

# 2020 GOVERNMENT ENTITIES OVERVIEW FOR KNOWLEDGE COACH USERS

## PURPOSE

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

## WORKPAPER UPDATES AND ROLL FORWARD NOTES

### General Roll Forward Note:

You must be the current editor of all Knowledge Coach workpapers to update to the latest content, and you must be the current editor upon opening the updated workpaper for the first time to ensure you see the updated workpaper.

The **2020 Knowledge-Based Audits of Governmental Entities** have been updated to help auditors conduct efficient and effective audit engagements in accordance with U.S. GAAS and GAGAS and to take into account the latest literature, standards, and guidance, including the 2018 Revision of the Yellow Book (GAGAS) and 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 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™.

Note that the 2018 revision of the Yellow Book takes effect for audits of financial statements for periods ending on or after June 30, 2020. As early implementation is not permitted, the 2020 edition of Knowledge-Based Audits of Governmental Entities should not be used for audits of financial statements ending before June 30, 2020. Please refer to the 2019 edition of Knowledge-Based Audits of Governmental Entities for those audits.

The 2020 edition of *Knowledge-Based Audits of Governmental 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 2019 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 2020 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 2020 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
<b>KBA-101 Overall Audit Strategy</b>					
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		
<b>KBA-102 Engagement Completion Document</b>					
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		
<b>KBA-103 Evaluating and Communicating Internal Control Deficiencies</b>					
Modify	Modified discussion of compensating controls.	Instructions	Clarification		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modified	Modified to remove “abuse” wording throughout.	Instructions / Headers	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	
<b>KBA-105 Review of Significant Accounting Estimates</b>					
Modify	Added practice point regarding the prevalence of peer review concerns related to significant estimates.	Purpose	Enhancement		
<b>KBA-200 Entity Information and Background</b>					
Modify	Added new flow of question, “Describe the users or expected users of the financial statements (e.g., city council, school board, state regulatory entity, state auditor):” to <b>KBA-301</b>	Table	Enhancement		
<b>KBA-201 Client/Engagement Acceptance and Continuance Form</b>					
Modify	<p>Combined <b>KBA-201</b> and <b>KBA-201N</b> 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 <b>KBA-201</b> 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 <b>KBA-201N</b> in the prior year then all information except for the acceptance/continuance decision will retain from <b>KBA-201N</b> 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>
Modified	Modified findings table to reword floatie option, “Non-Compliance, Violation or Abuse” to “Non-Compliance or Violation”	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	Findings will retain on roll forward if user selects to keep all responses on roll forward.
<b>KBA-201N Client/Engagement Acceptance and Continuance Form: Non-Complex Entities</b>					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Obsolete	Obsolete workpaper, see <b>KBA-201</b> for roll forward considerations.				This workpaper will become obsolete after roll forward, please see roll forward considerations above.
<b>KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts</b>					
Modify	New table, “Describe the users or expected users of the financial statements (E.g., city council, school board, state regulatory entity, state auditor):” that will flow from <b>KBA-200</b> .	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.
<b>KBA-302 Understanding the Entity and Its Environment</b>					
Modify	<p>Combined <b>KBA-302</b> and <b>KBA-302N</b> 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 <b>KBA-302</b> 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 retain all the user would need to select to keep all responses on roll forward.</p> <p>If the user used <b>KBA-302N</b> in the prior year then only Section: Significant Matters or Issues Identified <i>from KBA-302N</i> 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.</p>
Modify	Removed “Section I: Entity Information” to simplify the form as information is captured in <b>KBA-200</b>	Procedures	Improved Workflow		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
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 (including, but not limited to the Securities and Exchange Commission).	Procedures	Clarification		Steps will reset on roll forward due to content changes
Modify	Modified factors under “Operations” Entity’s organizational structure and management personnel, including individuals responsible for significant areas of the entity’s operations (e.g., financial reporting; marketing and sales; and finance.) New factor: Internet activities with potential cybersecurity risks. Removed following factors: Complex investments such as derivative instruments. Significant new investments and dispositions of securities or capital assets.	Procedures	Clarification		Steps will reset on roll forward due to content changes
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. Removed the following factors: Payments of fines or penalties Large and unusual cash transactions between legal entities within the financial reporting entity Enforcement proceedings Unexplained payments to government officials or employees Large and unusual payments to a consultant, affiliate, or employee, including unusually large bonuses	Procedures	Clarification		Steps will reset on roll forward due to content changes

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	Purchases of bank cashier's checks in large amounts that are payable to bearer.				
Modified	Modified findings table to reword floatie option, "Non-Compliance, Violation or Abuse" to "Non-Compliance or Violation"	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	Findings will retain on roll forward if user selects to keep all responses on roll forward.
<b>KBA-302N Understanding the Entity and Its Environment: Noncomplex</b>					
Obsolete	Obsolete workpaper, see <i>KBA-302</i> for roll forward considerations.				This workpaper will become obsolete after roll forward, please see roll forward considerations above.
<b>KBA-303 Inquiries of Management and Others Within the Entity About the Risks of Fraud and Noncompliance with Laws and Regulations</b>					
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		
<b>KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures</b>					
Added	Added new table for findings. All items identified will now flow into this table just like they did in 2019 Governmental title into <i>KBA-103</i> . The user will select in this table whether they will flow the item identified to <i>KBA-103</i> or not. This will cut down on duplicate flow to <i>KBA-103</i> and the user can group the flow to <i>KBA-103</i> .				On roll forward any items identified in the prior binder will flow into this new table and the 2 <sup>nd</sup> column, "Flow to <i>KBA-103</i> " will be auto populated as "Yes". This will be done so the user will not lose any flow to <i>KBA-103</i> . The user will need to then decide which items will flow or not flow to <i>KBA-103</i> by changing the response in column 2.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	Under “Table 1: Scoping and Mapping” new audit area “Business Combinations” will be mapped to <b>KBA-411</b> .	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		
<b>KBA-401 Understanding Entity-Level Controls</b>					
Modify	<p>Combined <b>KBA-401</b> and <b>KBA-401N</b> 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 <b>KBA-401</b> will retain on roll forward if the user uses the 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 <b>KBA-401N</b> in the prior year then each relevant principle table and the conclusion section will retain on roll forward from <b>KBA-401N</b> 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>	Table	Clarification		Column 7 will reset on roll forward due to content changes. All other columns will retain on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<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>				
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.
<b>KBA-401N Understanding Entity-Level Controls: Noncomplex Entities</b>					
Obsolete	Obsolete workpaper, see <b>KBA-401</b> for roll forward considerations.				This workpaper will become obsolete after roll forward, please see roll forward considerations above.
<b>KBA-402 Understanding General Controls for Information Technology</b>					
Modify	Minor wording changes throughout	Workpaper	Clarification		
Modify	<p>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”</p> <p>This new column will contain a list of risks noted in the engagement and a not applicable option. This is same setup as in <b>KBA-400</b> and KBA-40X series workpapers.</p>	Table	Enhancement		One column is new, but the renamed column will retain on roll forward.
Modify	<p>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:</p> <p>Significant system changes are authorized by management. 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.</p>	Procedures	Enhancement		Modified steps will retain on roll forward with default settings.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>All changes, including emergency change, requests are documented and subject to formal change management procedures.</p> <p>Before changes are migrated into the production environment, management ensures they have been adequately tested by the entity's IT department.</p>				
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	<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 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>	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" 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	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:	Procedures	Enhancement		Modified steps will reset on roll forward due to content changes.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<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"> <li>• A mix of alphabetic, numeric, and special characters</li> <li>• Minimum length</li> <li>• requirements to change periodically</li> </ul> <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> <p>g. Administrative rights to the network and software programs are reviewed and restricted to authorized individuals.</p> <p>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.</p> <p>k. IT security administration monitors, logs, and reviews regularly security activity, and any identified security violations are reported to senior management.</p> <p>m. The entity has restricted physical access and an appropriate physical environment for key hardware components, such as firewalls, servers, and routers.</p> <p>n. The entity has controls in place to reduce cybersecurity risks and mitigate the associated costs.</p> <p>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.</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 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.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	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: 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.	Procedures	Enhancement		
Modify	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: Management has developed and documented a disaster recovery plan, which is periodically reviewed and tested.	Procedures	Enhancement		
<b>KBA-403 Understanding Activity-Level Controls: Revenues, Receivables, and Cash Receipts through KBA-408 Understanding Activity-Level Controls: Financial Reporting and Closing Process</b>					
Modified	Minor wording changes throughout in instructions	Instructions			
<b>KBA-404 Understanding Activity-Level Controls:</b>					
Modified	Added subprocess and related control objectives for those early implementing GASB Statement No. 87	Procedures	New or Revised Guidance	GASB Statement No. 87, <i>Leases</i>	
<b>KBA-501 Team Discussion and Consideration of the Risks of Material Misstatement</b>					
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		
<b>KBA-502 Summary of Risk Assessments</b>					
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:	Diagnostic			

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	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.				
New	<p>New Potential Error Diagnostic:</p> <p>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.</p> <p>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>.</p>	Diagnostic			
<b>KBA-902 Audit Review and Approval Checklist</b>					
Added	<p>Added Section III: Concurring Partner Review</p> <p>Along with new TQ, “Does the engagement require a concurring partner review?” which will flow from <i>AUD-100</i> and will show/hide this section.</p>	Procedures	Enhancement		
<b>KBA-903 Audit Documentation Checklist</b>					
Modify	Modified step 19 for the 2018 Revision of the Yellow Book	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	Step will retain on roll forward if user selects to keep all responses on roll forward.

### Audit Programs (AUDs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>AUD-100 Engagement-Level Tailoring Questions</b>					
New	New Tailoring Question, “Does the engagement require a concurring partner review?” that will flow to <b>KBA-902</b>  <b>Reminder: See KCO-003 for Show/Hide implication of all TQ’s.</b>	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 <b>AUD-909</b> .	Audit Areas	Clarification		The Audit Area “Journal Entries” will be retained on roll forward in your selections in <b>AUD-100</b> and then all flow from there.
New	New Missing Workpaper or Unnecessary Workpaper related to <b>AID-603</b> 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		
<b>AUD-101 Overall Audit Program</b>					
Modified	Modified multiple steps to remove “instances of abuse”.	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	Step will retain on roll forward with default settings.
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: Obtaining an Understanding of the Entity and Its Environment”, modified step to address GASB Statement No. 90 as follows:  Review and evaluate the entity’s evaluation of potential component units including inclusion or exclusion, and method of presentation. ( <i>Use AID-302 Determining the Financial Reporting Entity, Including Component Units.</i> )	Procedures	New or Revised Guidance	GASB Statement No. 90, <i>Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61</i> )	Step will retain on roll forward with default settings.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Note: The auditor should consider whether a majority equity interest should be treated as an investment or a component unit under GASB Statement 90 when completing <i>AID-302</i> .				
Modified	<p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls” combined steps 3 and 3. Resulting step 2 now reads as follows:</p> <p>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.</p> <p>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.”</p>	Procedures	Enhanced Workflow		Steps will retain on roll forward with default settings as a combined step.
Added	<p>Under “Evaluating, Concluding, and Reporting Procedures” added step 37:</p> <p>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.</p>	Procedures	Clarification		
<b>AUD-201 Audit Program: Opening Balances and Additional Audit Procedures for an Initial or Reaudit Engagement</b>					
Added	<p>Under “Opening Balance Procedures” added 4j:</p> <p>Verified compliance with restrictive debt covenants and, if necessary, examined waivers of default.</p>	Procedures	Enhancement		
<b>AUD-602 Audit Program: Involvement of a Component Auditor</b>					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
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	Modified step 14 to remove, “or abuse” from the floatie option, “Noncompliance or abuse material to the financial statements.	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	Step will retain on roll forward if user selects to keep all responses on roll forward.
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		
<b>AUD-701 Audit Program: Designing Tests of Controls</b>					
Modified	Modified findings table to reword floatie option, “Non-Compliance, Violation or Abuse” to “Non-Compliance or Violation”	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	Step will retain on roll forward if user selects to keep all responses on roll forward.
Modified	1. Under “Nature of Tests of Controls” modified step 6a which now reads as follows: 2. We determined the nature of the tests of controls based on our consideration of:  The control reliance strategy planned (e.g., the more the auditor is relying on the effectiveness of internal controls [the lower the control risk], the nature, timing, and extent of procedures);	Procedures	Clarification		Step will retain on roll forward if user selects to keep all responses on roll forward.
Modified	3. Under “Nature of Tests of Controls” modified step 7 which now reads as follows:	Procedures	Clarification		Step will retain on roll forward if user selects to keep all responses on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	In selecting which internal controls to test for operating effectiveness to support assessed control risk of less than maximum, we have focused more attention on areas of higher risk (e.g., significant risks, risks for which substantive procedures alone are not sufficient, and fraud risks, such as the risk of management override of other controls).				
Modified	<p>Under “Timing of Tests of Controls” modified 9b which now reads as follows:</p> <p>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:</p> <ol style="list-style-type: none"> <li>(1) The significance of the assessed risks of material misstatement at the relevant assertion level;</li> <li>(2) The specific controls that were tested during the interim period and the results of those tests;</li> <li>(3) The length of the remaining period;</li> <li>(4) The degree to which audit evidence about the operating effectiveness of those controls was obtained;</li> <li>(5) The extent of further planned reductions to substantive procedures based on the reliance on controls;</li> <li>(6) The effectiveness of the control environment; and</li> <li>(7) Significant changes to the controls since interim testing, including changes in the information system, processes, and personnel.</li> </ol>	Procedures	Clarification		Step will retain on roll forward if user selects to keep all responses on roll forward.
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		
<b>AUD-800 Audit Program: Custom through AUD-823 Audit Program: Concentrations</b>					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	Minor wording changes throughout				
Modified	Modified findings table to reword floatie option, “Non-Compliance, Violation or Abuse” to “Non-Compliance or Violation”	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	Findings will retain on roll forward if user selects to keep all responses on roll forward.
Modified	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:  Our tests of operating effectiveness at <i>AUD-701</i> support our planned assessed control risk.  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.	Procedures	Clarification		Steps will retain on roll forward is user selects to keep all responses on roll forward.
<b>AUD-801 Audit Program: Cash</b>					
Modified	Added additional substeps under “Cash Confirmations – Prep” for confirmations received electronically.	Procedures	Enhancement		
<b>AUD-802A Audit Program: Investments and Investment-Related Activities</b>					
Modified	Added practice alert regarding GASB Statement No. 90	Instructions	New or Revised Guidance	GASB Statement No. 90, <i>Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61</i> )	
Modified	Added additional substeps under “Securities Subject to GASB-31, as Amended by GASB-72 – Held by Third Parties” for confirmations received electronically.	Procedures	Enhancement		
<b>AUD-803 Audit Program: Exchange Revenues and Receivables</b>					
Modified	Added substep under “Receivables Confirmation Testing” for identifying the appropriate recipient.	Procedures	Clarification		
<b>AUD-804 Audit Program: Nonexchange Revenues and Receivables</b>					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	Added substep under “Receivables Confirmation Testing” for identifying the appropriate recipient.	Procedures	Clarification		
<b>AUD-805 Audit Program: Inventories and Cost of Goods Sold</b>					
Modified	Added additional substeps under “Observation Planning” for confirmations received electronically.	Procedures	Enhancement		
<b>AUD-806 Audit Program: Prepaid Expenses and Other Assets or Deferred Outflows of Resources</b>					
Modified	Under “Immaterial Balances” modified substep c to include investigating unusual variances.	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.	Procedures	Enhancement		
<b>AUD-807 Audit Program: Capital Assets and Depreciation Including Service Concession Arrangement</b>					
Modified	Updated and added lease related steps to accommodate entities that have early adopted GASB Statement No. 87.	Procedures	New or Revised Guidance	GASB Statement No. 87, <i>Leases</i>	
Added	Added new Tailoring Question as follows: Has the entity adopted GASB-87?  <b>See KCO-002 for Mark N/A implication of these TQ’s.</b>	Tailoring Questions			
Modified	Modified Program step header “Lease Capitalization Testing” to “Lease Classification Testing” and steps as follows:  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:  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).  We evaluated both the substance of the transaction and the form of the contract, and evaluated whether a lease that	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.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>meets the required criteria is classified as a (lease under GASB-87).</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><b>COR-815 Request for Confirmation of Lease Agreement</b></i>).</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 GASB-87 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>				
Added	<p>Added the following new sections:</p> <p><b>Lease Capitalization Testing</b></p> <p>For leases that meet the criteria for capitalization by the lessee (leases under GASB -87 that are not considered short-term):</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>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<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.</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-815 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><b>“Right-of-Use Asset” and “Lease Liability” Under GASB-87 as follows:</b></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> <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</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>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 GASB requirements.</p>				
<b>AUD-808 Audit Program: Accounts Payable and Purchases</b>					
Modified	Added additional substeps under “Confirming Accounts Payable” for identifying the appropriate recipient and for confirmations received electronically.	Procedures	Enhancement		
Added	<p>Added practice point and new step, under “Confirming Accounts Payable” as follows:</p> <p><b>Practice Point:</b> 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"> <li>• The confirmation response might not be from the proper source;</li> <li>• A respondent might not be authorized to respond; and</li> <li>• The integrity of the transmission might have been compromised.</li> </ul> <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><b>Practice Point:</b> 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>				
<b>AUD-809 Audit Program: Payroll, Pensions, OPEB, Related Liabilities, and Deferred Outflows and Inflows of Resources</b>					
Modified	Added additional substeps under “Pension Plan Actuarial Valuation and Certification” for confirmations received electronically.	Procedures	Enhancement		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>AUD-810 Audit Program: Long-Term Debt and Debt Service</b>					
Modified	Updated and added lease related steps to accommodate entities that have early adopted GASB Statement No. 87.	Procedures	New or Revised Guidance	GASB Statement No. 87, <i>Leases</i>	
Added	Added new Tailoring Question as follows: Has the entity adopted GASB-87?  <b>See KCO-002 for Mark N/A implication of these TQ's.</b>	Tailoring Questions			
Modified	Added additional substeps under “Debt Summary and Analysis” for confirmations received electronically.	Procedures	Enhancement		
Modified	Updated step 1(a) under “Debt Substantive Analytical Procedures” as follows: We compared the current period’s account balances with the prior period’s account balances for bonds and notes payable, other long-term debt, financed purchases (formerly capital leases) lease liabilities, debt service expenditures, interest expense, and accrued interest.				Step will retain on roll forward if user selects to keep all responses on roll forward.
Modified	Updated step 2 under “Debt Summary and Analysis” as follows: We obtained from the entity an analysis of bonds and notes payable, other long-term debt, financed purchases (formerly capital leases) lease liabilities, other financing arrangements (e.g., line of credit), and related interest, including (a) issue date, (b) maturity date, (c) face amount, (d) interest rate, (e) collateral or security, (f) principal balance at the beginning of the period, (g) current-period additions and payments, (h) principal balance at the end of the period, (i) accrued interest and unamortized premium/discount at the beginning of the period, (j) current-period expenditures/expense and payments, (k) accrued interest and unamortized premium/discount at the end of the period, and (l) unamortized prepaid insurance costs, and we performed the following procedures (see the sample debt obligations and interest analysis at <i>AID-831 Debt Obligations and Interest Analysis</i> ):				Step will retain on roll forward if user selects to keep all responses on roll forward.
Modified	Update step name “Summary of Lease Obligations” to “Lease Obligations Prior to Adoption of GASB-87” and updated step as follows:				Step will retain on roll forward if user selects to keep all responses on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	1. We obtained from the entity a summary of all leases in force. For all capital leases (prior to adoption of GASB-87) identified, we evaluated whether the related obligations were properly recorded in accordance with the applicable financial reporting framework (see the related procedures performed in the audit program for capital assets at <i>AUD-807 Audit Program: Capital Assets and Depreciation Including Service Concession Arrangements</i> ).				
Added	Added new step “Lease Liability Upon Adoption of GASB-87” as follows: We obtained from the entity a summary of all leases in force. For leases that are not 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 <i>AUD-807 Audit Program: Capital Assets and Depreciation Including Service Concession Arrangements</i> ).				
<b>AUD-812 Audit Program: Other Income and Expenditures/Expenses</b>					
Added	New step under “Expenditure/Expense Accounts – Material Amounts or Specific Risks Identified” as follows: Product/service liability or warranty expense;	Procedures	Enhancement		
<b>AUD-813 Audit Program: Journal Entries</b>					
Removed	Removed all Tailoring Questions as none are applicable anymore. These have been moved to <i>AUD-909</i> .	Tailoring Questions			
Modified	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 <i>AUD-909</i> . Remaining steps were modified, as needed, to focus on journal entries.  Removed the following steps and added them to <i>AUD-909</i> : Understanding of Financial Reporting Process Consent to Include Auditor Report in a Filing	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.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	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 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				
<b>AUD-814 Audit Program: Related-Party Transactions</b>					
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>	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Added	<p>Added step “Understand Management’s Process” that the auditor may choose to perform as follows:</p> <ol style="list-style-type: none"> <li>1. We obtained an understanding of and evaluated management’s process for:               <ol style="list-style-type: none"> <li>a. Identifying related parties and relationships and the types of transactions with related parties;</li> <li>b. Authorizing and approving transactions with related parties; and</li> <li>c. Accounting for and disclosing relationships and transactions with related parties in the financial statements.</li> </ol> </li> </ol> <p><b>Practice Point:</b> 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>	Procedures	Enhancement		
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		
<b>AUD-821 Audit Program: Commitments and Contingencies</b>					
Modified	<p>Modified and added substeps under “Management and In-House or External Legal Counsel” for additional considerations, including cybersecurity incidents.</p>	Procedures	Enhancement		<p>Modified steps will retain on roll forward if users selects to keep all responses on roll forward.</p>

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	Added step “Asset Retirement Obligations” that the auditor may perform	Procedures	New or Revised Guidance	GASB Statement No. 83, <i>Certain Asset Retirement Obligations</i>	
<b>AUD-822 Audit Program: Accounting Estimates</b>					
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.
<b>AUD-901 Audit Program: Subsequent Events</b>					
Modified	Added practice alert regarding the Omnibus Statement on Auditing Standards for the issuance of SAS-135.	Procedures	New or Revised Guidance	SAS-135, <i>Omnibus Statement Auditing Standards - 2019</i>	
Modified	Modified findings table to reword floatie option, “Non-Compliance, Violation or Abuse” to “Non-Compliance or Violation”	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	Findings will retain on roll forward if user selects to keep all responses on roll forward.
<b>AUD-902 Audit Program: Going Concern</b>					
Modified	Under “Section 1: Risk Assessment Procedures and Related Activities” step 1, added additional factors to consider as follows:  Dependence on related parties. Regulatory findings or legal contingencies	Procedures	Enhancement		
Added	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:  Reading the support agreement with the parent organization, related party, or other stakeholder (if applicable) to	Procedures	Enhancement		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	determine whether the entity has the capacity and intention to provide adequate support.				
Modified	Modified findings table to reword floatie option, “Non-Compliance, Violation or Abuse” to “Non-Compliance or Violation”	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	Findings will retain on roll forward if user selects to keep all responses on roll forward.
<b>AUD-904 Audit Program: Compliance with Laws and Regulations, Contract Provisions and Grant Agreements</b>					
Modified	Modified the name of workpaper from “Audit Program: Compliance with Laws and Regulations, Contract Provisions and Grant Agreements, and Abuse” to “Audit Program: Compliance with Laws and Regulations, Contract Provisions and Grant Agreements”	Workpaper	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	
Modified	<p>Updated throughout for changes in the 2018 Revision of the Yellow Book</p> <p>Removed Section “Audit Procedures Related to Consideration of Potential Instances of Material Abuse”</p> <p>Updated section “Reporting of Identified or Suspected Noncompliance with Laws and Regulations, Violations of Contract Provisions or Grant Agreements, or Potential or Known Instances of Material Abuse to Those Charged with Governance” to “Reporting of Identified or Suspected Noncompliance with Laws and Regulations, and Violations of Contract Provisions or Grant Agreements for audits performed in accordance with GAGAS to Those Charged with Governance”</p> <p>Updated section “Reporting Noncompliance with Laws and Regulations, Violations of Contract Provisions or Grant Agreements, or Instances of Abuse in the Auditor’s Report on the Financial Statements” to “Reporting Noncompliance with Laws and Regulations, and Violations of Contract Provisions or Grant Agreements for audits performed in accordance with GAGAS in the Auditor’s Report on the Financial Statements”</p> <p>Updated section “Reporting Noncompliance with Laws and Regulations, Violations of Contract Provisions and Grant</p>	Instructions, Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	Updated steps in sections noted but all steps will retain on roll forward under these sections if user selects to keep all responses on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Agreements, or Instances of Abuse to Regulatory and Enforcement Authorities” to “Reporting Noncompliance with Laws and Regulations, and Violations of Contract Provisions and Grant Agreements for audits performed in accordance with GAGAS, to Regulatory and Enforcement Authorities				
Modified	Modified findings table to reword floatie option, “Non-Compliance, Violation or Abuse” to “Non-Compliance or Violation”	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	Findings will retain on roll forward if user selects to keep all responses on roll forward.
<b>AUD-905 Audit Program: Evaluating Subsequently Discovered Facts Existing at the Date of the Auditor’s Report</b>					
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>	
<b>AUD-909 Audit Program: Financial Statement Review</b>					
NEW	Added Audit Program: Financial Statement Review.	Program	Improved Workflow		All TQs will retain from <b>AUD-813</b> along with many sections from <b>AUD-813</b> .

**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; Updated for 2018 Revision of the Yellow Book (GAGAS)
- **AID-302 Determining the Financial Reporting Entity, Including Component Units** Updated for GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*.
- **AID-304 Understanding the Entity’s Revenue Streams and Revenue Recognition Policies** Updated finding, “Non-Compliance, Violation or Abuse” to remove “Abuse”
- **AID-701 Audit Sampling Worksheet for Tests of Controls** Updated language below Table 1 to improve usability.
- **AIDs 815, 819, 823** Minor wording changes to improve usability.
- **AID-805 Bank Transfer Schedule** Added column for documenting the reason for the transfer.
- **AID-808 Accounts Receivable: Confirmation Control Summary Added** tab for negative confirmations.

- **AIDs 810, 830** Updated workpaper to provide additional audit evidence
- **AID-814 Allowance for Uncollectible Accounts Analysis** Added section for recovery of previously written off amounts.
- **AID-822 Capital Assets Summary Analysis** Added tabs for those implementing GASB Statement No. 87, *Leases*
- **AID-827 Deferred Outflows of Resources and Deferred Inflows of Resources Analysis** Updated for those implementing GASB Statement No. 87, *Leases* and/or GASB Statement No. 91, *Conduit Debt Obligations*
- **AID-828 Accrued Liabilities: Analytical Procedures** Added column for “Auditor Expectations and Explanation of Fluctuation”
- **AID-824 Capital Asset Additions Analysis** Deleted column “New, Used, or Leased” and added Comments column.
- **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 In Documents Containing Audited Financial Statements*.
- **NEW AID-820 Lessor Lease Summary Analysis**
- **NEW AID-846 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.

- **RPTs 0901 – 0921** 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*.
- **NEW RPT-0932 Reports Required Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement – Defined Benefit OPEB Plan**

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

- **CORs 201 Audit Engagement Letter, 201A Audit Engagement Letter: Integrated Audit** Moved language regarding nonattest services from the footnote to the body of the letter; added language regarding electronic dissemination of audited financial statements; added a practice point regarding comparative financial statements; and updated footnotes to address sending data using portals and electronic storage of data.
- **CORs 212, 213, 214, 215** Added practice alert regarding SAS-135 and minor wording changes.
- **COR-812 Request for Confirmation of Notes Payable** Added additional information to be confirmed.
- **CORs 814, 815, 816, 817** Minor wording changes.
- **COR-901 Management Representation Letter** Added sample representation regarding collaborative arrangements;
- **COR-903 Communication with Those Charged with Governance** Modified practice alert regarding Omnibus Statement on Auditing Standards for the issuance of SAS-135.
- **COR-912 Management Letter Comments—Illustration** Updated guidance to discuss alerting clients to new accounting standard updates.
- **DELETED COR-826 Request for Confirmation of Defined Benefit OPEB Plan Information**; COR-833 or COR-834 should be used for OPEB plans.

## Resource Documents (RESs)

- **RES-001 Knowledge-Based Audit Methodology Overview** Minor updates; added practice point regarding non-conforming engagements in a peer review
- **RES-002 Index of Audit Programs, Forms, and Other Practice Aids** Updated as needed
- **RES-003 Government Auditing Standards and Single Audits** Updated for 2018 Revision of the Yellow Book (GAGAS)
- **RES-007 Sample Process Narrative** Updated controls to specify investigation of unexpected results
- **RESs 011 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong: Purchases, Inventory, and Capital Assets, 014 Assertions and Examples of “What Can Go Wrong” and Related Controls That Address What Can Go Wrong: Treasury** Updated consistent with related KBA
- **RES-019 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-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***

**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

AU-C 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*

GASB Statement No. 87, *Leases*

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

## RELATED, FOUNDATIONS AND ASSOCIATION WORKPAPERS FOR THIS TITLE

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

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

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

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

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
<b>KBA</b> s	<b>KNOWLEDGE-BASED AUDIT DOCUMENTS</b>		
KBA-101	Overall Audit Strategy	X	
KBA-102	Engagement Completion Document	X	
KBA-103	Evaluating and Communicating Internal Control Deficiencies and Noncompliance	X	
KBA-105	Review of Significant Accounting Estimates	X	
KBA-200	Entity Information and Background	X	
KBA-201	Client/Engagement Acceptance and Continuance Form		
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: Revenue, Receivables, and Cash Receipts		
KBA-404	Understanding Activity-Level Controls: Purchases, Inventory, and Capital Assets		
KBA-405	Understanding Activity-Level Controls: Accounts Payable and Cash Disbursements		
KBA-406	Understanding Activity-Level Controls: Payroll, Pensions, Other Postemployment Benefits (OPEB), and Related Liabilities		
KBA-407	Understanding Activity-Level Controls: Treasury		
KBA-408	Understanding Activity-Level Controls: Financial Reporting and Closing Process		
KBA-409	Understanding Controls Maintained by a Service Organization		X
KBA-502	Summary of Risk Assessments	X	
KBA-503	Basis for Inherent Risk Assessment		
KBA-902	Audit Review and Approval Checklist		
KBA-903	Audit Documentation Checklist		
<b>AUDs</b>	<b>AUDIT PROGRAMS</b>		
AUD-100	Engagement-Level Tailoring Questions	X	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-101	Overall Audit Program	X	
AUD-201	Audit Program: Opening Balances and Additional Audit Procedures for an Initial or Reaudit Engagement		
AUD-602	Audit Program: Involvement of a Component Auditor		X
AUD-603	Audit Program: Using the Work of an Auditor's Specialist		X
AUD-604	Audit Program: Using the Work of a Management's Specialist		X
AUD-701	Audit Program: Designing Tests of Controls		
AUD-800	Audit Program: Custom		X
AUD-801	Audit Program: Cash		
AUD-802	Audit Program: Investments and Investment-Related Activities		
AUD-803	Audit Program: Exchange Revenues and Receivables		
AUD-804	Audit Program: Nonexchange Revenues and Receivables		
AUD-805	Audit Program: Inventories and Cost of Goods Sold		
AUD-806	Audit Program: Prepaid Expenses and Other Assets or Deferred Outflows of Resources		
AUD-807	Audit Program: Capital Assets and Depreciation Including Service Concession Arrangements		
AUD-808	Audit Program: Accounts Payable and Purchases		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-809	Audit Program: Payroll, Pensions, OPEB, Related Liabilities, and Deferred Outflows and Inflows of Resources		
AUD-810	Audit Program: Long-Term Debt and Debt Service		
AUD-811	Audit Program: Net Position and Fund Balance		
AUD-812	Audit Program: Other Income and Expenditures/Expenses		
AUD-813	Audit Program: Journal Entries		
AUD-814	Audit Program: Related-Party Transactions		
AUD-815	Audit Program: Fair Value Measurements and Disclosures		
AUD-816	Audit Program: Interfund Transactions		
AUD-817	Audit Program: Budgets		
AUD-818	Audit Program: Derivative Instruments		
AUD-819	Audit Program: Self-Insurance		
AUD-820	Audit Program: Municipal Solid Waste Landfill		
AUD-821	Audit Program: Commitments and Contingencies		
AUD-822	Audit Program: Accounting Estimates		
AUD-823	Audit Program: Concentrations		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-901	Audit Program: Subsequent Events		
AUD-902	Audit Program: Going Concern		
AUD-903	Audit Program: Consideration of Fraud		
AUD-904	Audit Program: Compliance with Laws and Regulations, Contract Provisions and Grant Agreements		
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		
<b>AIDs</b>	<b>PRACTICE AIDs</b>		
AID-201	Nonattest Services Independence Checklist		
AID-304	Understanding the Entity's Revenue Streams and Revenue Recognition Policies		
AID-601	Considering the Use of the Work of Internal Auditors		
AID-603	Component Identification and Analysis		
AID-702	Results of Tests of Controls		
AID-801	Audit Sampling Worksheet for Substantive Tests of Details		
AID-901	Differences of Professional Opinion		

**Additional Information for Associated Workpapers**

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

<i>Workpaper Requiring Association</i>	<i>What is it associated with?</i>		
	<i>Workpaper</i>	<i>Table/Question</i>	<i>Association Item (Custom Value)</i>
KBA-409 Understanding Ctrl: Service Org (Custom)	AUD-100 Tailoring Question Workpaper	Does the entity use service organizations? is “Yes” Shows the "Document the service organizations used by the entity." table in KBA-101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the service organizations used by the entity.	Service Organization
AUD-602 Audit Program: Component Auditor Involvement (Custom)	AUD-100 Tailoring Question Workpaper	Does the auditor plan to rely on audit evidence provided by a component auditor? is “Yes” Shows the "Document the audit evidence provided by the component auditor(s) that we will rely on in our engagement." table in KBA-101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the audit evidence provided by the component auditor(s) that the engagement team will rely on in our engagement.	Audit Firm Name
AUD-603 Audit Program: Auditor's Specialist (Custom)	AUD-100 Tailoring Question Workpaper	Does the auditor intend to use a specialist on this engagement? is “Yes” Shows the "Document the expected use of a specialist(s) on our audit." table in KBA-101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the expected use of a specialist(s) on our audit. Then select Auditor's Specialist from the Type of Specialist Column	Specialist Firm Name
AUD-604 Audit Program: Management's Specialist (Custom)	AUD-100 Tailoring Question Workpaper	Does the auditor intend to use a specialist on this engagement? is “Yes” Shows the "Document the expected use of a specialist(s) on our audit." table in KBA-101 Overall Audit Strategy.	
	KBA-101 Overall Audit Strategy	Document the expected use of a specialist(s) on our audit. Then select Management's Specialist from the Type of Specialist Column.	Specialist Firm Name
AUD-800 Audit Program: (Custom)	AUD-100 Tailoring Question Workpaper	What financial statement audit areas are applicable to this engagement? “Customize Audit Area” link within the answer selection box.	Custom Audit Area