

CCH® ProSystem fx® Knowledge Coach

Welcome to 2020 Knowledge-Based Audits™ of HUD Multifamily Housing Programs for Knowledge Coach

This bulletin provides important information about the 2020 release of Knowledge Based Audits of HUD Multifamily Housing Programs. 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 audits of housing and urban development programs in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), Government Auditing Standards (GAGAS), and the Consolidated Audit Guide to Audits of HUD Programs, published by the U.S. Department of Housing and Urban Development (HUD Audit Guide). The Knowledge-Based Audit methodology is also designed to help the auditor efficiently and effectively perform cost certification audits in accordance with attestation standards generally accepted in the United States of America, GAGAS, and the HUD Audit Guide. HUD audits include both an audit of the financial statements and a compliance audit.

The knowledge-based audit, including the compliance audit, is a risk-based methodology that emphasizes using knowledge of the entity to make risk assessments in connection with the financial statement and compliance audit of a HUD program. 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 to the audit. The administration of HUD programs includes both financial statement and compliance considerations and requires specialized accounting and auditing knowledge. This module includes up-to-date guidance for audits of programs identified under Chapter 3, HUD Multifamily Housing Programs.

Conducting audits of HUD programs requires the exercise of the auditor's professional judgment and knowledge of the requirements of the HUD Audit Guide. This document is published for the purpose of communicating 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 HUD Audit Guide and Knowledge-Based Audits of Housing and Urban Development Programs are applicable to for-profit entities. Government and not-for-profit entities also participate in some of the HUD programs covered in the HUD Audit Guide. These entities are subject to the audit requirements of 2CFR200, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (the Uniform Guidance). Auditors performing audits of such government or nonprofit organizations should refer to the forms and aids at Knowledge-Based Audit Methodology: Single Audits.

If you are updating from a previous version of this title, refer to the *Knowledge Coach User Guide*, Chapter 12. The guide is found on the Engagement File Room Help menu.

The 2020 documents include CCH® Accounting Research® material links to specific guidance that provide 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. For engagements where those standards will not yet be implemented, the auditor should continue to use the 2019 title, released on December 19, 2019.

New in this Release

CCH® ProSystem fx® Engagement 2019 Compatibility

This title can be installed on Engagement v2019 by first installing the Engagement v2019.2.6 Update. The latest update can be downloaded via CCH Software Delivery Manager. This update allows you to use the 2020 content without installing Engagement v2020 until your firm plans to update.

KBA-901 Financial Statement Disclosure Checklist

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 "Insert Workpapers from Unreleased Titles" right, 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).

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.

2020 Edition of Knowledge-Based Audits of HUD Multifamily Housing Programs

This edition features numerous enhancements, including:

- Functioning of KBA-901 updated for a new, streamlined approach to tailoring.
- Adding a new tailoring question, "Is the auditor engaged to report on Key Audit Matters?" to AUD-100 that flows to multiple forms to show or hide steps. Please review KCO-003 Answer Effects for the Engagement-Level Tailoring Questions Workpaper to view the functionality of this new tailoring question.
- Adding new columns to document "Key Audit Matters" in KBA-102. These new columns show or hide based on the new tailoring question in AUD-100.
- Adding new default answers in KBA-103 for columns 13, 14, and 15 based on answers in column 12.
- Adding sorting to the "Communication of Internal Control Deficiencies" table in KBA-103. The flow of deficiencies to this table is now automatically sorted based on the text in the Deficiency No. column in the first table.
- Modifying the answer floatie in the conclusion section of KBA-303 from "No" to "No Inconsistencies Noted."
- Adding columns to KBA-503 for relevant assertions and inherent risk assessment that flow from KBA-502. Also changing functionality so that user selects the audit areas to flow from KBA-502.
- Modifying the header in the second column of "Section I: Risk Assessment Procedures and Related Activities" to now read, "Does the Factor Exist Yes/No" to avoid confusion on how this column should be documented.

- Removing colons from workpaper names so that user may publish or save forms outside of engagement without receiving the error message for an invalid character.
- Enhancing instructions and procedures throughout the toolset to improve workflow.
- Adding new AUDs, CORs, and RESs as follows:
 - AID-847 Analysis of Service Auditor Report
 - COR-2012A Electronic Submission Agreed-Upon Procedures Engagement Letter (In Accordance with SSAE-19) (Nonprofit Entities)
 - COR-2013A Electronic Submission Agreed-Upon Procedures Engagement Letter (In Accordance with SSAE-19) (For- Profit Entities)
 - COR-823 Request for Confirmation of Multiemployer Defined Benefit Plan Information
 - COR-2011A Electronic Submission Agreed-Upon Procedures Engagement Letter (In Accordance with SSAE-19) (For-Profit Entities) Chapter 3
 - COR-2012A Electronic Submission Agreed-Upon Procedures Engagement Letter (In Accordance with SSAE-19) (Nonprofit Entities) Chapter 3
 - COR-9011A Illustrative HUD Audit Electronic Submission Agreed-Upon Procedures Management Representation Letter - Chapter 3 HUD Audits (In Accordance with SSAE-19)
 - COR-9012A Illustrative HUD Audit Electronic Submission Agreed-Upon Procedures Management Representation Letter (In Accordance with SSAE-19)
 - RPT-0903A HUD Audit: Unmodified Opinion: Emphasis-of-Matter Paragraph Related to Going Concern: Substantial Doubt has Been Alleviated with Opinion on Supplementary Information
 - RPT-9930A Independent Accountant's Report on Agreed-Upon Procedures for Electronic Submission (In Accordance with SSAE-19) (For-Profit Entities)
 - RPT-9931A Report on Agreed-Upon Procedures for Electronic Submission (In Accordance with SSAE-19) (For-Profit Entities)
 - RPT-9932A Independent Accountant's Report on Agreed-Upon Procedures for Electronic Submission (In Accordance with SSAE-19) (Nonprofit Entities)
 - RPT-9933A Report on Agreed-Upon Procedures for Electronic Submission (In Accordance with SSAE-19) (Nonprofit Entities)

[Click here](#) for the 2020 Audits of HUD Multifamily Housing Programs 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 consider new literature, standards, and developments reflected in the following current audit and accounting guidance:

- FASB Accounting Standards Codification™ as of September 30, 2020, through Accounting Standards Update No. 2020-07
- 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
- AICPA Ethics Interpretation, Information System Services (ET sec.1.295.145)
- AU-C 930, Interim Financial Information
- AU-C 940, An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements

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 [Web site](#).

License Requirements

This title requires the Knowledge-Based Audits of HUD Multifamily Housing Programs 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 Web site.

For more information on assigning licenses, see [How do I assign Engagement Licenses?](#) on our Support Web site.

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 2020 Financial Statement Base title before installing this title.
- This title can be installed on Engagement v2019 by installing the v2019.2.6 or later update available on Software Delivery Manager.
- On some occasions the content package file (KCP) downloads 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.

Using Your Knowledge Coach Content with CCH® Accounting Research Manager®

CCH Accounting Research Manager (ARM) is the most comprehensive, up-to-date, and objective online database of financial reporting literature. It includes all authoritative and proposed accounting, auditing, and SEC literature, plus independent, expert-written interpretive guidance.

Available on ARM, the Knowledge-Based Audits of HUD Multifamily Housing Programs Guide helps you comply with the most recent professional standards and guidance for the conduct of audits of HUD Multifamily Housing Programs and to integrate the use of practice

aids, tools, and other resources with its guidance. This publication supplements and complements the knowledge-based documents that are available in Knowledge Coach.

If you subscribe to an ARM library that includes HUD Multifamily Housing Programs content, you can link directly to source material from Resources within Knowledge Coach documents. These links have been updated to refer to the accounting standards under the FASB Accounting Standards Codifications. Also, if you subscribe to the Knowledge-Based Audits of HUD Multifamily Housing Programs Guide on ARM, you can take advantage of references to the guide material from within the Knowledge Coach documents.

With ARM, you maximize the efficiency of your research time, while enhancing your results. Learn more about our content, our experts, and how you can request your free trial by visiting the [Accounting Research Manager Web site](#). You can also access the Accounting Research Manager Web site by selecting **Engagement > Binder Window > Shortcuts Bar > Guidance tab**.