

2019 HEALTHCARE 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 HealthCare Entities** have been updated to help auditors conduct efficient and effective audit engagements in accordance with U.S. GAAS and to take into account the latest literature, standards, and guidance, including practice points regarding AICPA Statement on Auditing Standards (SAS) No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, SAS No. 135, *Omnibus Statement on Auditing Standards – 2019*, and SAS No. 137, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*, which do not provide for early implementation. The 2019-2020 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 HealthCare Entities* includes the following updates:

Roll Forward Note: All Noncomplex forms (KBA-201N, KBA-302N, and KBA-401N) have become obsolete and combined with the prior Complex documents. If you have used a Noncomplex document in your prior engagement, before rolling that file forward, you must add the Complex document to your engagement binder to retain the data from the Noncomplex document, then remove these workpapers from the prior year binder after you have rolled the binder forward.

If your binder has already been finalized and you don't want to unfinalize the binder to insert the Complex document before you roll forward from the 2018 version, you are able to make a copy of your finalized binder, insert the applicable Complex documents, then roll forward the copied binder to the 2019 title version. After roll forward remember to delete the copied prior year binder from your file room. Doing this will retain the data into the 2019 combined versions.

Alternatively copy and paste the data from the prior year Noncomplex document, from the prior year binder, after you roll forward into the current combined versions. The Noncomplex document will roll forward as an obsolete workpaper with no data and will need to be removed after you have rolled forward your binder. You will need to refer to your prior year binder for data in the Noncomplex document.

For the Update Knowledge Coach Content option, you should insert the complex version of the workpaper prior to updating; this will retain information from the now obsolete noncomplex version. We recommend publishing the noncomplex versions prior to selecting the Update Knowledge Coach Content option so you have access to the data after updating, as the noncomplex version will be obsolete.

Knowledge-Based Audit Documents (KBAs)

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| KBA-101 Overall Audit Strategy | | | | | |
| Modify | Added practice point regarding audit quality indicators | Instructions | Enhancement | | |
| Modify | Under “Document the other services our firm performs for this entity?” modified column header from “Firm Personnel Responsible” to “Firm Personnel Overseeing the Service” to match <i>AID-201</i> . New flow of column, “Nature of Other Services” to <i>AID-201</i> column, “Description of Service” and column “Firm Personnel Overseeing the Service” will flow to <i>AID-201</i> . | Table | Improved Workflow | | Step will retain on roll forward with default settings. In <i>AID-201</i> the new flows will be new rows in <i>AID-201</i> and the prior user entered rows in <i>AID-201</i> will be retained on roll forward if user selects to keep all responses on roll forward. The user will need to combine these or modify as applicable. |
| Modify | Under “Section II: Reporting Objectives, Timing of the audit, and Nature of Communications with Management and those Charged with Governance” added “Physical inspection of assets” to the items listed in the table in step 5. | Table | Enhancement | | |
| KBA-102 Engagement Completion Document | | | | | |
| Modify | Modified item “o” in list of items that may be considered significant matters to include the quality of disclosures: Discussions or correspondence with management in connection with accounting practices (including the quality of disclosures), applicable auditing standards, or fees and other services. | Instructions | Clarification | | |
| Add | Added table “Prior Year Substantive Matters and Significant Findings”. This table is only user entry if the user would like to document prior year matters or findings. | Table | Enhancement | | |
| KBA-103 Evaluating and Communicating Internal Control Deficiencies | | | | | |
| Modify | Modified discussion of compensating controls. | Instructions | Clarification | | |
| KBA-105 Review of Significant Accounting Estimates | | | | | |
| Modify | Added practice point regarding the prevalence of peer review concerns related to significant estimates. | Purpose | Enhancement | | |
| KBA-200 Entity Information and Background | | | | | |
| Modify | Added new flow of question, “Describe the users or expected users of the financial statements (e.g., owners, stakeholders, lenders):” to <i>KBA-301</i> | Table | Enhancement | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
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| KBA-201 Client/Engagement Acceptance and Continuance Form | | | | | |
| Modify | <p>Combined KBA-201 and KBA-201N giving the auditor the option to memo or complete the detailed table for each section.</p> <p>User will need to answer Tailoring Question under each section if the user will document the consideration in memo format or complete the detailed table.</p> | Program | Improved Workflow | | <p>Information from KBA-201 will retain on roll forward except the findings table if the user uses the default roll forward settings. To retain all, the user would need to select to keep all responses on roll forward.</p> <p>If the user used KBA-201N in the prior year then all information except for the acceptance/continuance decision will retain from KBA-201N if one of the first two options in the Roll Forward Note above is performed. Please see Roll Forward Note at the top of this file for further information.</p> |
| KBA-201N Client/Engagement Acceptance and Continuance Form: Non-Complex Entities | | | | | |
| Obsolete | Obsolete workpaper, see KBA-201 for roll forward considerations. | | | | This workpaper will become obsolete after roll forward, please see roll forward considerations above. |
| KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts | | | | | |
| Modify | New table, "Describe the users or expected users of the financial statements (E.g., owners, stakeholders, lenders):" that will flow from KBA-200 . | Table | Enhancement | | |
| Modify | New column in Step 4: Determination of the Threshold for "Trivial" Amounts for user to document the "Trivial Amount". User will need to key in the number they would like to use based on the calculations in the table. | Table | Enhancement | | User will need to manually key in the "Trivial Amount" column and this column will then flow out to the Materiality Table in many other workpapers. |
| KBA-302 Understanding the Entity and Its Environment | | | | | |
| Modify | Combined KBA-302 and KBA-302N giving the auditor the option to memo or complete the detailed table for each section. | Program | Improved Workflow | | Information from KBA-302 will retain on roll forward except the significant change tables, relevant column in factor tables and findings table if the user uses the default roll forward settings. To |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
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| | User will need to answer Tailoring Question under each section if the user will document the consideration in memo format or complete the detailed table. | | | | retain all the user would need to select to keep all responses on roll forward. If the user used KBA-302N in the prior year then only Section: Significant Matters or Issues Identified from KBA-302N will be retained on roll forward by using one of the first two roll forward options in the Roll Forward Note above. The other tables in this workpaper will not retain into the new combined version due to how the tables are structured. Please see Roll Forward Note at the top of this file for further information. |
| Modify | Removed "Section I: Entity Information" to simply the form as information is captured in KBA-200 | Procedures | Improved Workflow | | |
| Modify | Removed Columns "Change from Previous Year", "Procedures We Performed to Gain Our Understanding", and "Workpaper Reference/Comments" and replaced with text boxes at the end of each section. | Procedures | Improved Workflow | | These new tables will retain on roll forward by default. |
| Modify | Modified factors under "Regulatory Environment" f. Inquiries into the entity's operations or financial results by regulatory or government bodies, including reports filed with regulatory agencies, correspondence to/from agencies, and communications regarding noncompliance or possible noncompliance. Removed the following factor: Communication from regulatory agencies regarding noncompliance or possible noncompliance. | Procedures | Clarification | | Steps will reset on roll forward due to content changes |
| Modify | Modified factors under "Business Operations" a. Entity's management personnel and organizational structure, including individuals responsible for significant areas of the entity's operations (e.g., financial reporting; marketing and sales; and finance.) j. Conduct of operations (e.g., locations, alliances, affiliations, delivery of patient services, and details of declining or expanding practice lines). k. Involvement in e-commerce, including Internet sales and marketing activities, with potential cybersecurity risks. | Procedures | Clarification | | Steps will reset on roll forward due to content changes |

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| | Removed following factors: Going-concern and liquidity issues, including consideration of management’s evaluation of whether conditions or events exist that raise substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time. | | | | |
| Modify | Modified factors under “Financing” e. Long-term leases with required fixed payments for multiple years. | Procedures | Clarification | | Steps will reset on roll forward due to content changes |
| Modify | Removed factors under “Selection and Application of Accounting Principles, Including Related Disclosures (i.e. Financial Reporting)”: Competencies of personnel involved in selecting and applying significant new or complex accounting principles. Accounts or disclosures for which judgment is used in the application of significant accounting principles, especially in determining management’s estimates and assumptions. Financial reporting standards and laws and regulations that are new to the entity, including when and how the entity will adopt such requirements. Management’s process for making accounting estimates and any changes in that process including the underlying assumptions and any models or specialists used. The outcome of accounting estimates included in the previous period financial statements, or, where applicable, their subsequent reestimation for the purpose of the current period, including their nature and relevance to assessing the risk of material misstatement. Procedures for identifying, authorizing, accounting for, and disclosing related-party transactions. Lack of personnel with appropriate accounting and financial reporting skills. Methods used by management in determining segment information (sales, transfers and charges between segments and eliminations of intersegment amounts; comparisons with budgets and other expected results; allocation of assets and costs among segments; consistency with previous periods; and the adequacy of the disclosures for inconsistencies). Other factors considered that affect the nature of the entity. | Procedures | Clarification | | |
| Modify | New factors under “Group-wide Controls” Group structure—major subsidiaries and associated entities, including consolidated and unconsolidated structures. | Procedures | Clarification | | |

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| Modify | Modified factors under “Consolidation Process” c. The process for identifying reportable segments and for determining segment information (sales, transfers and charges between segments and eliminations of intersegment amounts; comparisons with budgets and other expected results; allocation of assets and costs among segments; consistency with previous periods; and the adequacy of the disclosures for inconsistencies) for segment reporting, in accordance with the applicable financial reporting framework. | Procedures | Clarification | | Step will reset on roll forward due to content changes |
| Modify | Removed factors under “Entity’s Objectives and Strategies, and Related Business Risks”: Marginally achieving explicitly stated strategic objectives. Any other factors considered that affect the objectives and strategies and related business risks. | Procedures | Clarification | | |
| Modify | Modified factors under “Measurement and Review of the Entity’s Financial Performance” Removed the following factors: Trends in the entity’s financial performance. Other factors considered that affect the measurement and review of the entity’s financial performance. | Procedures | Clarification | | |
| Modify | Modified factors under “Subsection 3: Noncompliance with Laws and Regulations” a. Investigation by a governmental agency, an enforcement proceeding, or payment of unusual fines or penalties g. Unusual payments in cash, purchases in the form of cashiers’ checks payable to bearer, or transfers to numbered bank accounts. j. Payments for unspecified services or loans to consultants, related parties, employees, or government officials or government employees. Removed the following factors: Investigations by a government agency. Large and unusual cash transactions Enforcement proceedings. Large and unusual payments to a consultant, affiliate, or employee, including unusually large sales commissions. Purchases of bank cashier’s checks in large amounts that are payable to bearer. | Procedures | Clarification | | Steps will reset on roll forward due to content changes |

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| KBA-302N Understanding the Entity and Its Environment: Noncomplex | | | | | |
| Obsolete | Obsolete workpaper, see KBA-302 for roll forward considerations. | | | | This workpaper will become obsolete after roll forward, please see roll forward considerations above. |
| KBA-303 Inquiries of Management and Others Within the Entity About the Risks of Fraud and Noncompliance with Laws and Regulations | | | | | |
| Modify | Updated practice alert regarding the Omnibus Statement on Auditing Standards for the issuance of SAS-135. | Purpose | New or Revised Guidance | SAS-135, <i>Omnibus Statement Auditing Standards - 2019</i> | |
| Added | Added the following inquiry to all sections: Are you aware of any cybersecurity incidents, either from unintentional events or deliberate actions by insiders or third parties, affecting the entity? | Procedures | Enhancement | | |
| KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures | | | | | |
| Added | Added new table for findings. All items identified will now flow into this table just like they did in 2018 Commercial title into KBA-103 . The user will select in this table whether they will flow the item identified to KBA-103 or not. This will cut down on duplicate flow to KBA-103 and the user can group the flow to KBA-103 . | | | | On roll forward any items identified in the prior binder will flow into this new table and the 2 nd column, “Flow to KBA-103 ” will be auto populated as “Yes”. This will be done so the user will not lose any flow to KBA-103 . The user will need to then decide which items will flow or not flow to KBA-103 by changing the response in column 2. |
| Modify | Under “Table 1: Scoping and Mapping” new audit area “Business Combinations” will be mapped to KBA-411 . | Procedures | Improved Workflow | | |
| Modify | New Potential Error Diagnostic that will appear if the user has identified a specific risk in the Risk Pane for a specific audit area but hasn’t identified that audit area in Table 1 has having a “Significant or Fraud Risk” | Diagnostic | Enhancement | | |
| KBA-401 Understanding Entity-Level Controls | | | | | |
| Modify | Combined KBA-401 and KBA-401N giving the auditor the option to memo or complete the detailed table for each section. | Program | Improved Workflow | | Information from KBA-401 will retain on roll forward if the user uses the |

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| | <p>User will need to answer Tailoring Question under each section if the user will document the consideration in memo format or complete the detailed table.</p> | | | | <p>default roll forward settings except column 7, “Do Compensating Controls Adequately Reduce the Risk of Material Misstatement Created by the Ineffective Design and Implementation of Identified Controls” due to the content changes in this column. To retain all the user would need to select to keep all responses on roll forward.</p> <p>If the user used KBA-401N in the prior year then each relevant principle table and the conclusion section will retain on roll forward from KBA-401N if one of the first two options in the Roll Forward Note at the top of this file is performed. The “Overall Assessment of the Entity’s System of Internal Control” table will not retain on roll forward. Please see Roll Forward Note at the top of this file for further information.</p> |
| Modify | <p>Modified headers and related instructions regarding compensating controls.</p> <p><i>Column 4 renamed to “Describe the Established Controls Supporting the Relevant Principles or Point of Focus</i></p> <p><i>Column 6 renamed to “If Column 5 Is “No,” Describe Compensating Controls, If Any</i></p> <p><i>Column 7 renamed to “Do Compensating Controls Adequately Reduce the Risk of Material Misstatement Created by the Ineffective Design and Implementation of Identified Controls?”</i></p> <p><i>Column 8 renamed to “If Column 5 and Column 7 Are, “No” Describe the Risks of Material Misstatement”</i></p> <p><i>Column 10 renamed to “If Column 2, 3, 5, 7, or 9 is “No,” Describe the Deficiency”</i></p> | Table | Clarification | | <p>Column 7 will reset on roll forward due to content changes. All other columns will retain on roll forward.</p> |
| Modify | <p>Removed Columns “Change from Previous Year”, “Procedures We Performed to Gain Our Understanding”, and “Workpaper Reference/Comments” and replaced with text boxes at the end of each section.</p> | Procedures | Improved Workflow | | <p>These new tables will retain on roll forward by default.</p> |

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| KBA-401N Understanding Entity-Level Controls: Noncomplex Entities | | | | | |
| Obsolete | Obsolete workpaper, see KBA-401 for roll forward considerations. | | | | This workpaper will become obsolete after roll forward, please see roll forward considerations above. |
| KBA-402 Understanding General Controls for Information Technology | | | | | |
| Modify | Minor wording changes throughout | Workpaper | Clarification | | |
| Modify | Under “Section II: Understanding of IT General Controls for Entities with a Less Complex IT Structure”, added column “If Controls are Not Effectively Designed and Implemented or Are Not Operating Effectively, Describe the Risks of Material Misstatement” and Renamed column, “Are Controls Functioning” to “Are Controls Operating Effectively” This new column will contain a list of risks noted in the engagement and a not applicable option. This is same setup as in KBA-400 and KBA-40X series workpapers. | Table | Enhancement | | One column is new, but the renamed column will retain on roll forward. |
| Modify | Under “Program Development and Program Change” Table of “Section III: Understanding of IT General Controls for Entities with a More Complex IT Structure” added steps 5a and 5f, and modified steps 5b and 5c as follows: a. Significant system changes are authorized by management. b. Requests for program changes, system changes, and maintenance (including changes to system software) are standardized, documented, and subject to formal change management procedures, including authorization by the appropriate individuals. c. All changes, including emergency change, requests are documented and subject to formal change management procedures. | Procedures | Enhancement | | Modified steps will retain on roll forward with default settings. |
| Modify | Under “Section III: Understanding of IT General Controls for Entities with a More Complex IT Structure” renamed table “Computer Operations and Logical Access to Programs and Data” to “Computer Operations and Logical Access to Networks, Data Centers, Programs, and Data” | Table | Enhancement | | |
| Modify | Under “Computer Operations and Logical Access to Networks, Data Centers, Programs, and Data” Table of “Section III: Understanding of IT | Procedures | Enhancement | | |

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| | <p>General Controls for Entities with a More Complex IT Structure” added steps 6d and 6e as follows:</p> <p>Management has adopted written policies and procedures that address administrative, technical, and physical safeguards for the protection of customer records and information. This includes a formal process for notifying the appropriate individuals in the event of a breach of customer or firm data.</p> <p>Management has implemented regular risk assessment processes, including vulnerability and penetration testing, with detailed, time-bound follow-up action plans to resolve higher-risk concerns.</p> | | | | |
| Modify | <p>Under “Computer Operations and Logical Access to Networks, Data Centers, Programs, and Data” Table of “Section III: Understanding of IT General Controls for Entities with a More Complex IT Structure” modified step 7e which now reads as follows:</p> <p>Third-party service contracts address the risks, security controls, and procedures for information systems and networks in the contract between the parties. This includes addressing the vendor’s responsibilities regarding notification to the entity in the event of a breach of customer or firm data.</p> | Procedures | Enhancement | | Modified step will retain on roll forward with default settings. |
| Modify | <p>Under “Computer Operations and Logical Access to Networks, Data Centers, Programs, and Data” Table of “Section III: Understanding of IT General Controls for Entities with a More Complex IT Structure” modified steps 8d, 8f, 8g, 8k, 8m and added steps 8h, 8i, 8n and 8o as follows:</p> <p>d. Procedures exist and are followed to maintain the effectiveness of authentication and access mechanisms (e.g., regular password changes), including password policies that include:</p> <ul style="list-style-type: none"> • A mix of alphabetic, numeric, and special characters • Minimum length • requirements to change periodically <p>e. Procedures exist and are followed to ensure timely action relating to requesting, establishing, issuing, suspending, and closing user accounts, based on the employee’s job function.</p> <p>f. The entity periodically reviews and confirms access rights to applications and data to help ensure segregation of duties and determine if their access rights are appropriate and/or still required.</p> | Procedures | Enhancement | | Modified steps will reset on roll forward due to content changes. |

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| | <ul style="list-style-type: none"> g. Administrative rights to the network and software programs are reviewed and restricted to authorized individuals. h. Access rights to the network and financial reporting applications are removed or disabled in a timely manner (e.g., at or just before termination) for all terminated employees. k. IT security administration monitors, logs, and reviews regularly security activity, and any identified security violations are reported to senior management. m. The entity has restricted physical access and an appropriate physical environment for key hardware components, such as firewalls, servers, and routers. n. The entity has controls in place to reduce cybersecurity risks and mitigate the associated costs. o. The entity has control procedures in place to properly report any cybersecurity incidents, whether unintentional or from deliberate actions of insiders or third parties. | | | | |
| Modify | <p>Under “Computer Operations and Logical Access to Networks, Data Centers, Programs, and Data” Table of “Section III: Understanding of IT General Controls for Entities with a More Complex IT Structure” modified steps 9d which now reads as follows:</p> <p>Management has established procedures across the organization to protect information systems from malware threats, and cyber-related frauds, including spoofed or manipulated electronic communications (e.g. phishing emails).</p> | Procedures | Enhancement | | Modified step will reset on roll forward due to content changes. |
| Modify | <p>Under “Computer Operations and Logical Access to Networks, Data Centers, Programs, and Data” Table of “Section III: Understanding of IT General Controls for Entities with a More Complex IT Structure” modified step 10a which now reads as follows:</p> <p>Management has developed a process (e.g., monitoring software, help desk, user hot line) to ensure that incidents, problems, system failures and errors are identified, recorded, analyzed, and resolved in a timely manner.</p> | Procedures | Enhancement | | |
| Modify | <p>Under “Computer Operations and Logical Access to Networks, Data Centers, Programs, and Data” Table of “Section III: Understanding of IT General Controls for Entities with a More Complex IT Structure” added step 11f as follows:</p> <p>Management has developed and documented a disaster recovery plan, which is periodically reviewed and tested.</p> | Procedures | Enhancement | | |

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| KBA-403 Understanding Activity-Level Controls: Patient Service Revenue, Patient Accounts Receivable, and Cash Receipts through KBA-411 Understanding Activity-Level Controls: Financial Reporting and Closing Process | | | | | |
| Modified | Minor wording changes throughout in instructions | Instructions | | | |
| KBA-403 Understanding Activity-Level Controls: Patient Service Revenue, Patient Accounts Receivable, and Cash Receipts | | | | | |
| Added | <p>Under “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” added subprocesses and related Activity-Level Control Objectives specific to ASC Topic 606.</p> <p>Identifying contracts under ASC Topic 606 (If 606 has been implemented)</p> <p>Identifying the performance obligations in the contracts under ASC Topic 606 (If 606 has been implemented)</p> <p>Determining the transaction price in the contracts under ASC Topic 606 (If 606 has been implemented)</p> <p>Allocating the transaction price to the performance obligations in the contracts under ASC Topic 606 (If 606 has been implemented)</p> <p>Recognizing revenue under ASC Topic 606 (If 606 has been implemented)</p> | Procedures | New or Revised Guidance | ASC Topic 606, <i>Revenue from Contracts with Customers</i> | |
| KBA-404 Understanding Activity-level Controls: Supplies Inventory, Purchases, and Supplies Expense | | | | | |
| Modified | Modified Activity-Level Control Objective as follows: Inventory measured using the LIFO or retail method is recorded at the lower of cost or market | Procedures | Enhancement | | Step will reset on roll forward due to content changes |
| KBA-410 Understanding Activity-Level Controls: Income Taxes | | | | | |
| Modified | <p>Under “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” added new control objective as follows:</p> <p>The impact of new tax laws has been properly included in the accrual of income taxes, including identification and disclosure of the impact of items where, after a good faith effort, it is not possible to obtain the necessary information to prepare or analyze the effects of the new tax laws in reasonable detail to complete the measurement</p> | Procedures | Enhancement | | |
| KBA-501 Team Discussion and Consideration of the Risks of Material Misstatement | | | | | |

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| Modified | Modified instructions to note that engagement team may wish to review <i>KBA 302 Understanding the Entity and Its Environment, KBA-303 Inquiries of Management and Others within the Entity about the Risks of Fraud and Noncompliance with Laws and Regulations</i> , and <i>KBA 401 Understanding Entity-Level Controls</i> before having the engagement team discussion | Instructions | Clarification | | |
| KBA-502 Summary of Risk Assessments | | | | | |
| New | New Potential Error Diagnostic: If a user adds a specific risk and notes both the Inherent Risk and Control Risk as Low the following diagnostic will appear: You have noted a specific risk related to <Audit Area> with Inherent Risk and Control Risk noted as Low. Are you sure this should be considered a Significant or Fraud Risk. | Diagnostic | | | |
| New | New Potential Error Diagnostic: 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 “No”, AND If “Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” is “No”, OR The audit area hasn’t been selected in TQ, “What audit areas, applicable to the engagement, will you be performing tests of the operating effectiveness of controls? AND User selects Combined for any audit area or risk here. The following diagnostic will appear: You have selected a combined audit approach but you have noted you’re not testing internal controls in <i>AUD-100</i> . | Diagnostic | | | |
| KBA-901A Tax Basis Financial Statements Disclosures Checklist | | | | | |
| NEW | New Tax Basis Disclosure Checklist | | | | |
| KBA-901B Cash Basis Financial Statements Disclosures Checklist | | | | | |
| NEW | New Cash Basis Disclosure Checklist | | | | |
| KBA-902 Audit Review and Approval Checklist | | | | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
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| Added | Added Section III: Concurring Partner Review Along with new TQ, “Does the engagement require a concurring partner review?” which will flow from AUD-100 and will show/hide this section. | Procedures | Enhancement | | |
| KBA-903 Tax Specialist Review Checklist | | | | | |
| Modified | Added link to Summary Checklist of Recent Authoritative U.S. Accounting Standards on ARM. | Instructions | Enhancement | | |
| Added | Added steps 5 and 6 as follows: The entity’s analysis of all income tax effects impacting the current and deferred income taxes payable and/or receivable resulting from newly enacted tax laws are segregated by those that are: (1) completed, (2) incomplete, but for which a reasonable estimate may be determined, and (3) incomplete, and not capable of a reasonable estimate. For those income tax effects that are considered to be provisional or not capable of reasonable estimate, management’s conclusions over each income tax effect appears to be performed in good faith. The entity has properly accounted for all income tax effects impacting the current and deferred income taxes payable and/or receivable from newly issued/effective accounting standards. | Procedures | Enhancement | | |
| Modified | Modified step 7 which now reads as follows: Tax-related financial statement disclosures (e.g., deferred income taxes, temporary differences, adjustment of taxes from prior periods, provisional tax effects of newly enacted tax laws or those not yet determined) are accurate, complete and presented in accordance with the applicable financial reporting framework. | Procedures | Enhancement | | Step will reset on roll forward due to content changes. |
| KBA-905 Review and Approval Checklist: Interim Review of Financial Information | | | | | |
| Added | Added Section III: Concurring Partner Review Along with new TQ, “Does the engagement require a concurring partner review?” which will flow from AUD-100 and will show/hide this section. | Procedures | Enhancement | | |
| Modified | Removed PCAOB specific items from Section IV: Engagement Quality Control Review. | Procedures | Clarification | | |

KBA-901 Financial Statement Disclosures Checklist

| Type of Change | Description of Change | Roll Forward and Update Content Considerations |
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| Table of Contents | | |
| Removed | Removed section “Control of Partnerships and Similar Entities” from ASC 810 Consolidation. | |
| Statement of Cash Flows (ASC 230) | | |
| Overall | | |
| Removed | <p><i>Note:</i> The presentation and disclosure requirements in item 9b(6) below have been superseded by the amendments in <u>ASU No. 2016-09, Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting</u>, which is effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Thereafter, the presentation and disclosure requirements in item 9b(7) below should be followed. Early adoption is permitted for any fiscal year or interim period for which the entity’s financial statements have not yet been issued (public business entities) or have not yet been made available for issuance (all other entities). An entity that elects earlier application of <u>ASU No. 2016-09</u> in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Also, an entity should apply <u>ASU No. 2016-09</u> in its entirety when adopted. (<u>ASC 718-10-65-5</u>)</p> <p>(6) Income taxes paid and, separately, the cash that would have been paid for income taxes if increases in the value of equity instruments issued under share-based payment arrangements that are not included as a cost of goods or services recognizable for accounting purposes also had not been deductible in determining taxable income?</p> <p><i>Note:</i> The presentation and disclosure requirements in item 9b(6) above have been superseded by the amendments in <u>ASU No. 2016-09, Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting</u>, which is effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Thereafter, the presentation and disclosure requirements in item 9b(7) below should be followed. Early adoption is permitted for any fiscal year or interim period for which the entity’s financial statements have not yet been issued (public business entities) or have not yet been made available for issuance (all other entities). An entity that elects earlier application of <u>ASU No. 2016-09</u> in an interim period should reflect any adjustments as of the beginning of the annual period that includes</p> | |

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| | <p>that interim period. Also, an entity should apply <u>ASU No. 2016-09</u> in its entirety when adopted. (<u>ASC 718-10-65-5</u>)</p> <p>(7) Income taxes paid?</p> | |
| <p>Receivables (ASC 310) Overall</p> | | |
| Modified | <p>1. Are major categories of nonmortgage loans or trade receivables presented separately in the balance sheet or disclosed in the notes to financial statements? (<u>ASC 310-10-45-2</u> and <u>50-3</u>)</p> | Step will retain on roll forward. |
| Modified | <p>2. Are nonmortgage loans or trade receivables held for sale presented as a separate balance sheet category? (<u>ASC 310-10-45-2</u>) (<i>Note: Nonmortgage loans or trade receivables other than those held for sale may be presented on the balance sheet as aggregate amounts.</i>)</p> <p><i>Note: An entity should present the amounts reversed or established for the valuation allowance and the allowance for credit losses, as applicable, related to the transfer of nonmortgage loans on a gross basis in the income statement. An entity may present those amounts on the income statement or in the notes to financial statements.</i></p> | Step will retain on roll forward. |
| Modified | <p><i>Note: The presentation and disclosure requirements in item 5 below have been superseded by <u>ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</u>, which is effective for public business entities that are SEC filers for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other public business entities that are not SEC filers, the requirements are effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. For all other entities, including nonpublic entities, not-for-profit entities within the scope of ASC Topic 958, and employee benefit plans within the scope of ASC Topics 960 through 965 on plan accounting, the requirements are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Thereafter, the presentation and disclosure requirements in <u>ASC Topic 326</u> should be followed. (<u>ASC 326-10-65-1</u>)</i></p> | Step will retain on roll forward. |
| <p>Investments – Debt and Equity Securities (ASC 320)</p> | | |
| Added | <p><i>Note: The presentation and disclosure requirements in item 6 below is prescribed by <u>ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments</u>. For entities that have not yet adopted ASU No. 2016-13, the effective dates and transition requirements for ASU No. 2019-04 are the same as the effective dates and transition requirements in ASU No. 2016-13. For an entity that has already adopted ASU No. 2016-13, <u>ASU No. 2019-04</u> is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. (<u>ASC 326-10-65-2</u>)</i></p> | |

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| | <p>Early adoption, including adoption in an interim period, is permitted as long as an entity has adopted <u>ASU No. 2016-13</u>.</p> <p>Note: For entities that have adopted ASU No. 2016-13, ASU No. 2019-04 should be applied by means of a cumulative-effect adjustment to the opening retained earnings as of the beginning of the first reporting period in which ASU No. 2016-13 is effective.</p> <p>An entity that develops or amends its accounting policy to comply with the requirements of the accounting policy election in ASC paragraph <u>326-20-30-5A</u> should apply the guidance in ASC paragraphs <u>326-20-30-5A</u> and <u>326-30-30-1B</u> in accordance with the previous paragraph.</p> | |
| Added | 6. Has an entity presented the amounts reversed or established for the allowance for credit losses related to the transfer of debt securities between categories on a gross basis in the income statement or in the notes to financial statements? (<u>ASC 320-10-45-8B</u>) | |
| Removed | <p>12. For securities classified as available for sale, have the following disclosures been made for interim and annual periods, by major security type, as of each date for which a balance sheet is presented (<u>ASC 320-10-50-2 through 50-4</u>) (<i>Note: Major security types should be based on the nature and risks of the security. An entity should consider the (shared) activity or business sector, vintage, geographic concentration, credit quality, or economic characteristic in determining whether disclosure for a particular security type is necessary and whether it is necessary to further separate a particular security type into greater detail.</i>):</p> <ul style="list-style-type: none"> a) The amortized cost basis? b) The aggregate fair value? c) The total other-than-temporary impairment recognized in accumulated other comprehensive income? d) The total other-than-temporary impairment recognized in accumulated other comprehensive income? e) Total losses for securities with net losses in accumulated other comprehensive income? f) Information about the contractual maturities of those securities as of the date of the most recent balance sheet presented? (<i>Note: Maturity information may be combined in appropriate groupings. Securities that are not due at a single maturity date, such as mortgage-backed securities, may be disclosed separately rather than allocated over several maturity groupings; however, if allocated, the basis for the allocation should also be disclosed.</i>) | |
| | c. The total other-than-temporary impairment recognized in accumulated other comprehensive income? | |
| | d. Total gains for securities with net gains in accumulated other comprehensive income? | |
| | e. Total losses for securities with net losses in accumulated other comprehensive income? | |

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| | <p>f. Information about the contractual maturities of those securities as of the date of the most recent balance sheet presented? (<i>Note:</i> Maturity information may be combined in appropriate groupings. Securities that are not due at a single maturity date, such as mortgage-backed securities, may be disclosed separately rather than allocated over several maturity groupings; however, if allocated, the basis for the allocation should also be disclosed.)</p> | |
| | <p>14. For securities classified as available for sale, have the following disclosures been made for interim and annual periods, by major security type, as of each date for which a balance sheet is presented (<u>ASC 320-10-50-2 through 50-4</u>) (<i>Note:</i> Major security types should be based on the nature and risks of the security. An entity should consider the (shared) activity or business sector, vintage, geographic concentration, credit quality, or economic characteristic in determining whether disclosure for a particular security type is necessary and whether it is necessary to further separate a particular security type into greater detail.):</p> <p>The amortized cost basis?</p> <p>The aggregate fair value?</p> | |
| Modified | <p>g. The aggregate fair value? (<i>Note:</i> This is applicable only for public business entities.)</p> | Step will retain on roll forward. |
| Modified | <p>h. Gross unrecognized holding gains? (<i>Note:</i> This is applicable only for public business entities.)</p> | Step will retain on roll forward. |
| Modified | <p>i. Gross unrecognized holding losses? (<i>Note:</i> This is applicable only for public business entities.)</p> | Step will retain on roll forward. |
| Investments –Equity Securities (ASC 321) | | |
| New | <p><i>Note:</i> To the extent that the disclosure requirements in this Subtopic achieve the fair value disclosure requirements described in <u>ASC Section 820-10-50</u> on disclosing fair value measurement, an entity need not duplicate the related fair value disclosure.</p> | |
| Financial Instruments – Credit Losses (ASC 326) Overall | | |
| Modified | <p><i>Note:</i> The presentation and disclosure requirements in <u>ASC Topic 326, Financial Instruments – Credit Losses</u>, are prescribed by <u>ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</u>, which is effective for public business entities that are SEC filers for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other public business entities that are not SEC filers, the requirements are effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. For all other entities, including nonpublic entities, not-for-profit entities within the scope of <u>ASC Topic 958</u>, and employee benefit plans within the scope of <u>ASC Topics 960 through 965 on plan accounting</u>, the requirements are effective for fiscal years</p> | Step will retain on roll forward. |

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| | beginning after December 15, 2021, including interim periods within those fiscal years. (<u>ASC 326-10-65-1</u>) | |
| New | <p><i>Note:</i> ASU No. 2016-13 has been amended by <u>ASU No. 2019-05, <i>Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief</i></u>. For entities that have not yet adopted ASU No. 2016-13, the effective dates and transition methodology for ASU No. 2019-05 are the same as the effective dates and transition methodology in ASU No. 2016-13. For entities that have already adopted ASU No. 2016-13, ASU No. 2019-05 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. (<u>ASC 326-10-65-3</u>)</p> <p>Early adoption of ASU No. 2019-05, including adoption in an interim period, is permitted as long as an entity has adopted <u>ASU No. 2016-13</u>.</p> <p>For items measured at fair value in accordance with ASC paragraph <u>326-10-65-1(i)</u>, the difference between the carrying amount and the fair value should be recorded by means of a cumulative-effect adjustment to the opening retained earnings balance as of the beginning of the first reporting period that an entity has adopted ASU No. 2016-13. Those differences may include, but are not limited to:</p> <ol style="list-style-type: none"> 1. Unamortized deferred costs, fees, premiums, and discounts. 2. Valuation allowances (for example, allowance for loan losses). 3. Accrued interest. <p>An entity may irrevocably elect the fair value option in accordance with <u>ASC Subtopic 825-10</u> for financial instruments within the scope of <u>ASC Subtopic 326-20</u>, except for those financial assets in <u>ASC paragraph 326-20-15-2(a)(2)</u>, that also are eligible items in ASC Subtopic 825-10. (<u>ASC 326-10-65-1</u>)</p> | |
| New | <p><i>Note:</i> ASU No. 2016-13 has been amended by <u>ASU No. 2019-04, <i>Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments</i></u>. For entities that have not yet adopted ASU No. 2016-13, the effective dates and transition requirements for ASU No. 2019-04 are the same as the effective dates and transition requirements in ASU No. 2016-13. For an entity that has already adopted ASU No. 2016-13, <u>ASU No. 2019-04</u> is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. (<u>ASC 326-10-65-2</u>)</p> <p>Early adoption, including adoption in an interim period, is permitted as long as an entity has adopted <u>ASU No. 2016-13</u>.</p> | |
| New | For entities that have adopted ASU No. 2016-13, ASU No. 2019-04 should be applied by means of a cumulative-effect adjustment to the opening retained earnings as of the beginning of the first reporting period in which ASU No. 2016-13 is effective. | |

| Type of Change | Description of Change | Roll Forward and Update Content Considerations |
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| | An entity that develops or amends its accounting policy to comply with the requirements of the accounting policy election in ASC paragraph <u>326-20-30-5A</u> should apply the guidance in ASC paragraphs <u>326-20-30-5A</u> and <u>326-30-30-1B</u> in accordance with the previous paragraph. | |
| Modified | 1. Has the entity provided the following disclosures in the period of adoption of ASU No. 2016-13 (ASC 326-10-65-1): | Step will retain on roll forward. |
| New | 2. Have the following transitional disclosures been made in each interim financial statement of the fiscal year of change and the annual financial statement of the fiscal year of change in the period of adoption of <u>ASU No. 2019-04</u> when adoption is made after the adoption of <u>ASU No. 2016-13 (ASC 326-10-65-2)</u> : | |
| New | a. The nature of the change in accounting principle, including an explanation of the newly adopted accounting principle? | |
| New | b. The method of applying the change? | |
| New | c. The effect of the adoption on any line item in the balance sheet, if material, as of the beginning of the first period for which ASU No. 2019-04 is applied? <i>Note: Presentation of the effect on financial statement subtotals is not required.</i> | |
| New | d. The cumulative effect of the change on retained earnings or other components of equity in the balance sheet as of the beginning of the first period for which ASU No. 2019-04 is applied? | |
| Financial Instruments – Credit Losses (ASC 326) Measured at Amortized Cost | | |
| Added | <i>Note:</i> The presentation and disclosure requirements in items 4 through 6 below are prescribed by <u>ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments.</u> For entities that have not yet adopted ASU No. 2016-13, the effective dates and transition requirements for ASU No. 2019-04 are the same as the effective dates and transition requirements in ASU No. 2016-13. For an entity that has already adopted ASU No. 2016-13, <u>ASU No. 2019-04</u> is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. (ASC 326-10-65-2) Early adoption, including adoption in an interim period, is permitted as long as an entity has adopted <u>ASU No. 2016-13</u> . | |
| Added | For entities that have adopted ASU No. 2016-13, ASU No. 2019-04 should be applied by means of a cumulative-effect adjustment to the opening retained earnings as of the beginning of the first reporting period in which ASU No. 2016-13 is effective. An entity that develops or amends its accounting policy to comply with the requirements of the accounting policy election in ASC paragraph <u>326-20-30-5A</u> should apply the guidance in ASC paragraphs <u>326-20-30-5A</u> and <u>326-30-30-1B</u> in accordance with the previous paragraph. | |

| Type of Change | Description of Change | Roll Forward and Update Content Considerations |
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| Added | 4. Have the following disclosures been made for an entity that makes an accounting policy election, at the class of financing receivable or major security-type level, to present separately on the balance sheet or within another balance sheet line item the accrued interest receivable balance, net of the allowance for credit losses (if any): (<u>ASC 326-20-45-5</u> and <u>ASC 326-20-50-3A</u>) | |
| Added | a. The amount of accrued interest, net of the allowance for credit losses (if any)? | |
| Added | b. In which line item on the balance sheet that amount is presented? | |
| Added | <i>Note:</i> As a practical expedient, an entity may exclude the accrued interest receivable balance that is included in the amortized cost basis of financing receivables and held-to-maturity securities for the purposes of the disclosure requirements in items 7 through 18 below. If an entity applies this practical expedient, it should disclose the total amount of accrued interest excluded from the disclosed amortized cost basis. (<u>ASC 326-20-50-3B</u>) | |
| Added | 5. If an entity makes an accounting policy election, at the class of financing receivable or the major security-type level, not to measure an allowance for credit losses for accrued interest receivables if it writes off the uncollectible accrued interest receivable balance in a timely manner, has disclosure been made of (<u>ASC 326-20-50-3C</u>): | |
| Added | a. Its accounting policy not to measure an allowance for credit losses for accrued interest receivables? | |
| Added | b. Information about what time period or periods, at the class of financing receivable or major security-type level, are considered timely? | |
| Added | 6. If an entity makes an accounting policy election, at the class of financing receivable or the major security-type level, to write off accrued interest receivables by reversing interest income or recognizing credit loss expense or a combination of both, has disclosure been made of (<u>ASC 326-20-50-3D</u>): | |
| Added | a. Its accounting policy to write off accrued interest receivables by reversing interest income or recognizing credit loss expense or a combination of both? | |
| Added | b. The amount of accrued interest receivables written off by reversing interest income by portfolio segment or major security type? | |
| Modified | Recoveries collected? | Step will reset on roll forward due to content changes. |
| Financial Instruments – Credit Losses (ASC 326) Available-for-Sale Debt Securities | | |
| New | <i>Note:</i> If for the purposes of identifying and measuring an impairment, the applicable accrued interest is excluded from both the fair value and the amortized cost basis of the available-for-sale debt security, an entity may present separately on the balance sheet or within another balance sheet line item the accrued interest receivable balance, net of the allowance for credit losses (if any). | |
| New | <i>Note:</i> The presentation and disclosure requirements in items 3 through 6 below are prescribed by <u>ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments.</u> For entities | |

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| | <p>that have not yet adopted ASU No. 2016-13, the effective dates and transition requirements for ASU No. 2019-04 are the same as the effective dates and transition requirements in ASU No. 2016-13. For an entity that has already adopted ASU No. 2016-13, <u>ASU No. 2019-04</u> is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. (ASC 326-10-65-2)</p> <p>Early adoption, including adoption in an interim period, is permitted as long as an entity has adopted <u>ASU No. 2016-13</u>.</p> | |
| New | 3. Has an entity that makes the accounting policy election to present separately the accrued interest receivable balance within another balance sheet line item disclosed the following (ASC 326-30-50-3A): | |
| New | a. The amount of applicable accrued interest, net of the allowance for credit losses (if any)? | |
| New | b. In which line item on the balance sheet that amount is presented? | |
| New | 4. If for the purposes of identifying and measuring an impairment, the applicable accrued interest is excluded from both the fair value and the amortized cost basis of the available-for-sale debt security, and as a practical expedient, an entity excludes the applicable accrued interest that is included in the amortized cost basis for the purposes of the disclosure requirements in items 7 through 11 below, has disclosure been made of the total amount of accrued interest, net of the allowance for credit losses (if any), excluded from the disclosed amortized cost basis? (ASC 326-30-50-3B) | |
| New | 5. If an entity excludes applicable accrued interest from both the fair value and the amortized cost basis of the available-for-sale debt security, and makes an accounting policy election, at the major security-type level, not to measure an allowance for credit losses for accrued interest receivables if it writes off the uncollectible accrued interest receivable balance in a timely manner, has disclosure been made of (ASC 326-30-50-3C) : | |
| New | a. Its accounting policy not to measure an allowance for credit losses for accrued interest receivables? | |
| New | b. Information about what time period or periods, at the major security-type level, are considered timely? | |
| New | 6. If for the purposes of identifying and measuring an impairment, the applicable accrued interest is excluded from both the fair value and the amortized cost basis of the available-for-sale debt security, an entity makes an accounting policy election, at the major security-type level, to write off accrued interest receivables by reversing interest income or recognizing credit loss expense, or a combination of both, has disclosure been made of (ASC 326-30-50-3D): | |
| New | a. Its accounting policy to write off accrued interest receivables by reversing interest income or recognizing credit loss expense or a combination of both? | |
| New | b. The amount of accrued interest receivables written off by reversing interest income by major security type? | |
| Inventory (ASC 330) | | |

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| Removed | <p><i>Note:</i> The presentation and disclosure requirements in item 3 below have been superseded by the amendments in <u>ASU No. 2015-11, <i>Inventory (Topic 330): Simplifying the Measurement of Inventory</i></u>, which is effective on a prospective basis for public business entities for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. For all other entities, the requirements are effective on a prospective basis for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Thereafter, the presentation and disclosure requirements in items 4 and 5 below should be followed. Early adoption is permitted as of the beginning of an interim or annual reporting period. (<u>ASC 330-10-65-1</u>)</p> <p><i>Note:</i> If an entity has written down inventory measured using any method other than last-in, first-out (LIFO) or the retail inventory method below its cost before the adoption of <u>ASU No. 2015-11</u>, that reduced amount is considered the cost upon adoption. (<u>ASC 330-10-65-1</u>)</p> | |
| Removed | <p>3. Are substantial and unusual losses resulting from the application of lower of cost or market accounting been disclosed? (<u>ASC 330-10-50-2</u>) (<i>Note:</i> <u>ASC paragraph 330-10-50-2</u> indicates that it will frequently be desirable to disclose the amount of such losses in the income statement as a charge separately identified from cost of goods sold.)</p> | |
| Removed | <p><i>Note:</i> The presentation and disclosure requirements in item 3 above have been superseded by the amendments in <u>ASU No. 2015-11, <i>Inventory (Topic 330): Simplifying the Measurement of Inventory</i></u>, which is effective on a prospective basis for public business entities for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. For all other entities, the requirements are effective on a prospective basis for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Thereafter, the presentation and disclosure requirements in items 4 and 5 below should be followed. Early adoption is permitted as of the beginning of an interim or annual reporting period. (<u>ASC 330-10-65-1</u>)</p> <p><i>Note:</i> If an entity has written down inventory measured using any method other than last-in, first-out (LIFO) or the retail inventory method below its cost before the adoption of <u>ASU No. 2015-11</u>, that reduced amount is considered the cost upon adoption. (<u>ASC 330-10-65-1</u>)</p> | |
| Removed | <p>4. Have the following transitional disclosures related to the adoption of ASU No. 2015-11 been made in the first interim and annual period of adoption (<u>ASC 330-10-65-1</u>):</p> | |
| Removed | <p>a. The nature of the change in accounting principle?</p> | |
| Removed | <p>b. The reason for the change in accounting principle?</p> | |
| <p>Intangibles – Goodwill and Other (ASC 350) Disclosure and Presentation Requirements for Private Companies and Not-for-Profit Entities that Elect to Apply the Accounting Alternative for Goodwill</p> | | |
| Modified | <p>Modified subsection name to include “and Not-for-Profit Entities”</p> | |

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| Modified | 2. Has the amortization and aggregate amount of impairment of goodwill been presented in income statement or statement of activities line items within continuing operations (or similar caption) unless the amortization or a goodwill impairment loss is associated with a discontinued operation? (<u>ASC 350-20-45-6</u>) | Step will retain on roll forward. |
| Modified | c. The amount assigned to goodwill in total and by major business combination, by major acquisition by a not-for-profit entity, or by reorganization event resulting in fresh-start reporting? | Step will retain on roll forward. |
| Modified | d. The weighted-average amortization period in total and the amortization period by major business combination, by major acquisition by a not-for-profit entity, or by reorganization event resulting in fresh-start reporting? | Step will retain on roll forward. |
| Modified | b. The amount of the impairment loss and the method of determining the fair value of the entity or the reporting unit (whether based on prices of comparable businesses or nonprofit activities, a present value or other valuation technique, or a combination of those methods)? | Step will retain on roll forward. |
| Modified | c. The caption in the income statement or statement of activities in which the impairment loss is included? | Step will retain on roll forward. |
| Compensation – Retirement Benefits (ASC 715) | | |
| Added | <i>Note:</i> The presentation and disclosure requirements in item 1k below have been superseded by the amendments in <u>ASU No. 2018-14, Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans</u> , which is effective for public business entities for fiscal years ending after December 15, 2020. For all other entities, the requirements are effective for fiscal years ending after December 15, 2021. Thereafter, the presentation and disclosure requirements in item 1l below should be followed. Early adoption is permitted. An entity should apply <u>ASU No. 2018-14</u> retrospectively to all periods presented. (<u>ASC 715-20-65-4</u>) | |
| Removed | Have the following transitional disclosures related to the adoption of <u>ASU No. 2015-04</u> been made in the period of adoption (<u>ASC 715-10-65-1</u>): | |
| Removed | The nature of and reason for the change in accounting principle? | |
| Removed | An explanation of why the newly adopted accounting principle is preferable? | |
| Compensation – Stock Compensation (ASC 718) | | |
| Overall | | |
| Removed | <i>Note:</i> The presentation and disclosure requirements in item 1e below have been superseded by the amendments in <u>ASU No. 2016-09, Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting</u> , which is effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods | |

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| | <p>within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Thereafter, the presentation and disclosure requirements in item 1f below should be followed. Early adoption is permitted for any fiscal year or interim period for which the entity's financial statements have not yet been issued (public business entities) or have not yet been made available for issuance (all other entities). An entity that elects earlier application of <u>ASU No. 2016-09</u> in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Also, an entity should apply <u>ASU No. 2016-09</u> in its entirety when adopted. (<u>ASC 718-10-65-4 through 65-10</u>)</p> | |
| Removed | <p><i>Note:</i> For purposes of the transition requirements related to, an entity should apply the guidance using one of the following transition methods based on the applicable amendment and transition paragraph:</p> <p>Amendments related to accounting for income taxes for share-based payment transactions — Transition based on:</p> <ol style="list-style-type: none"> 1. On a prospective basis for the tax effects of differences recognized on or after the effective date between the deduction for an award for tax purposes and the cumulative compensation costs of that award recognized for financial reporting purposes. For purposes of computing diluted earnings per share, an entity also should apply to the assumed proceeds of the treasury stock method on a prospective basis. 2. On a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period in which is effective for all tax benefits that were not previously recognized because the related tax deduction had not reduced taxes payable. Deferred tax assets recognized as a result of this transition guidance should be assessed for realizability in accordance with. A valuation allowance recognized for deferred tax assets recognized as a result of this transition guidance should be recognized through a cumulative-effect adjustment to retained earnings. 3. An entity should disclose in the first interim and annual period of adoption: (a) the nature of and reason for the change in accounting principle, and (b) the cumulative effect of the change on retained earnings or other components of equity or net assets in the balance sheet as of the beginning of the period of adoption. | |
| Added | <p>For fully vested share options (or share units) and share options expected to vest (or unvested share options for which the employee's requisite service period or the nonemployee's vesting period has not been rendered but that are expected to vest based on the achievement of a performance</p> | |

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| | condition, if an entity accounts for forfeitures when they occur in accordance with <u>ASC paragraph 718-10-35-1D or 718-10-35-3</u> | |
| Removed | <p>Amendments related to classification of excess tax benefits on the statement of cash flows — Transition based on <u>ASC paragraph 718-10-65-5</u>:</p> <p>Either:</p> <ol style="list-style-type: none"> 1. Prospectively, or 2. Retrospectively to all periods presented. 3. An entity should disclose in the first interim and annual period of adoption the nature of and reason for the change in accounting principle. An entity that elects prospective adoption should also disclose that prior periods have not been adjusted. An entity that elects retrospective adoption should also disclose the effect of the change on prior periods retrospectively adjusted. | |
| Removed | <p>Amendments related to forfeitures — Transition based on <u>ASC paragraph 718-10-65-5</u>:</p> <ol style="list-style-type: none"> 1. On a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period in which <u>ASU No. 2016-09</u> is effective. 2. An entity should disclose in the first interim and annual period of adoption: (a) the nature of and reason for the change in accounting principle, and (b) the cumulative effect of the change on retained earnings or other components of equity or net assets in the balance sheet as of the beginning of the period of adoption. | |
| Removed | <p>Amendments related to minimum statutory tax withholding requirements — Transition based on <u>ASC paragraph 718-10-65-7</u>:</p> <ol style="list-style-type: none"> 1. On a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period in which <u>ASU No. 2016-09</u> is effective. (Note: When determining the cumulative-effect adjustment, an entity should assess only liability classified awards that have not been settled by the effective date.) 2. An entity should disclose in the first interim and annual period of adoption: (a) the nature of and reason for the change in accounting principle, and (b) the cumulative effect of the change on retained earnings or other components of equity or net assets in the balance sheet as of the beginning of the period of adoption. | |

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| Removed | <p>Amendments related to classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax-withholding purposes — Transition based on <u>ASC paragraph 718-10-65-8</u>:</p> <ol style="list-style-type: none"> 1. Retrospectively to all periods presented. 2. An entity should disclose in the first interim and annual period of adoption: (a) the nature of and reason for the change in accounting principle, and (b) the effect of the change on prior periods retrospectively adjusted. | |
| Removed | <p>Amendments related to the practical expedient for estimating expected term (nonpublic entities only) — Transition based on <u>ASC paragraph 718-10-65-9</u>:</p> <ol style="list-style-type: none"> 1. Prospectively (i.e., apply the practical expedient to all awards that are measured at fair value after the effective date). 2. An entity should disclose in the first interim and annual period of adoption the nature of and reason for the change in accounting principle. | |
| Removed | <p>Amendments related to intrinsic value (nonpublic entities only) — Transition based on <u>ASC paragraph 718-10-65-10</u>:</p> <ol style="list-style-type: none"> 1. On a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period in which <u>ASU No. 2016-09</u> is effective, by adjusting the carrying amount of liability-classified awards that have not been settled as of the effective date from fair value to intrinsic value. 2. An entity should disclose in the period of adoption: (a) the nature of and reason for the change in accounting principle, and (b) the cumulative effect of the change on retained earnings or other components of equity or net assets in the balance sheet as of the beginning of the period of adoption. | |
| <p>Compensation – Stock Compensation (ASC 718) Income Taxes Related Matters</p> | | |
| Removed | <p><i>Note:</i> The presentation and disclosure requirements in items 1 through 3 below have been superseded by the amendments in <u>ASU No. 2016-09, Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting</u>, which is effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Thereafter, the presentation and disclosure requirements in items 4 through 5 below should be followed. Early adoption is permitted for any fiscal year or interim period for which the entity’s financial statements have not yet been issued (public business entities) or have</p> | |

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| | not yet been made available for issuance (all other entities). An entity that elects earlier application of ASU No. 2016-09 in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Also, an entity should apply ASU No. 2016-09 in its entirety when adopted. (ASC 718-10-65-4) | |
| Removed | When actual tax deductions for compensation expense taken by an entity on its tax return for share-based payment arrangements differ in amounts and timing from those recorded in the financial statements (ASC 718-740-45-1 through 45-4): | |
| Removed | If a deduction reported on a tax return for an award of equity instruments exceeds the cumulative compensation cost for those instruments recognized for financial reporting, has any resulting realized tax benefit that exceeds the previously recognized deferred tax asset for those instruments (i.e., the excess tax benefit) been recognized as additional paid-in capital? (<i>Note:</i> However, an excess of a realized tax benefit for an award over the deferred tax asset for that award should be recognized in the income statement to the extent that the excess stems from a reason other than changes in the fair value of an entity's shares between the measurement date for accounting purposes and a later measurement date for tax purposes.) | |
| Removed | Has the remaining balance, if any, of the write-off of a deferred tax asset related to a tax deficiency not offset against additional paid-in capital been recognized in the income statement? | |
| Removed | For employee stock ownership plans (ESOP): | |
| Removed | If the cost of shares committed to be released in an ESOP is greater than their fair value, has the tax effect of the amount by which the deductible expense exceeds the book expense been credited to stockholders' equity? (ASC 718-740-45-5) | |
| Removed | If the cost of shares committed to be released in an ESOP is less than their fair value, has the tax effect of the amount by which the book expense exceeds the deductible expense been charged to stockholders' equity (to the extent of previous credits to stockholders' equity related to cost exceeding fair value of the ESOP shares committed to be released in previous periods)? (ASC 718-740-45-6) | |
| Removed | Have the tax benefit of tax-deductible dividends on allocated ESOP shares been recorded as a reduction of income tax expense allocated to continuing operations and the tax benefit of tax-deductible dividends on unallocated ESOP shares that are charged to retained earnings been credited to stockholders' equity? (ASC 718-740-45-7) | |
| Removed | For tax benefits of dividends on share-based payment awards to employees: | |
| Removed | For any nonvested equity shares, nonvested equity share units, or outstanding equity share options: | |
| Removed | Have realized income tax benefits from dividends (or dividend equivalents) that are charged to retained earnings and are paid to grantees been recognized as an increase to additional paid-in capital? (ASC 718-740-45-8) | |
| Removed | Has the amount recognized in additional paid-in capital been included in the pool of excess tax benefits available to absorb tax deficiencies on share-based payment awards? (ASC 718-740-45-9) | |
| Removed | If dividends (or dividend equivalents) paid to employees result in a tax deduction prior to the actual realization of the related tax benefit (e.g., the employer has a net operating loss carryforward), have | |

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| | the income tax benefits of those dividends <i>not</i> been recognized until the deduction reduces income taxes payable? (<u>ASC 718-740-45-10</u>) (<i>Note</i> : The unrealized income tax benefits should be excluded from the pool of excess tax benefits available to absorb potential future tax deficiencies on share-based payment awards.) | |
| Removed | Have dividends (or dividend equivalents) paid to employees on the portion of an award of equity shares or other equity instruments that vests been charged to retained earnings and, if the related award is not expected to vest, have such dividends been recognized as compensation costs? (<u>ASC 718-740-45-11</u>) (<i>Note</i> : Such dividends should be reclassified between retained earnings and compensation costs in a subsequent period if the entity changes its forfeiture estimates or actual forfeitures differ from previous estimates.) | |
| Removed | If an entity's estimate of forfeitures increases (or actual forfeitures exceed the entity's estimates), have the tax benefits from dividends that are reclassified from additional paid-in capital to the income statement been limited to the entity's pool of excess tax benefits available to absorb tax deficiencies on the date of the reclassification? (<u>ASC 718-740-45-12</u>) | |
| Removed | <i>Note</i> : The presentation and disclosure requirements in items 1 through 3 above have been superseded by the amendments in <u>ASU No. 2016-09, Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting</u> , which is effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Thereafter, the presentation and disclosure requirements in items 4 through 5 below should be followed. Early adoption is permitted for any fiscal year or interim period for which the entity's financial statements have not yet been issued (public business entities) or have not yet been made available for issuance (all other entities). An entity that elects earlier application of <u>ASU No. 2016-09</u> in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Also, an entity should apply <u>ASU No. 2016-09</u> in its entirety when adopted. (<u>ASC 718-10-65-4</u>) | |
| Income Taxes (ASC 740) | | |
| Overall | | |
| Removed | <i>Note</i> : The presentation and disclosure requirements in items 1(a) through 1(d) below have been superseded by <u>ASU No. 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes</u> . <u>ASU No. 2015-17</u> is effective for public business entities for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, the requirements are effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Thereafter, the presentation and disclosure requirements in items 1(e) through 1(h) below should be followed. Early adoption is permitted for all entities as of the beginning of any interim or annual reporting period. <u>ASU No. 2015-17</u> can be applied prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. (<u>ASC 740-10-65-4</u>) | |

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| Removed | Have deferred tax liabilities and assets been classified separately into current and noncurrent amounts based on the classification of the related asset or liability for financial reporting? (<u>ASC 740-10-45-4 and 45-7</u>) | |
| Removed | Has the valuation allowance for a particular tax jurisdiction been allocated between current and noncurrent deferred tax assets for that tax jurisdiction on a pro rata basis? (<u>ASC 740-10-45-5</u>) | |
| Removed | For a particular tax-paying component of an entity and within a particular tax jurisdiction (e.g., federal, state, or local) (<u>ASC 740-10-45-6</u>): | |
| Removed | Have all current deferred tax liabilities and assets been offset and presented as a single amount? | |
| Removed | Have all noncurrent deferred tax liabilities and assets been offset and presented as a single amount? | |
| Removed | Have deferred tax liabilities and assets attributable to different tax-paying components of the entity, or to different tax jurisdictions, <i>not</i> been offset? | |
| Removed | Has a deferred tax liability or asset that is not related to an asset or liability for financial reporting (e.g., contracts accounted for by the percentage-of-completion method for financial reporting and by the completed-contract method for tax purposes), including deferred tax assets related to carryforwards, been classified according to the expected reversal date of the temporary difference? (<u>ASC 740-10-45-9</u>) | |
| Removed | <i>Note:</i> The presentation and disclosure requirements in items 1(a) through 1(d) above have been superseded by <u>ASU No. 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes</u> . <u>ASU No. 2015-17</u> is effective for public business entities for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, the requirements are effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Thereafter, the presentation and disclosure requirements in items 1(e) through 1(h) below should be followed. Early adoption is permitted for all entities as of the beginning of any interim or annual reporting period. <u>ASU No. 2015-17</u> can be applied prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. (<u>ASC 740-10-65-4</u>) | |
| Removed | Have the following transitional disclosures related to the adoption of ASU No. 2015-17 been made in the first interim and annual period of adoption, when prospective adoption has been elected (<u>ASC 740-10-65-4</u>): | |
| Removed | The nature of and reason for the change in accounting principle? | |
| Removed | A statement that prior periods were not retrospectively adjusted? | |

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| Removed | Have the following transitional disclosures related to the adoption of ASU No. 2015-17 been made in the first interim and annual period of adoption, when retrospective adoption has been elected (ASC 740-10-65-4): | |
| Removed | The nature of and reason for the change in accounting principle? | |
| Removed | Quantitative information about the effects of the accounting change on prior periods? | |
| Business Combinations (ASC 805) Income Taxes Related Matters | | |
| Removed | <p><i>Note:</i> The presentation and disclosure requirements in item 3 below have been superseded by the amendments in <u>ASU No. 2016-09, Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting</u>, which is effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Thereafter, the presentation and disclosure requirements in item 4 below should be followed. Early adoption is permitted for any fiscal year or interim period for which the entity’s financial statements have not yet been issued (public business entities) or have not yet been made available for issuance (all other entities). An entity that elects earlier application of <u>ASU No. 2016-09</u> in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Also, an entity should apply <u>ASU No. 2016-09</u> in its entirety when adopted. (<u>ASC 718-10-65-4</u>)</p> | |
| Removed | For tax deductions related to replacement awards (<u>ASC 805-740-45-5 and 45-6</u>): | |
| Removed | If, after the acquisition date, the deduction reported on a tax return for a replacement award classified as equity exceeds the fair-value-based measure of the award, has the acquirer recognized any resulting realized tax benefit that exceeds the previously recognized deferred tax asset for that award related to pre- and postcombination service (i.e., the excess tax benefit) as additional paid-in capital? | |
| Removed | If, after the acquisition date, the amount deductible on the acquirer’s tax return is less than the fair-value-based measure of the award, has the write-off of a deferred tax asset related to that deficiency, net of any related valuation allowance, been (a) offset to the extent of any remaining additional paid-in capital from excess tax benefits from previous share-based payment awards, and (b) any remaining balance, recognized in earnings? | |
| Removed | <p><i>Note:</i> The presentation and disclosure requirements in item 3 above have been superseded by the amendments in <u>ASU No. 2016-09, Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting</u>, which is effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years</p> | |

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| | <p>beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Thereafter, the presentation and disclosure requirements in item 4 below should be followed. Early adoption is permitted for any fiscal year or interim period for which the entity's financial statements have not yet been issued (public business entities) or have not yet been made available for issuance (all other entities). An entity that elects earlier application of <u>ASU No. 2016-09</u> in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Also, an entity should apply <u>ASU No. 2016-09</u> in its entirety when adopted. (<u>ASC 718-10-65-4</u>)</p> | |
| Collaborative Arrangements (ASC 808) | | |
| Added | <p><i>Note:</i> The presentation and disclosure requirements in item 2 below are prescribed by <u>ASU No. 2018-18, Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606</u>. <u>ASU No. 2018-18</u> is effective for public business entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. (<u>ASC 808-10-65-2</u>).</p> <p>Early adoption is permitted if an entity also has adopted ASC Topic 606, <i>Revenue from Contracts with Customers</i>, including adoption in any interim period for:</p> <ol style="list-style-type: none"> 1. Public business entities for periods for which financial statements have not yet been issued. 2. All other entities for periods for which financial statements have not yet been made available for issuance. | |
| Added | <p>An entity should apply <u>ASU No. 2018-18</u> retrospectively to the date of its initial application of <u>ASC Topic 606</u>. An entity should recognize the cumulative effect of initially applying <u>ASU No. 2018-18</u> as an adjustment to the opening balance of retained earnings of the later of the earliest annual period presented and the annual period that includes the date of the entity's initial application of <u>ASC Topic 606</u>.</p> <p>An entity may elect to apply <u>ASU No. 2018-18</u> retrospectively either to all contracts or only to contracts that are not completed contracts at the date of initial application of <u>ASC Topic 606</u>. A completed contract refers to a contract for which all (or substantially all) of the revenue or expenses were recognized in accordance with guidance that was in effect before the date of initial application. An entity should disclose whether it has applied this guidance to all contracts or only to contracts that are not completed.</p> <p>An entity may elect to apply the practical expedient for contract modifications in <u>ASC paragraph 606-10-65-1(f)(4)</u>, in accordance with the requirements in <u>ASC paragraph 606-10-65-1(g)</u>.</p> | |

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| Added | Have the disclosures required in <u>ASC paragraphs 250-10-50-1 through 50-2</u> (with the exception of the disclosure in <u>paragraph 250-10-50-1(b)(2)</u>) been made in the period of adoption of <u>ASU No. 2018-18?</u> (<u>ASC 808-10-65-2</u>) (See <u>ASC Topic 250, Accounting Changes and Error Corrections</u>) | |
| Consolidation (ASC 810) | | |
| Removed | <p>Note: The presentation and disclosure requirements in item 9 below are prescribed by. The amendments in related to the consolidation guidance (), which should be applied retrospectively, are effective for annual reporting periods beginning after December 15, 2015 (and interim periods therein) for public business entities. For all other entities, the amendments to the consolidation guidance are effective for annual reporting periods beginning after December 15, 2016 and interim reporting periods within annual periods beginning after December 15, 2017.</p> <p>Early adoption is permitted for public business entities for any annual reporting period or interim period for which the entity’s financial statements have not yet been issued. For all other entities, early adoption is permitted for financial statements that have not yet been made available for issuance.</p> <p>Where applicable, comparative disclosures in items 2 through 6 above are required only for periods after the effective date of</p> | |
| Added | Has a reporting entity that does not consolidate a legal entity because it is required to comply with or operate in accordance with requirements that are similar to those included in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds disclosed the following (<u>810-10-15-12</u>) | |
| Removed | For a reporting entity that is required to consolidate a variable interest entity as a result of the initial application of, has the reporting entity made the following disclosures | |
| Added | Any explicit arrangements to provide financial support to legal entities that are required to comply with or operate in accordance with requirements that are similar to those included in Rule 2a-7? | |
| Removed | A description of the transition method(s) applied and the amount and classification in the balance sheet of the consolidated assets or liabilities by the transition method(s) applied? | |
| Added | Any instances of such support provided for the periods presented in the performance statement? | |
| Removed | If the fair value option provided in has been elected for all financial assets and financial liabilities of that variable interest entity: | |
| Added | Note: For purposes of applying this disclosure requirement, the types of support that should be considered include, but are not limited to: (1) capital contributions (except pari passu investments), (2) standby letters of credit, (3) guarantees of principal and interest on debt investments held by the legal entity, (4) agreements to purchase financial assets for amounts greater than fair value (for instance, at amortized cost or par value when the financial assets experience significant credit deterioration), and (5) waivers of fees, including management fees. | |

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| Removed | (1) The disclosures related to “Fair Value Option for Financial Assets and Financial Liabilities”? (See “ Fair Value Measurement ”) | |
| Removed | (2) Management’s reasons for electing the fair value option for a particular variable interest entity or group of variable interest entities? | |
| Modified | Modified section “ <i>Disclosure and Presentation Requirements for Private Companies that Elect to Apply the Accounting Alternative for VIEs for Common Control Leasing Arrangements (Before the Effective Date of ASU No. 2018-17)</i> ” Many new steps, removed steps and modified steps | |
| Added | Added section “ <i>Disclosure and Presentation Requirements for Private Companies that Elect to Apply the Accounting Alternative for VIEs for All Common Control Arrangements (After the Effective Date of ASU No. 2018-17)</i> ” | |
| Consolidation (ASC 810) Collateralized Financing Entities | | |
| Removed | <i>Note:</i> The disclosure requirements in item 1 below are prescribed by ASU No. 2014-13, Consolidation (Topic 810): Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity . ASU No. 2014-13 is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the requirements are effective for annual periods ending after December 15, 2016, and interim periods beginning after December 15, 2016. Early adoption is permitted as of the beginning of an annual period. (ASC 810-10-65-6) | |
| Removed | <i>Note:</i> Upon the adoption of ASU No. 2014-13 , a reporting entity may apply the measurement alternative in ASC paragraphs 810-10-30-10 through 30-15 and 810-10-35-6 through 35-8 to any existing consolidated collateralized financing entity that meets the scope requirements of ASC paragraph 810-10-15-17D using a modified retrospective approach by remeasuring the financial assets or the financial liabilities of the existing consolidated collateralized financing entity as of the beginning of the annual period of adoption and recording a cumulative-effect adjustment for the remeasurement to equity. Any reporting entity that does not elect to apply the measurement alternative shall reclassify any accumulated differences in the fair value of the financial assets and the fair value of the financial liabilities of its collateralized financing entity to retained earnings if those differences were previously presented in another caption within equity (e.g., appropriated retained earnings). (ASC 810-10-65-6) | |
| Removed | <i>Note:</i> A reporting entity also may elect to apply the amendments in ASU No. 2014-13 retrospectively to all relevant prior periods beginning with the annual period in which the amendments in ASU No. 2009-17, Consolidations (Topic 810): Improvements to Financial | |

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| | <u>Reporting by Enterprises Involved with Variable Interest Entities</u> , were initially adopted. (ASC 810-10-65-6) | |
| Removed | <i>Note:</i> A reporting entity that consolidates a collateralized financing entity that does not meet the scope requirements in <u>ASC paragraph 810-10-15-17D</u> because the fair value option in <u>ASC Topic 825</u> was not elected to measure the eligible financial assets, financial liabilities, or both of the collateralized financing entity when it was initially consolidated, may elect at the date of adoption of <u>ASU No. 2014-13</u> to apply the measurement alternative in <u>ASC paragraphs 810-10-30-10 through 30-15</u> and <u>810-10-35-6 through 35-8</u> to those financial assets and financial liabilities or to continue using the guidance in other ASC Topics to measure the financial assets and the financial liabilities of the consolidated collateralized financing entity. A reporting entity that does not elect to use the measurement alternative may not elect at the date of adoption to use the measurement requirements of <u>ASC Topic 820</u> on fair value measurement or to otherwise change its basis for measuring the financial assets or the financial liabilities of the collateralized financing entity. (ASC 810-10-65-6) | |
| Removed | Removed section “ Control of Partnerships and Similar Entities ” | |
| Derivatives and Hedging (ASC 815) Overall | | |
| Modified | For a fair value hedge of interest rate risk existing as of the date of adoption, an entity may modify the measurement methodology for a hedged item in accordance with either <u>ASC paragraph 815-20-25-6B</u> or <u>ASC paragraph 815-25-35-13</u> without dedesignation of the hedging relationship. The cumulative basis adjustment carried forward should be adjusted to an amount that reflects what the cumulative basis adjustment would have been at the initial application date had the modified measurement methodology been used in all past periods in which the hedging relationship was outstanding. When making this election, the benchmark rate component of the contractual coupon cash flows should be determined as of the hedging relationship’s original inception date. The cumulative effect of applying this election should be recognized as an adjustment to the basis adjustment of the hedged item recognized on the balance sheet with a corresponding adjustment to the opening balance of retained earnings as of the initial application date. | Step will retain on roll forward. |
| Modified | For the fair value hedges of interest rate risk for which an entity modifies the measurement methodology for the hedged item based on the benchmark rate component of the contractual coupon cash flows in accordance with item 1 above, an entity may elect to rebalance the hedging relationship through any of the following approaches, including any combination of those approaches: <ul style="list-style-type: none"> i) Increasing the designated notional amount of the hedging instrument. ii) Decreasing the designated notional amount of the hedging instrument. iii) Increasing the designated proportion of the hedged item. iv) Decreasing the designated proportion of the hedged item. | Step will reset on roll forward due to content changes. |

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| | An entity may not add a new hedging instrument or hedged item to an existing hedging relationship. If an entity applies the guidance in items (iii) or (iv) above, the cumulative effect of changing the designated proportion of the hedged item should be recognized as an adjustment to the basis adjustment of the hedged item recognized on the balance sheet with a corresponding adjustment to the opening balance of retained earnings as of the initial application date. | |
| New | For cash flow hedging relationships in which an entity currently uses a quantitative method to assess effectiveness, that the critical terms of the hedging instrument and the hedged item match if the criteria in ASC paragraphs 815-20-25-84 through 25-85 or ASC paragraphs 815-20-25-129 through 25-129A are met and that subsequent prospective and retrospective effectiveness assessments should be performed in accordance with ASC paragraphs 815-20-35-9 through 35-12 or in accordance with ASC paragraphs 815-20-25-126 through 25-129A and ASC paragraphs 815-30-35-33 through 35-34. | |
| Modified | An entity may reclassify a debt security from held-to-maturity to available-for-sale if the debt security is eligible to be hedged under the last-of-layer method in accordance with <u>ASC paragraph 815-20-25-12A</u> . Any unrealized gain or loss at the date of the transfer should be recorded in accumulated other comprehensive income in accordance with <u>ASC paragraph 320-10-35-10(c)</u> . That reclassification, in and of itself, would not result in any of the following: | Step will retain on roll forward. |
| Added | <ol style="list-style-type: none"> 1) Call into question the entity’s assertion at the most recent reporting date that it had the intent and ability to hold to maturity those debt securities that continue to be classified as held-to maturity. 2) Require the entity to designate the reclassified security in a hedging relationship under the last-of-layer method. Restrict the entity from selling the reclassified security. | |
| Modified | The carrying amount of hedged assets and liabilities recognized in the balance sheet? <i>Note:</i> For an available-for-sale debt security, the amount disclosed is the amortized cost basis. | Step will retain on roll forward. |
| Modified | The cumulative amount of fair value hedging adjustments remaining for any hedged assets and liabilities for which hedge accounting has been discontinued? <i>Note:</i> The disclosures required by items (2) through (4) above should exclude cumulative basis adjustments related to foreign exchange risk. | Step will retain on roll forward. |
| Added | <i>Note:</i> The presentation and disclosure requirements in item 16 below are prescribed by <u>ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments</u> . For entities that have not yet adopted <u>ASU No. 2017-12</u> before the issuance date of ASU No. 2019-04 (i.e., April 25, 2019), the effective dates and transition requirements for ASU No. 2019-04 are the same as the effective dates and transition requirements in ASU No. 2017-12, and ASU No. 2019-04 should be adopted at the same time that ASU No. 2017-12 is adopted. For entities that have already adopted ASU No. 2017-12 before the issuance date of ASU No. 2019-04 (i.e., April 25, 2019), <u>ASU No. 2019-04</u> is effective as of the beginning of the first annual reporting period beginning after April 25, 2019 (the | |

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| | <p>“issuance date” of ASU No. 2019-04). Early adoption is permitted on or after April 25, 2019. (ASC 815-20-65-5)</p> | |
| <p>Added</p> | <p>Also, for an entity that has adopted <u>ASU No. 2017-12</u> before the issuance date of <u>ASU No. 2019-04</u>, that entity should elect to reflect ASU No. 2019-04 either on a prospective basis or on a retrospective basis as of the date of adoption of ASU No. 2017-12 in accordance with ASC paragraph 815-20-65-3, with the following exceptions:</p> <ol style="list-style-type: none"> 1. An entity that adopted ASU No. 2017-12 in an interim period and elected to modify the measurement methodology for a hedged item in accordance with either ASC paragraph 815-20-25-6B or ASC paragraph 815-25-35-13 without dedesignating the hedging relationship should reflect any adjustment made in accordance with ASC paragraph 815-20-65-3(e)(1) at the appropriate balance on the date of initial application of ASU No. 2017-12 if that adjustment was made as of the date of adoption of ASU No. 2017-12. 2. An entity that elects fair value hedge rebalancing in accordance with ASC paragraph 815-20-65-3(e)(2) should reflect any adjustments for existing hedges as of the date of adoption of ASU No. 2017-12 on the date of initial application of ASU No. 2017-12 in accordance with ASC paragraph 815-20-65-3. 3. An entity may reclassify a debt security from held to maturity to available for sale if the debt security is eligible to be hedged under the last-of-layer guidance in accordance with ASC paragraph 815-20-25-12A upon adoption of ASU No. 2019-04 only if the entity did not reclassify one or more debt securities from held to maturity to available for sale upon adoption of ASU No. 2017-12. If the entity did not reclassify any debt securities from held to maturity to available for sale upon adoption of ASU No. 2017-12 and elects to reclassify securities in accordance with ASC paragraph 815-20-65-3(e)(7) upon adoption of ASU No. 2019-04, it should make that reclassification as of the date of adoption of ASU No. 2019-04 in accordance with the guidance above for entities that have adopted ASU No. 2017-02 before the issuance date of ASU No. 2019-04. Any unrealized gain or loss at the date of the reclassification should be recorded in accumulated other comprehensive income in accordance with ASC paragraph 320-10-35-10(c). <p>In addition, for an entity that has adopted the amendments in <u>ASU No. 2017-12</u> before the issuance date of <u>ASU No. 2019-04</u> and reflects the amendments on a prospective basis in accordance with the guidance above, the adjustment resulting from the amendment in ASC <u>paragraph 815-25-35-9A</u> to a partial-term fair value hedge relationship’s amortization should be accounted for as a change in estimate in accordance with ASC paragraph <u>250-10-45-17</u>.</p> <p>Furthermore, for an entity that has adopted <u>ASU No. 2017-12</u> before the issuance date of ASU No. 2019-04 and reflects the amendments on a retrospective basis in accordance with the guidance above, new hedging relationships may be retrospectively designated between the date of adoption</p> | |

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| | of ASU No. 2017-12 and the effective date of <u>ASU No. 2019-04</u> in accordance with the guidance above for existing eligible hedging instruments and existing eligible recognized assets or liabilities or existing eligible forecasted transactions related to the amendments in ASC <u>paragraph 815-25-35-13B, 815-30-35-26, or 815-20-55-33G.</u> | |
| Added | Have the following transitional disclosures related to the adoption of <u>ASU No. 2019-04</u> been made in each interim and annual period in the fiscal period of adoption (<u>ASC 815-20-65-5</u>): | |
| Added | The nature of and reason for the change in accounting principle? | |
| Added | <p>a. The method of applying the change? <i>Note:</i> For an entity that adopted <u>ASU No. 2017-12</u> before the issuance of ASU No. 2019-04, the entity should disclose whether it adopted the eligible amendments in accordance with the above guidance either on a prospective or retrospective basis.</p> | |
| Added | <p>b. The effect of the adoption on any line item in the balance sheet, if material, as of the beginning of the first period for which ASU No. 2019-04 is applied? <i>Note:</i> Presentation of the effect on financial statement subtotals is not required.</p> | |
| Added | The cumulative effect of the change on retained earnings or other components of equity in the balance sheet as of the beginning of the first period for which ASU No. 2019-04 is applied? | |
| Fair Value Measurements and Disclosures (ASC 820) | | |
| Added | <p>For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:</p> <p><i>Note:</i> A nonpublic entity is not required to disclose this information. In lieu of the information in item g, a nonpublic entity is required to disclose the information in item h below. (<u>ASC 820-10-50-2G</u>)</p> | |
| Financial Instruments (ASC 825) | | |
| Added | Have the following transitional disclosures related to the adoption of <u>ASU No. 2019-04</u> been made in the period of adoption (<u>ASC 825-10-65-5</u>): | |
| Added | The nature of the change in accounting principle, including an explanation of the newly adopted accounting principle? | |
| Added | The method of applying the change? | |
| Added | <p>The effect of the adoption on any line item in the balance sheet, if material, as of the beginning of the first period for which ASU No. 2019-04 is effective?</p> <p><i>Note:</i> Presentation of the effect on financial statement subtotals is not required.</p> | |
| Added | The cumulative effect of the change on retained earnings or other components of equity in the balance sheet as of the beginning of the first period for which ASU No. 2019-04 is effective? | |

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| | <p><i>Note:</i> An entity that issues interim financial statements should provide the disclosures in items (a) through (d) in each interim financial statement of the fiscal year of change and the annual financial statement of the fiscal year of change.</p> | |
| Leases (ASC 842) Overall | | |
| Leases (ASC 842) Lessors | | |
| Added | <p>Note: The presentation and disclosure requirements in item 13 below are prescribed by ASU No. 2018-20, Leases (Topic 842): Narrow-Scope Improvements for Lessors, which is effective as follows: (ASC 842-10-65-3)</p> <ol style="list-style-type: none"> 1. An entity that has not yet adopted ASC Topic 842 should apply ASU No. 2018-20 to all new and existing leases when the entity first applies ASC Topic 842 (e.g., January 1, 2019 for calendar year end public business entities) and should apply the same transition method elected for ASC Topic 842. 2. An entity that has adopted ASC Topic 842 before the issuance of ASU No. 2018-20 should adopt ASU No. 2018-20 to all new and existing leases at the original effective date of ASC Topic 842 for that entity as determined in ASC paragraph 842-10-65-1(a) through (b). Alternatively, an entity that has adopted ASC Topic 842 may adopt ASU No. 2018-20 to all new and existing leases either: <ol style="list-style-type: none"> a. In the first reporting period ending after the issuance of ASU No. 2018-20 (e.g., December 31, 2018), or b. In the first reporting period beginning after the issuance of ASU No. 2018-20 (e.g., January 1, 2019). 3. An entity that has adopted ASC Topic 842 before the issuance of ASU No. 2018-20 should apply ASU No. 2018-20 to all new and existing leases either: <ol style="list-style-type: none"> a. Retrospectively to all prior periods beginning with the fiscal years in which ASC Topic 842 was initially applied, or b. Prospectively. | |

| Type of Change | Description of Change | Roll Forward and Update Content Considerations |
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| | 13. Has a lessor that makes the accounting policy election in ASC paragraph 842-10-15-39A (i.e., to exclude from the consideration in the contract and from variable payments not included in the consideration in the contract all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific lease revenue-producing transaction and collected by the lessor from a lessee, such as sales, use, value added, and some excise taxes) disclosed its accounting policy election and complied with the applicable accounting policy disclosure requirements in ASC paragraphs 235-10-50-1 through 50-6? (See ASC Topic 235, Notes to Financial Statements.) (ASC 842-30-50-14) | |

Audit Programs (AUDs)

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward Considerations |
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| AUD-100 Engagement-Level Tailoring Questions | | | | | |
| New | New Tailoring Question, “Does the engagement require a concurring partner review?” that will flow to KBA-902 and KBA-905 . Reminder: See KCO-003 for Show/Hide implication of all TQ’s. | Table | Enhancement | | |
| New | New Audit Area, Business Combinations. This was separated out from other Audit Programs and is AUD-827 . | Table | Enhancement | | |
| Modified | Audit Area “Journal Entries and Financial Statement Review” has been modified to remove “Financial Statement Review”. The “Financial Statement Review” has been moved to AUD-909 . | Audit Areas | Clarification | | The Audit Area “Journal Entries” will be retained on roll forward in your selections in AUD-100 and then all flow from there. |
| New | New Missing Workpaper or Unnecessary Workpaper related to AID-603 based on your response to TQ, “Does the entity have multiple components, multiple locations, or segments that are included in the scope of our engagement?” | Diagnostic | Enhancement | | |
| AUD-101 Overall Audit Program | | | | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward Considerations |
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| Modified | Added practice point regarding the AICPA Peer Review Board's updated guidance to Peer Review Practice Section 3100, <i>Supplemental Guidance</i> | Purpose | New or Revised Guidance | Peer Review Practice Section 3100, <i>Supplemental Guidance</i> | |
| Modified | Under "Risk Assessment Procedures: Evaluating the Design of Internal Controls" combined steps 3 and 3. Resulting step 2 now reads as follows: Perform risk assessment procedures to identify and obtain an understanding of, and 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 and the consideration of information technology. Added Practice Point, "Cybersecurity is one of the principal operation risks facing companies. The need for firms to be vigilant in addressing cybersecurity risk is great. The auditor should evaluate the policies and procedures management has in place to guard against cyber-attacks and the unlawful access to the entity's customer records and information." | Procedures | Enhanced Workflow | | Steps will retain on roll forward with default settings as a combined step. |
| Added | Under "Evaluating, Concluding, and Reporting Procedures" added step 37: If the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the documentation completion date, document the reason for making the change, and when and by whom the change(s) were made and reviewed. | Procedures | Clarification | | |
| AUD-201 Audit Program: Opening Balances and Additional Audit Procedures for an Initial or Reaudit Engagement | | | | | |
| Added | Under "Opening Balance Procedures" added 4j: Verified compliance with restrictive debt covenants and, if necessary, examined waivers of default. | Procedures | Enhancement | | |
| AUD-602 Audit Program: Involvement of a Component Auditor | | | | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward Considerations |
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| Modified | Updated practice alert regarding the Omnibus Statement on Auditing Standards for the issuance of SAS-135. | Purpose | New or Revised Guidance | SAS-135, <i>Omnibus Statement Auditing Standards - 2019</i> | |
| Modified | Under “General Information” modified 5b to include compliance with ethical requirements as follows: The ethical requirements relevant to the group audit and, in particular, the independence requirements and a request that the component auditor communicate to us whether the component auditor has complied with ethical requirements relevant to the group audit, including independence and professional competence. | Procedures | Clarification | | Step will retain on roll forward if user selects to keep all responses on roll forward. |
| Added | Under “General Information” added step 8: We reviewed all of the component auditor responses to the requested communications in our instruction letter and noted the following: | Procedures | Clarification | | |
| AUD-701 Audit Program: Designing Tests of Controls | | | | | |
| Modified | Audit Areas Included row at top of form will now be limited to only audit areas noted in <i>AUD-100</i> under TQ, “What audit areas, applicable to the engagement, will you be performing tests of the operating effectiveness of controls?” | Table | Enhancement | | |
| Modified | Under “Timing of Tests of Controls” modified 9b which now reads as follows: 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 assessed risks of material misstatement at the relevant assertion level; | Procedures | Clarification | | Step will retain on roll forward if user selects to keep all responses on roll forward. |

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| | <p>(2) The specific controls that were tested during the interim period and the results of those tests;</p> <p>(3) The length of the remaining period;</p> <p>(4) The degree to which audit evidence about the operating effectiveness of those controls was obtained;</p> <p>(5) The extent of further planned reductions to substantive procedures based on the reliance on controls;</p> <p>(6) The effectiveness of the control environment; and</p> <p>(7) Significant changes to the controls since interim testing, including changes in the information system, processes, and personnel.</p> | | | | |
| AUD-800 Audit Program: Custom through AUD-827 Audit Program: Business Combinations | | | | | |
| Added | Added practice point references to accounting guidance on ARM. | Results Instructions Section | Enhancement | | |
| Modified | Minor wording changes throughout | | | | |
| Modified | <p>Under “Section I: Consideration of Testing the Operating Effectiveness of Internal Controls” modified steps 3 and 4 to refer to the assessed level of control risk rather than control reliance as follows:</p> <p>Our tests of operating effectiveness at <i>AUD-701</i> support our planned assessed control risk.</p> <p>We have considered the assessed level of control risk based on our testing at <i>AUD-701</i> in determining the nature, timing, and extent of substantive procedures to be performed. Such procedures are documented in section III, below.</p> | Procedures | Clarification | | Steps will retain on roll forward is user selects to keep all responses on roll forward. |
| AUD-801 Audit Program: Cash | | | | | |
| Modified | Added additional substeps under “Cash Confirmations – Prep” for confirmations received electronically. | Procedures | Enhancement | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward Considerations |
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| AUD-802A Audit Program: Investments | | | | | |
| Modified | <p>Modified steps and TQs for audits of entities that have adopted ASU No. 2016-01</p> <p>Modified TQ's are as follows:</p> <p>Does the entity have investments in debt and equity instruments?</p> <p>Does the entity have investment instruments on hand?</p> <p>Does the entity have investments held by independent third parties?</p> <p>NEW: Does the entity have any debt instruments classified as available for sale?</p> <p>Does the entity have equity securities classified as "available for sale and the entity has NOT adopted ASU 2016-01?"</p> <p>NEW: Does the entity have any debt instruments classified as "held to maturity"?</p> <p>NEW: Has the entity adopted ASU No. 2016-01</p> <p>See KCO-002 for Mark N/A implication of these TQ's.</p> | Procedures | New or Revised Guidance | ASU No. 2016-01, <i>Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</i> | |
| Modified | <p>Added Practice Point under program step, "Debt and Equity Investments – Detailed Analysis".</p> <p>Practice Point: Accounting Standards Update (ASU) No. 2016-01, <i>Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</i>, requires all equity investments with readily determinable fair value to be recorded at fair value with changes in fair value (including unrealized holding gains and losses) recorded in the income statement. The ASU eliminates the classification of equity investments with readily determinable fair value into different categories from ASC 320 (i.e., trading or available-for-sale).</p> | Practice Point | | | |
| Modified | Added additional substeps under "Held by Third Parties" for confirmations received electronically. | Procedures | Enhancement | | |
| Modified | <p>Added Practice Point under program step, "Amortization of Premium".</p> <p>Practice Point: ASU No. 2017-08, <i>Premium Amortization on Purchased Callable Debt Securities</i>, revised the amortization for certain callable debt securities held at a premium from the contractual maturity date to the earliest call date. The amendments</p> | Practice Point | Clarification | | |

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| | <p>are effective for public business entities for periods beginning after December 15, 2018. For all other entities, the amendments are effective for annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early adoption is permitted.</p> | | | | |
| Modified | <p>Modified steps under “Securities Classified as “Available for Sale” (Only applicable for equity securities if the amendments from ASU No. 2016-01 have not yet been adopted) as follows:</p> <p>With respect to securities classified by management as “available for sale,” we considered management’s intent and ability to carry these securities as follows:</p> <p>DELETED: For fixed maturity instruments classified as “held to maturity,” we obtained a representation from management in the representation letter about the entity’s ability and intent to hold such investments until maturity.</p> <p>We considered whether management’s activities corroborate or conflict with its stated intent for classifying the equity securities as available for sale or trading securities.</p> | Program Steps | Enhancement | | Modified steps will reset on roll forward due to content changes. |
| Added | <p>Added new program header, steps and practice points under “Debt Instruments Classified as: Held to Maturity” – Classification as follows:</p> <p>For fixed maturity debt instruments classified as “held to maturity”:</p> <ol style="list-style-type: none"> a. We considered whether management’s activities corroborate or conflict with its stated intent. <p>Practice Point: For example, this includes evaluating management’s assertion and intent to hold debt securities to maturity by examining evidence such as documentation of management’s strategies and sales and other historical activities with respect to those securities and similar securities.</p> <ol style="list-style-type: none"> b. We evaluated whether management’s activities, contractual agreements, or the entity’s financial condition provide evidence of its ability. <p>Practice Point: For example, the entity’s financial position, working capital needs, operating results, debt agreements, guarantees, alternate sources of liquidity, and other relevant</p> | Program Steps | Enhancement | | |

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| | <p>contractual obligations, as well as laws and regulations, may provide evidence about the entity's ability to hold debt securities to their maturity. Also, management's cash flow projections may suggest that it does not have the ability to hold debt securities to their maturity.</p> <p>c. We obtained a representation from management in the representation letter about the entity's ability and intent to hold such investments until maturity.</p> | | | | |
| Modified | <p>Added practice point and modified step under, "Investments in Closely Held Corporations or Partnerships – Proper Accounting as follows:</p> <p>Practice Point: Accounting Standards Update (ASU) No. 2016-01, <i>Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</i>, excludes equity method investments from its scope for equity method investments with readily determinable fair values. However, for equity investments <u>without</u> readily determinable fair values, ASU No. 2016-01 eliminates the cost method of accounting previously allowed in ASC Subtopic 325-20, <i>Investments—Other—Cost Method Investments</i>. Rather, under ASU No. 2016-01, an entity has the option to measure these equity investments either at: (1) cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer, or (2) fair value. This amendment simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment (similar to the qualitative assessment for long-lived assets, goodwill, and indefinite-lived intangible assets). When a qualitative assessment indicates that impairment exists, an entity is required to measure the equity investment at fair value and recognize an impairment loss in net income. The impairment loss is calculated as the difference between the fair value of the investment and its carrying amount.</p> <p>We evaluated whether management has properly accounted for the investments in closely held corporations and partnerships using the cost method (cost, minus impairment, or fair value if ASU No 2016-01 has been adopted) or the equity method of accounting, as appropriate, in accordance with the applicable financial reporting framework.</p> | Program Steps | ASU 2016-01 | | Modified step will reset on roll forward due to content changes. |
| Added | <p>New practice point under step, "Joint Ventures – Detailed Analysis as follows:</p> <p>Practice Point: Investments in joint ventures are included within the scope of Accounting Standards Update (ASU) No. 2016-01, <i>Financial Instruments—Overall (Subtopic 825-10): Recognition and</i></p> | Program Steps | ASU 2016-01 | | |

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| | <p><i>Measurement of Financial Assets and Financial Liabilities.</i> Therefore, after the date of adoption of ASU No. 2016-01, investments in unincorporated joint ventures are accounted for as equity investments (under Topic 321) and should be recorded at (1) fair value, or (2) at cost when the fair value is not readily determinable (minus impairment, if any, unless the practical expedient applies and has been elected (i.e., the net asset value practical expedient)). Corporate joint ventures, other than subsidiaries, are usually accounted for as equity investments (under Topic 321) or the equity method (under Topic 323).</p> | | | | |
| Modified | <p>Modified step under, “Joint Ventures – Proper Method of Accounting” as follows:</p> <p>We evaluated the proper method of accounting for the interests in joint ventures (e.g., consolidation, proportionate consolidation, or equity method (pre-ASU No. 2016-01) or fair value or cost, minus impairment (post adoption of ASU No. 2016-01)) and evaluated whether the accounting properly reflected the substance and the economic reality of the arrangement, rather than the joint ventures particular structure or form.</p> | Program Steps | ASU 2016-01 | | Modified step will reset on roll forward due to content changes. |
| Added | <p>Added the following program steps as follows:</p> <p>Equity Investments Valued at Cost Minus Impairment (After Adoption of ASU No. 2016-01)</p> <p>If the entity has adopted ASU No. 2016-01 and the cost minus impairment election option has been applied (rather than fair value), we determined that it was only applied to qualifying equity instruments that do not have a readily determinable fair value and the cost basis has been adjusted for any changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer (with changes in this basis of measurement recognized in earnings).</p> <p>Practice Point: It is important to note that the cost minus impairment election option only applies to equity securities without readily determinable fair values that do not qualify for the practical expedient to estimate fair value under ASC Topic 820, <i>Fair Value Measurement</i> (i.e., the net asset value practical expedient).</p> | Program Steps | ASU 2016-01 | | |

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| | <p>Evaluation of Impairment of Equity Securities Without Readily Determinable Fair Values (After Adoption of ASU No. 2016-01)</p> <p>We evaluated whether management has considered relevant information and factors such as those below in reaching its conclusions about the need to recognize an impairment loss:</p> <ul style="list-style-type: none"> a. A significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee. b. A significant adverse change in the regulatory, economic, or technological environment of the investee. c. A significant adverse change in the general market condition of either the geographical area or the industry in which the investee operates. d. A bona fide offer to purchase, an offer by the investee to sell, or a completed auction process for the same or similar investment for an amount less than the carrying amount of that investment. e. Factors that raise significant concerns about the investee’s ability to continue as a going concern, such as negative cash flows from operations, working capital deficiencies, or noncompliance with statutory capital requirements or debt covenants. <p>Valuation of Impairment Loss (After Adoption of ASU No. 2016-01)</p> <p>When the entity has recognized an impairment loss, we gathered evidence supporting the amount of the impairment adjustment recorded and:</p> <ul style="list-style-type: none"> a. Tested the calculation of the impairment loss included in the income statement. b. Determined that the impairment loss is equal to the difference between the fair value of the investment and its carrying amount. c. Reviewed a summary of investments impaired for completeness and unusual items. | | | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward Considerations |
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| | d. Evaluated whether the entity has appropriately complied with the requirements of the applicable financial reporting framework. | | | | |
| AUD-802B Audit Program: Derivative Instruments and Hedging Activities | | | | | |
| Modified | Modified header and step as follows: Derivatives and Hedging – Management’s Estimate We evaluated management’s determination of the fair value of all derivatives, including those that are freestanding, hedging instruments, and embedded features. If applicable, if management has not been able to measure the embedded derivative separately from its host contract, we have evaluated management’s estimate of the entire hybrid (combined) contract at fair value. | Procedures | Clarification | | Steps will retain on roll forward is user selects to keep all responses on roll forward. |
| AUD-803 Audit Program: Patient Accounts Receivable and Net Patient Service Revenue | | | | | |
| Modified | Removed TQ, “Has the entity adopted ASU 2014-09? Added TQ, “Has the entity adopted ASC Topic 606? See KCO-002 for Mark N/A implication of these TQ’s. | | | | |
| Modified | Added substep under “Receivables Confirmation Testing” as follows: We identified the appropriate individual, one with adequate knowledge of the information to be confirmed, to receive the confirmation. | Procedures | Clarification | | |
| Modified | Modified step under “Revenue Recognition” as follows: We obtained an understanding of: <ul style="list-style-type: none"> The revenue recognition standards applicable to the type of revenue generated by the entity and whether these standards have been properly applied; Material sources of revenue and sources of revenue entries How transactions and deals are economically structured; How the transaction price is determined, including estimation of variable consideration; and | Procedures | New or Revised Guidance | ASU No. 2014-09, <i>Revenue from Contracts with Customers</i> | Step will reset on roll forward due to content changes. |

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| | <ul style="list-style-type: none"> How the transaction price is allocated, including determination of stand-alone selling price. | | | | |
| Added | <p>Added headers and steps as follows to differentiate between procedures that may be performed by the auditor when the entity has adopted ASC Topic 606 as follows:</p> <p>Understanding Revenue Streams under ASC Topic 606</p> <p>Practice Point: Auditors should consider performing tests of operating effectiveness over the entity's internal controls for calculating and recording the impact of the adoption of ASC Topic 606 in order to reduce the nature and extent of substantive testing required. Substantive analytical procedures will generally not be effective for auditing the transition adjustment, however, predictive analytical procedures may be appropriate in certain circumstances for revenue streams.</p> <p>We obtained an understanding of:</p> <ul style="list-style-type: none"> The revenue recognition standards applicable to the type of revenue generated by the entity and whether these standards have been properly applied; Material sources of revenue and sources of revenue entries; How performance obligations are identified by management, including whether the company is acting as a principal or an agent; How transactions and deals are economically structured; How the transaction price is determined, including estimation of variable consideration; How the transaction price is allocated, including determination of stand-alone selling price; How management determined the proper lease classification (operating or financing); How management determines the contract term, including evaluating options to extend; When a performance obligation is satisfied and, thus, the period in which revenue should be recognized; and | Procedures | New or Revised Guidance | ASC Topic 606 | |

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| | <ul style="list-style-type: none"> What assets should be recognized from the costs to obtain or fulfill a contract with a customer (if applicable). <p>AID-302 Understanding the Entity's Revenue Streams and Revenue Recognition Policies</p> <p>Practice Point: The auditor may consider reviewing the entity's website, marketing materials, and press releases or performing inquiries with sales representatives, marketing personnel, legal counsel, and others when evaluating revenue streams.</p> <p>Practice Point: The extent of evidence needed may vary based on the assessed risk of material misstatement associated with the specific class of transactions or revenue stream.</p> <p>Management's Analysis of Revenue Streams under ASC Topic 606</p> <p>We have obtained management's analysis of each revenue stream, portfolio of contracts, and/or individual contracts, including management's approach to identify separate revenue streams, portfolio of contracts or individual contracts that require analysis under ASC Topic 606 which were considered when determining the transition adjustment.</p> <p>Practice Point: Each revenue stream may consist of more than one portfolio of contracts or individual contracts that is evaluated for the impact of the adoption of ASC Topic 606.</p> <p>Identify and Understand Revenue Streams under ASC Topic 606</p> <p>We have performed procedures necessary to (1) identify separate revenue streams, portfolio of contracts or individual contracts that require analysis under ASC Topic 606, and (2) understand the terms and conditions of each of the revenue streams and/or individual contracts and the accounting policies applied by the entity to determine the completeness of the transition adjustment.</p> <p>Application of Five Step Process under ASC Topic 606</p> | | | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward Considerations |
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| | We examined supporting documentation with regard to the application of ASC Topic 606’s five step process for each revenue stream, portfolio of contracts or individual contracts, including the accounting policies applied to each revenue stream and/or individual contracts used to calculate the transition adjustment. We have assessed whether the accounting policies applied are in accordance with the provisions of ASC Topic 606 and whether they appropriately reflect the revenue stream or individual contract terms and conditions. | | | | |
| Modified | Modified step name “Sales Transactions” to “Types of Transactions” and “Earnings Process Not Complete” to “Revenue May Not be Recognized” and step as follows: We were alert for transactions that indicate that revenue process may not be recognized, such as: Bill and hold sales. Unfinished products shipped to customers. Unauthorized products shipped to customers. Sales or shipments to entities other than the customer. | Procedures | Clarification | | Step will retain on roll forward if user selects to keep all responses on roll forward. |
| Modified | Modified step name “Revenue Transactions” to “Types of Transactions” | Procedures | Clarification | | |
| Modified | Added substep under “Additional Procedures” that may be performed by the auditor. | Procedures | Enhancement | | |
| AUD-805 Audit Program: Supplies Inventory and Supplies Expense | | | | | |
| Modified | Added additional substeps under “Observation Planning” for confirmations received electronically as follows: For confirmations received electronically, we performed and documented the following procedures: (1) We verified that the confirmation is received directly from a third-party, authorized respondent. (2) We determined that the confirmation process is secure through the use of means such as the following: (a) encryption; (b) electronic digital signatures; and (c) website authenticity. | Procedures | Enhancement | | |

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| Modified | Added additional substeps under “Observation Planning” for confirmations received electronically. | Procedures | Enhancement | | |
| AUD-806 Audit Program: Prepaid Expenses, Deferred Charges, and Other Assets | | | | | |
| Modified | Under “Immaterial Balances” modified substep c to include investigating unusual variances as follows: We compared actual amounts to budgeted amounts and investigated any variances that appeared unusual. | Procedures | Enhancement | | Step will retain on roll forward if user selects to keep all responses on roll forward. |
| Modified | Added additional substeps under “Prepaid Insurance” for confirmations received electronically as follows: For confirmations received electronically, we performed and documented the following procedures: <ul style="list-style-type: none"> (1) We verified that the confirmation is received directly from a third-party, authorized respondent. (2) We determined that the confirmation process is secure through the use of means such as the following: (a) encryption; (b) electronic digital signatures; and (c) website authenticity. | Procedures | Enhancement | | |
| Modified | Moved step “Deferred Income and Deferred Credits” to AUD-809 Removed related TQ, “Does the entity have any deferred income or other deferred credits that were material to the overall financial statements under audit?” | Procedures | Improved Workflow | | |
| AUD-807 Audit Program: Intangible Assets | | | | | |
| Modified | Modified multiple practice points in the Audit Program steps section based on impairment losses. | Practice Points | Clarification | | |
| AUD-808 Audit Program: Property and Equipment, and Depreciation | | | | | |
| Added | Added two new Tailoring Questions as follows: Does the entity have any capital leases? Has the entity adopted ASC Topic 842? See KCO-002 for Mark N/A implication of these TQ’s. | Tailoring Questions | | | |

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| Modified | <p>Modified Program step header “Lease Capitalization Testing” to “Lease Classification Testing” and steps as follows:</p> <p>We obtained from the entity a summary of all leases in force and performed the following procedures to determine whether the leases are capital/finance leases or operating leases based on guidance provided in the applicable financial reporting framework:</p> <p>We examined new lease agreements and amendments to existing leases and evaluated whether they are properly accounted for in accordance with the applicable financial reporting framework (e.g., capital leases/finance leases and operating leases).</p> <p>We evaluated both the substance of the transaction and the form of the contract, and evaluated whether a lease that meets the required criteria is classified as a capital lease (finance lease under ASC Topic 842).</p> <p>We considered obtaining confirmations from the lessor of pertinent details of significant lease agreements, including compliance with restrictive covenants (see the sample confirmation request at COR-816 Request for Confirmation of Lease Agreement).</p> <p>For confirmations received electronically, we performed and documented the following procedures:</p> <p>We verified that the confirmation is received directly from a third-party, authorized respondent.</p> <p>We determined that the confirmation process is secure through the use of means such as the following: (a) encryption; (b) electronic digital signatures; and (c) website authenticity.</p> <p>If the entity has adopted ASC Topic 842, we reviewed changes and modifications to lease provisions for indications of changes in classification and verified whether any such changes and modifications are a separate lease contract or a change in the accounting for the existing lease (i.e., not a separate contract).</p> | Procedures | New or Revised Guidance | ASU No. 2016-02, <i>Leases (Topic 842)</i> | This section will be reset on roll forward due to content changes. |
| Added | <p>Added the following new sections:</p> <p>Lease Capitalization Testing</p> | | | | |

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| | <p>For leases that meet the criteria for capitalization by the lessee (e.g. capital leases under ASC 840 or finance and operating leases that are not considered short-term under ASC 842):</p> <p>We reviewed the reasonableness of the interest rate used to discount the lease obligation.</p> <p>We evaluated whether the entity properly considered direct costs incurred in connection with specific leasing activities, such as negotiating and securing leasing agreements that are directly attributable to activities performed by the lessee in computing the amount of lease cost capitalized.</p> <p>We reviewed the reasonableness of the method and period for amortization.</p> <p>We tested lease payments and apportionment of the payments.</p> <p>We tested the computations of current maturities.</p> <p>We ensured that leases including both land and building elements were assessed separately as to each element, unless classified as an investment property.</p> <p>We ensured that the amount originally recorded was equal to the lower of the fair value of the leased property or the present value of the minimum lease payments valued at the inception of the lease.</p> <p>We considered obtaining confirmations from the lessor of pertinent details of significant lease agreements, including compliance with restrictive covenants (see the sample confirmation request at <i>COR-816 Request for Confirmation of Lease Agreement</i>).</p> <p>We reviewed changes to lease provisions for indications of changes in classification and verified that any such changes were regarded as new agreements over the lease term.</p> <p>“Right-of-Use Asset” and “Lease Liability” Under ASC Topic 842 as follows:</p> <p>For leases that are classified as finance leases or operating leases and do not meet the criteria for a short-term lease by the lessee:</p> | | | | |

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| | <p>We ensured that the entity recognized a lease liability and a right-of-use asset in the financial statements.</p> <p>We tested the entity’s calculation of the lease liability to determine that it is initially measured at the present value of the lease payments discounted using the rate implicit in the lease and, if that rate is not available, that the entity used its incremental borrowing rate.</p> <p>We tested the entity’s calculation of the lease liability to determine that it is subsequently measured by: (i) increasing the carrying amount to reflect interest on the lease liability, and (ii) reducing the carrying amount to reflect the lease payments made.</p> <p>We tested the entity’s calculation of the right-of-use asset to determine that it is initially measured at cost and includes the following: (i) the amount of the initial measurement of the lease liability, (ii) any lease payments made at or before the commencement date, less any lease incentives received, and (iii) any initial direct costs incurred by the lessee.</p> <p>We reviewed the entity’s assessment of whether the right-of-use asset is impaired and whether an impairment loss should be recognized in accordance with ASC Topic 360, Property, Plant, and Equipment.</p> | | | | |
| AUD-809 Audit Program: Accounts Payable and Purchases | | | | | |
| Modified | <p>Added additional substeps under “Confirming Accounts Payable” for identifying the appropriate recipient and for confirmations received electronically as follows:</p> <p>We identified the appropriate individual, one with adequate knowledge of the information to be confirmed, to receive the confirmation.</p> <p>For confirmations received electronically, we performed and documented the following procedures:</p> <p>We verified that the confirmation is received directly from a third-party, authorized respondent.</p> <p>We determined that the confirmation process is secure through the use of means such as the following: (a) encryption; (b) electronic digital signatures; and (c) website authenticity.</p> | Procedures | Enhancement | | |

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| Modified | Moved step “Deferred Income and Credits” from <i>AUD-805</i> | Procedures | Improved Workflow | | Step will retain from <i>AUD-805</i> on roll forward if user selects to keep all responses on roll forward. |
| Added | <p>Added practice point and new step, under “Confirming Accounts Payable” as follows:</p> <p>Practice Point: Properly controlled electronic confirmations may be considered reliable audit evidence. If using electronic confirmations, the auditor should ensure that a process or mechanism exists to minimize the possibility that the results will be compromised because of interception, alteration, or fraud. The auditor should consider the risk that:</p> <ul style="list-style-type: none"> • The confirmation response might not be from the proper source; • A respondent might not be authorized to respond; and • The integrity of the transmission might have been compromised. <p>When access codes or information necessary to access the confirming party’s data is provided to the auditor by management, evidence obtained by the auditor from access to such information does not meet the definition of an <i>external confirmation</i>.</p> <p>Practice Point: Even though a schedule of confirmation results is prepared, the auditor should retain returned confirmations, as they often serve as significant evidence to the assertions being tested, and seasoned judgment is often needed in evaluating confirmations that identify the nature and extent of exceptions.</p> <p>We identified the appropriate individual, one with adequate knowledge of the information to be confirmed, to receive the confirmation.</p> | | | | |
| AUD-810 Audit Program: Payroll and Related Liabilities | | | | | |
| Modified | Added additional substeps under “Postemployment Benefits (Including Defined Contribution Plans and Defined Benefit Plans” for confirmations received electronically. | Procedures | Enhancement | | |
| AUD-813 Audit Program: Income Taxes | | | | | |
| Added | Added step “Accounting for the Effects of Changes in Tax Laws” that the auditor may choose to perform as follows: | Procedures | Enhancement | | |

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| | <p>If the accounting for certain income tax effects of changes in tax laws have not been completed by the time the entity issues its financial statements that include the reporting period in which the law was enacted, we determined that:</p> <ol style="list-style-type: none"> a. The entity reported provisional amounts for those specific income tax effects of the law for which the accounting under Topic 740 was incomplete but a reasonable estimate can be determined. b. For any specific income tax effects of the law for which a reasonable estimate cannot be determined, the entity did not report provisional amounts and continued to apply Topic 740 based on the provisions of the tax laws that were in effect immediately prior to the law being enacted. <p>Practice Point: For those income tax effects for which an entity was not able to determine a reasonable estimate (such that no related provisional amount was reported for the reporting period in which the law was enacted), the entity should report provisional amounts in the first reporting period in which a reasonable estimate can be determined.</p> <ol style="list-style-type: none"> c. The entity included appropriate financial statement disclosures that provide information about the material financial reporting impacts of the law for which the accounting under Topic 740 is incomplete. <p>Practice Point: An entity should include financial statement disclosures to provide information about the material financial reporting impacts of the law for which the accounting under Topic 740 is incomplete, including:</p> <ul style="list-style-type: none"> • Qualitative disclosures of the income tax effects of the law for which the accounting is incomplete; • Disclosures of items reported as provisional amounts; • Disclosures of current or deferred tax amounts for which the income tax effects of the law have not been completed; • The reason why the initial accounting is incomplete; | | | | |

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| | <ul style="list-style-type: none"> The additional information that is needed to be obtained, prepared, or analyzed in order to complete the accounting requirements under Topic 740; The nature and amount of any measurement period adjustments recognized during the reporting period; The effect of measurement period adjustments on the effective tax rate; and When the accounting for the income tax effects of the law has been completed. | | | | |
| AUD-815 Audit Program: Debt Obligations | | | | | |
| Added | <p>Added TQ, “Has the entity adopted ASC Topic 842?”</p> <p>See KCO-002 for Mark N/A implication of these TQ’s.</p> | Tailoring Questions | | | |
| Modified | <p>Updated and added lease related steps to accommodate entities that have early adopted ASC Topic 842.</p> <p>“Lease Liability” Upon Adoption of ASC Topic 842</p> <p>We obtained from the entity a summary of all leases in force. For leases that are classified as finance leases or operating leases (i.e., they do not meet the criteria for a finance lease or are classified as short-term leases) by the lessee, we ensured that the entity recognized a lease liability and a right-of-use asset in the financial statements (see the related procedures performed in the audit program for property and equipment at AUD-807 Audit Program: Property and Equipment, and Depreciation).</p> | Procedures | New or Revised Guidance | ASU No. 2016-02, <i>Leases (Topic 842)</i> | |
| Modified | Added additional substeps under “Debt Summary and Analysis” for confirmations received electronically. | Procedures | Enhancement | | |
| AUD-816 Audit Program: Equity | | | | | |
| Modified | Added additional substeps under “Independent Share Records” for confirmations received electronically. | Procedures | Enhancement | | |
| Added | Practice Point under “Financial Instruments with Characteristics of Debt and Equity” as follows: | Procedures | ASU No. 2017-11 | | |

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| | <p>Practice Point: The amendments in ASU No. 2017-11, <i>Distinguishing Liabilities from Equity (Topic 480)</i>; <i>Derivatives and Hedging (Topic 815)</i>, provide that a down round feature by itself will no longer preclude an instrument (or embedded feature) from being considered indexed to the entity's own stock under ASC Subtopic 815-40. As a result, a freestanding financial instrument that was previously required to be classified as a liability due to the existence of a down round feature may now be classified as equity. Additionally, an embedded feature that was previously bifurcated and accounted for as a derivative may now qualify for the scope exemption.</p> | | | | |
| AUD-818 Audit Program: Other Income and Expense | | | | | |
| Modified | <p>Added step, "Costs Incurred to Fulfill a Contract" as follows: We evaluated whether any costs, including incremental costs, incurred to fulfill a contract were appropriately expensed or capitalized in accordance with the applicable financial reporting framework.</p> | Procedures | | | |
| AUD-819 Audit Program: Journal Entries | | | | | |
| Removed | <p>Removed all Tailoring Questions as none are applicable anymore. These have been moved to AUD-909.</p> | Tailoring Questions | | | |
| Modified | <p>Modified workpaper name from "Audit Program: Journal Entries and Financial Statement Review" to "Audit Program: Journal Entries" and moved steps related to financial statement review to new AUD-909. Remaining steps were modified, as needed, to focus on journal entries.</p> <p>Removed the following steps and added them to AUD-909: Understanding of Financial Reporting Process Consent to Include Auditor Report in a Filing Information Relating to Previously Reported Financial Statements Summary Financial Statements Management's Representation for Summary Financial Statements Supplementary Information in Relation to the Financial Statements in a Whole</p> | Throughout | Improved Workflow | | Steps and tailoring questions moved to AUD-909 will be retained from AUD-814 on roll forward if user selects to keep all responses on roll forward. |

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| | Supplementary Information Presented Outside the Basic Financial Statements Required Supplementary Information All Required Supplementary Information is Included Other Information in Documents Containing Audited Financial Statements Comparability and Consistency Financial Statement Review Implausible or Inconsistent Management’s Responses Previously Unrecognized Fraud Risk Consolidation or Combined Financial Statements Statement of Cash Flows Reading of Financial Statements Management Bias Other Information Published by the Client Change in Accounting Principle Recent Accounting Pronouncements Disclosure Testing Disclosures Checklist Analytical Procedures | | | | |
| AUD-820 Audit Program: Related-Party Transactions | | | | | |
| Modified | Updated practice alert regarding the Omnibus Statement on Auditing Standards for the issuance of SAS-135. | Purpose | New or Revised Guidance | SAS-135, <i>Omnibus Statement Auditing Standards - 2019</i> | |
| Added | Added step “Understand Management’s Process” that the auditor may choose to perform as follows: 1. We obtained an understanding of and evaluated management’s process for: a. Identifying related parties and relationships and the types of transactions with related parties; b. Authorizing and approving transactions with related parties; and | Procedures | Enhancement | | |

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| | <p>c. Accounting for and disclosing relationships and transactions with related parties in the financial statements.</p> <p>Practice Point: When making this evaluation, the auditor should take into account all of the information obtained from performing other audit procedures during the audit engagement.</p> | | | | |
| Modified | <p>Added substeps under “Existence of Related Parties” reminding the auditor to communicate related party information with the team and to consider related parties during the risk assessment process as follows:</p> <p>We communicated with the engagement team members, including other auditors, the names of the related parties and the nature of the entity’s relationships and transactions with those related parties.</p> <p>Based on the procedures performed, we identified and assessed the risk of material misstatement associated with related parties and relationships and transactions with related parties; and designed and performed audit procedures to respond to those risks.</p> | Procedures | Enhancement | | |
| Modified | <p>Added additional substeps under “Related-Party Transactions, identified” for confirmations received electronically.</p> | Procedures | Enhancement | | |
| AUD-821 Audit Program: Fair Value Measurements and Disclosures | | | | | |
| Deleted | <p>Deleted step “Assessed Risk and Planned Audit Procedures” as duplicative.</p> | Procedures | Improved Workflow | | |
| Modified | <p>Moved step “Business Combinations” to new program <i>AUD-827</i>.</p> <p>Move TQ, “Did the entity enter into any business combinations during the audit period?” to <i>AUD-827</i> as well.</p> | Procedures | Improved Workflow | | |
| AUD-822 Audit Program: Variable Interest Entities | | | | | |
| Deleted | <p>Deleted step “Control Procedures for Identifying VIEs” as duplicative</p> | Procedures | Improved Workflow | | |

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| Added | Added TQ, “Has the entity adopted ASU 2018-17? See KCO-002 for Mark N/A implication of these TQ’s. | Tailoring Questions | | | |
| Modified , Added | Modified step name from “PCC VIE Accounting Alternative Criteria” to “PCC VIE Accounting Alternative Criteria (Prior to Adoption of ASU 2018-17, <i>Targeted Improvements to Related Party Guidance for Variable Interest Entities</i>)” Added step “PCC VIE Accounting Alternative Criteria (Upon Adoption of ASU 2018-17, <i>Targeted Improvements to Related Party Guidance for Variable Interest Entities</i>)” | Procedures | New or Revised Guidance | ASU 2018-17, <i>Targeted Improvements to Related Party Guidance for Variable Interest Entities</i> | Modified step will retain on roll forward if users select to keep all responses on roll forward. |
| AUD-823 Audit Program: Share-Based Payments | | | | | |
| Modified | Modified step “Policies and Procedures for Determining Fair Value” to include non-employee share options. | Procedures | Enhancement | | Step will retain on roll forward if users selects to keep all responses on roll forward. |
| Modified | Consolidated substeps under “Awards” into the main step. | Procedures | Improved Workflow | | The prior year main step has been removed and can’t be retained into consolidated 2 nd step from prior year. Please note you will need to review your response for the main step from your prior year engagement. |
| AUD-824 Audit Program: Commitments and Contingencies | | | | | |
| Modified | Modified and added practice point and substeps under “Management and In-House or External Legal Counsel” for additional considerations, including cybersecurity incidents as follows: Practice Point: If management alerts the auditor to the exist of guarantees or other contingent liabilities, the auditor may use COR-817, Request for Confirmation of Contingent Liabilities, COR-818, Request for Confirmation of Compensating Balances, and COR-821, Related-Party Confirmation Letter to confirm the material terms. The occurrence of any cybersecurity incidents resulting in litigation, regulatory investigation, or remediation costs. | Procedures | Enhancement | | |
| Modified | Removed substep under “Environmental Remediation Liabilities” as follows: | Procedures | Clarification | | |

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| | Whether the entity is required to have a permit to transport, treat, store, or dispose of any potential environmental hazards. | | | | |
| AUD-825 Audit Program: Accounting Estimates | | | | | |
| Modified | Modified first substep under “Estimates, Including Fair Value Estimates” to include changes in the process and assumptions as follows: We obtained an understanding of management’s process for developing accounting estimates (including revenue-related estimates) and any changes in that process including underlying assumptions and/or estimation models used. | Procedures | Clarification | | Step will reset on roll forward due to content changes. |
| AUD-827 Audit Program: Business Combinations | | | | | |
| NEW | Added Audit Program: Business Combinations. | Program | Improved Workflow | | |
| AUD-901 Audit Program: Subsequent Events | | | | | |
| Modified | Added practice alert regarding SAS-133 and updated practice alert regarding the Omnibus Statement on Auditing Standards for the issuance of SAS-135. | Procedures | New or Revised Guidance | SAS-133, <i>Auditor Involvement with Exempt Offering Documents (Sec. 945)</i> SAS-135, <i>Omnibus Statement Auditing Standards - 2019</i> | |
| AUD-902 Audit Program: Going Concern | | | | | |
| Modified | Under “Section 1: Risk Assessment Procedures and Related Activities” step 1, added additional factors to consider and removed construction specific considerations. | Procedures | Enhancement | | |
| Modified | Under “Section II: Additional Audit Procedures when Events or Conditions Are Identified that Raise Substantial Doubt” added substep to step 2a regarding parent organizations, related parties, or other stakeholders as follows: | Procedures | Enhancement | | |

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| | Reading the support agreement with the parent organization, related party, or other stakeholder (if applicable) to determine whether the entity has the capacity and intention to provide adequate support. | | | | |
| AUD-903 Audit Program: Audit Program: | | | | | |
| Modified | Updated practice alert regarding the Omnibus Statement on Auditing Standards for the issuance of SAS-135. | Purpose | New or Revised Guidance | SAS-135, <i>Omnibus Statement Auditing Standards - 2019</i> | |
| AUD-905 Audit Program: Evaluating Subsequently Discovered Facts Existing at the Date of the Auditor's Report | | | | | |
| Modified | Updated practice alert regarding the Omnibus Statement on Auditing Standards for the issuance of SAS-135. | Purpose | New or Revised Guidance | SAS-135, <i>Omnibus Statement Auditing Standards - 2019</i> | |
| AUD-907 Interim Review Program: Review of Interim Financial Information | | | | | |
| Modified | Updated practice alert regarding the Omnibus Statement on Auditing Standards for the issuance of SAS-135. | Purpose | New or Revised Guidance | SAS-135, <i>Omnibus Statement Auditing Standards - 2019</i> | |
| Modified | Under "Procedures" modified step 12d to refer to new standards in general as follows: The entity's implementation process for new standards and the anticipated effects of the standard on the entity's financial statements. | Purpose | Enhancement | | Step will retain on roll forward if user selects to keep all responses on roll forward. |
| Modified | Updated Results section to identify modifications to planned interim review procedures rather than modifications to the risk assessment and concluding on the nature and extent of review procedures rather than risk assessment. | Results | Enhancement | | Steps will retain on roll forward if user selects to keep all responses on roll forward. |
| AUD-908 Interim Review Program: Management Inquiries | | | | | |
| Modified | Removed practice points regarding new accounting standards and replaced with link to Summary Checklist of | | | | |

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| | Recent Authoritative U.S. Accounting Standards on ARM. Link is located above the procedures table. | | | | |
| Modified | Minor wording changes throughout | Procedures | Clarification | | |
| Modified | Under “Investments in Debt Securities” modified step 5 which now reads as follows: Has interest income been properly accrued at the end of the period? | Procedures | Clarification | | Step will reset on roll forward due to content changes. |
| Modified | Under “Long-Term Liabilities” modified step 4 which now reads as follows: Is the entity in compliance with restrictive covenants of loan agreements, both financial and non-financial? | Procedures | Clarification | | Step will retain on roll forward if user selects to keep all responses. |
| Added | Under “Income and Other Taxes” added steps 8 and 9 as follows: Is the entity’s analysis of all income tax effects impacting the current and deferred income taxes payable and/or receivable resulting from newly enacted tax laws, segregated by those that are (1) completed, (2) incomplete, but for which a reasonable estimate may be determined, and (3) incomplete, and not capable of a reasonable estimate? For those income tax effects that are considered to be provisional or not capable of reasonable estimate, was management’s conclusions over each income tax effect performed in good faith? Have those income tax effects that are considered to be provisional or not capable of reasonable estimate been properly disclosed? | Procedures | Enhancement | | |
| Modified | Modified section from “Equity” to “Equity – Corporate Entities” and added section “Equity – Noncorporate Entities (Partnerships, LLCs, Trusts, Etc.)” | Procedures | Enhancement | | |
| Deleted | Under “Equity – Corporate Entities” deleted step 8 regarding syndication fees as previous guidance has been removed. | Procedures | | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward Considerations |
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| Modified | Under “Revenues and Expenses” modified step 1 to reference ASC Topic 606 as follows: Has the entity’s revenue recognition policy been consistently applied and appropriately disclosed and, if ASC Topic 606 has been adopted, has the five-step core revenue recognition principle been appropriately applied? | Procedures | Enhancement | | Step will reset on roll forward due to content changes. |
| AUD-909 Audit Program: Financial Statement Review | | | | | |
| NEW | Added Audit Program: Financial Statement Review. | Program | Improved Workflow | | All TQs will retain from AUD-814 along with many sections from AUD-814 . |

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

- **AID-201 Nonattest Services Independence Checklist** Added practice alert regarding PEECs *Proposed Interpretation of the AICPA Code of Professional Conduct: Staff Augmentation Arrangements (ET sec. 1.295.157)*; Modified column header in Section III to address both threats and safeguards
- **AID-302 Understanding the Entity’s Revenue Streams and Revenue Recognition Policies** Removed practice points referencing FASB changes and replaced with reference to accounting guidance on ARM; added additional considerations.
- **AID-701 Audit Sampling Worksheet for Tests of Controls** Updated language below Table 1 to improve usability.
- **AIDs 802, 816, 825, 841** Minor wording changes to improve usability.
- **AID-805 Bank Transfer Schedule** Added column for documenting the reason for the transfer.
- **AID-807 Investments in Securities Analysis** Updated for ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*.
- **AID-808 Accounts Receivable: Confirmation Control Summary** Added tab for negative confirmations.
- **AIDs 810, 833** Updated workpaper to provide additional audit evidence
- **AID-814 Allowance for Doubtful Accounts Analysis** Added section for recovery of previously written off amounts.
- **AID-823 Supply Inventory Analytical Procedures** Added additional ratio that may be applicable.
- **AID-824 PPE Summary Analysis** Added tabs for those implementing ASU No. 2016-02, *Leases (Topic 842)*
- **AID-826 Property Additions Analysis** Deleted column “New, Used, or Leased” and added Comments column.
- **AID-836 Calculation of Medical Malpractice Liability for Incurred but Not Reported (IBNR) Claims** Rolled forward for current year.
- **AID-837 Analysis of Accrued-Refundable Income Taxes** Added columns for Federal and State and a section for Changes in Previous Tax Positions.

- **AID-841 Analysis of Equity Accounts** Moved ratio analysis from *AID-845 Payroll and Related Liabilities: Analytical Procedures* and added tab for analysis of equity for an unincorporated entity.
- **AID-845 Payroll and Related Liabilities: Analytical Procedures** Moved ratios to *AID-841 Analysis of Equity Accounts* and replaced with ratios better related to payroll
- **AID-903 Audit Report Preparation Checklist** Updated practice alert regarding changes to the auditor’s report for the issuance of SAS-134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*; Added practice alert regarding SAS-137, *The Auditor’s Responsibilities Relating to Other Information Included in Annual Reports*; Added additional GAGAS considerations for those performing audits under GAGAS.
- **NEW AID-838 Deferred Tax Analysis**
- **NEW AID-849 Journal Entry Testing Worksheet**
- **NEW AID-910 Analytical Procedures: Final Account Balance Analysis**

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

- Updated practice alert regarding changes to the auditor’s report for the issuance of SAS-134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, where applicable
- Updated to include statement of functional expenses, where applicable
- Updated wording of footnote regarding reference to GAGAS report on internal controls, where applicable

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

- **CORs 201, 201A, 202, 202A** Moved language regarding nonattest services from the footnote to the body of the letter; added language regarding electronic dissemination of audited financial statements; added language about hosting; added a practice point regarding comparative financial statements; and updated footnotes to address sending data using portals and electronic storage of data.
- **CORs 210, 211** Added practice alert regarding SAS-135, *Omnibus Statement Auditing Standards – 2019*, and footnotes referencing additional communications with component auditors.
- **CORs 212, 213, 214, 215, 216** Added/modified practice alert regarding SAS-135 and minor wording changes.
- **COR-813** Added additional information to be confirmed.
- **CORs 814, 815, 816, 817, 818, 819, 820** Minor wording changes.
- **COR-901** Added sample representation regarding collaborative arrangements and cybersecurity; modified for ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*
- **COR-903 Communication with Those Charged with Governance** Modified practice alert regarding Omnibus Statement on Auditing Standards for the issuance of SAS-135.
- **CORs 904, 904A, 905, 906** Removed references to Governmental Auditing Standards.
- **COR-909 Management Representation Letter: Interim Review of Financial Information—Long Form** Added representation regarding new accounting or auditing standards.

- **COR-912 Management Letter Comments - Illustration** Updated guidance to discuss alerting clients to new accounting standard updates.

Resource Documents (RESs)

- **RES-001 Knowledge-Based Audit Methodology Overview** Minor updates; added practice point regarding non-conforming engagements in a peer review; Added practice alert regarding SAS-137, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*
- **RES-002 Index of Audit Programs, Forms, and Other Practice Aids** Updated as needed
- **RES-006 Sample Process Narrative** Updated controls to specify investigation of unexpected results
- **RESs 009, 010, 011, 015, 016, 019** Updated consistent with related KBA
- **RES-021 Factors to Be Considered When Documenting Client/Engagement Acceptance and Continuance** Added point regarding management's acknowledgement of its responsibilities regarding internal controls and providing the auditor with access to information and people.
- **RES-027 Controls Related to ASC 606 Five Step Model** Updated
- **RES-QCA Meeting Quality Control Standards Using KBA Audit Tools** Added practice point about audit quality indicators.
- **DELETED RES-022 Special Considerations in Auditing Financial Instruments**
- **NEW RES-028 Lease Checklist: Identifying a Lease (ASC 842)**

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:

Statements on Auditing Standards (SASs):

SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*

SAS No. 135, *Omnibus Statement on Auditing Standards – 2019*

SAS No. 137, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*, which do not provide for early implementation

FASB Accounting Standards Codification as of September 30, 2019, and through Accounting Standards Update (ASU) No. 2019-07, including:

- Accounting Standards Update (ASU) No. 2019-07, Codification Updates to SEC Sections: Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization, and Miscellaneous Updates.

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> |
|-----------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------|
| KBA s | KNOWLEDGE-BASED AUDIT DOCUMENTS | | |
| KBA-101 | Overall Audit Strategy | X | |
| KBA-102 | Engagement Completion Document | X | |
| KBA-103 | Evaluating and Communicating Internal Control Deficiencies and Noncompliance | X | |
| KBA-105 | Review of Significant Accounting Estimates | X | |
| KBA-200 | Entity Information and Background | X | |
| KBA-201 | Client/Engagement Acceptance and Continuance Form | | |
| KBA-301 | Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts | | |
| KBA-302 | Understanding the Entity and Its Environment | | |
| 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 | |

| <i>Form No.</i> | <i>Form Name</i> | <i>Foundation Workpaper</i> | <i>Association Workpaper</i> |
|-----------------|----------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------|
| KBA-401 | Understanding Entity-Level Controls | | |
| KBA-402 | Understanding General Controls for Information Technology | | |
| KBA-403 | Understanding Activity-Level Controls: Patient Service Revenue, Patient Accounts Receivable, and Cash Receipts | | |
| KBA-404 | Understanding Activity-Level Controls: Supplies Inventory, Purchases, and Supplies Expense | | |
| KBA-405 | Understanding Activity-Level Controls: Property and Equipment | | |
| KBA-406 | Understanding Activity-Level Controls: Other Assets | | |
| KBA-407 | Understanding Activity-Level Controls: Accounts Payable and Cash Disbursements | | |
| KBA-408 | Understanding Activity-Level Controls: Payroll | | |
| KBA-409 | Understanding Activity-Level Controls: Treasury | | |
| KBA-410 | Understanding Activity-Level Controls: Income Taxes | | |
| KBA-411 | Understanding Activity-Level Controls: Financial Reporting and Closing Process | | |
| KBA-412 | Understanding Controls Maintained by a Service Organization | | X |
| 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-904 | Audit Documentation Checklist | | |
| KBA-905 | Review and Approval Checklist: Interim Review of Financial Information | | |
| AUDs | AUDIT PROGRAMS | | |
| AUD-100 | Engagement-Level Tailoring Questions | X | |
| AUD-101 | Overall Audit Program | X | |
| AUD-201 | Audit Program: Opening Balances and Additional Audit Procedures for an Initial 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-802A | Audit Program: Investments | | |
| AUD-802B | Audit Program: Derivative Instruments and Hedging Activities | | |
| AUD-803 | Audit Program: Patient Accounts Receivable and Net Patient Service Revenue | | |

| <i>Form No.</i> | <i>Form Name</i> | <i>Foundation Workpaper</i> | <i>Association Workpaper</i> |
|-----------------|---------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------|
| AUD-804 | Audit Program: Third-Party Settlements | | |
| AUD-805 | Audit Program: Supplies Inventory and Supplies Expense | | |
| AUD-806 | Audit Program: Prepaid Expenses, Deferred Charges, and Other Assets | | |
| AUD-807 | Audit Program: Intangible Assets | | |
| AUD-808 | Audit Program: Property and Equipment, and Depreciation | | |
| AUD-809 | Audit Program: Accounts Payable and Purchases | | |
| AUD-810 | Audit Program: Payroll and Related Liabilities | | |
| AUD-811 | Audit Program: Medical Malpractice Loss Contingencies | | |
| AUD-812 | Audit Program: Contributions Receivable, Related Support, Contribution Revenue, and Split-Interest Agreements | | |
| AUD-813 | Audit Program: Income Taxes | | |
| AUD-814 | Audit Program: Tax Considerations of a Tax-Exempt Health Care Organization | | |
| AUD-815 | Audit Program: Debt Obligations | | |
| AUD-816 | Audit Program: Equity | | |
| AUD-817 | Audit Program: Net Assets | | |
| AUD-818 | Audit Program: Other Income and Expense | | |

| <i>Form No.</i> | <i>Form Name</i> | <i>Foundation Workpaper</i> | <i>Association Workpaper</i> |
|-----------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------|
| AUD-819 | Audit Program: Journal Entries | | |
| AUD-820 | Audit Program: Related-Party Transactions | | |
| AUD-821 | Audit Program: Fair Value Measurements and Disclosures | | |
| AUD-822 | Audit Program: Variable Interest Entities | | |
| AUD-823 | Audit Program: Share-Based Payments | | |
| AUD-824 | Audit Program: Commitments and Contingencies | | |
| AUD-825 | Audit Program: Accounting Estimates | | |
| AUD-826 | Audit Program: Concentrations | | |
| AUD-827 | Audit Program: Business Combinations | | |
| AUD-901 | Audit Program: Subsequent Events | | |
| AUD-902 | Audit Program: Going Concern | | |
| AUD-903 | Audit Program: Consideration of Fraud | | |
| AUD-904 | Audit Program: Compliance with Laws and Regulations, Violations of Contract Provisions and Grant Agreements, and Abuse | | |
| AUD-907 | Interim Review Program: Review of Interim Financial Information | | |
| AUD-908 | Interim Review Program: Management Inquiries | | |

| <i>Form No.</i> | <i>Form Name</i> | <i>Foundation Workpaper</i> | <i>Association Workpaper</i> |
|-----------------|--------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------|
| AUD-909 | Audit Program: Financial Statement Review | | |
| AUD-910 | Audit Program: Specific Element, Account, or Item of a Financial Statement in Accordance with AU-C 805 | | |
| AUD-915 | Audit or Interim Program: Auditor Involvement with Exempt Offering Documents | | |
| AIDs | PRACTICE AIDs | | |
| AID-201 | Nonattest Services Independence Checklist | | |
| AID-302 | Understanding the Entity's Revenue Streams and Revenue Recognition Policies | | |
| AID-601 | Considering 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 | | |
| 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-412 Understanding Ctrl: Service Org (Custom) | AUD-100 Engagement-Level Tailoring Questions Workpaper | Does the entity use service organizations? 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 Engagement-Level Tailoring Questions 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 the engagement team 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 Engagement-Level Tailoring Questions 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 Engagement-Level Tailoring Questions 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 Engagement-Level Tailoring Questions Workpaper | What financial statement audit areas are applicable to this engagement? "Customize Audit Area" link within the answer selection box. | Custom Audit Area |