

2020 NOT-FOR-PROFIT 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 Not-for-Profit 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™.

The 2020 edition of *Knowledge-Based Audits of Not-for-Profit 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
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		
Modified	Modified to remove “abuse” wording throughout.	Instructions / Headers	New or Revised Guidance	2018 Revision of the	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
				Yellow Book (GAGAS)	
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., city council, school board, state regulatory entity, state auditor):” to <i>KBA-301</i>	Table	Enhancement		
KBA-201 Client/Engagement Acceptance and Continuance Form					
Modify	<p>Combined <i>KBA-201</i> and <i>KBA-201N</i> 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 <i>KBA-201</i> 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 <i>KBA-201N</i> in the prior year then all information except for the acceptance/continuance decision will retain from <i>KBA-201N</i> 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.
KBA-201N Client/Engagement Acceptance and Continuance Form: Non-Complex Entities					
Obsolete	Obsolete workpaper, see <i>KBA-201</i> for roll forward considerations.				This workpaper will become obsolete after roll forward, please see roll forward considerations above.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
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., city council, school board, state regulatory entity, state auditor):” 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	<p>Combined KBA-302 and KBA-302N 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-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 retain all the user would need to select to keep all responses on roll forward.</p> <p>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.</p>
Modify	Removed “Section I: Entity Information” to simplify 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.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	Modified factors under “Regulatory Environment” e. Inquiries into the entity’s operations or financial results by regulatory bodies, including reports filed with regulatory agencies, correspondence to/from agencies, and communications regarding noncompliance or possible noncompliance.	Procedures	Clarification		Steps will reset on roll forward due to content changes
Modify	Modified factors under “Operations” 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.)	Procedures	Clarification		Steps will reset on roll forward due to content changes
Modify	Added new factor under “Financing” Going-concern and liquidity issues, including loss of significant customers or donors and 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 “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 Enforcement proceedings Unexplained payments to government officials or employees Large and unusual payments to a consultant, affiliate, or employee, including unusually large bonuses 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
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.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
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 2019 Governmental 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

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<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>

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
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	<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 KBA-400 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> <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>	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		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
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	<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</p>	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>determine if their access rights are appropriate and/or still required.</p> <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>	Procedures	Enhancement		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	Management has developed and documented a disaster recovery plan, which is periodically reviewed and tested.				
KBA-403 Understanding Activity-Level Controls: Revenues from Customers, Program Service and Other Revenue, Contributions, Pledges, Grants, Receivables, Cash Receipts, and Agency Transactions through KBA-411 Understanding Activity-Level Controls: Financial Reporting and Closing Process					
Modified	Minor wording changes throughout in instructions	Instructions			
KBA-404 Understanding Activity-Level Controls: Purchases and Inventory					
Modified	Modified Activity-Level Control Objectives to remove duplicative objective regarding FIFO and average cost methods and added objective regarding LIFO and retail methods.	Procedures	Enhancement		
KBA-409 Understanding Activity Level Controls: Treasury					
Modified	Minor wording changes	Procedures			
Modified	Added subprocess for derivative hedging	Procedures	Enhancement		
KBA-410 Understanding Activity Level Controls: Income Taxes					
Modified	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: 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	Procedures	Enhancement		
KBA-501 Team Discussion and Consideration of the Risks of Material Misstatement					
Modified	Modified instructions to note that engagement team may wish to review <i>KBA-302 Understanding the Entity and Its Environment</i> , <i>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:	Diagnostic			

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>If a user adds a specific risk and notes both the Inherent Risk and Control Risk as Low the following diagnostic will appear:</p> <p>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.</p>				
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. The following diagnostic will appear: You have selected a combined audit approach but you have noted you’re not testing internal controls in AUD-100.</p>	Diagnostic			
KBA-902 Audit Review and Approval Checklist					
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 AUD-100 and will show/hide this section.</p>	Procedures	Enhancement		
KBA-903 Audit Documentation Checklist					
Modified	<p>Added link to Summary Checklist of Recent Authoritative U.S. Accounting Standards on ARM.</p>	Instructions	Enhancement		
Added	<p>Added steps 8 and 9 as follows:</p> <p>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</p>	Procedures	Enhancement		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	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.				
Modified	Modified step 10 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		
KBA-904 Audit Documentation Checklist					
Modified	Modified for the 2018 Revision of the Yellow Book	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	
KBA-905 Review and Approval Checklist: Interim Review of Financial Information					
Added	Added Section III: Concurring Partner Review	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
Table of Contents		
Removed	Removed section “605 Revenue Recognition”.	
Added	Added section “848 Reference Rate Reform”.	
Receivables (ASC 310)		
Overall		

Type of Change	Description of Change	Roll Forward and Update Content Considerations
Modified	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>)	Step will retain on roll forward.
Modified	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>) <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>	Step will retain on roll forward.
Modified	<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>	Step will retain on roll forward.
Investments – Debt and Equity Securities (ASC 320)		
Added	<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> Early adoption, including adoption in an interim period, is permitted as long as an entity has adopted <u>ASU No. 2016-13</u> . <i>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.</i>	

Type of Change	Description of Change	Roll Forward and Update Content Considerations
	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.	
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>) 	
Added	c. The total other-than-temporary impairment recognized in accumulated other comprehensive income?	
Added	d. Total gains for securities with net gains in accumulated other comprehensive income?	
Added	e. Total losses for securities with net losses in accumulated other comprehensive income?	
Added	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>)	

Type of Change	Description of Change	Roll Forward and Update Content Considerations
Added	<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?</p> <p>(<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?</p> <p>(<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?</p> <p>(<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</u> on plan accounting, the requirements are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. (<u>ASC 326-10-65-1</u>)</p>	Step will retain on roll forward.
New	<p><i>Note</i>: ASU No. 2016-13 has been amended by <u>ASU No. 2019-05, Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief</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</p>	

Type of Change	Description of Change	Roll Forward and Update Content Considerations
	<p>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, 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>)</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	<p>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>	
Modified	<ol style="list-style-type: none"> 1. Has the entity provided the following disclosures in the period of adoption of ASU No. 2016-13 (<u>ASC 326-10-65-1</u>): 	Step will retain on roll forward.
New	<ol style="list-style-type: none"> 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 	

Type of Change	Description of Change	Roll Forward and Update Content Considerations
	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:</i> Presentation of the effect on financial statement subtotals is not required.	
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. (<u>ASC 326-10-65-2</u>) 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.	
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)?	

Type of Change	Description of Change	Roll Forward and Update Content Considerations
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. (ASC 326-20-50-3B)	
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 (ASC 326-20-50-3C):	
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 (ASC 326-20-50-3D):	
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 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)	

Type of Change	Description of Change	Roll Forward and Update Content Considerations
	Early adoption, including adoption in an interim period, is permitted as long as an entity has adopted <u>ASU No. 2016-13</u> .	
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 (<u>ASC 326-30-50-3A</u>):	
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? (<u>ASC 326-30-50-3B</u>)	
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 (<u>ASC 326-30-50-3C</u>) :	
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 (<u>ASC 326-30-50-3D</u>):	
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?	
Other Assets and Deferred Costs (ASC 340)		
Removed	Removed section "Capitalized Advertising Costs".	
Equity (ASC 505)		
Equity-Based Payments to Non-Employees		

Type of Change	Description of Change	Roll Forward and Update Content Considerations
Removed	<p><i>Note:</i> The presentation and disclosure requirements in item 3 below have been superseded by the amendments in ASU No. 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i>, as subsequently amended, which is effective on a retrospective basis for public business entities, not-for-profit entities that have issued, or are conduit bond obligors for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and employee benefit plans that file or furnish financial statements with or to the Securities and Exchange Commission, for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. For all other entities, the requirements are effective on a retrospective basis for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. However, all such other entities may elect early adoption only as of either: (a) an annual reporting period beginning after December 15, 2016, including interim reporting periods within that reporting period; or (b) an annual reporting period beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning one year after the annual reporting period in which an entity first applies ASU No. 2014-09, as subsequently amended. Thereafter, the presentation and disclosure requirements in Topic 606, <i>Revenue from Contracts with Customers</i>, below should be followed. (ASC 606-10-65-1)</p> <p>The SEC staff would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity’s filing with the SEC adopting ASC Topic 606 for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. However, a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity’s filing with the SEC may still elect to adopt ASC Topic 606 according to the public business entity effective dates discussed above. (ASC 606-10-S65-1)</p> <p>For a grantee that provides goods or services other than employee services in share-based payment transactions, has the grantee disclosed in accordance with ASC paragraphs 845-10-50-1 and 50-2 the amount of gross operating revenue recognized as a result of such nonmonetary transactions? (ASC 505-50-50-2) (See “Nonmonetary Transactions”)</p>	
Revenue (ASC 605)		
Removed	Removed section “Revenue (ASC 605)”.	
Compensation – Retirement Benefits (ASC 715)		

Type of Change	Description of Change	Roll Forward and Update Content Considerations
Added	<p><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>)</p>	
Removed	<p>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>):</p>	
Removed	<p>The nature of and reason for the change in accounting principle?</p>	
Removed	<p>An explanation of why the newly adopted accounting principle is preferable?</p>	
<p>Compensation – Stock Compensation (ASC 718) Income Taxes Related Matters</p>		
Added	<p><i>Note:</i> The presentation and disclosure requirements in item b below have been superseded by the amendments in <u>ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes</u>, which is effective for public business entities for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Thereafter, the presentation and disclosure requirements in item c below should be followed. Early adoption is permitted. (<u>ASC 740-10-65-8</u>)</p> <p>Have the tax benefit of tax-deductible dividends on allocated and unallocated ESOP shares been recognized in income taxes allocated to continuing operations? (<u>ASC 718-740-45-7</u>)</p>	
<p>Income Taxes (ASC 740) Overall</p>		
Modified	<p><i>Note:</i> The presentation and disclosure requirements in item 6 below are prescribed by <u>ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes</u>, which is effective for public business entities for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022.</p> <p>Early adoption is permitted for:</p> <ol style="list-style-type: none"> Public business entities for periods for which financial statements have not yet been issued. 	

Type of Change	Description of Change	Roll Forward and Update Content Considerations
	<p>2. All other entities for periods for which financial statements have not yet been made available for issuance.</p> <p>An entity that elects early adoption of ASU No. 2019-12 in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Additionally, an entity that elects early adoption should adopt all of the provisions of ASU No. 2019-12 in the same period.</p> <p>An entity should apply ASU No. 2019-12 as follows:</p> <ol style="list-style-type: none"> 1. On a retrospective basis for all periods presented for ASU No. 2019-12 related to the separate financial statements of legal entities that are both not subject to tax and disregarded by the taxing authority. Retrospective application is required only within the separate financial statements of those entities for which the election in ASU No. 2019-12 is made. 2. On a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption of ASU No. 2019-12 related to changes in ownership of foreign equity method investments or foreign subsidiaries. 3. On a retrospective basis for all periods presented or a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption of ASU No. 2019-12 related to franchise taxes that are partially based on income. 4. On a prospective basis for all other amendments in ASU No. 2019-12. (ASC 740-10-65-8) 	
Added	<p>Has an entity that is both not subject to tax and disregarded by the taxing authority that elects to include the allocated amount of current and deferred tax expense in its separately issued financial statements in accordance with ASC paragraph 740-10-30-27A disclosed that fact and provided the disclosures required by item 5 above? (ASC 740-10-50-17A)</p>	
Added	<p><i>Note:</i> The presentation and disclosure requirements in item 7 below are prescribed by ASU No. 2016-16, <i>Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory</i>, which is effective on a modified retrospective basis for public business entities for annual periods beginning after December 15, 2017, and interim periods within those annual periods. For all other entities, the requirements are effective on a modified retrospective basis for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted as of the beginning of an annual period for which</p>	

Type of Change	Description of Change	Roll Forward and Update Content Considerations
	financial statements (interim or annual) have not been issued or made available for issuance. (ASC 740-10-65-5)	
Added	<i>Note:</i> The presentation and disclosure requirements in item 8 below are prescribed by ASU No. 2019-12, <i>Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes</i> , which is effective for public business entities for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. (ASC 740-10-65-8)	
Added	<p>Have the following transitional disclosures related to the adoption of ASU No. 2019-12 been made in the first fiscal year of adoption and in the interim periods within the first fiscal year of adoption (ASC 740-10-65-8):</p> <p>The nature of and reason for the change in accounting principle?</p> <p>The transition method?</p> <p>A qualitative description of the financial statement line items affected by the change?</p>	
Derivatives and Hedging (ASC 815) Overall		
Modified	<p>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.</p>	Step will retain on roll forward.
Modified	<p>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:</p> <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.

Type of Change	Description of Change	Roll Forward and Update Content Considerations
	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	

Type of Change	Description of Change	Roll Forward and Update Content Considerations
	<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 ASU No. 2017-12 before the issuance date of ASU No. 2019-04, 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 ASU No. 2017-12 before the issuance date of ASU No. 2019-04 and reflects the amendments on a prospective basis in accordance with the guidance above, the adjustment resulting from the amendment in ASC paragraph 815-25-35-9A to a partial-term fair value hedge relationship’s amortization should be accounted for as a change in estimate in accordance with ASC paragraph 250-10-45-17.</p> <p>Furthermore, for an entity that has adopted ASU No. 2017-12 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>	

Type of Change	Description of Change	Roll Forward and Update Content Considerations
	of ASU No. 2017-12 and the effective date of ASU No. 2019-04 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 paragraph 815-25-35-13B, 815-30-35-26, or 815-20-55-33G.	
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	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.	
Added	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.	
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?	
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	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? <i>Note:</i> Presentation of the effect on financial statement subtotals is not required.	
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? <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.	
Reference Rate Reform (ASC 848)		
New	New Section	

Audit Programs (AUDs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
AUD-100 Engagement-Level Tailoring Questions					
New	New Tailoring Question, “Does the engagement require a concurring partner review?” that will flow to KBA-902 Reminder: See KCO-003 for Show/Hide implication of all TQ’s.	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					
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: 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	Procedures	Enhanced Workflow		Steps will retain on roll forward with default settings as a combined step.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>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>				
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		
AUD-201 Audit Program: Opening Balances and Additional Audit Procedures for an Initial or Reaudit Engagement					
Modified	<p>Under “Opening Balance Procedures” modified 4d to refer to lower of cost and net realizable value as follows:</p> <p>Observed inventory and made appropriate test counts; performed inventory price tests; identified any excess, slow-moving, or obsolete inventory; performed shipping and receiving cutoff procedures; and considered inventory valuations for lower of cost and net realizable value.</p>	Procedures	New or Revised Guidance	ASU no. 2015-11, <i>Inventory (Topic 330), Simplifying the Measurement of Inventory</i>	
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		
AUD-602 Audit Program: Involvement of a Component Auditor					
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
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	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	Under “Nature of Tests of Controls” modified step 6a which now reads as follows: 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	Under “Nature of Tests of Controls” modified step 7 which now reads as follows: 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).	Procedures	Clarification		Step will retain on roll forward if user selects to keep all responses on roll forward.
Modified	Under “Timing of Tests of Controls” modified 9b 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
	<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"> (1) The significance of the assessed risks of material misstatement at the relevant assertion level; (2) The specific controls that were tested during the interim period and the results of those tests; (3) The length of the remaining period; (4) The degree to which audit evidence about the operating effectiveness of those controls was obtained; (5) The extent of further planned reductions to substantive procedures based on the reliance on controls; (6) The effectiveness of the control environment; and (7) Significant changes to the controls since interim testing, including changes in the information system, processes, and personnel. 				
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		
AUD-800 Audit Program: Custom through AUD-822 Audit Program: Business Combinations					
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:	Procedures	Clarification		Steps will retain on roll forward is 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
	<p>Our tests of operating effectiveness at AUD-701 support our planned assessed control risk.</p> <p>We have considered the assessed level of control risk based on our testing at AUD-701 in determining the nature, timing, and extent of substantive procedures to be performed. Such procedures are documented in section III, below.</p>				
Added	Added references to accounting guidance on ARM.	Instructions	Enhancement		
Modified	Removed practice points regarding new accounting standards and replaced with link to Summary Checklist of Recent Authoritative U.S. Accounting Standards on ARM. Link is located above the procedures table in Section III.				
AUD-801 Audit Program: Cash					
Modified	Added additional substeps under “Cash Confirmations – Prep” for confirmations received electronically.	Procedures	Enhancement		
AUD-802 Audit Program: Investments Including Programmatic Investments					
Modified	<p>Modified step 1a under “Marketable Securities – Detailed Analysis as follows:</p> <p>The classification of the securities identified as with donor restrictions or without donor restrictions in accordance with legal or internal requirements.</p>	Procedures	Enhancement		Step will reset on roll forward due to content changes.
Modified	Added additional substeps under “Held by Third Parties” for confirmations received electronically.	Procedures	Enhancement		
AUD-803 Audit Program: Accounts Receivable and Revenue					
Modified	Added substep under “Receivables Confirmation Testing” for identifying the appropriate recipient.	Procedures	Clarification		
Modified	Modified step “Revenue Recognition” and added steps “Understanding Revenue Streams under ASC Topic 606” to better differentiate between procedures that may be performed by the auditor when the entity has or has not adopted ASC Topic 606	Procedures	New or Revised Guidance	ASU No. 2014-09, <i>Revenue from Contracts with Customers</i>	Modified steps will reset on roll forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Added	Added multiple steps that may be performed by the auditor when the entity has adopted ASC Topic 606. Steps include: Understanding Revenue Streams under ASC Topic 606 Management’s Analysis of Revenue Streams under ASC Topic 606 Identify and Understand Revenue Streams under ASC Topic 606 Application of Five Step Process under ASC Topic 606	Procedures	New or Revised Guidance	ASU No. 2014-09, <i>Revenue from Contracts with Customers</i>	
Modified	Modified step name “Sales Transactions” to “Types of Transactions” and “Earnings Process Not Complete” to “Revenue May Not be Recognized”	Procedures	Clarification		
AUD-804 Audit Program: Split-Interest Agreements and Beneficial Interests in Trusts					
Modified	Added additional substeps under “Assets Held under Split-Interest Agreements” for confirmations received electronically.	Procedures	Enhancement		
AUD-805 Audit Program: Contributions and Program Service Fees Receivable and Related Support and Program Service Fees Revenues and Agency Transactions					
Modified	Added substep under “Support Revenue and Receivables – Substantive Procedures” and “Donated Materials” for identifying the appropriate confirmation recipient.	Procedures	Clarification		
AUD-806 Audit Program: Inventories and Cost of Sales					
Modified	Added additional substeps under “Observation Planning” for confirmations received electronically.	Procedures	Enhancement		
AUD-807 Audit Program: Prepaid Expenses, Deferred Charges, Collection Items and Other Assets					
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		
AUD-808 Audit Program: Intangible Assets					
Modified	Added steps “Amortization Criteria – Accounting Alternative for Goodwill”, “Useful Life Less than 10 Years – Accounting Alternative for Goodwill”, “Impairment Policy –	Procedures	New or Revised Guidance	ASU 2019-06 <i>Intangibles – Goodwill and</i>	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	Accounting Alternative for Goodwill”, and “Impairment Testing – Accounting Alternative for Goodwill” to accommodate entities who have elected to use the accounting alternative for goodwill.			<i>Other (Topic 350), Business Combinations (Topic 805, and Not-for-Profit Entities (Topic 958)</i>	
AUD-809 Audit Program: Property and Equipment, and Depreciation Including Contributed Property and Equipment					
Modified	Updated and added lease related steps to accommodate entities that have early adopted ASC Topic 842.	Procedures	New or Revised Guidance	ASU No. 2016-02, <i>Leases (Topic 842)</i>	
Added	Added new Tailoring Question as follows: Has the entity adopted ASC Topic 842? See KCO-002 for Mark N/A implication of these TQ’s.	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 meets the required criteria is classified as a (lease under GASB-87). 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>).	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>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>Lease Capitalization Testing</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> <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>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<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 GASB-87 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> <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 GASB requirements.</p>				
AUD-810 Audit Program: Accounts Payable and Purchases					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
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>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-811 Audit Program: Payroll and Related Liabilities					
Modified	Added additional substeps under “Pension Plan Actuarial Valuation and Certification” for confirmations received electronically.	Procedures	Enhancement		
AUD-812 Audit Program: Unrelated Business Income and Other Tax Issues					
Added	Added step “Accounting for the Effects of Changes in Tax Laws” that the auditor may choose to perform.	Procedures	Enhancement		
AUD-810 Audit Program: Debt Obligations and Debt Service					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	Updated and added lease related steps to accommodate entities that have early adopted ASC Topic 842.	Procedures	New or Revised Guidance	ASU No. 2016-02, <i>Leases (Topic 842)</i>	
Added	Added new Tailoring Question as follows: Has the entity adopted ASC Topic 842? See KCO-002 for Mark N/A implication of these TQ's.	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 ASC Topic 842” and updated step as follows: 1. We obtained from the entity a summary of all leases in force. For all capital leases (prior to adoption of ASC				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
	Topic 842) 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-809 Audit Program: Property and Equipment, and Depreciation Including Contributed Property and Equipment</i>).				
Added	Added new step “Lease Liability Upon Adoption of ASC Topic 842” 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-809 Audit Program: Property and Equipment, and Depreciation</i>).				
AUD-814 Audit Program: Net Assets					
Modified	Modified step under “Policies and Procedures for Net Asset Classification” as follows: We obtained or documented an understanding of the entity’s policies and procedures for classifying net assets into net assets with donor restrictions and net assets without donor restrictions.	Procedures	Enhancement		Step will reset on roll forward due to content changes.
Modified	Modified step under “Release of Net Assets with Donor Restrictions” as follows: We verified that the entity releases restricted resources (net assets with donor restrictions) before spending general resources (net assets without donor restrictions) unless the expenditure is for a purpose that is directly attributable to another specific external source of revenue).	Procedures	Enhancement		Step will reset on roll forward due to content changes.
Modified	Modified step under “Release from Restrictions” as follows: We evaluated whether appropriate reclassifications are made on the statement of activities when donor-imposed restrictions have been fulfilled and that the releases of restrictions from net assets with donor restrictions to net assets without donor restrictions net to zero.	Procedures	Enhancement		Step will reset on roll forward due to content changes.
AUD-815 Audit Program: Other Income and Expenditures/Expenses					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	Added step “Costs Incurred to Fulfill a Contract” that the auditor may choose to perform.	Procedures	New or Revised Guidance	ASU No. 2014-09, <i>Revenue from Contracts with Customers</i>	
AUD-816 Audit Program: Journal Entries					
Removed	Removed all Tailoring Questions as none are applicable anymore. These have been moved to AUD-909 .	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:</p> <ul style="list-style-type: none"> 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 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 	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
	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-817 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: <ol style="list-style-type: none"> 1. We obtained an understanding of and evaluated management’s process for: <ol style="list-style-type: none"> a. Identifying related parties and relationships and the types of transactions with related parties; b. Authorizing and approving transactions with related parties; and c. Accounting for and disclosing relationships and transactions with related parties in the financial statements. <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>	Procedures	Enhancement		
Modified	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: We communicated with the engagement team members, including other auditors, the names of the related parties and	Procedures	Enhancement		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	the nature of the entity’s relationships and transactions with those related parties. 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.				
Modified	Added additional substeps under “Related-Party Transactions, identified” for confirmations received electronically.	Procedures	Enhancement		
AUD-818 Audit Program: Fair Value Measurements and Disclosures					
Deleted	Deleted step “Assessed Risk and Planned Audit Procedures” as duplicative.	Procedures	Improved Workflow		
Modified	Moved step “Business Combinations” to new program <i>AUD-822</i> .	Procedures	Improved Workflow		
AUD-819 Audit Program: Commitments and Contingencies					
Modified	Modified and added substeps under “Management and In-House or External Legal Counsel” for additional considerations, including cybersecurity incidents.	Procedures	Enhancement		Modified steps will retain on roll forward if users selects to keep all responses on roll forward.
AUD-820 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-822 Audit Program: Business Combinations					
NEW	Added Audit Program: Business Combinations.	Program	Improved Workflow		
AUD-901 Audit Program: Subsequent Events					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
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.
AUD-902 Audit Program: Going Concern					
Modified	Under “Section 1: Risk Assessment Procedures and Related Activities” step 1, added additional factors to consider as follows: Minimal excess net assets Limited operations or operates at near breakeven Dependence on related parties Customer/revenue concentration 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 determine whether the entity has the capacity and intention to provide adequate support.	Procedures	Enhancement		
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.
AUD-903 Audit Program: Consideration of Fraud					
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
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.
AUD-904 Audit Program: Compliance with Laws and Regulations, Contract Provisions and Grant Agreements					
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” Removed section “Abuse”.	Workpaper	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	
Modified	Updated for 2018 Revision of the Yellow Book	Procedures	New or Revised Guidance	2018 Revision of the Yellow Book (GAGAS)	
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.
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		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
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		
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.
AUD-908 Interim Review Program: Management Inquiries					
Modified	Removed practice points regarding new accounting standards and replaced with link to Summary Checklist of Recent Authoritative U.S. Accounting Standards on ARM. Link is located above the procedures table.				
Modified	Minor wording changes throughout	Procedures	Clarification		
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 on roll forward.
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		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	Under “Net Assets” modified the following steps as follows: Where donor restrictions have been satisfied, have temporarily restricted net assets been released to net assets without donor restrictions? Have permanently restricted endowment assets received during the period been properly classified as net assets with donor restrictions? Have earnings on permanently restricted net assets been reported as temporarily restricted net assets unless appropriated for expenditure by the Board?				Steps will reset on roll forward due to content changes.
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		Steps will reset on roll forward due to content changes.
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.
AUD-909 Audit Program: Financial Statement Review					
NEW	Added Audit Program: Financial Statement Review.	Program	Improved Workflow		
AUD-910 Audit Program: Specific Element, Account, or Item of a Financial Statement in Accordance with AU-C 805					
NEW	Audit Program: Specific Element, Account or Item of a Financial Statement in Accordance with AU-C 805	Program	Enhancement		

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

- **AID-201 Nonattest Services Independence Checklist** Added practice alert regarding PEECs *Proposed Interpretation of the AICPA Code of Professional Conduct: Staff Augmentation Arrangements (ET sec. 1.295.157)*; Updated for 2018 Revision of the Yellow Book; 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, 823, 826, 830, 836** 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, 838** Updated workpaper to provide additional audit evidence
- **AIDs 814, 821** Added section for recovery of previously written off amounts.
- **AID-829 PPE Summary Analysis** Added tabs for those implementing ASU No. 2016-02, *Leases (Topic 842)*
- **AID-831 Property Additions Analysis** Deleted column “New, Used, or Leased” and added Comments column.
- **AID-841 Analysis of Accrued-Refundable Income Taxes** Added columns for Federal and State and a section for Changes in Previous Tax Positions.
- **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 proposed standard on other information.
- **NEW AID-847 Journal Entry Testing Worksheet**
- **NEW AID-910 Final Account Balance Analysis**

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

- **RPTs 0901 – 1036, 1052-1059** 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*.
- **RPTs 978, 979** Updated to refer to lower of cost and net realizable value.

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 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 practice alert regarding SAS-135 and minor wording changes.
- **COR-813 Request for Confirmation of Notes Payable** Added additional information to be confirmed.
- **CORs 814, 815, 816, 817, 818, 819** Minor wording changes.
- **COR-901 Management Representation Letter** Added sample representation regarding collaborative arrangements; modified sample representations regarding revenue under ASC 606 *Revenue from Contracts with Customers*.

- **COR-903 Communication with Those Charged with Governance** Modified practice alert regarding Omnibus Statement on Auditing Standards for the issuance of SAS-135.
- **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.
- **NEW COR-821A Confirmation of Sales Terms (ASC Topic 606)**

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-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, Revenue from Contracts with Customers – Five Step Model** Updated
- **RES-GOV Government Auditing Standards and Single Audits** Updated for 2018 Revision of the Yellow Book (GAGAS)
- **RES-QCA Meeting Quality Control Standards Using KBA Audit Tools** Added practice point about audit quality indicators.
- **NEW RES-028 Lease Checklist: Identifying a Lease (ASC 842)**
- **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*

ASU No. 2016-02, *Leases (ASC Topic 842)*

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: Revenues from Customers, Program Service and Other Revenue, Contributions, Pledges, Grants, Receivables, Cash Receipts, and Agency Transactions		
KBA-404	Understanding Activity-Level Controls: Purchases and Inventory		
KBA-405	Understanding Activity-Level Controls: Property, Plant, and Equipment, and Contributed Property and Equipment		
KBA-406	Understanding Activity-Level Controls: Other Assets and Collection Items		
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-802	Audit Program: Investments Including Programmatic Investments		
AUD-803	Audit Program: Accounts Receivable and Revenue		
AUD-804	Audit Program: Split-Interest Agreements and Beneficial Interests in Trusts		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-805	Audit Program: Contributions and Program Service Fees Receivable and Related Support and Program Service Fees Revenues and Agency Transactions		
AUD-806	Audit Program: Inventories and Cost of Sales		
AUD-807	Audit Program: Prepaid Expenses, Deferred Charges, Collection Items, and Other Assets		
AUD-808	Audit Program: Intangible Assets		
AUD-809	Audit Program: Property and Equipment, and Depreciation Including Contributed Property and Equipment		
AUD-810	Audit Program: Accounts Payable and Purchases		
AUD-811	Audit Program: Payroll and Related Liabilities		
AUD-812	Audit Program: Unrelated Business Income and Other Tax Issues		
AUD-813	Audit Program: Debt Obligations and Debt Service		
AUD-814	Audit Program: Net Assets		
AUD-815	Audit Program: Other Income and Expenditures/Expenses		
AUD-816	Audit Program: Journal Entries		
AUD-817	Audit Program: Related-Party Transactions		
AUD-818	Audit Program: Fair Value Measurements and Disclosures		
AUD-819	Audit Program: Commitments and Contingencies		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
AUD-820	Audit Program: Accounting Estimates		
AUD-821	Audit Program: Concentrations		
AUD-822	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		
AUD-907	Interim Review Program: Review of Interim Financial Information		
AUD-908	Interim Review Program: Management Inquiries		
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		

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
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-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