveness was appropriate and in no case exceeded being tested at least once every third audit. Our consideration included: <ul style="list-style-type: none"> <li>(1) The effectiveness of other elements of internal control, including the control environment, the entity’s monitoring of controls, and the entity’s risk assessment process;</li> <li>(2) The risks arising from the characteristics of the control, including whether controls are manual or automated;</li> <li>(3) The effectiveness of IT general controls;</li> <li>(4) The effectiveness of the control and its application by the entity, including the nature and extent of deviations in the application of the control noted in prior audits, and whether there have been personnel changes that significantly affect the application of the control;</li> <li>(5) Whether the lack of a change in a particular control poses a risk due to changing circumstances; and</li> <li>(6) The risk of material misstatement and the extent of reliance on the control.</li> </ul> </li> <li>d. We have determined it is appropriate to use audit evidence obtained in prior audits for a number of controls and, as such, have ensured that we have tested the operating effectiveness of some controls each year.</li> </ul>	Procedure Steps	Clarification		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	Under “Reliance on Controls Performed at a Service Organization”, remove duplicative steps and replaced with a reference to <b><i>KBA-412 Understanding Controls Maintained by a Service Organization</i></b> .	Procedure Steps	Improved Workflow		Main step left will reset on roll forward due to content changes
Added	In results section, added two new steps as follows: Our level of control risk assessed during planning for all risks and assertions remains appropriate after completion of our audit procedures testing the operating effectiveness of controls: If we have identified deficiencies in internal control (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. Document below.	Procedure Steps	Clarification		
<b>AUD-800 Audit Program: Custom through AUD-823 Audit Program: Concentrations</b>					
Added	Added TQ, “What audit areas, applicable to the engagement, will you be performing tests of the operating effectiveness of controls?” which will flow from AUD-100 and will have the following show/hide in all the AUD-80X series workpapers: If the audit area is selected in AUD-100 for this TQ then, “Section I: Consideration of Testing the Operating Effectiveness of Internal Controls” will show in the applicable AUD-80X workpaper. This is the same show/hide that happens in other titles such as the Commercial title.	Table	Improved Workflow		
Added	Adding links to TeamMate Analytics throughout the AUD-800 series programs to assist the auditor with analytical procedures that are beneficial in the audit process.	Procedures / Steps	Improved Workflow		
Modified	Enhanced instructions and minor wording changes.	Throughout	Improved Workflow		
Modified	Under “Financial-Statement-Level Risks Summary”, added requirements regarding planned response to Management Override of Controls: Management override of internal controls. Planned response must incorporate: <ul style="list-style-type: none"> <li>We incorporated an element of unpredictability in designing further audit procedures as follows: [Describe]</li> <li>We obtained an understanding of the process and related controls over journal entries and other adjustments.</li> <li>We tested journal entries and other adjustments.</li> </ul>	Financial Statement Level Risks	Clarification		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>We reviewed significant accounting estimates for evidence of management bias.</li> <li>We obtained an understanding of the entity’s rationale for significant and unusual transactions.</li> </ul> <p><b>These are given in KBA-502 as example planned responses to Management Override of Controls. The user can and should modify these based on the specific audit in the risk pane which will flow into this table in the AUD-800 series of workpapers.</b></p>				
Modified	Added practice points throughout to provide practical guidance in completing the program.	Procedure Steps	Enhancement		
<b>AUD-801 Audit Program: Cash</b>					
Added	Under “Cash Analytical”, added an additional substep that the auditor may choose to perform. We scanned the cash receipts to identify any transaction just below the reporting/due diligence validation threshold for anti-money-laundering (i.e., \$10,000).	Program Steps	Enhancement		
<b>AUD-802 Audit Program: Investments and Investment-Related Activities</b>					
Modified	Renamed step “Adequacy of Disclosure” to now read “Disclosures that Are Not Specifically Required”.	Program Steps	Clarification		
Deleted	Deleted Step “Presentation and Disclosure” as duplicative of step “Disclosures Testing”	Program Steps	Enhancement		
<b>AUD-803 Audit Program: Exchange Revenues and Receivables</b>					
Added	Added multiple revenue related steps and practice points. Revenue Estimates Consultation	Program Steps	New or Revised Guidance	AICPA’s Audit and Accounting Guide: <i>Revenue Recognition</i>	
Added/ Modified	Added additional substeps under “Allowance for Uncollectible Accounts” and “Fraud Awareness” that auditors may choose to perform.	Program Steps	Enhancement		
Modified	Modified step “Receivable from Related Party or Employee” to remove detailed steps and instead refer to <b>AUD-815 Audit Program: Related-Party Transactions</b>	Program Steps	Improved Workflow		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Added/Modified	Added additional substep under “Receivables Aging Testing” that auditors may choose to perform. On a selective basis, we traced individual account balances, including large balances, in the aged trial balance to individual subsidiary ledgers and vice versa and determined whether they are collectible and legitimate and considered the need to confirm directly with the customer.	Program Steps	Enhancement		Step e under “Receivables Aging Testing” will be reset on roll forward due to content changes
Added	Added step under “Allowance for Uncollectible Accounts” as follows: We reviewed the accuracy of management’s estimation of collectability of accounts receivable. Our consideration included historical accuracy, current trends, and possible future changes.	Program Steps	Enhancement		
Modified	Modified step “Receivable from Related Party or Employee” to remove detailed steps and instead refer to <i>AUD-815 Audit Program: Related-Party Transactions</i> Only one main step exists now and will be reset on roll forward.	Program Steps	Improved Workflow		Step will be reset on roll forward due to content changes
Added/Modified	Added and modified steps under “Fraud Awareness” as follows: Management bias and incentive for improper revenue recognition.	Program Steps	Enhancement		Modified steps will retain on roll forward with default settings
<b>AUD-805 Audit Program: Inventories and Cost of Goods Sold</b>					
Modified	Added additional substep under “Additional Procedures” that the auditor may choose to perform. Identifying unusual items, such as inventory with money value above a certain threshold or inventory with zero or negative cost or quantity.	Program Steps	Enhancement		
Modified	Added TQ, “Does the entity maintain a perpetual inventory record?” and step, “Perpetual Inventory” that the auditor may choose to perform. If the TQ noted is answered as “No” the step will be marked N/A	Program Steps	Enhancement		
<b>AUD-807 Audit Program: Capital Assets and Depreciation Including Service Concession Arrangements</b>					
Modified	Modified step under, “Capital Asset Roll Forward” as follows: We evaluated whether the assets capitalized are in accordance with the entity’s capitalization policy or whether those costs should have been expensed.	Program Steps	Improved Workflow		Step will retain on roll forward with default settings
<b>AUD-808 Audit Program: Accounts Payable and Purchases</b>					
Added	Added the following TQs along with steps that will be marked as N/A if these TQs are answered as “No” Are other accrued liabilities balances or transactions material to the overall financial statements?	Program Steps	Improved Workflow		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>• This TQ will show the next TQ is answered as “No”</li> </ul> Have specific risks been identified associated with account balances for other accrued liabilities? <ul style="list-style-type: none"> <li>• Other Accrued Liabilities Testing</li> </ul>				
Added	The following sections/steps were moved from AUD-809 Audit Program: Payroll, Pensions, Other Liabilities, and Deferred Inflows of Resources: Other Accrued Liabilities Testing				Step will retain from AUD-809 on roll forward with default settings
Added/ Modified	Added and modified substeps under “Additional Procedures” that the auditor may choose to perform. Added steps are as follows: For each supplier, comparing prior period purchases with current period purchases in order to identify and investigate any unexpectedly large or small differences. Identifying all vendor accounts with balances greater than their credit limit and reviewing the payables listing for that supplier in order to check for errors, paying particular attention to manual adjustments and inquired about the entity’s ability to pay its debts, and its cash reserves. Reviewing accounts that have appeared dormant for extended periods of time, but have activity in the current period to determine the validity of the transactions. Identifying any missing or unusual vendor data or commonality between employee master data and vendor master data, such as address, postal code, telephone number or bank account number. Identifying any invoices that have rounded amounts (e.g., rounded to the nearest \$1000). Identifying vendors located in countries with whom the company is barred from doing business. Modified steps are as follows: Matching vendor names, addresses, unit prices, and prices per contract on the invoices with the master vendor list. Searching for unusual or large year-end transactions and adjustments, such as transactions that do not contain normal processing initials, have not gone through normal processes, do not have normal supporting documentation, or have posted on weekends, public holidays, or at times outside normal business hours. Reviewing vendor files for unusual items, such as vendors listed more than once, duplicate invoices, different delivery addresses, and vendors that have multiple addresses.	Program Steps	Enhancement		Modified 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 Considerations
<b>AUD-809 Audit Program: Payroll, Pensions, OPEB, Related Liabilities, and Deferred Inflows of Resources</b>					
Deleted	<p>Deleted TQ's, "Does the government have any pension plans included in the scope of GASB-68? And Does the government have any pension plans outside the scope of GASB-68?"</p> <p>Deleted TQ, "Is the entity facing potential environmental remediation liabilities?" along with step, "Environmental Remediation Liabilities".</p>	Program Steps	Clarification		
Modified and New	<p>Renamed multiple steps and added NEW steps as noted below:</p> <p>Postemployment Benefits (Including Defined Contribution Plans) and Defined Benefit Plans That are Included in the Scope of GASB-68 to Pension Benefits (Including Defined Contribution Plans</p> <p>Plan Audited by Another Auditor to Pension Plan Audited by Another Auditor</p> <p>Allocation to Funds and Departments to Pension Plan Allocation to Funds and Departments</p> <p>Actuarial Valuation and Certification to Pension Plan Actuarial Valuation and Certification</p> <p>Fiduciary Net Position – Same Governance Structure as Employer to Pension Plan Fiduciary Net Position – Same Governance Structure as Employer</p> <p>Special Funding Situations Exist to Pension Plan – Special Funding Situations Exist</p> <p>Special Funding Situations Do Not Exist to Pension Plan – Special Funding Situations Do Not Exist But Employer Support Is Provided</p> <p>Postemployment Benefits (Including Defined Contribution Plans) to Other Postemployment Benefits (Including Defined Contribution Plans)</p> <p>Postemployment Benefits to Postemployment Benefits Not Within the Scope of GASB-75</p> <p>NEW Section: OPEB Plan Audited by Another Auditor</p> <p>NEW Section: OPEB Plan Allocation to Funds and Departments</p> <p>NEW Section: OPEB Plan Actuarial Valuation and Certification</p> <p>NEW Section: OPEB Plan Fiduciary Net Position – Same Governance Structure as Employer</p> <p>NEW Section: Audited Schedule of OPEB Amounts Not Available</p> <p>NEW Section: OPEB Plan – Special Funding Situations Exist</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	NEW Section: OPEB Plan – Special Funding Situations Do Not Exist				
Modified/ Deleted	Moved step “Claims Incurred But Not Reported (IBNR)” to <i>AUD-821 Audit Program: Commitments and Contingencies</i> .				
Added	<p>Added substeps under “Payroll and Short-Term Employee Benefit Liabilities Immaterial to Financial Statements” for additional analytical procedures that can be performed by the auditor.</p> <p>We calculated the number of days of wages in accrued payroll and compensated absences and compared it with the entity’s actual accrued amounts for reasonableness.</p> <p>We tested payroll expense for overall reasonableness by disaggregating the employee classifications and multiplying the number of employees in each category by the average pay rate for that category and then comparing the result with amounts recorded in the general ledger.</p>	Program Steps	Enhancement		
Added	<p>Added substep under “Payroll and Payroll Taxes Testing” for additional procedures that can be performed by the auditor.</p> <p>For selected employees, we recalculated individual employee payroll liability amounts using authorized payroll and deduction rates from the employee file and period timekeeping records, compared the calculated amounts to the accounting records, and investigated any significant or unexpected variances.</p>	Program Steps	Enhancement		
Added	Added multiple steps related to the auditing of OPEBs	Program Steps	New or Revised Guidance	GASB 75	
Modified	<p>Modified step under “Fraud Awareness” as follows:</p> <p>We were alert for items that may be indicative of fraud, such as employees taking little or no vacation time, employee files with missing or inconsistent data, employees with multiple pay rate increase, employees with no deductions, and payments made to bank accounts that are not held by active employees.</p>	Program Steps	Enhancement		Step will reset on roll forward due to content changes
Modified/ Added	<p>Modified step under “Additional Procedures” as follows:</p> <p>Searching for large or unusual adjustments or payments, including those made at or after year-end.</p> <p>Added the following steps:</p> <p>We identified any employees that have been paid before their start date or beyond the pay cycle after their leaving date.</p> <p>We identified employees with excessive overtime hours in a week or month to ensure they are entitled.</p>	Program Steps	Enhancement		Modified 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 Considerations
	We identified any expense claims submitted multiple times, including where the same expense is claimed by multiple employees or claimed as a credit card and out of pock expense. We reviewed expense claims and verified them against proof of purchase (receipts) to ensure they are valid.				
Added	Added step “Pass-Through Taxation” and substep under “Uncertainty in Income Taxes” that the auditor may choose to perform.	Program Steps	Enhancement		
<b>AUD-810 Audit Program: Long-Term Debt and Debt Service</b>					
Deleted	Deleted TQ, “Has the entity refunded or otherwise extinguished any debt?” along with the following step: Debt Refundings	Program Steps	Clarification		
Modified	Added substeps under the step “Restrictive Covenants” for additional procedures that can be performed by the auditor. Reviewing loan and other agreements (e.g., leases, etc.) and testing for compliance with loan covenants, including any "cross default" provisions (i.e., a violation of one loan covenant that affects other loan covenants). Reviewing the debt payment schedules and considering whether the entity has the ability to pay current debt installments or to refinance the debt, if necessary.	Program Steps	Enhancement		
Deleted	Deleted step “Debt Disclosures” as duplicative of step “Disclosures Testing”.	Program Steps	Enhancement		
<b>AUD-813 Audit Program: Journal Entries and Financial Statement Review</b>					
Added	Added the following TQs along with steps that will be marked as N/A if these TQs are answered as “No” Have we been requested to provide a consent in connection with a filing that includes the auditor's report?  Have we become aware of information that relates to financial statements that we previously reported on?	Program Steps	Improved Workflow		
Deleted	Deleted step “Understanding of Design of Controls over Journal Entries and Other Adjustments” as this is a control step, not a substantive step and is addressed in <i>KBA-409 Understanding Activity-Level Controls: Financial Reporting and Closing Process</i> .	Program Steps	Improved Workflow		
Modified	Modified step “Testing of Journal Entries and Other Adjustments” with specific circumstances that may be considered.	Program Steps	Enhancement		Step will retain on roll forward with default settings

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	We selected and tested journal entries and other adjustments by obtaining supporting documentation of the nature and purpose of the journal entry, including whether the entry was properly authorized. In determining the items selected for testing and the nature, timing, and extent of such testing, we considered the following:				
Modified	<p>Modified step “Testing of Journal Entries and Other Adjustments” with specific circumstances that may be considered.</p> <p>a. The characteristics of fraudulent entries or adjustments, such as the following:</p> <ol style="list-style-type: none"> <li>(1) Entries made to unrelated, unusual, or seldom-used accounts;</li> <li>(2) Entries made by individuals who typically do not make journal entries;</li> <li>(3) Entries made with little or no explanation or description at period-end or as post-closing entries;</li> <li>(4) Entries made before or during the preparation of the financial statements that do not have account numbers,</li> <li>(5) Journal entries that are overly complex (e.g., split over a large number of accounts);</li> <li>(6) Journal entries that do not balance or are missing information;</li> <li>(7) Journal entries with values that are unusually large for a particular account;</li> <li>(8) Journal entries with suspicious descriptions;</li> <li>(9) Journal entries that appear to be missing based on the entity’s numbering system; and</li> <li>(10) Entries that contain round numbers or a consistent ending number.</li> </ol>	Program Steps	Enhancement		Step will reset on roll forward due to content changes
Added	<p>Added step under “Testing of Journal Entries and other Adjustments” as follows:</p> <p>Whether items selected for testing should include journal entries made throughout the audit period.</p> <p>Journal entries that are potentially duplicative (i.e., individual journal lines where the same amount has been posted more than once).</p> <p>The number and value of journal entries in each period and whether there appears to be any trends.</p>	Program Steps	Enhancement		
Added	Added section, “Management’s Explanations for Significant or Unexpected Transactions” with following step:	Program Steps	Enhancement		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	We corroborated management’s explanations for significant unusual or unexpected transactions, events, amounts, or relationships.				
Added	Added section “Identification of Misstatements” regarding situations when identified misstatements impact the prior year’s financial statements with following step: If during our testing of adjustments we have identified misstatements in prior year’s financial statements, we have performed appropriate procedures to determine whether the prior period financial statements and auditor’s report should be revised as a consequence of the misstatement.	Program Steps	Enhancement		
Modified	Added steps “Consent to Include Auditor Report in a Filing” and “Information Relating to Previously Reported Financial Statements”	Program Steps	Improved Workflow		These steps will retain from AUD-818 on roll forward with default settings
Added	Added section “Comparability and Consistency” to provide the auditor a step to explicitly signoff on work done related to comparative financial statements with following steps: We performed a review of the financial statements for comparability and consistency, including: <ul style="list-style-type: none"> <li>a. Determining whether the comparative financial statements or comparative information have been presented in accordance with any relevant requirements of the applicable financial reporting framework;</li> <li>b. Evaluating whether the comparative financial statements or comparative information agree with the amounts and other disclosures presented in the prior period or, when appropriate, have been restated for the correction of a material misstatement or adjusted for the retrospective application of an accounting principle;</li> <li>c. Evaluating whether the accounting policies reflected in the comparative financial statements or comparative information are consistent with those applied in the current period or if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed; and</li> <li>d. Performing additional procedures as needed to obtain sufficient appropriate audit evidence to evaluate whether a material misstatement exists when the auditor becomes aware of a possible material misstatement in the comparative financial statements or comparative information.</li> </ul>	Program Steps	Enhancement		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	<p>Modified step “Change in Accounting Principles” to explicitly address controls over a change in accounting principle in addition to consistency with the applicable financial reporting framework as follows:</p> <p>Where the entity has changed its accounting for significant transactions, we considered the reason for the change and evaluated whether management has designed and implemented controls over the change in accounting principle and whether the change is consistent with the applicable financial reporting framework.</p>	Program Steps	Enhancement		Step will reset on roll forward due to content changes
<b>AUD-814 Audit Program: Related-Party Transactions</b>					
Modified/ Added	<p>Added additional substeps under “Existence of Related Parties” for reviewing the income tax returns and internal audit reports as follows:</p> <p>We reviewed reports of the entity’s internal audit function, if applicable.</p> <p>Modified the following step:</p> <p>We reviewed invoices and correspondence from the entity’s professional advisers (e.g., law firm) that have performed regular or special services for the entity.</p>	Program Steps	Enhancement		Modified step will retain on roll forward with default settings
Added	<p>Added additional substeps under “Related-Party Transactions, Identified” for confirming related party accounts receivable and inspecting underlying contracts or purchase orders as follows:</p> <p>For related party accounts receivable, we considered obtaining positive confirmation of the nature and terms of the transactions and evaluated the collectability of outstanding balances.</p> <p>We inspected underlying contracts (or purchase orders) and agreements and evaluated whether:</p> <ol style="list-style-type: none"> <li>(1) The business rationale (or lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.</li> <li>(2) The terms of the transactions are consistent with management’s explanations.</li> <li>(3) The transactions have been appropriately accounted for and disclosed.</li> </ol>	Program Steps	Enhancement		
<b>AUD-815 Audit Program: Fair Value Measurements and Disclosures</b>					
Added	<p>Added TQ, “Did the entity retain the service of a third-party pricing agency?” and following step what will be marked N/A if this TQ is answered “No”:</p> <p>Third Party Pricing Agency</p>	Program Steps	Enhancement		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Added	Added step “Testing Management’s Valuation Estimate”	Program Steps	Enhancement		
Deleted	Deleted step “Assessed Risk and Planned Audit Procedures” as duplicative.	Program Steps	Enhancement		
<b>AUD-818 Audit Program: Derivative Instruments</b>					
Modified	Renamed step “Adequacy of Disclosure” to now read “Disclosures that Are Not Specifically Required”.	Program Steps	Clarification		
Deleted	Deleted Step “Presentation and Disclosure of Derivatives” as duplicative of step “Disclosures Testing”	Program Steps	Enhancement		
<b>AUD-821 Audit Program: Commitments and Contingencies</b>					
Added	Moved step “Claims Incurred But Not Reported (IBNR) from <i>AUD-809 Audit Program: Payroll and Other Liabilities</i> .	Program Steps	Improved Workflow		
<b>AUD-822 Audit Program: Accounting Estimates</b>					
Modified	Added practice points regarding revenue estimates.	Purpose; Program Steps	New or Revised Guidance	AICPA’s Audit and Accounting Guide: <i>Revenue Recognition</i>	
Modified	Modified substep under “Estimates, including Fair Value Estimates” to emphasize revenue-related estimates.	Program Steps	New or Revised Guidance	AICPA’s Audit and Accounting Guide: <i>Revenue Recognition</i>	Step will retain on roll forward with default settings
Modified	Added substep under “Nature of Accounting Estimates” to address completeness an accuracy of the data used by management to develop the estimate.	Program Steps	Enhancement		
Added	Added step “Changes in Estimates” and “Contradictory Evidence” for additional procedures that can be performed by the auditor.	Program Steps	Enhancement		
<b>AUD-901 Audit Program: Subsequent Events</b>					
Modified	Modified purpose to specifically include events occurring between the date of the financial information of any components and the date of the auditor’s report on the group financial statements.	Purpose	Clarification		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>AUD-902 Audit Program: Going Concern</b>					
Modified	Modified step a(1) as follows: Negative net position (before net pension liability reporting in accordance with GASB Statement No. 68, <i>Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27</i> and GASB Statement No. 75 <i>Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions</i> ) or net current liability position (defined as where current liabilities exceed current assets).	Program Steps	Enhancement		
<b>AUD-904 Audit Program: Audit Program: Compliance with Laws and Regulations</b>					
Modified	Modified purpose to clarify applicability of laws and regulations under AU- 250, <i>Consideration of Laws and Regulations in an audit of Financial Statements</i> .	Purpose	Clarification		
<b>AUD-910 Audit Program: Specific Element, Account, or Item of a Financial Statement in Accordance with AU-C 805</b>					
New	Added <i>Audit Program: Specific Element, Account, or Item of a Financial Statement in Accordance with AU-C 805</i> .	Program	Enhancement		

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

- **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 Preliminary Analytical Procedures: Fluctuation and Ratio Analysis** Added column for explanation/comments.
- **AIDs 601, 603, 802** Minor wording changes to improve usability.
- **AID-602 Understanding and Preliminary Assessment of the Entity’s Internal Audit Function** Updated step 4 to specifically include quality control.
- **AIDs 701, 801** Minor wording changes to improve usability; updated consistent with AICPA Audit Guide: *Audit Sampling – Clarified*.
- **AID-702 Results of Tests of Controls** Minor wording changes and reorganization of instructions to improve usability.
- **AID-837 Board Minutes Review Checklist** Added inquiry regarding meetings where minutes are not available.
- **AID-903 Audit Report Preparation Checklist** Added practice alert regarding proposed Statement on Auditing Standards (SAS), *Proposed Amendments – Addressing Disclosures in the Audit of Financial Statements*; Added additional steps for reporting under Government Auditing Standards.

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

- **RPTs 0901 – 0927** Updated consistent with the KBA Toolset Supplement, *Knowledge-Based Audits of Governmental Entities Supplement – Updated GAGAS Reports* which included modified language from the AICPA Audit Guide *Government Auditing Standards and Single Audits (March 1, 2018)*;

- **RPTs 0901 – 0921** Added practice point regarding the ASB proposed Statements on Auditing Standards (SAS), *Auditor Reporting and Proposed Amendments – Addressing Disclosures in the Audit of Financial Statements*.
- **NEW RPT-0926A Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Opinion on the Financial Statements as a Whole Disclaimed; Material Weaknesses and Significant Deficiencies Identified; and Reportable Instances of Noncompliance and Other Matters Identified)**

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

- **CORs 201 Audit Engagement Letter, 201A Audit Engagement Letter: Integrated Audit** Updated management’s responsibilities to include nonattest services, fraud, and accuracy and completeness; updated footnotes regarding nonattest services; added footnote regarding involvement with exempt offering documents; and updated Appendix A based on current guidance.
- **COR-215 Communication with Those Charged with Governance During Planning** Added practice alert regarding balloted Statement on Auditing Standards (SAS) *Omnibus Statement Auditing Standards, 2019*.
- **COR-807 Request for Confirmation of Notes Receivable** Added examples of collateral.
- **COR-901 Management Representation Letter** Added representation regarding nonattest services and management’s analysis of the entity’s ability to continue as a going concern.
- **COR-903 Communication with Those Charged with Governance** Added practice alert regarding balloted Statement on Auditing Standards (SAS) *Omnibus Statement Auditing Standards, 2019* and updated footnote 3 with additional information.
- **COR-906 Communication of Material Weaknesses: Ineffective Oversight by Those Charged with Governance** Added footnote about integrated audits.
- **NEW COR-912 Management Letter Comments - Illustration**

### Resource Documents (RESs)

- **RES-001 Knowledge-Based Audit Methodology Overview** modified and updated as appropriate.
- **RES-002 Index of Audit Programs, Forms, and Other Practice Aids** modified and updated as appropriate.
- **RES-003 Government Auditing Standards and Single Audits** updated practice point regarding the 2018 version of the yellow book.
- **RESs 005 Audit Sampling Guidance for Tests of Controls, 006 Audit Sampling Guidance for Substantive Tests of Details** Minor wording changes to improve usability; updated consistent with AICPA Audit Guide: *Audit Sampling – Clarified*.
- **RES-010 – 015** enhanced control objectives, what can go wrong, and controls to improve usability.
- **RES-016 Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts** updated the discussion of the relationship between tolerable misstatement and performance materiality consistent with AICPA Audit Guide: *Audit Sampling – Clarified*.
- **RESs 019 Factors to be Considered when Documenting Client/Engagement Acceptance and Continuance, 020 Defined Benefit Pension Plans: Employer Audit Considerations** modified and updated as appropriate.

**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. 133, *Auditor Involvement with Exempt Offering Documents*
- The revised AICPA Code of Professional Conduct (Code)
- ET Section 1.295, *Nonattest Services*

- GASB-90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*

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



## RELATED, FOUNDATIONS AND ASSOCIATION WORKPAPERS FOR THIS TITLE

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

Foundation Workpapers include most of the Communication Hub workpapers, which are central to the Knowledge-Based Audit Methodology used by the Knowledge Coach titles.

Associated workpapers require you to associate them with custom values, such as audit areas, specialists, service organizations, and other items. Workpapers require an association when you need to have more than one instance of a particular Knowledge Coach workpaper in your binder for each type of item to which the workpaper is related.

Making this association allows Knowledge Coach information to flow properly between workpapers.

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
<b>KBA</b> s	<b>KNOWLEDGE-BASED AUDIT DOCUMENTS</b>		
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		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-303	Inquiries of Management and Others within the Entity about the Risks of Fraud and Noncompliance with Laws and Regulations		
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: Revenue, Receivables, and Cash Receipts		
KBA-404	Understanding Activity-Level Controls: Purchases, Inventory, and Capital Assets		
KBA-405	Understanding Activity-Level Controls: Accounts Payable and Cash Disbursements		
KBA-406	Understanding Activity-Level Controls: Payroll, Pensions, Other Postemployment Benefits (OPEB), and Related Liabilities		
KBA-407	Understanding Activity-Level Controls: Treasury		
KBA-408	Understanding Activity-Level Controls: Financial Reporting and Closing Process		
KBA-409	Understanding Controls Maintained by a Service Organization		X
KBA-502	Summary of Risk Assessments	X	
KBA-503	Basis for Inherent Risk Assessment		
KBA-902	Audit Review and Approval Checklist		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-903	Audit Documentation Checklist		
<b>AUDs</b>	<b>AUDIT PROGRAMS</b>		
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 or Reaudit 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		
AUD-802	Audit Program: Investments and Investment-Related Activities		
AUD-803	Audit Program: Exchange Revenues and Receivables		
AUD-804	Audit Program: Nonexchange Revenues and Receivables		
AUD-805	Audit Program: Inventories and Cost of Goods Sold		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-806	Audit Program: Prepaid Expenses and Other Assets or Deferred Outflows of Resources		
AUD-807	Audit Program: Capital Assets and Depreciation Including Service Concession Arrangements		
AUD-808	Audit Program: Accounts Payable and Purchases		
AUD-809	Audit Program: Payroll, Pensions, OPEB, Related Liabilities, and Deferred Inflows of Resources		
AUD-810	Audit Program: Long-Term Debt and Debt Service		
AUD-811	Audit Program: Net Position and Fund Balance		
AUD-812	Audit Program: Other Income and Expenditures/Expenses		
AUD-813	Audit Program: Journal Entries and Financial Statement Review		
AUD-814	Audit Program: Related-Party Transactions		
AUD-815	Audit Program: Fair Value Measurements and Disclosures		
AUD-816	Audit Program: Interfund Transactions		
AUD-817	Audit Program: Budgets		
AUD-818	Audit Program: Derivative Instruments		
AUD-819	Audit Program: Self-Insurance		
AUD-820	Audit Program: Municipal Solid Waste Landfill		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-821	Audit Program: Commitments and Contingencies		
AUD-822	Audit Program: Accounting Estimates		
AUD-823	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, Contract Provisions and Grant Agreements, and Abuse		
AUD-910	Audit Program: Specific Element, Account, or Item of a Financial Statement in Accordance with AU-C 805		
<b>AIDs</b>	<b>PRACTICE AIDS</b>		
AID-201	Nonattest Services Independence Checklist		
AID-304	Understanding the Entity's Revenue Streams and Revenue Recognition Policies		
AID-601	Considering the Use of the Work of Internal Auditors		
AID-603	Component Identification and Analysis		
AID-702	Results of Tests of Controls		
AID-801	Audit Sampling Worksheet for Substantive Tests of Details		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AID-901	Differences of Professional Opinion		

**Additional Information for Associated Workpapers**

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

<i>Workpaper Requiring Association</i>	<i>What is it associated with?</i>		
	<i>Workpaper</i>	<i>Table/Question</i>	<i>Association Item (Custom Value)</i>
KBA-409 Understanding Ctrl: 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 intend to use a specialist on this engagement? is “Yes” Shows the "Document the expected use of a specialist(s) on our audit." table in KBA-101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the expected use of a specialist(s) on our audit. Then select Auditor's Specialist from the Type of Specialist Column	Specialist Firm Name
AUD-604 Audit Program: Management's Specialist (Custom)	AUD-100 Tailoring Question Workpaper	Does the auditor intend to use a specialist on this engagement? is “Yes” Shows the "Document the expected use of a specialist(s) on our audit." table in KBA-101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the expected use of a specialist(s) on our audit. Then select Management's Specialist from the Type of Specialist Column.	Specialist Firm Name
AUD-800 Audit Program: (Custom)	AUD-100 Tailoring Question Workpaper	What financial statement audit areas are applicable to this engagement? “Customize Audit Area” link within the answer selection box.	Custom Audit Area