

CCH Axxcess™ Knowledge Coach and CCH® ProSystem fx® Knowledge Coach

Welcome to 2021 Knowledge-Based Audits™ of Health Care Entities for Knowledge Coach

This bulletin provides important information about the 2021 release of Knowledge Based Audits™ of Health Care Entities. Please review this bulletin carefully. If you have any questions, additional information is available on CCH [Support Online](#).

Information about the Title

This title is designed to help the auditor efficiently and effectively perform financial statement audits and, when applicable, audits of internal control over financial reporting, of nonpublic health care entities in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and, when applicable, generally accepted government auditing standards (GAGAS). Knowledge-Based Audit™ Methodology is a risk-based methodology that emphasizes using knowledge of the entity to make risk assessments in connection with a financial statement audit. This allows the auditor to more appropriately focus audit efforts on those areas which in the auditor's judgment are the most significant and pose the most risk of material misstatement to the financial statements.

Conducting audits of nonpublic health care entities requires the exercise of the auditor's professional judgment. Additionally, the operations of nonpublic health care entities are often unique and complex and may require specialized accounting and auditing knowledge. This edition includes specific up-to-date guidance for auditing nonpublic health care entities.

This document is published for the purpose of communicating the updates and enhancements included in the current version to users of the toolset. 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.

The 2021 title includes CCH® Accounting Research® material links to specific guidance, providing instant access to detailed analysis related to the steps and processes discussed in the workpapers.

Caution! This title should only be used by auditors who are implementing the requirements of SAS No. 134 – 140, which are effective for periods ending on or after December 15, 2021. For engagements where those standards will not yet be implemented, the auditor should continue to use the 2019 title, released on November 21, 2019.

New in this Release

KBA-901 Financial Statement Disclosure Checklist in CCH ProSystem fx Knowledge Coach

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 2021 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 2021 version. This option retains responses from the prior year other than the tailoring questions (table of contents).

Note: 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.

2021 Edition of Knowledge-Based Audits of Health Care Entities

This edition features numerous enhancements, including:

- Adding a new risk type option, "Other," in the risk pane for documenting risks that do not qualify as fraud or significant.
- Updating the "Debt Obligations" audit area to "Debt and Lease Obligations."
- Adding a new column, "Describe Any Compensated Control(s) that Limit the Severity of the Deficiency," in KBA-103 Evaluating and Communicating Internal Control Deficiencies. The auditor can now describe compensating controls related to deficiencies in KBA-103 instead of other workpapers. Also, there is no diagnostic on this column, as describing the compensating controls is not required.
- Removing columns in KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures related to "Compensating Controls," as this is now documented in KBA-103.
- Rearranging columns in KBA-400 Table 1: Scoping and Mapping table for improved workflow.
- Removing columns in KBA-401 Understanding Entity-Level Controls and KBA-402 Understanding General Controls for Information Technology related to "Compensating Controls," as this is now documented in KBA-103.
- Removing columns in KBA-40X Understanding Activity-Level Controls series related to "Compensating Controls;" also, adding a new column, "Identify Any Complementary Control(s) Necessary to Meet the Control Objective," to improve workflow.
- Adding a new step, "Significant Accounting Estimates," to many audit programs.
- Adding many new Practice Points; see KCO-001 regarding SAS 142 and SAS 143.
- Enhancing instructions and procedures throughout the toolset to improve the workflow.

[Click here](#) for the 2021 Audits of Health Care Entities Title Overview for Knowledge Coach Users.

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 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
- SAS No. 141, Amendment to the Effective Dates of SAS Nos. 134–140
- FASB Accounting Standards Codification through Accounting Standards Update No. 2021-04
- AICPA Ethics Interpretation, Information System Services (ET sec.1.295.145)

The following standards have not been fully incorporated but are discussed in practice alerts:

- SAS No. 142, Audit Evidence (effective for periods ending on or after December 15, 2022)
- SAS No. 143, Auditing Accounting Estimates and Related Disclosures (effective for periods ending on or after December 15, 2023)

CCH® ProSystem fx® Engagement 2020 Compatibility

This title can be installed on Engagement v2020 by first installing the Engagement v2020.2.4 Update. The latest update can be downloaded via CCH Software Delivery Manager. This update allows you to use the 2021 content without installing Engagement v2020 until your firm plans to update.

CCH Access Knowledge Coach Instructions and Information

No installation is necessary. Once released, the title will be available for use after login. See the help topic [Updating Industry Content to the Latest Version](#) for instructions about applying the updated title.

CCH ProSystem fx Knowledge Coach Instructions and Information

Updating Your Title

If you are updating from a previous version of this title, review **Help > Knowledge Coach Help Topics**, then select “Updating to the Latest Version of a Workpaper” from the Table of Contents.

Best Practices

- Save changes to workpapers before closing the workpaper or the binder to ensure data is correctly updated.
- If Microsoft® Word crashes when using Knowledge Coach, before closing the binder, use the **Save Knowledge Coach Answers** option in the binder view under the Tools menu. This saves all data within tables.
- You can view other Knowledge Coach best practices on our [Website](#).

License Requirements

This title requires the Knowledge-Based Audits of Health Care Entities license. Users who do not have a license for this title cannot use Knowledge Coach functionality in workpapers.

- For information on updating your licensing, see [How do I add or update CCH ProSystem fx Engagement Licenses?](#) on our Support Website.
- For more information on assigning licenses, see [How do I assign Engagement licenses?](#) on our Support Website.

Download and Installation Instructions

See [How do I add a new CCH ProSystem fx Knowledge Coach title to CCH ProSystem fx Engagement?](#) for instructions on installing a new Knowledge Coach title.

Notes:

- You must install the 2021 Financial Statement Base title before installing this title.
- This title can be installed on Engagement v2020 by installing the v2020.2.4 or later update available on Software Delivery Manager.
- On some occasions the content package file (.KCP) will download with the extension changed to .ZIP. If this occurs, change the extension of the downloaded file to KCP, using all capital letters.

We also have a utility to help you install and release your titles. See [How do I use the CCH ProSystem fx Knowledge Coach Title Install Utility?](#) for more information.