

2021 EXAMINATION OF SERVICE ORGANIZATIONS 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™ Examination of Service Organizations* reflects current accounting authoritative literature including AICPA Auditing Standards Board (ASB) Statements on Statement on Standards for Attestation Engagement (SSAE) No. 20, *Amendments to the Description of the Concept of Materiality* (SSAE No. 20), and the 2018 Revision of *Government Auditing Standards* (GAGAS, or the Yellow Book). The tools include many tips and examples, as well as links to specific guidance that provides instant access to detailed analysis related to the steps and processes discussed in the workpapers.

The 2021 edition of *Knowledge-Based Examinations of Service Organizations* 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
KBA-200 Entity Information and Background					
Modify	Added new row in first table as follows: “Date of or period covered by the Subject Matter”				
New	New flow of the following Entity Table items in most KC workpapers: Responsible Party Subject Matter Date or Period Covered These will now flow from the first table in KBA-200 to all other KC Workpapers that include the Entity Table.				Please note on Roll Forward that the Entity table in other KC workpapers will be updated to match what the user has documented in this table in KBA-200. This will allow the user to only have to answer this one time instead of in each KC workpaper.
KBA-201 Attestation Client/Engagement Acceptance Form					
Modify	Modified step 12, which now reads as follows: Have we been able to form an overall conclusion that, for any identified threats to independence, have safeguards been created or implemented so	Procedures	Enhancement		Step will retain on Roll Forward based on default settings.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	that such threats are eliminated or reduced to an acceptable level? (Also, provide additional documentation in step 25 below.)				
KBA-501 Risk Assessment and Attest Program: Examination-Level Engagement					
New	New show/hide if user selects “SOC 3®, <i>Trust Services Report</i> ” in the “ <i>Type of Service Organization Report</i> ” row then the “ <i>Type of Reporting Engagement (if applicable)</i> ” will be hidden as it is not applicable for a SOC 3.	Workpaper	Improved Workflow		
KBA-503 Basis for Inherent Risk Assessment					
Modify	Updated description of “External Factors” to include cybersecurity risk.	Procedures	Enhancement		Step will retain on Roll Forward based on default settings.

Attestation Programs (ATTs): Updated throughout to reflect changes in attestation standards, including SSAE No. 18, and GAGAS, where applicable; and update or add new practice points addressing relevant issues. Significant changes to the ATTs include:

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
ATT-101 Overall Attestation Program					
Modified	Deleted step 19, under “Engagement Planning and Risk Assessment Procedures” regarding steps performed prior to the implementation of the 2018 Revision of the Yellow Book.	Procedures			
Modified	Deleted step 18b(4), under “Evaluating, Concluding, and Reporting Procedures” regarding steps performed prior to the implementation of the 2018 Revision of the Yellow Book.	Procedures			
Modified	Updated multiple steps to remove references to abuse that are no longer required under the 2018 Revision of the Yellow Book.	Procedures			These steps will retain on Roll Forward based on default settings.
Modified	Modified step 22b, under “Evaluating, Concluding, and Reporting Procedures” to remove requirements that are no longer applicable under the 2018 Revision of the Yellow Book now that it is applicable for all users of the toolset. The step now reads as follows:	Procedures			Due to content changes this step will reset on Roll Forward.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	For engagements conducted in accordance with GAGAS that is reporting deficiencies in internal control, fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements: b. If the practitioner disagrees with the comments of responsible officials, explain in the report the reasons for disagreement.				
ATT-115 Attestation Program: Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2 and SOC 3)					
Modified	Added practice point regarding modifications to TSP section 100 and its continued applicability to SOC 2® and SOC 3® engagements given the conforming changes made for SOC for Supply Chain.	Procedures	New or Revised Guidance	TSP Section 100	
ATT-401 Understanding Entity-Level Controls					
Add	Updated instructions with discussion of AT-C Section 205's requirement to obtain an understanding of internal control over preparation of the subject matter.	Instructions	Enhancement		
Modified	Modified descriptions of the five components of internal controls	Tables	Enhancement		
ATT-402 Understanding General Controls For Information Technology					
Modify	Modified Section I Table and related instructions to include Disclosures.	Instructions; Tables	New or Revised Guidance	SAS No. 134	
New	New practice point as follows: Practice Point: Risks related to IT include (not all inclusive): <ul style="list-style-type: none"> • Whether the information technology system has the capability and is appropriately configured to process large volumes of data; • 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; • Whether the design and calibration of models and calculations within the system are periodically evaluated; • The complete and accurate extraction of data need for calculations, including accounting estimates, from the entity's records or from external information sources; 				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward Considerations
	<ul style="list-style-type: none"> 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; The processing or recording of data obtained from external information sources; 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 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. 				
ATT-404 Evaluation of Management's Description of the Service Organization's System (SOC 2 and SOC 3)					
Add	Added references to <i>CCH's Knowledge-Based Nontraditional Engagements</i> to direct users to guides and tools applicable to SOC for Supply Chain and SOC for Cybersecurity engagements.	Instructions	Enhancement		
Modified	Added practice point regarding modifications to TSP section 100 and its continued applicability to SOC 2® and SOC 3® engagements given the conforming changes made for SOC for Supply Chain.	Procedures	New or Revised Guidance	TSP Section 100	
ATT-901 Attestation Program: Subsequent Events					
Add	Under "Section I: General Audit Procedures" added step 2: 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.	Procedures	Enhancement		

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

- AID-101 Overall Examination Engagement Strategy** Under "Document the other services our firm performs for this entity?" modified text in column one to improve workflow. Also add a new hide if user selects "SOC 3" under "Engagement Type:" the next row, "Engagement Report Type (Type 1 or Type 2):" will be hidden since it is not applicable under SOC 3.
- 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 Inquiries of Management and Others Within the Entity About the Risks of Fraud and Noncompliance with Laws and Regulations, 914 Report Preparation Checklist: Engagement to Report on a Service Organization’s Controls (SOC 1)** Minor wording changes
- **AID-701 Sampling Worksheet for Tests of Controls** Added practice point and other guidance to improve usability.
- **AID-916 Report Preparation Checklist: Engagement to Report on a Service Organization’s Controls (SOC 3)** Minor wording changes; Added step 9b regarding complementary user entity and complementary subservice organization controls.
- **DELETED AID-801 Audit Sampling Worksheet for Substantive Tests of Details**

Auditor’s Reports (RPTs)

- **RPTs 1040, 1051, 1052, 1054, 1055, 1056, 1060, 1070** Modified footnotes regarding description criteria and trust services criteria, as applicable.

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

- **COR-204 Communication with Predecessor Auditor Report to Client/Engagement Acceptance** Minor wording changes
- **CORs 211, 915, 916, 917, 920, 921** Modified footnotes regarding description criteria and trust services criteria, as applicable.

Resource Documents (RESs)

- **RES-001 Knowledge-Based Service Organizations Engagements Methodology Overview** Updated for changes throughout toolset.
- **RES-002 Index of Attestation Programs, Forms, and Other Practice AIDs** Updated for changes throughout toolset.
- **RES-004 Sampling Guidance for Tests of Controls** Added guidance to improve usability.
- **RES-010 Trust Services Criteria** Modified introductory text and updated criteria based on the conforming changes made to TSP section 100 as a result of the new SOC for Supply Chain examination
- **RES-019 Comparison of SOC 1, SOC 2, and SOC 3 Engagements and Related Reports** Minor reference change
- **RES-020 Illustrative Comparison of a SOC 2 Examination and Related Report with the CyberSecurity Risk Management and SOC for Supply Chain Examinations and Related Reports** Updated with comparison to SOC for Supply Chain engagements
- **RES-021 SOC 2 Sample Reporting Package – Illustration Only** Minor wording changes

In addition, forms and practice aids throughout have been updated to include new examples and tips and, where applicable, to take into account:

New literature, standards, and developments, reflected in the following current audit and accounting guidance:

- AICPA Auditing Standards Board (ASB) Statements on Standards for Attestation Engagements (SSAE) No. 20, *Attestation Standards: Amendments to the Description of the Concept of Materiality*; and
- 2018 Revision of *Government Auditing Standards* (GAGAS, or the Yellow Book)

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>
KBA s	KNOWLEDGE-BASED AUDIT DOCUMENTS	
KBA-101	Findings Summary and Report Conclusions Worksheet	X
KBA-200	Entity Information and Background	X
KBA-201	Attestation Client/Engagement Acceptance Form	
KBA-501	Risk Assessment and Attest Program: Examination-Level Engagement	X
KBA-901	Engagement Review and Approval Checklist	
KBA-902	Attestation Engagement Documentation Checklist	
ATT s	ATTESTATION PROGRAMS	
ATT-100	Engagement-Level Tailoring Questions	X
ATT-101	Overall Attestation Program	
ATT-114	Attestation Program: Examination-Level Engagement to Report on Controls at a Service Organization Relevant to User Entities Internal Control Over Financial Reporting (SOC 1)	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
ATT-115	Attestation Program: Engagement to Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2 and SOC 3)	
ATT-301	Understanding the Subject Matter	
ATT-401	Understanding Entity-Level Controls	
ATT-402	Understanding General Controls for Information Technology	
ATT-403	Evaluation of Management's Description of the Service Organization's System for SOC 1 Examinations	
ATT-404	Evaluation of Management's Description of the Service Organization's System (SOC 2 and SOC 3)	
ATT-901	Attestation Program: Subsequent Events	
AIDs	PRACTICE AIDs	
AID-101	Overall Examination Engagement Strategy	X
AID-201	Nonattest Services Independence Checklist	
AID-302	Inquiries of Management and Others within the Entity about the Risks of Fraud and Noncompliance with Laws and Regulations	
AID-601	Considering the Use of the Work of Internal Auditors or Other Responsible Party Personnel	
AID-604	Using the Work of a Practitioner's Specialist	
AID-605	Using the Work of a Management's Specialist	
AID-606	Involvement of an Other Practitioner	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
AID-702	Designing Tests of Controls	
AID-901	Differences of Professional Opinion	