

# 2021 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 **2021 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:

- 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*;
- SAS No. 137, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*;
- SAS No. 138, *Amendments to the Description of the Concept of Materiality*;
- SAS No. 139, *Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes From SAS No. 134*;
- SAS No. 140, *Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137*; and
- AICPA Ethics Interpretation, *Information System Services* (ET sec.1.295.145).

The 2021 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™.

**Caution: This title should only be used by auditors who are implementing the requirements of SAS No. 134 – 140. For engagements where those standards will not yet be implemented, the auditor should continue to use the 2020 title, released on 6/11/2020.**

If you are not an early adopter, you still must install this title to obtain the updated KBA-901 Financial Statement Disclosure Checklist. The disclosure checklist is an independent workpaper and can be added to a binder without updating the other content for the new standards.

After installing, if you choose not to release the title, there are three options for inserting the updated disclosure checklist into a binder:

**Note:** Each of these options requires a staff member or group to have the right "Insert Workpapers from Unreleased Titles" which can be assigned in the ADMIN module. The staff with this right are noted as "select staff members" in the options below.

- Select staff members can insert the updated checklist and delete the existing checklist from the binder. The new checklist will not include any of the prior responses. However, the user can refer to the checklist in the prior year binder and copy/paste any relevant information.
- Select staff members can use the Update Knowledge Coach Content feature to update to the 2020 checklist. To do this, first check in all workpapers except KBA-901 Financial Statement Disclosures Checklists to avoid accidentally updating other workpapers. Then, right-click on KBA-901 in the binder and select **Update Knowledge**

**Coach Content > Update Selected Knowledge Coach Workpapers** to update only the disclosure checklist to the 2020 version. This option retains responses from the prior year other than the tailoring questions (table of contents). If other forms are accidentally updated, the changes cannot be undone.

- Select staff members can create a binder template with just the updated disclosure checklist. Then, other staff members can copy and paste the disclosure checklist from the template into the client engagement binders. The new checklist will not include any of the prior responses. However, the user can refer to the checklist in the prior year binder and copy/paste any relevant information.

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.

The 2021 edition of *Knowledge-Based Audits of Not-for-Profit Entities* includes the following updates:

### Knowledge-Based Audit Documents (KBAs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
<b>KBA-101 Overall Audit Strategy</b>					
Added	New TQ, “Is the auditor engaged to report on Key Audit Matters?” that will flow from AUD-100.  Please review KCO-003 Answer Effects for the Engagement-Level Tailoring Questions Workpaper for al functioning of this new TQ.	TQ Table			
Modify	Under “Reporting Requirements” in Section I, added step for key audit matters. Step will show if TQ above is noted as “Yes” in AUD-100”	Procedures	New or Revised Guidance	SAS No. 139	
Modify	Under “Reliance on Others” modified text below the Service Organization table to improve workflow as follows:  If a service organization report is not available, the auditor should document his or her understanding of the control(s) management has in place over the work of the service organization in <b><i>KBA-403 Understanding Activity-Level Controls: Revenues from Customers, Program Service and Other Revenue, Contributions, Pledges, Grants, Receivables, Cash Receipts, and Agency Transactions</i></b> through <b><i>KBA-411 Understanding Activity-Level Controls: Financial Reporting and Closing Process.</i></b>	Procedures	Improved Workflow		
Modify	Modified first column header under step, “Document the other services our firm performs for this entity.” As follows:	Procedures	Improved Workflow		Table 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
	Nature of Nonattest/Nonaudit Services				
<b>KBA-102 Engagement Completion Document</b>					
Added	New TQ, “Is the auditor engaged to report on Key Audit Matters?” that will flow from AUD-100.  Please review KCO-003 Answer Effects for the Engagement-Level Tailoring Questions Workpaper for al functioning of this new TQ.	TQ Table			
Modify	Added information regarding AU-C Section 701 and key audit matters to the instructions including the Practice Point below.  <b>Practice Alert:</b> In May 2019, the AICPA’s Auditing Standards Board (ASB) issued Statement on Auditing Standards No. 134 (SAS-134), <i>Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements</i> . The changes in SAS-134 are intended to enhance the relevance and usefulness of the auditor’s report and provide financial statement users with more meaningful information about the audit. The suite of new standards on auditor reporting will result in the first significant changes to auditor’s reports in years, most notably the re-ordering of report sections and, when applicable, the reporting of key audit matters. SAS-134 makes important changes to the requirements for the form and content of the auditor’s report issued as a result of an audit of financial statements. In addition, it addresses the auditor’s responsibilities to form an opinion on the financial statements. This standard makes the following changes to the reporting standards: <ul style="list-style-type: none"> <li>• <i>Forming an Opinion and Reporting on Financial Statements</i> (Section 700 in SAS-134) addresses the form and content of the auditor’s report and the auditor’s responsibility to form an opinion on the financial statements.</li> <li>• <i>Communicating Key Audit Matters in the Independent Auditor’s Report</i> (Section 701 in SAS-134) notes that reporting of Key Audit Matters (KAMs) is not required unless the auditor is specifically engaged to report on KAMs.</li> <li>• <i>Modifications to the Opinion in the Independent Auditor’s Report</i> (Section 705 in SAS-134) addresses how the form and content of the auditor’s report are affected when the auditor expresses a modified opinion (i.e., a qualified opinion, an adverse opinion, or a disclaimer of opinion) on the financial statements.</li> <li>• <i>Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor’s Report</i> (Section 706 in SAS-134) notably clarifies the relationship between emphasis-of-matter paragraphs and the communication of KAMs in the auditor’s report.</li> </ul>	Instructions	New or Revised Guidance	SAS No. 134	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>SAS-134 supersedes the following sections of the AICPA Auditing Standards Codification:</p> <ul style="list-style-type: none"> <li>• AU-C Section 700, <i>Forming an Opinion and Reporting on Financial Statements</i>;</li> <li>• AU-C Section 705, <i>Modifications to the Opinion in the Independent Auditor's Report</i>; and</li> <li>• AU-C Section 706, <i>Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor's Report</i>.</li> </ul> <p>SAS-134 also creates a new AU-C Section 701, <i>Communicating Key Audit Matters in the Independent Auditor's Report</i>.</p> <p>SAS-134 is effective for audits of financial statements for periods ending on or after December 15, 2020. Early implementation is <b>not</b> permitted. This toolset fully incorporates the requirements of SAS-134.</p>				
Modify	Modified Prior Year table headers for documentation of significant matters, findings or issues.	Table	Clarification		Table will retain on roll forward if user selects to keep all responses on roll forward.
Modify	<p>Modified Significant Findings or Issues Table to address Key Audit Matters by adding two new columns as follows:</p> <p>If Engaged to Report Key Audit Matters, Will the Finding or Issue be Communicated and Included in the Auditor's Report as a Key Audit Matter?</p> <p>Rationale for Auditor's Determination of Whether a Matter Is a Key Audit Matter</p> <p>Both columns will show if the NEW Key Audit Matters TQ in AUD-100 is answered as "Yes".</p>	Table	New or Revised Guidance	SAS No. 134	
<b>KBA-103 Evaluating and Communicating Internal Control Deficiencies</b>					
Modify	Minor wording changes in the instructions	Instructions	New or Revised Guidance	SAS No. 135	
Added	<p>New Default Answers for columns 12 – 15 in "Evaluation of Internal Control Deficiencies" Table</p> <p>If Column 12 is "Yes", then Columns 13, 14, and 15 will default to "N/A"</p> <p>If Column 14 is "Yes", then Column 15 will default to "N/A"</p>	Table			On roll forward the answers to columns 13, 14, or 15 might update if user had incorrect answer in prior period.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	Modified column, “Defic. No. From Above” in the “Communication of Internal Control Deficiencies” table so that deficiencies will be ordered by number or alphabetical when the deficiencies flow down.	Table			On roll forward the items will retain but may be reordered in this table if user selects to keep all responses.
<b>KBA-200 Entity Information and Background</b>					
Modify	<p>Slightly modified step, “List component, location, or segment” and added related note.</p> <p><b>Note:</b> In an audit of an entity with operations in multiple locations or with multiple components, the auditor must comply with the requirements of AU-C Section 600, <i>Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)</i> regardless of whether another auditor has been engaged to perform audit procedures at the component entity, and should consider the extent to which audit procedures should be performed at selected locations, business units, or components. The auditor’s objective is to obtain sufficient appropriate audit evidence about whether the entity’s consolidated financial statements are free of material misstatement. The auditor should correlate the amount of audit attention devoted to the location or business unit with the degree of risk of material misstatement associated with that location or business unit.</p> <p>When determining whether an engagement requires group audit consideration, the auditor should consider the following factors:</p> <ul style="list-style-type: none"> <li>• All consolidated financial statements;</li> <li>• All combined financial statements (i.e., components under common control);</li> <li>• If more than one location or division/branch/business segment exist;</li> <li>• Joint ventures;</li> <li>• Investees accounted for under the equity method or cost method, less impairment if applicable; and</li> <li>• Certain governmental considerations; for example, a component may be a separate legal entity reported as a component unit or part of the governmental entity such as a business activity, department or program.</li> </ul> <p>The auditor should consider the following factors when determining which locations or business units should be tested and when determining the nature, timing, and extent of the audit procedures to be performed:</p> <ul style="list-style-type: none"> <li>• The nature and amount of assets, liabilities, and transactions executed at the location or business unit, including, for example, significant transactions executed at the location or business unit that are outside the normal course of business for the entity, or that otherwise appear to be unusual given the auditor’s understanding of the entity and its environment;</li> <li>• The materiality of the location or business unit;</li> <li>• The specific risks associated with the location or business unit that present a reasonable possibility of material misstatement to the entity’s consolidated financial statements;</li> <li>• Whether the risks of material misstatement associated with the location or business unit apply to other locations or business units such that, in combination,</li> </ul>	Procedures	Enhancement		Step will retain on roll forward using default settings

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>they present a reasonable possibility of material misstatement to the entity's consolidated financial statements;</p> <ul style="list-style-type: none"> <li>• The degree of centralization of records or information processing;</li> <li>• The effectiveness of the control environment, particularly with respect to management's control over the exercise of authority delegated to others and its ability to effectively supervise activities at the location or business unit; and</li> <li>• The frequency, timing, and scope of monitoring activities by the entity or others at the location or business unit.</li> </ul> <p>The auditor may also consider the following factors when determining the nature, timing, and extent of audit procedures for entities with multiple locations or business units:</p> <ul style="list-style-type: none"> <li>• Existence of subsidiaries or variable interest entities that will require consolidation;</li> <li>• Subsidiaries or other locations that are to be audited by component auditors;</li> <li>• Specialized knowledge that is required for subsidiaries or other locations;</li> <li>• Reporting currency or other location-specific requirements;</li> <li>• Communications with component auditors about the scope of their procedures and other professional requirements regarding the auditor's reliance on their work;</li> <li>• How to obtain evidence regarding the design and operation of internal controls when the entity uses an outside service organization to process significant or unusual transactions;</li> <li>• Information known from prior audits and whether the auditor may obtain and update evidence concerning the design and operation of internal controls initially obtained in prior-year audits;</li> <li>• How Information technology (IT) affects the audit, including the availability of client data and whether computer-assisted auditing techniques will be required or used. The auditor may need to consider the use of a specialist to test the operating effectiveness of both IT general and application controls;</li> <li>• The possibility of spreading the audit procedures and coverage over the year, particularly in connection with the timing of any interim reviews; and</li> <li>• The availability of client personnel, as well as coordination of entity support such as lead schedules and other supporting schedules requested by the auditor.</li> </ul> <p>Also, to introduce unpredictability into the testing, the auditor should vary the nature, timing, and extent of audit procedures to be performed at locations or business units from year to year.</p> <p>The auditor may eliminate from further consideration locations or business units that, individually or when aggregated with others, do not present a reasonable possibility of material misstatement to the entity's consolidated financial statements. In lower-risk locations or business units, the auditor first might evaluate whether testing entity-level controls, including controls in place to provide assurance that appropriate controls exist throughout the organization, provides the auditor with sufficient appropriate audit evidence.</p>				
<b>KBA-201 Client/Engagement Acceptance and Continuance Form</b>					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Added	New TQ, “Is the auditor engaged to report on Key Audit Matters?” that will flow from AUD-100.  Please review KCO-003 Answer Effects for the Engagement-Level Tailoring Questions Workpaper for al functioning of this new TQ.	TQ Table	New or Revised Guidance	SAS No. 134	
Modify	Under part 1, added steps which read as follows:  Are you aware of any relationships or transactions with related parties?  Are you aware of any significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual due to their timing, size, or nature?	Procedures	New or Revised Guidance	SAS No. 135	
Modify	Under Part 2, Section I, modified step 2g and added step 2y which read as follows:  Are there undisclosed related-party relationships or transactions?  If the entity is adopting or has adopted new accounting standards, are its internal controls inadequate to address the potential impact of the new standard’s required data and disclosures?	Procedures	New or Revised Guidance	SAS No. 135	Modified step will retain on roll forward using default settings.
Modify	Under Part 2, Section III, modified step 2a which now reads as follows: a. Are the preconditions for an audit present and do we understand the following: i. The purpose for which the financial statements are prepared and whether the financial reporting framework applied in the presentation of the financial statements is a fair presentation framework; ii. The intended users of the financial statements; iii. The acceptability of the financial reporting framework applied in the preparation of the financial statements, including the steps taken by management to determine that it is acceptable in the circumstances; iv. The agreement of management and, where appropriate, those charged with governance, to the premise on which an audit is conducted; v. The agreement of management that it acknowledges and understands its responsibilities:	Procedures	New or Revised Guidance	SAS No. 134	Step will reset on roll forward due to content changes.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<ul style="list-style-type: none"> <li>– For the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the financial statements, that are free from material misstatements, whether due to fraud or error;</li> <li>– To provide the auditor with access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, including access to information relevant to disclosures;</li> <li>– To make available to the auditor draft financial statements, including all information relevant to their preparation and fair presentation, whether obtained from within or outside of the general and subsidiary ledgers (including all information relevant to the preparation and fair presentation of disclosures), and any accompanying other information, in time to allow the completion of the audit in accordance with the proposed timetable;</li> <li>– To provide the auditor with additional information that the auditor may request from management for the purpose of the audit; and</li> <li>– To provide unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence; and</li> </ul> <p>vi. If applicable, our legal responsibilities if we plan to use the form and content of the auditor’s report of another country.</p>				
Modify	<p>Under Part 2, Section III, added step 2c regarding key audit matters</p> <p>Step will show if NEW TQ above is selected as “Yes” in AUD-100.</p>	Procedures	New or Revised Guidance	SAS No. 134	
<b>KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts</b>					
Modify	<p>Added practice point regarding SAS-138</p> <p><b>Practice Alert:</b> In December 2019, the AICPA’s Auditing Standards Board (ASB) issued Statement on Auditing Standards (SAS) No. 138, Amendments to the Description of the Concept of Materiality, which amends the definition and concepts of materiality to better align them with the U.S. judicial system, the auditing standards of the PCAOB, the U.S. Securities and Exchange Commission (SEC), and the Financial Accounting Standards Board (FASB). The ASB believes it is in the public interest to eliminate inconsistencies in the</p>	Purpose	New or Revised Guidance	SAS No. 138	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>definition and concept of materiality, while also stating that they do not believe there will be a change in practice. SAS No. 138 states that:</p> <p>In general, misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. Judgments about materiality involve both qualitative and quantitative considerations.</p> <p>SAS-138, as issued, was effective for audits of financial statements for periods ending on or after December 15, 2020. However, in Spring of 2020, the ASB voted to defer the effective date and SAS-138 is now effective for periods ending on or after December 15, 2021. This toolset incorporates the requirements of SAS-138.</p>				
<b>KBA-302 Understanding the Entity and Its Environment</b>					
Modify	<p>Under Section I, modified 2a and 2b under “Regulatory Environment”, which now read as follows:</p> <ul style="list-style-type: none"> <li>a. Regulatory framework for a regulated industry, including requirements for disclosures (e.g., high degree of complex regulation including, but not limited to: public utilities, hospitals, insurance entities, health and human services, and elementary and secondary education).</li> <li>b. New accounting principles and type of government-specific practices including industry-specific significant classes of transactions, account balances, and related disclosures in the financial statements.</li> </ul>	Procedures	New or Revised Guidance	SAS No. 134	The second step will reset on roll forward due to content changes.
Modify	<p>Under Section II, modified 4f and 4m; added 4g under “Selection and Application of Accounting Principles, Including Related Disclosures (i.e., Financial Reporting)”, which now read as follows:</p> <ul style="list-style-type: none"> <li>f. Events or transactions that result in significant measurement uncertainty, including accounting estimates and related disclosures (e.g., allowance for doubtful accounts, accruals, impairment).</li> <li>g. Omitting, misstating, or obscuring, significant information in disclosures.</li> <li>h. Type of government-specific significant classes of transactions, account balances, and related disclosures in the financial statements (e.g., student receivables for colleges and universities).</li> </ul>	Procedures	New or Revised Guidance	SAS No. 134	Step g is a new step, others will retain on roll forward with default settings.
Modify	<p>Under Section III, modified 2c under “Matters relating to consolidation adjustments” which is under Section “Consolidation Process” which now read as follows:</p>	Procedures	New or Revised Guidance	SAS No. 135	Modified step will retain on roll forward using default settings.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	Business purpose for the events and transactions that gave rise to the consolidation adjustments.				
Modify	<p>Under Section VI, Subsection 1, under “Opportunities” deleted 2a and added 2a and 2b; modified 2e; added 2h; and modified 2l as follows:</p> <ol style="list-style-type: none"> <li>a. There are related-party transactions that are also significant unusual transactions.</li> <li>b. There are significant transactions with related parties whose financial statements are not audited or are audited by another firm.</li> <li>e. There are significant or highly complex transactions, or significant unusual transactions,</li> <li>h. The entity has contractual arrangements lacking a business purpose or commercial or economic substance.</li> <li>l. There is ineffective monitoring of management as a result of: <ul style="list-style-type: none"> <li>• Domination of management by a single person or small group (in a non-owner-manager business) without compensating controls.</li> <li>• Ineffective oversight by those charged with governance over the financial reporting process and internal control.</li> <li>• The exertion of dominant influence by or over a related party.</li> </ul> </li> </ol>	Procedures	New or Revised Guidance	SAS No. 135	
<b>KBA-303 Inquiries of Management and Others Within the Entity About the Risks of Fraud and Noncompliance with Laws and Regulations</b>					
Modify	<p>Under “Inquiries of Management” modified step 3 and added step 6 as follows:</p> <ol style="list-style-type: none"> <li>3. Do you assess the risk that the financial statements (including the individual statements and the disclosures) may be materially misstated due to fraud, and how and how often do you make that assessment?</li> <li>6. Has the entity entered into any significant unusual transactions? If so, describe the nature, terms, and business purpose (or lack thereof) of those transactions and whether such transactions involved related parties.</li> </ol>	Procedures	New or Revised Guidance	SAS No. 134; SAS No. 135	Step 6 is a new step. Step 3 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
Modify	Under “Inquiries of Those Charged with Governance” added step 3 as follows:  Are you aware of any significant unusual transactions entered into by the entity?	Procedures	New or Revised Guidance	SAS No. 135	
Modify	Under “Inquiries of Internal Audit Function” added step 3 as follows:  Are you aware of any significant unusual transactions entered into by the entity?	Procedures	New or Revised Guidance	SAS No. 135	
Modify	In Conclusion section, “Based upon the above inquiries, we investigated inconsistencies related to inquiries of management, those charged with governance, and others, and have considered their impact on our assessment of the risk of fraud and identified risks of material misstatement due to fraud that have been summarized at <b><i>KBA-502 Summary of Risk Assessments.</i></b> ” the “No” floatie has been updated to be, “No Inconsistencies Noted”.	Conclusion	Workflow		This step will reset on roll forward due to content changes.
<b>KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures</b>					
Modify	Minor wording changes in the instructions and to practice points in the instructions	Instructions	New or Revised Guidance	SAS No. 134 SAS No. 135	
Modify	In Table 1: Scoping and Mapping, the floatie, “Understand Reconciliation Process and Controls Only” for Column, “Type of Further Understanding of Activity-Level Controls to Be Gained” has been updated to remove the word “Only”	Table Floaties	Workflow		The response will retain on roll forward based on default settings.
<b>KBA-401 Understanding Entity-Level Controls</b>					
Modify	Modified descriptions of the five components of internal controls	Tables	Enhancement		
<b>KBA-402 Understanding General Controls for Information Technology</b>					
Modify	Modified Section I Table and related instructions to include Disclosures.	Instructions; Tables	New or Revised Guidance	SAS No. 134	
Modify	Multiple new Practice Points as follows:				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p><b>Practice Point:</b> The auditor's understanding of the information system relevant to financial reporting should include relevant aspects of that system relating to information disclosed in the financial statements that is obtained from within or outside of the general and subsidiary ledgers. Consideration of disclosures includes the quantitative and qualitative aspects of each disclosure.</p> <p><b>Practice Point:</b> Risks related to IT include (not all inclusive):</p> <ul style="list-style-type: none"> <li>• Whether the information technology system has the capability and is appropriately configured to process large volumes of data;</li> <li>• Complex calculations in applying a method. When diverse systems are required to process complex transactions, regular reconciliations between systems are made, in particular when the systems do not have automated interfaces or may be subject to manual intervention;</li> <li>• Whether the design and calibration of models and calculations within the system are periodically evaluated;</li> <li>• The complete and accurate extraction of data need for calculations, including accounting estimates, from the entity's records or from external information sources;</li> <li>• Data, including the complete and accurate flow of data through the entity's information system, the appropriateness of any modification to the data used in making calculations, including accounting estimates, and the maintenance of the integrity and security of the data;</li> <li>• The processing or recording of data obtained from external information sources;</li> <li>• Whether management has controls around access, change and maintenance of individual models and systems to maintain a strong audit trail of accredited versions of models and systems to prevent unauthorized access or amendments to those models and systems; and</li> <li>• Whether there are appropriate controls over the transfer of information related calculations, including accounting estimates, into the general ledger, including appropriate controls over journal entries.</li> </ul>				
<b>KBA-403 Understanding Activity-Level Controls: Revenue, Receivables, and Cash Receipts through KBA-408 Understanding Activity-Level Controls: Financial Reporting and Closing Process</b>					
Modify	Modified instructions for Step 3 regarding understanding the process of reconciling information	Instructions			
<b>KBA-404 Understanding Activity Level Controls: Purchases and Inventory</b>					
Add	Added control objective related to donated inventory under the "Inventory Costing" subprocess.	Procedures	Enhancement		
<b>KBA-412 Understanding Controls Maintained by a Service Organization</b>					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	Modified documentation of the date of the service auditor’s report which now reads as follows:  The “as of date” (Type 1) or period covered (Type 2) in the service auditor’s report:	Procedures	Enhancement		Step will reset on roll forward due to content changes.
Add	Added the following items to be documented:  Locations covered, if applicable:  Name and description of subservice organization(s), if applicable:  Type of opinion expressed in the service auditor’s report (e.g., unmodified or modified):  <b>Practice Point:</b> If modified, document the nature of the qualification(s), and any potential effect it may have on the risk of a material misstatement in the entity’s financial statements. A qualification may affect a single control objective or may affect several control objectives.	Procedures	Enhancement		
Modify	Moved step 1 into its own table above the description of the professional reputation of the service auditor:  1. We performed procedures to become satisfied as to: a. The service auditor’s professional competence. b. The service auditor’s independence from the service organization. c. The adequacy of the standards under which the service auditor’s report was issued.  <b>Practice Point:</b> Procedures may include reviewing on-line sources of information regarding the service auditor’s standing (e.g., Public Company Accounting Oversight Board (PCAOB) website, AICPA Peer Review status website; and the applicable state accountancy board website). If no information can be found, the auditor should document that fact, and evaluate the effect on the audit.	Procedures	Improved Workflow		Steps will retain from prior table on roll forward using default settings.
Add	Added step 8d regarding the period not covered by the Type 2 report:  If the Type 2 report does not cover a significant portion of the period covered by the entity’s financial statements, obtaining audit evidence regarding the operating effectiveness of controls for the period that is not covered by the Type 2 report by performing additional procedures.	Procedures	Enhancement		
Modify	Modified step 9 and 10 regarding exclusion of subservice organizations, which now reads as follows:	Enhancement			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>If we plan to use a Type 1 or a Type 2 report that excludes the services provided by a subservice organization and those services are relevant to the audit of the financial statements, we identified the functions performed by the subservice organization and applied the requirements of AU-C Section 402, <i>Audit Considerations Relating to an Entity Using a Service Organization</i>, with respect to the services provided by the subservice organization. If the service organization uses the carve-out method and the functions of the subservice organization are significant and relevant to the entity’s internal control over financial reporting, we obtained additional information about the subservice organization’s controls.</p> <p>If we expect to issue an unmodified auditor’s report, we will not refer to the work of the service auditor unless required by law or regulation to do so. If such reference is required by law or regulation, our report will indicate that the reference does not diminish our responsibility for the audit opinion.</p>				
<b>KBA-501 Team Discussion and Consideration of the Risks of Material Misstatement</b>					
Modify	<p>Updated references to the entity’s financial statements to include the related disclosures.</p> <p>Added new Practice Point:</p> <p><b>Practice Alert:</b> In May 2019, the AICPA’s Auditing Standards Board (ASB) issued Statement on Auditing Standards No. 135 (SAS-135), <i>Omnibus Statement on Auditing Standards - 2019</i>. The purpose of this standard is to better align AICPA auditing standards with the PCAOB auditing standards. Since the ASB completed its auditing standards clarity project, which clarified generally accepted auditing standards (GAAS) and converged them with the International Standards on Auditing (ISAs) issued by the IAASB, the PCAOB has issued Auditing Standard (AS) 1301, <i>Communications With Audit Committees</i>; AS 2701, <i>Auditing Supplemental Information Accompanying Audited Financial Statements</i>; and AS 2410, <i>Related Parties</i>. The ASB has issued amendments to GAAS for requirements in the PCAOB auditing standards that the ASB believes does not have an equivalent in GAAS.</p> <p>SAS-135 amends AU-C Section 240, <i>Consideration of Fraud in a Financial Statement Audit</i>, by introducing the term <i>significant unusual transactions</i> and defining it as “significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual due to their timing, size, or nature” and adding additional factors to be considered.</p> <p>SAS-135 also amends AU-C Section 315, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>, to make a conforming amendment for the use of the term <i>significant unusual transactions</i> as</p>	Purpose, Instructions, Procedures	New or Revised Guidance	SAS No. 134, 135	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	discussed above, that is by changing “nonroutine” and “outside the normal course of business” transactions to <i>significant unusual transactions</i> .  SAS-135 is effective for audits of financial statements for periods ending on or after December 15, 2020. This toolset incorporates the requirements of SAS-135.				
Modify	Updated factors to consider in determining whether a risk is a significant risk to include significant unusual transactions (rather than outside the normal course of business) and related-party transactions that are also significant unusual transactions.	Procedures	New or Revised Guidance	SAS No. 135	
Modify	Under “Identification of Risks of Material Misstatement” modified step 1a to include obscure disclosures:  We discussed the following matters that may be relevant in identifying risks of fraud:  Risk of omitted, obscure, incomplete, or inaccurate disclosures.	Procedures	New or Revised Guidance	SAS No. 134	Step will retain on roll forward if user selects to keep all responses on roll forward.
<b>KBA-502 Summary of Risk Assessments</b>					
Modify	Updated factors to consider in determining whether a risk is a significant risk to include significant unusual transactions (rather than outside the normal course of business) and related-party transactions that are also significant unusual transactions.	Instructions	New or Revised Guidance	SAS No. 135	
Modify	Under “Section I: Financial-Statement-Level Risks” modified the planned overall response related to management override of internal controls to address the entity’s business purpose (rather than rationale) for significant unusual transactions.	Procedures	New or Revised Guidance	SAS No. 135	
Added	New Default Answer if user isn’t testing controls (by selecting “No” to “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)?” or “Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” and Column 5, “Controls Selected for Testing of Operating Effectiveness” is “No”, then Column 7, “CR” will default to “Max”				On roll forward if user selects to keep all responses then any responses that were incorrect will default to this new default answer.
<b>KBA-503 Basis for Inherent Risk Assessment</b>					
Modify	Added columns to table for relevant assertion and inherent risk assessment to aid in documenting the basis for inherent risk.  This information will flow from KBA-502	Instructions, Table	Improved workflow		This workpaper will reset on roll forward due to the content changes.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	Users will now select in the first column, “Significant Audit Areas” the audit areas where the user wants to document the basis for inherent risk. After selecting the audit area, the two columns above will flow in. The user also now has the ability to only document the basis for inherent risk assessment for audit area or for a particular assertion related to that audit area.				
<b>KBA-901 Financial Statement Disclosures Checklist</b>					
Modify	New, streamlined approach for tailoring the financial statement disclosure checklist	Disclosures	Workflow		On roll forward the user will be able to roll forward and keep responses, but these responses will not show until user has answered the applicable tailoring. After roll forward please be sure to answer all new Tailoring questions.
<b>KBA-902 Audit Review and Approval Checklist</b>					
Added	New TQ, “Is the auditor engaged to report on Key Audit Matters?” that will flow from AUD-100.  Please review KCO-003 Answer Effects for the Engagement-Level Tailoring Questions Workpaper for al functioning of this new TQ.	TQ Table			
Modify	Under “Section I: Detailed Auditor Review” modified step 9 and under “Section II: Engagement Partner Review” modified step 8 to address key audit matters:  The Engagement Completion Document adequately addresses significant findings and issues identified during the audit, including identification and evaluation of key audit matters when the auditor is engaged to report on key audit matters.	Procedures	New and Revised Guidance	SAS-134	Step will reset on roll forward due to content changes.
Add	Under “Section III: Concurring Partner Review” and “Section IV: Engagement Quality Control Review” added step 4d for key audit matters:  If engaged to report on key audit matters, the engagement team’s conclusion regarding the identification, description, communication, and inclusion in the auditor’s report of key audit matters or if applicable, depending on the facts and circumstances of the entity and the audit engagement, that there were no key audit matters to communicate in the auditor’s report.	Procedures	New and Revised Guidance	SAS-134	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	Step will show/hide based on new TQ above.				
Modify	<p>Under “Section III: Concurring Partner Review” and “Section IV: Engagement Quality Control Review” modified step 5 which now reads as follows:</p> <p>I have read other information included in the entity’s annual report and have evaluated whether the engagement team has taken appropriate action with respect to any material inconsistencies with the financial statements or material misstatements of fact of which I am aware.</p>	Procedures	New and Revised Guidance	SAS-137	Step will retain on roll forward if user selects to keep all responses on roll forward.
<b>KBA-904 Audit Documentation Checklist</b>					
Added	<p>New TQ, “Is the auditor engaged to report on Key Audit Matters?” that will flow from AUD-100.</p> <p>Please review KCO-003 Answer Effects for the Engagement-Level Tailoring Questions Workpaper for al functioning of this new TQ.</p>	TQ Table			
Modify	<p>Modified step 9 regarding communications with those charged with governance, which now reads as follows:</p> <p>In connection with the communication with those charged with governance as required by AU-C 260, <i>The Auditor’s Communication with Those Charged with Governance</i>, and AU-C 265, <i>Communicating Internal Control Related Matters Identified in an Audit</i>, we included the following in the audit documentation:</p> <ol style="list-style-type: none"> <li>a. When matters required to be communicated have been communicated orally, we included a record of the nature of the communication, and when and to whom these items were communicated (AU-C 260; AU-C 265); and</li> <li>b. If, as part of its communication to those charged with governance, management communicated some or all of the matters that we are required to communicate and, as a result, we did not communicate these matters at the same level of detail as management, we included a copy or summary of management’s communications provided to those charged with governance (AU-C 260).</li> </ol>	Procedures	New and Revised Guidance	SAS-135	Step will reset on roll forward due to content changes.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
Modify	<p>Modified step 17a regarding documentation of the reconciliation of accounting records which now reads as follows:</p> <p>The agreement or reconciliation of the accounting records to information in the audited financial statements or other audited information, including agreeing or reconciling disclosures, whether such information is obtained from within or outside of the general ledger and subsidiary ledgers (AU-C 330);</p>	Procedures	New and Revised Guidance	SAS-134	Step will reset on roll forward due to content changes.
Add	<p>Added step 23 regarding key audit matters:</p> <p>If we were engaged to report on Key Audit Matters, we have documented the following (AU-C 701):</p> <ol style="list-style-type: none"> <li>a. The communications with those charged with governance and the appropriate audit documentation relating to each individual matter.</li> <li>b. The determination, from the matters communicated with those charged with governance, of the matters that required significant auditor attention and whether or not each of those matters is a key audit matter.</li> <li>c. Why the matter was determined to be a key audit matter.</li> <li>d. How each key audit matter was addressed in the audit.</li> <li>e. When applicable, the rationale for our determination that there are no key audit matters to communicate in the auditor’s report.</li> <li>f. When applicable, the rationale for our determination that the only key audit matters to communicate in the auditor’s report are matters giving rise to a qualified opinion or involving substantial doubt about an entity’s ability to continue as a going concern for a reasonable period of time.</li> <li>g. When applicable, the rationale for our determination not to communicate in the auditor’s report a matter determined to be a key audit matter.</li> </ol> <p>Step will show/hide based on new TQ, above.</p>	Procedures	New and Revised Guidance	SAS-134	
Add	Added step 24 regarding other information contained in the annual report:	Procedures	New and Revised Guidance	SAS-137	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>2. If the auditor’s report is included in an entity’s annual report that contains other information, we have documented the following (AU-C 720):</p> <p>a. The procedures performed regarding other information contained in the entity’s annual report; and</p> <p>b. The final version of the other information on which we performed the work required.</p> <p>Step will show/hide based on new TQ, above.</p>				

**Audit Programs (AUDs)**

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>AUD-100 Engagement-Level Tailoring Questions</b>					
Added	<p>New TQ, “Is the auditor engaged to report on Key Audit Matters?”.</p> <p>Please review KCO-003 Answer Effects for the Engagement-Level Tailoring Questions Workpaper for all show/hide based on this new TQ.</p>	TQ Table			
<b>AUD-101 Overall Audit Program</b>					
Added	<p>New TQ, “Is the auditor engaged to report on Key Audit Matters?” which will flow from AUD-100.</p> <p>Please review KCO-003 Answer Effects for the Engagement-Level Tailoring Questions Workpaper for al functioning of this new TQ.</p>	TQ Table			
Modified	Updated multiple practice points for SAS Nos. 134 – 140.	Procedures	New or Revised Guidance	SAS Nos. 134 - 140	
Modified	Throughout document, updated references to “financial statements” to include the disclosures.	Procedures	New or Revised Guidance	SAS No. 134	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modified	<p>Under “Risk Assessment Procedures: Obtaining an Understanding of the Entity and its Environment” modified step which now reads:</p> <ol style="list-style-type: none"> <li>1. Obtain an understanding of the entity’s business purpose (or lack thereof) for significant unusual transactions and whether that suggests the transactions may have been entered into to engage in fraudulent financial reporting or conceal misappropriation of assets. In obtaining such an understanding, consider the following: <ol style="list-style-type: none"> <li>a. Whether the structure of such transactions is unnecessarily complex (e.g., involving multiple entities within a consolidated group or unrelated third parties).</li> <li>b. Whether management has informed those charged with governance about the nature of and accounting for such transactions.</li> <li>c. Whether management is emphasizing the need for a particular accounting treatment over the economic substance of the transaction.</li> <li>d. Whether those charged with governance have reviewed and approved transactions that involve unconsolidated related parties.</li> <li>e. Whether the transactions involve related parties or relationships or transactions with related parties previously undisclosed to the auditor.</li> <li>f. Whether transactions involve other parties that are unable to support the transaction without assistance from the entity being audited or any related party of the entity.</li> <li>g. Whether transactions lack commercial or economic substance or are part of a larger series of interconnected arrangements that lack commercial or economic substance individually or in the aggregate (e.g., a transaction is entered into shortly prior to period end and is unwound shortly after period end).</li> </ol> </li> </ol>	Procedures	New or Revised Guidance	SAS No. 135	Step will reset on roll forward based on content changes.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>h. Whether transactions occur with a party that falls outside the definition of a related party (as defined by the applicable financial reporting framework), with either party able to negotiate terms that may not be available for other, more clearly independent parties on an arm's-length basis.</li> <li>i. Whether transactions exist to enable the entity to achieve certain financial targets.</li> </ul>				
Modified	<p>Under "Risk Assessment Procedures: Obtaining an Understanding of the Entity and its Environment" modified step which now reads:</p> <p>Review the minutes from board of directors' meetings, other relevant committee meetings, and summaries of actions of recent meetings for which minutes have not yet been prepared.</p>	Procedures	New or Revised Guidance	SAS No. 135	Step will retain on roll forward is user selects to keep all responses on roll forward.
Modified	<p>Under "Risk Assessment Procedures: Obtaining an Understanding of the Entity and its Environment" modified step which now reads:</p> <p>Identify and document relevant assertions and relevant related controls for the following:</p> <ul style="list-style-type: none"> <li>a. Significant classes of transactions;</li> <li>b. Significant account balances; and</li> <li>c. Significant financial statement disclosures (both the qualitative and quantitative aspects) and disclosure expectations.</li> </ul>	Procedures	New or Revised Guidance	SAS No. 134	Step will retain on roll forward is user selects to keep all responses on roll forward.
Modified	<p>Under "Risk Assessment Procedures: Obtaining an Understanding of the Entity and its Environment" modified step which now reads:</p> <p>Identify and document the following:</p> <ul style="list-style-type: none"> <li>a. Potential litigation and claims;</li> <li>b. Commitments and contingencies;</li> <li>c. Concentrations of risk;</li> </ul>	Procedures	New or Revised Guidance	SAS No. 135	Step 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
	<ul style="list-style-type: none"> <li>d. Related-party transactions and relationships, including ownership structure, including ownership structure;</li> <li>e. Significant management estimates and judgments;</li> <li>f. New or significant accounting issues; and</li> <li>g. Other areas requiring special audit consideration.</li> </ul>				
Modified	<p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls” modified step which now reads:</p> <p>Perform risk assessment procedures at the relevant assertion-level to identify and assess the risks of material misstatement for all significant account balances, classes of transactions, and both the qualitative and quantitative aspects of disclosures; including consideration of information technology (IT) and “what could go wrong,” taking into account activity-level controls.</p>	Procedures	New or Revised Guidance	SAS No. 134	Step will retain on roll forward is user selects to keep all responses on roll forward.
Modified	<p>Under “Designing Audit Procedures in Response to Assessed Risks” modified step which now reads:</p> <p>Design further audit procedures to respond to the assessed risks of material misstatement at the relevant assertion level, including the risks of management override of internal controls and intentional misstatement, providing a clear link between the nature, timing, and extent of audit procedures and the risk assessments due to fraud or error. The further audit procedures must address all relevant assertions related to each significant account balance, class of transactions, and disclosure, as well as the financial statement closing process and should take into consideration the reasons for the assessed risk of material misstatement at the assertion level. Procedures may include:</p>	Procedures	New or Revised Guidance	SAS No. 134	Step will retain on roll forward is user selects to keep all responses on roll forward.
Modified	<p>Under “Evaluating, Concluding and Reporting Procedures” modified step which now reads:</p> <p>Reevaluate the established materiality level or levels, including performance materiality, and tolerable misstatement when due to changes in circumstances or when information comes to the auditor’s attention, such as:</p>	Procedures	New or Revised Guidance	SAS No. 138	Step 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>a. Materiality level or levels, including performance materiality, and tolerable misstatement were established initially based on estimated or preliminary financial statement amounts that differ significantly from actual amounts.</p> <p>b. Events or changes in conditions occurring after the materiality level or levels, including performance materiality, or tolerable misstatement were established initially are likely to influence the judgment made by a reasonable user based on the financial statements.</p>				
Add	<p>Under “Evaluating, Concluding and Reporting Procedures” added step which reads:</p> <p>If engaged to report on key audit matters, select and document, from among the matters communicated with those charged with governance that required significant auditor attention, those matters that, in the auditor’s judgment, were of most significance in the audit of the financial statements of the current period and that, therefore, are the key audit matters.</p> <p>Step will show/hide based on new TQ, noted above.</p>	Procedures	New or Revised Guidance	SAS No. 134	
<b>AUD-201 Audit Program: Opening Balances and Additional Audit Procedures for an Initial or Reaudit Engagement</b>					
Added	<p>Added two new TQs, that flow from AUD-100:</p> <p>Is this a new or recurring engagement?</p> <p>Is the auditor engaged to report on Key Audit Matters?</p> <p>Please review KCO-003 Answer Effects for the Engagement-Level Tailoring Questions Workpaper for al functioning of this new TQ.</p>	TQ Table			
Modify	Minor wording changes	Purpose, Instructions	Clarification		
Modify	Modified instructions to discuss significant unusual transactions	Instructions	New or Revised Guidance	SAS No. 135	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Add	<p>Added step 1 under “accepting the engagement” which reads as follows:</p> <p>In accepting the engagement, we have considered:</p> <ul style="list-style-type: none"> <li>a. Arrangements to be made with the predecessor auditor (e.g., to review the predecessor auditor's audit workpapers);</li> <li>b. Any major issues discussed with management or those charged with governance regarding the initial selection as auditors and how these issues affect the overall audit strategy and audit plan;</li> <li>c. The assignment of personnel possessing the appropriate characteristics and qualifications to enable them to perform competently and to successfully execute the engagement;</li> <li>d. Other procedures required by the firm's quality control system for initial audit engagements (e.g., the involvement of another senior individual to review the overall audit strategy before starting the audit or to review the audit report before it is issued); and</li> <li>e. The procedures planned to obtain audit evidence regarding opening balances.</li> </ul> <p>This new step will show if the new TQ flowing into this form, “Is this a new or recurring engagement?” is answered as “New” in AUD-100.</p>	Procedures	Clarification		
Modify	Reorganized many steps to improve workflow.	Procedures	Improved workflow		
Add	Added step “No Predecessor Auditor” with specific procedures that may be performed in new engagements when there is no predecessor auditor, replacing the existing generic step.	Procedures	Enhancement		
Modify	Split step under “Predecessor Auditor” (previously step 6) into two steps which read as follows:	Procedures			The first step will retain on roll forward if user selects to keep all responses on roll forward. The second step is considered new.



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>We reviewed the predecessor auditor’s report on the financial statements and other reports and documents as necessary (such as the management letter or communication of significant deficiencies in internal control, attorney response letters to audit inquiries, and the management representation letter).</p> <p>We reviewed the predecessor auditor’s permanent file documents that are pertinent to the audit (such as articles of incorporation, partnership agreements and other significant agreements, and legal documents).</p>				
Add	<p>Added step regarding key audit matters:</p> <p>If we are engaged to report on key audit matters and we encountered significant difficulty in obtaining sufficient appropriate audit evidence about whether the opening balances contain misstatements that materially affect the current period’s financial statements, we determined whether the issue is a key audit matter that requires communication in the auditor’s report.</p> <p>Step will show based on new TQ, noted above.</p>	Procedures	New or Revised Guidance	SAS No. 134	
<b>AUD-601 Audit Program: Testing and Evaluating Internal Auditors Work</b>					
Modify	<p>Under “Section I: Using the work of the Internal Audit Function in Obtaining Audit Evidence” modified step 6 which now reads as follows:</p> <p>We performed additional procedures on the work performed by internal audit sufficient to determine whether the work was adequate for the purpose of the engagement. Additional procedures may include the following:</p> <ul style="list-style-type: none"> <li>• Making inquiries of appropriate individuals within the internal audit function, including inquiries about the risks of fraud and whether they are aware if the entity has entered into any significant unusual transactions.</li> </ul>	Procedures	New or Revised Guidance	SAS No. 135	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
	<ul style="list-style-type: none"> <li>Observing procedures performed by the internal audit function.</li> <li>Reviewing the internal audit function's work program and working papers.</li> </ul>				
<b>AUD-602 Audit Program: Involvement of a Component Auditor</b>					
Modify	Under "Communications with the Component Auditor" modified step 5g, which now reads as follows: A list of related parties prepared by group management, and any other related parties that we are aware of, including the nature of the entity's relationships and transactions with those related parties. Also, a request that the component auditor notify us when he or she becomes aware of any other related party entities during his or her audit procedures that have not been previously identified.	Procedures	New or Revised Guidance	SAS No. 135	Step will retain on roll forward if user selects to keep all responses on roll forward.
<b>AUD-701 Audit Program: Designing Tests of Controls</b>					
Modify	Updated purpose with examples of circumstances when risks for substantive procedures alone cannot provide sufficient appropriate audit evidence at the relevant assertion level.	Purpose	Enhancement		
<b>AUD-800 Audit Program: Custom through AUD-822 Audit Program: Business Combinations</b>					
Modify	Modified instructions to provide additional guidance related to specific risks and assertion level risks.	Instructions			
<b>AUD-802 Audit Program: Investments Including Programmatic Investments</b>					
Modify	Minor wording changes.	Procedures			
Modify	Modified steps "Investments Accounted for Using the Equity Method – Proper Accounting" and "Joint Ventures Equity Method – Proper Accounting" to include evaluating management's process for identifying conditions or events that would require a change to the accounting.	Procedures	Enhancement		
<b>AUD-803 Audit Program: Accounts Receivable and Revenue</b>					
Modify	Modified step "Significant Sales Transactions Executed with Related Parties" to address the business purpose of significant sales transactions executed with related parties	Procedures	New or Revised Guidance	SAS No. 135	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Delete	Deleted steps “Revenue Recognition”, “Retrospective Application of Revenue Recognition Standard”, and “Revenue Recognition Transitional Disclosures” for entities who have not adopted ASC Topic 606	Procedures			
Modify	Updated the following steps to focus on the audit procedures rather than specific accounting requirements: <ul style="list-style-type: none"> <li>• “Management’s Analysis of Revenue Streams” (Previously “Management’s Analysis of Revenue Streams under ASC Topic 606”)</li> <li>• “Identify and Understand Revenue Streams” (Previously “Identify and Understand Revenue Streams under ASC Topic 606”)</li> </ul> “Application of Five Step Process (U.S. GAAP and IFRS only)” (Previously “Application of Five Step Process under ASC Topic 606”)	Procedures			
Modify	Modified step “Understanding Revenue Streams” (previously Understanding Revenue Streams under ASC Topic 606) to remove consideration of lease classification and to consider whether the revenue is subject to ASC Topic 606 or is a contribution.	Procedures	Improved Workflow		
Modify	Modified substep f under “Assessing Management’s Conclusion” to discuss business purpose of the contract.	Procedures	New or Revised Guidance	SAS No. 135	
<b>AUD-808 Audit Program: Intangible Assets</b>					
Modify	Updated the following steps to focus on the audit procedures rather than specific accounting requirements: “Impairment Testing – Goodwill (When NOT Electing the Accounting Alternative)” (previously “Impairment Testing – Goodwill”)	Procedures			
Added	Added the following steps for auditing goodwill when the accounting alternative is elected: <ul style="list-style-type: none"> <li>• “Amortization Criteria – Accounting Alternative for Goodwill”</li> <li>• “Useful Life Less than 10 Years – Accounting Alternative for Goodwill”</li> </ul>	Procedures	New or Revised Guidance	ASU 2019-06, <i>Intangibles — Goodwill and Other (Topic 350)</i> , <i>Business Combinations (Topic 805)</i> , and	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>“Impairment Policy – Accounting Alternative for Goodwill”</li> </ul> “Impairment Testing – Accounting Alternative for Goodwill”			<i>Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities.</i>	
<b>AUD-809 Audit Program: Property and Equipment, and Depreciation Including Contributed Property and Equipment</b>					
Modify	Updated the following steps to focus on the audit procedures rather than specific accounting requirements: <ul style="list-style-type: none"> <li>“Property Roll Forward”</li> <li>“Lease Classification Testing”</li> </ul>	Procedures			
<b>AUD-812 Audit Program: Unrelated Business Income and Other Tax Issues</b>					
Modify	Updated the following steps to focus on the audit procedures rather than specific accounting requirements: “Accounting for the Effects of Changes in Tax Laws”	Procedures			
<b>AUD-813 Audit Program: Debt Obligations and Debt Service</b>					
Modify	Minor wording changes	Procedures			
<b>AUD-815 Audit Program: Other Income and Expenditures/Expenses</b>					
Modify	Modified step “Related Parties” to include inquiries of others within the entity and understanding the business purpose for the transaction.	Procedures	New or Revised Guidance	SAS No. 135	
<b>AUD-816 Audit Program: Journal Entries</b>					
Modify	Modified substep g under “Testing of Journal Entries and Other Adjustments” which now reads as follows:	Procedures	New or Revised Guidance	SAS No. 135	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	We selected and tested journal entries and other adjustments by obtaining supporting documentation of the nature and purpose of the journal entry, including whether the entry was properly authorized. In determining the items selected for testing and the nature, timing, and extent of such testing, we considered the following: Unusual journal entries or other adjustments processed.				
<b>AUD-817 Audit Program: Related-Party Transactions</b>					
Modify	Modified the following steps for new requirements: <ul style="list-style-type: none"> <li>• “Existence of Related Parties”</li> <li>• “Related-Party Transactions Required to Be Disclosed or Determined to Be a Significant Risk” (previously “Transactions Outside the Normal Course of Business”)</li> <li>• “Arrangements or Information That Suggests the Existence of Related-Party Relationships”</li> <li>• “Related-Party Transactions, Identified”</li> <li>• “Those Charged with Governance”</li> </ul>	Procedures	New or Revised Guidance	SAS No. 135	
Add	Added the following steps for new requirements: “Significant Unusual Transactions Identified”	Procedures	New or Revised Guidance	SAS No. 135	
<b>AUD-818 Audit Program: Fair Value Measurements and Disclosures</b>					
Modify	Modified steps “Third-Party Pricing Agency” and “Fair Value Procedures” with additional procedures the auditor may perform.	Procedures	Enhancement		
<b>AUD-820 Audit Program: Accounting Estimates</b>					
Modify	Modified the following steps based on guidance from the Center for Audit Quality (CAQ): <ul style="list-style-type: none"> <li>• “Estimates, Including Fair Value Estimates”</li> <li>• “Requirements of Financial Reporting Framework”</li> <li>• “Accounting Estimates that Give Rise to Significant Risks, Substantive Procedures”</li> </ul>	Procedures			
Add	Added step “Bias Indicative of Fraud”	Procedures			

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>AUD-822 Audit Program: Business Combinations</b>					
Modify	Minor wording changes	Procedures			
Added	Added the following steps for auditing goodwill when the accounting alternative is elected: <ul style="list-style-type: none"> <li>“Goodwill and Intangibles – Accounting Alternative”</li> <li>“Existing Goodwill”</li> </ul>	Procedures	New or Revised Guidance		
<b>AUD-901 Audit Program: Subsequent Events</b>					
Modify	Under “Section I: General Audit Procedures” added steps 4o and 4q and modified step 4p (previously 4o) which now read as follows: <p>We inquired of management, and where appropriate those charged with governance as to whether:</p> <p>There have been any changes in the entity’s related parties.</p> <p>There have been any significant new related-party transactions.</p> <p>The entity has entered into any significant unusual transactions.</p>	Procedures	New or Revised Guidance	SAS No. 135	
Modify	Under “Section I: General Audit Procedures” modified step which now reads as follows: <p>We read minutes of meetings of shareholders, directors, and appropriate committees held subsequent to the period being audited through the date of the auditor’s report. If meetings were held for which minutes were not prepared, we reviewed summaries of actions from those meetings and inquired about significant matters discussed and resolutions made at such meetings.</p>	Procedures	New or Revised Guidance	SAS No. 135	
Add	Under “Section I: General Audit Procedures” added step: <p>We documented the name and title of individual(s) inquired of regarding subsequent events and the date of the inquiry in the comments column of this program or in a separate workpaper documenting the discussion.</p>	Procedures	Enhancement		

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
<b>AUD-902 Audit Program: Going Concern</b>					
Modify	Modified the header for the second column in the table in Section I: Risk Assessment Procedures and Related Activities”.  Does the Factor Exist Yes/No	Procedures	Clarification		Column will retain on roll forward if user selects to keep all responses on roll forward.
Modify	Under “Section III: Conclusions and Implications for the Auditor’s Report” modified step 3 in first table which now reads:  If conditions or events related to going concern have been identified and substantial doubt has not been alleviated by management’s plans, we evaluated the adequacy of related financial statement disclosures. If adequate disclosure is made in the financial statements, we expressed an unmodified opinion and included a Going Concern section in the auditor’s report.	Procedures	New or Revised Guidance	SAS No. 134	Step will retain on roll forward if user selects to keep all responses on roll forward.
Modify	Under “Section III: Conclusions and Implications for the Auditor’s Report” modified step 4 in first table which now reads:  If adequate disclosure about the entity’s ability to continue as a going concern for a reasonable period of time is not made in the financial statements, we expressed a qualified opinion or adverse opinion, as appropriate, and we stated in the “Basis for Qualified (Adverse) Opinion” section of the auditor’s report that either:  a. Substantial doubt exists about the entity’s ability to continue as a going concern and that the financial statements do not adequately disclose this matter; or b. Substantial doubt about the entity’s ability to continue as a going concern has been alleviated by management’s plans but the financial statements do not adequately disclose this matter.	Procedures	New or Revised Guidance	SAS No. 134	Step will reset on roll forward due to content changes.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modify	<p>Under “Section III: Conclusions and Implications for the Auditor’s Report” modified step 1 in 2<sup>nd</sup> table which now reads:</p> <p>If substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time existed at the date of prior period financial statements that are presented on a comparative basis, and that doubt has been removed in the current period, we have removed the Going Concern section included in the prior-period auditor’s report.</p>	Procedures	New or Revised Guidance	SAS No. 134	Step will retain on roll forward if user selects to keep all responses on roll forward.
Modify	<p>Under “Section III: Conclusions and Implications for the Auditor’s Report” modified step 1 in last table which now reads:</p> <p>If we have been asked to reissue an auditor’s report and eliminate a Going Concern section contained therein and we determined it was appropriate to do so, we reassessed the going-concern status of the entity.</p>	Procedures	New or Revised Guidance	SAS No. 134	Step will retain on roll forward if user selects to keep all responses on roll forward.
<b>AUD-903 Audit Program: Consideration of Fraud</b>					
Add	<p>Under “Section I: General Audit Procedures” added step 2 which reads as follows:</p> <p>Based on our understanding of the entity and its environment and other information obtained during the audit, we evaluated whether the business purpose (or lack thereof) of significant unusual transactions suggest that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets by performing the following:</p> <ol style="list-style-type: none"> <li>a. Reading the underlying documentation and evaluating whether the terms and other information about the transactions are consistent with explanations from inquiries and other audit evidence about the business purpose (or the lack thereof) of the transaction;</li> </ol>	Procedures	New or Revised Guidance	SAS No. 135	



Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>b. Determining whether the transaction has been authorized and approved in accordance with the entity’s established policies and procedures;</li> <li>c. Evaluating whether significant unusual transactions that the auditor has identified have been properly accounted for and disclosed in the financial statements; and</li> <li>d. Evaluating the financial capability of the other parties with respect to significant uncollected balances, loan commitments, supply arrangements, guarantees and other obligations, if any.</li> </ul>				
Modify	<p>Under “Section I: General Audit Procedures” modified step 1 in second table which now reads as follows:</p> <p>We documented the following in the working papers: The discussion among audit team members in planning the audit regarding the susceptibility of the entity’s financial statements (including the individual statements and the disclosures) to material misstatement due to fraud, including the significant decisions reached and:</p>	Procedures	New or Revised Guidance	SAS No. 135	Step will retain on roll forward if user selects to keep all responses on roll forward.
<b>AUD-907</b>					
Modify	<p>Modified step 2c which now reads as follows:</p> <p>We have obtained an agreement with management that it acknowledges and understands its responsibility: To provide us with access to all information of which management is aware, such as documentation, records, and other matters; additional information that we may request; unrestricted access to persons within the entity of whom we determine it is necessary to make inquiries; a written acknowledgment of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of delivery of the annual report; and a final version of the annual report in a timely manner prior to the date of the auditor’s report.</p>	Procedures	New or Revised Guidance	SAS No. 140	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modify	<p>Modified step 12b which now reads as follows:</p> <p>b. Unusual or complex situations that may have an effect on the interim financial information, such as:</p> <ul style="list-style-type: none"> <li>• Business combinations.</li> <li>• New or complex revenue recognition methods.</li> <li>• Impairment of assets.</li> <li>• Disposal of a segment of a business.</li> <li>• Use of derivative instruments and hedging activities.</li> <li>• Sales and transfers that may call into question the classification of investments in securities, including management’s intent and ability with respect to the remaining securities classified as held to maturity.</li> <li>• Restructuring charges taken in the current and prior quarters.</li> <li>• Infrequent transactions.</li> <li>• Significant unusual transactions.</li> <li>• Changes in litigation or contingencies.</li> <li>• Changes in major contracts with customers or suppliers.</li> <li>• Application of new accounting principles.</li> <li>• Changes in accounting principles or the methods of applying them.</li> <li>• Trends and developments affecting accounting estimates, such as allowances for bad debts and excess or obsolete inventories, provisions for warranties and employee benefits, and realization of unearned income and deferred charges.</li> <li>• Compliance with debt covenants.</li> <li>• Changes in related parties or significant new related-party transactions.</li> <li>• Material off-balance-sheet transactions, special-purpose entities, and other equity investments.</li> </ul>	Procedures	New or Revised Guidance	SAS No. 135	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> <li>Unique terms for debt that could affect classification.</li> </ul>				
Modify	<p>Modified step 16 which now reads as follows:</p> <p>If we concluded that there is a material inconsistency between the interim financial information and the other information accompanying the interim financial information, or became aware of information that we believe is a material misstatement of fact, we have taken the appropriate action to resolve this matter.</p>	Procedures	New or Revised Guidance	SAS No. 140	
Modify	<p>Modified step 20 which now reads as follows:</p> <p>2. We included a separate section in the auditor’s review report with the heading “Substantial Doubt About an Entity’s Ability to Continue as a Going Concern,” if any of the following circumstances apply (regardless of whether the entity is required under the applicable financial reporting framework to include a statement in the notes to the interim financial information that substantial doubt exists):</p> <p>a. A separate going concern section was included in the prior year auditor’s report and (i) the conditions or events that caused the auditor to conclude that substantial doubt about the entity’s ability to continue as a going concern continue to exist, and (ii) those conditions or events continue to raise substantial doubt and are not alleviated by management’s plans.</p> <p>b. A separate going concern section was NOT included in the prior year auditor’s report and (i) management is required under the applicable financial reporting framework to include a statement in the notes to the interim financial information that substantial doubt exists, and (ii) management has included a statement to this effect in the notes to the interim financial information.</p>	Procedures	New or Revised Guidance	SAS No. 140	
<b>AUD-908 Interim Review Program: Management Inquiries</b>					

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modify	Under “General” deleted step 19 regarding transactions near the end of the reporting period.	Procedures			
Modify	Minor wording changes.	Procedures			
<b>AUD-909 Audit Program: Financial Statement Review</b>					
Added	New TQ, “Will management include a report on Internal Control over Financial Reporting”.	TQ Table			
Modify	Updated instructions for new accounting standards	Instructions	New or Revised Guidance	SAS No. 137	
Modify	<p>Modified step 4(a) under “Reading of Financial Statements” as follows with two new bullets:</p> <p>The financial information and related disclosures are presented fairly, in all material respects, in accordance with the applicable financial reporting framework, considering whether the financial statements are presented in a manner that reflects:</p> <ul style="list-style-type: none"> <li>• The appropriate classification and description of financial information and the underlying transactions, events, and conditions; and</li> <li>• The appropriate presentation, structure, and content of the financial statements.</li> </ul>	Procedures	New or Revised Guidance	SAS No. 134	Main step will retain on roll forward if user selects to keep all responses on roll forward.
Added	Added new section, “Overall Review of the Financial Statements”.	Procedures	New or Revised Guidance	SAS No. 134	
Modify	<p>Modified section, “Other Information in Documents Containing Audited Financial Statements” to be “Other Information Included in Annual Reports”.</p> <p>Modified many steps and added new steps</p>	Procedures	New or Revised Guidance	SAS No. 137	All modified steps under this section will reset based on content changes.
Added	Added new section, “Additional Information Included within Management’s Report on Internal Control over Financial Reporting (ICFR)”	Procedures	New or Revised Guidance	SAS No. 140	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
Modify	Removed section “Other Information Published by the Client” and “Agree to Support”.	Procedures	New or Revised Guidance	SAS No. 137	
<b>AUD-910 Audit Program: Specific Element, Account, or Item of a Financial Statement in Accordance with AU-C 805</b>					
Modify	Modified definitions in the Purpose section	Purpose	New or Revised Guidance	SAS No. 134	
Modify	Modified step in second table, which now reads as follows:  If the auditor’s report on an entity’s complete set of financial statements includes a modified opinion, an emphasis-of-matter or other-matter paragraph, a going concern section, a communication of key audit matters, or a statement describing an uncorrected material misstatement of other information, we considered the implications, if any, that these matters have for the audit of the single financial statement or for the specific element of a financial statement and for the auditor’s report thereon and we have properly modified our opinion on the specific element or single financial statement.	Procedures	New or Revised Guidance	SAS No. 139	Step will reset on roll forward due to content changes.
Modify	Minor wording changes	Procedures			
<b>AUD-915 Audit or Interim Review Program: Auditor Involvement with Exempt Offering Documents</b>					
Modify	Modified step 1 regarding other information which now reads as follows:  With respect to other information (e.g., financial and nonfinancial), contained in the offering document, we performed the following procedures:  j. An appropriate engagement team member read the other information and considered whether there are material inconsistencies with the audited financial statements by comparing selected amounts or other items in the other information that are intended to be the same as, to summarize, or to provide greater detail about the amounts or other items in the	Procedures	New or Revised Guidance	SAS No. 139	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>financial statements with those amounts or items in the financial statements.</p> <p>k. We remained alert for indications that material inconsistency exists between the other information contained in the offering document and the knowledge we obtained in performing the audit, including our understanding of the entity and its environment, including its internal controls, and information considered when assessing the entity’s ability to continue as a going concern.</p> <p>l. We remained alert for indications that material misstatement of fact exists or the other information is otherwise misleading, such as:</p> <p>(1) Information that omits or obscures information necessary for a user to appropriately understand a matter disclosed in the other information;</p> <p>(2) Differences between the other information and the general knowledge, apart from the knowledge obtained in the audit, of the engagement team member reading the other information that leads the auditor to believe that the other information appears to be materially misstated; or</p> <p>(3) An internal inconsistency in the other information that leads the auditor to believe that the other information appears to be materially misstated.</p> <p>m. We communicated with those charged with governance our responsibility with respect to other information, any procedures we performed relating to the other information, and the results.</p> <p>n. If a material inconsistency or misstatement of other information appears to exist, we discussed the matter with management and, if necessary, performed other procedures to conclude whether:</p> <p>(1) A material misstatement of the other information exists;</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>(2) A material misstatement of the financial statements exist; and/or</p> <p>(3) Our understanding of the entity and its environment needs to be updated.</p> <p>o. If we have concluded that a material misstatement of other information exists, we requested that management correct the other information. If management agrees to make the correction, we determined that the correction has been made. If management refuses to make the correction, we communicated the matter to those charged with governance and requested that the correction be made.</p> <p>p. If we concluded that a material misstatement of other information exists prior to the date of the auditor’s report and management refuses to make necessary revisions even after we communicated with those charged with governance, we (1) considered the implication for the auditor’s report and communicated to those charged with governance our plans to address the material misstatement in our auditor’s report, (2) withheld the auditor’s report, or (3) if possible under applicable law or regulation, withdrew from the engagement.</p> <p>q. If we concluded that a material misstatement of other information exists after the date of the auditor’s report and management refuses to make necessary revisions even after we communicated with those charged with governance, we took appropriate action, considering our legal rights and obligations, to seek to have the uncorrected material misstatement appropriately brought to the attention of anyone in receipt of the financial statements and the auditor’s report. Actions may include, for example, the following:</p> <p>(1) Providing a new or amended auditor’s report to management that addresses the uncorrected material misstatement and requesting management to provide this new or amended</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<p>auditor’s report to anyone in receipt of the financial statements and the auditor’s report;</p> <p>(2) Bringing the uncorrected material misstatement of the other information to the attention of known users of the financial statements and the auditor’s report;</p> <p>(3) Communicating with a regulator or relevant professional body about the uncorrected material misstatement of the other information; and/or</p> <p>(4) Considering the implications for engagement continuance.</p> <p>r. If we concluded that the financial statements have been materially misstated or our understanding of the entity and its environment needs to be updated, we performed appropriate procedures including the following:</p> <p>(1) Considering the need to update our risk assessment;</p> <p>(2) Evaluating the effect of identified misstatements on the audit; and</p> <p>(3) Evaluating the effect of uncorrected misstatements, if any, on the financial statements.</p>				

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

- **AID-201 Nonattest Services Independence Checklist** Updated for Ethics Interpretation, *Information System Services* (ET sec.1.295.145); some sections have been rearranged to better align with the organization of the Professional Code of Conduct.
- **AID 302 Understanding the Entity’s Revenue Streams and Revenue Recognition Policies** Minor wording changes.
- **AID-701 Audit Sampling Worksheet for Tests of Controls** Added practice point and other guidance to improve usability.
- **AID-829 PPE Summary Analysis** Updated information regarding ASC Topic 842, *Leases*.
- **AID-845 Board Minutes Review Checklist** Updated for SAS No. 135.
- **AID-903 Audit Report Preparation Checklist** Updated for reporting changes in SAS Nos. 134 –140.



- **NEW AID-848 Service Organization Report Analysis**

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

- **RPTs 0901 – 1059** Updated for reporting changes in SAS Nos. 134 –140; Added practice point to address situations where the auditor is engaged to report on Key Audit Matters, Minor modifications to multiple report titles to better reflect circumstances covered by the sample reports.
- **RPT-904 Unmodified Opinion with Going-Concern Section: Substantial Doubt Exists** Modified circumstances where report is applicable.
- **NEW RPT-904A Unmodified Opinion: Emphasis-of-Matter Paragraph Related to Going Concern: Substantial Doubt has Been Alleviated**
- **NEW RPT-0959 Unmodified Opinion: Includes Key Audit Matters, Emphasis-of-Matter and Other-Matter Paragraphs**

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

- **CORs 201, 201A, 202, 202A, 216, 901, 903** Updated for SAS Nos. 134 –140.
- **CORs 204, 213, 215, 820, 908, 909** Updated for SAS No. 135
- **COR-821 Confirmation of Sales Terms** Added additional information to be confirmed.
- **NEW COR-822 Request for Confirmation of Multiemployer Defined Benefit Plan Information**
- **NEW COR-907 Communication to Entity with Significant Deficiencies and/or Material Weaknesses: Review of Interim Financial Information**
- **Deleted COR-821, Reindexed COR-821A as COR-821**

### **Resource Documents (RESs)**

- **RESs 001 Knowledge-Based Audit Methodology Overview, 003 Consideration of Fraud in the Knowledge-Based Audit** Updated for SAS Nos. 134 - 140.
- **RES-002 Index of Audit Programs, Forms, and Other Practice Aids** Updated as needed.
- **RES-004 Audit Sampling Guidance for Test of Controls** Added guidance to improve usability.
- **RESs 009, 010, 011, 017, 018, 019, 021** Updated consistent with related KBA.
- **RES-027 Controls Related to ASC 606, The Revenue Recognition Five Step Model** Minor wording changes
- **NEW RES-029 Implementing New Accounting Standards**
- **NEW RES-030 Key Audit Matters Decision Tree**

**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):

- 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*;
- SAS No. 137, *The Auditor’s Responsibilities Relating to Other Information Included in Annual Reports*;
- SAS No. 138, *Amendments to the Description of the Concept of Materiality*;
- SAS No. 139, *Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes From SAS No. 134*;
- SAS No. 140, *Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137*; and

AICPA Ethics Interpretation, *Information System Services* (ET sec.1.295.145)

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

## RELATED, FOUNDATIONS AND ASSOCIATION WORKPAPERS FOR THIS TITLE

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

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

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

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

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
<b>KBA</b> s	<b>KNOWLEDGE-BASED AUDIT DOCUMENTS</b>		
KBA-101	Overall Audit Strategy	X	
KBA-102	Engagement Completion Document	X	
KBA-103	Evaluating and Communicating Internal Control Deficiencies and Noncompliance	X	
KBA-105	Review of Significant Accounting Estimates	X	
KBA-200	Entity Information and Background	X	
KBA-201	Client/Engagement Acceptance and Continuance Form		
KBA-301	Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts		
KBA-302	Understanding the Entity and Its Environment		
KBA-303	Inquiries of Management and Others within the Entity about the Risks of Fraud and Noncompliance with Laws and Regulations		
KBA-400	Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures	X	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>	<i>Association Workpaper</i>
KBA-401	Understanding Entity-Level Controls		
KBA-402	Understanding General Controls for Information Technology		
KBA-403	Understanding Activity-Level Controls: 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		
<b>AUDs</b>	<b>AUDIT PROGRAMS</b>		
AUD-100	Engagement-Level Tailoring Questions	X	
AUD-101	Overall Audit Program	X	
AUD-201	Audit Program: Opening Balances and Additional Audit Procedures for an Initial or Reaudit Engagement		
AUD-602	Audit Program: Involvement of a Component Auditor		X
AUD-603	Audit Program: Using the Work of an Auditor's Specialist		X
AUD-604	Audit Program: Using the Work of a Management's Specialist		X
AUD-701	Audit Program: Designing Tests of Controls		
AUD-800	Audit Program: Custom		X
AUD-801	Audit Program: Cash		
AUD-802	Audit Program: Investments 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		
<b>AIDs</b>	<b>PRACTICE AIDs</b>		
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