

2019 Knowledge Based Audits™ of HUD Multifamily Housing Programs  
December 2019

# CCH® ProSystem fx® Knowledge Coach

## Welcome to 2019 Knowledge-Based Audits™ of HUD Multifamily Housing Programs for Knowledge Coach

This document provides important information about the 2019 release of Knowledge Based Audits™ of HUD Multifamily Housing Programs. Review this information carefully. If you have any questions, additional information is available on CCH [Support Online](#).

### New in this Release

---

#### Knowledge-Based Audits of HUD Multifamily Housing Programs

This title can be installed on CCH® ProSystem fx® Engagement v2018 by first installing the CCH ProSystem fx Engagement v2018.2.4 Update for Knowledge Coach. The latest update can be downloaded [here](#). This update allows you to use the 2019 content without installing Engagement v2019 until your firm plans to update.

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 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 method 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 to communicate 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 2019 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.

### **2019 Edition of Knowledge-Based Audits of HUD Multifamily Housing Programs**

This edition features numerous enhancements, including:

- Combining complex and noncomplex forms (KBA-201N, KBA-401N, and KBA-415N), giving the auditor the option to memo or complete the detailed table for each section based on tailoring.

**Roll Forward Note:** If you used a noncomplex document in your prior engagement, before rolling that file forward, you must add the complex document to your engagement binder to retain the data from the noncomplex document, and then remove these workpapers from the prior year binder after you have rolled the binder forward.

If your binder has already been finalized or you don't want to unfinalize the binder and insert the complex document before rolling forward from the 2018 version, you can make a copy of your finalized binder, insert the applicable complex documents, and then roll forward the copied binder to the 2019 title version. After roll forward, remember to delete the copied prior year binder from your file room. Doing this retains the data in the 2019 combined versions.

Alternatively, copy and paste the data from the prior year noncomplex document from the prior year binder after you roll forward to the current combined versions. The noncomplex document rolls forward as an obsolete workpaper with no data and must be removed after you roll forward your binder. Refer to your prior year binder for data in the noncomplex document.

For updates on the fly, insert the complex version of the workpaper prior to updating to retain information from the now obsolete noncomplex version.

- Streamlining Entity Information from KBA-3023 Understanding the Entity and Its Environment by removing Section I. This information is available in KBA-200 Entity Information and Background.
- Adding flow of columns "Nature of Other Services" and "Firm Personnel Overseeing the Service" from KBA-101 Overall Audit Strategy to AID-201 Non Attest Services Independence Checklist.
- Adding the table "Prior Year Substantive Matters and Significant Findings" to KBA-102 Engagement Completion Document. This table is only user entry and is available if you would like to document prior year matters or findings.
- Adding the flow of question "Describe the users or expected users of the financial statements (e.g., owners, stakeholders, lenders)" from KBA-200 Entity Information and Background to KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts.
- Adding flow of Component Units from AID-603 Component Identification and Analysis to KBA-301 if the user has noted the Component Unit as being "Significant" in one of the four columns in AID-603.
- Adding a new column in KBA-301 in step 4: Determination of the Threshold for Trivial Amounts so you can document the trivial amount. You must manually key in this number based on the calculation, as this new column triggers the flow of the trivial amount to the materiality tables located in other forms.
- Adding a new table to trigger flow of items identified in KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures. All items identified in table 2 or 3 of KBA-400 flow to this new table, and then you can decide which to flow to KBA-103. This change helps remove duplication in KBA-103.
- Modifying headers and related instructions regarding compensating controls in KBA-401 Understanding Entity-Level Controls. Due to modifications, you can no longer show or hide columns in the detailed table based on internal control tailoring questions from AUD-100. Note that column 7 is reset on roll forward due to the content changes.

- Modifying headers and adding one new column (If Controls are Not Effectively Designed and Implemented or Are Not Operating Effectively, Describe the Risks of Material Misstatement) in KBA-402 Understanding General Controls for Information Technology in the “less complex” table. This new column contains a dynamic list of risks noted in the engagement which is similar to the functioning of KBA-400 and KBA-40X series forms.
- Adding two new Potential Error Diagnostics in KBA-502 Summary of Risk Assessments that trigger when you:
  - Add a specific risk in the risk pane, but document that both Inherent Risk and Control Risk are low.
  - Select Combined under the Planned Audit Approach column and you haven’t noted that they are performing an integrated audit and not testing internal controls overall for a particular audit area in AUD-100.
- Adding a table to KBA-902 Audit Review and Approval Checklist to document a concurring partner review, if applicable. A tailoring question has also been added to AUD-100 that will have show/hide functionality on this table in both forms.
- Adding a new missing workpaper or unnecessary workpaper diagnostic related to AID-603 based on your response to tailoring question, “Does the entity have multiple components, multiple locations, or segments that are included in the scope of our engagement?”
- Adding a new audit area, Business Combinations, throughout the title, and adding AUD-822 Audit Program: Business Combinations.
- Rewording audit area “Journal Entries and Financial Statement Review” to “Journal Entries.” The Financial Statement Review steps are no longer included in AUD-814. These steps are now in the new AUD-909 Audit Program: Financial Statement Review form.
- Adding new steps and tailoring questions to AUD-803 Audit Program: Revenue and Accounts Receivable for procedures that can be performed under ASC Topic 606.
- Adding new steps and tailoring questions to AUD-807 Audit Program: Property and Equipment, and Depreciation and AUD-811 Audit Program: Debt Obligations to document new and revised lease guidance under ASU No. 2016-02, Leases (Topic 842).
- Enhancing instructions and procedures throughout the toolset to improve workflow.
- Adding new tips regarding Omnibus Statement on Auditing Standards for the issuance of SAS-135.
- Adding new AIDs, AUDs, and RESs as follows:
  - AUD-822 Audit Program: Business Combinations
  - AUD-909 Audit Program: Financial Statement Review
  - AID-835 Deferred Tax Analysis
  - AID-846 Journal Entry Testing Worksheet
  - AID-910 Analytical Procedures: Final Account Balance Analysis
  - RES-028 Lease Checklist: Identifying a Lease (ASC 842)
  - RES-030 Schedule of the Status of Prior Audit Findings, Questioned Costs, and Recommendations
  - RES-031 Corrective Action Plan

[Click here](#) for the 2019 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 take into account new literature, standards, and developments, reflected in the following current audit and accounting guidance:

- FASB Accounting Standards Codification™ as of September 30, 2019, through Accounting Standards Update No. 2019-07
- AICPA Statement on Auditing Standards (SAS) No. 134, Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements
- AICPA Statement on Auditing Standards (SAS) (SAS) No. 135, Omnibus Statement on Auditing Standards - 2019
- 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

#### Important:

- 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 step saves all data within the tables.
- You can view other Knowledge Coach Best Practices on our [Web site](#).

## System Requirements

---

This title requires the 2019 Financial Statement Base Title and the 2018 Compliance Audits Base Title. The 2019 Financial Statement Base title and the 2019 Compliance Audits Base must be installed with one of the following versions of Engagement and Knowledge Coach:

- Engagement and Knowledge Coach v2018 with CCH ProSystem fx Engagement v2018.2.4 Update or later available [here](#). To identify the version you are running, please go to the Help > About window in the application.
- Engagement and Knowledge Coach v2019 or newer.

If you are upgrading from Engagement v7.1 or older, please contact [Technical Support](#).

A minimum of 4GB of RAM is required for optimal performance when opening and navigating Knowledge Coach workpapers.

## 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 Instructions

---

If you plan to use this title on Engagement and Knowledge Coach v2018, apply the CCH ProSystem fx Engagement v2018.2.4 Update to all computers, including Admin and terminal servers, before installing the title. Review the update's [release notes](#) for more deployment information.

To download this title:

1. Navigate to the [Knowledge Coach Updates](#) section of the Engagement Support Web site.
2. Select the Knowledge Coach Series. The series are arranged by title type, then industry.
3. Click **Download File** next to the title you want to download.

**Note:** 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.

You must install the 2019 Financial Statement Base title and the 2019 Compliance Audits Base title before installing the 2019 Knowledge Based Audits of HUD Multifamily Housing Programs.

The Financial Statement Base title is also available on the [Knowledge Coach Update Web site](#).

The Knowledge Coach Content Package (KCP) download is a proprietary file that must be installed from within Engagement. Save this KCP file to a location on your local drive, and follow the Installation Instructions below.

---

## 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.

---

## Online Permission Key

Permission key files can be downloaded from our [Web site](#) or when adding or updating the new licenses in Engagement v2018 and newer. After updating the license file in the Engagement Admin module, licenses must be assigned to the staff who will use 2019 Knowledge-Based Audits of HUD Multifamily Housing Programs.

If you have not already established a Single Sign-on (SSO) account with Customer Service, we urge you to do so at this time.

---

## 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 Accounting Research Manager, 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**.

## Using Your Knowledge Coach Content

---

To use your Knowledge Coach workpaper templates, do the following:

1. Open a binder in Engagement.
2. Select the workpaper tab into which you would like to insert the workpaper.
3. Select **New Knowledge Coach Workpaper** from the toolbar or File menu.
4. Select the new Knowledge Coach title with the content you would like to use. You can only select titles you have installed. The information displayed changes to reflect the workpaper organization available for the selected title.
5. Select the Knowledge Coach workpapers to insert into your binder and click **OK**.
6. In the Selected Workpaper Properties window, add a workpaper index in the Index field and make any name modifications that are needed. You can also modify the tab location or the roll forward settings for each workpaper.
7. Click **OK**. The integrated Knowledge Coach workpaper is now inserted into your engagement binder.

**Note:** For more information on how to use Knowledge Coach workpapers in your binder, see the *Knowledge Coach User Guide*.

## Additional Information on Knowledge Coach and the KBA Methodology

---

**Knowledge-Based Audit (KBA) Methodology** allows the results of one set of procedures to become the input for the next. The key components of the KBA methodology include:

- An overview that guides auditors through the methodology.
- Knowledge-based audit documents, integral to risk assessment and audit processes, which contain steps and procedures required by U.S. GAAS, GAGAS, and the HUD Audit Guide.
- Customizable audit programs that take auditors through related steps and procedures.
- Practice aids to help auditors complete steps or processes outlined in the knowledge-based audit documents and audit programs.
- Auditor's reports that provide a variety of sample auditor's opinions on audited financial statements.
- Correspondence documents that provide sample letters to be used to comply with U.S. GAAS, GAGAS, and the HUD Audit Guide requirements and in other common situations.
- The AICPA's Auditing Standards Board's (ASB) Risk Assessment Standards. The practice aids and tools in the 2019 Knowledge-Based Audits of HUD Multifamily Housing Programs are designed around the AICPA's risk assessment and clarified standards to assist auditors of HUD Multifamily Housing Programs entities by:
  - Facilitating compliance with GAAS, GAGAS, and the HUD Audit Guide
  - Encouraging more effective audits through tailored audit programs and comprehensive practice aids
  - Helping auditors to focus on and respond to identified audit risks
  - Enhancing audit documentation

**CCH® ProSystem fx® Knowledge Coach**

Knowledge Coach functionality allows auditors to use the Knowledge-Based-Audit methodology more efficiently by eliminating the need for duplicate entry of the same information, tailoring audit documentation to each particular engagement, and documenting the link between risks identified and procedures performed. AUD-100 Tailoring Question is a document in Knowledge Coach that presents engagement-level questions designed to aid in tailoring the engagement documentation to fit each client. Completing the questions helps the auditor avoid duplication and unnecessary workpapers.

**Note:** Before you begin your audit, review the guidance in AUD-103 Overall Audit Program. This workpaper is your road map through a Knowledge-Based Audit methodology. Start your audit with AUD-100 Tailoring Question Workpaper and AUD-103 Overall Audit Program.

- **Risks** can be captured via the Risk Summary task pane from any Knowledge Coach workpaper by the current editor of KBA-502 Summary of Risk Assessments. This allows you to continuously assess risks during the engagement. Several workpapers prompt you to consider the presence of risks, but the Risk Summary task pane must be used to document those risks. All documented risks flow to the Risk Summary. To ensure risks show in findings tables, select the *workpaper identified in* field of the Risk pane.
- **Information Flow** helps reduce the time spent duplicating information across forms. In addition, the flow of consistent information ensures that information and updates to information are not missed between workpapers. Drill-down functionality helps the user navigate quickly to the source of the information, aiding in the review of the audit file.
- **Diagnostics** help track unresolved issues like unanswered questions, incomplete risks, program steps not linked to risks or relevant assertions, missing workpaper, and more.
- **Links to Accounting Research Manager (ARM)**, if you subscribe to an ARM library that includes audit content, link directly to source material from Resources in Knowledge Coach workpapers. These links have been updated to reference the accounting standards under the FASB Accounting Standards Codifications and the auditing standards issued by the AICPA. Also, if you subscribe to the Knowledge-Based Audits of HUD Multifamily Housing Programs Guide on ARM, you can take advantage of links to the audit guide material from within the Knowledge Coach documents.
- **Interpretive Guidance** is integrated in each Knowledge Coach template through the Tips view of each new task pane. Informational features include Practice Points, Examples, Optional Workpapers, and Resources to help auditors work more effectively and efficiently. You can also navigate from Resources in a document or the tip pane directly to CCH Accounting Research Manager and industry audit guides by simply clicking on the reference.

<b>Download Description</b>	2019 Knowledge-Based Audits of HUD Multifamily Housing Programs
<b>Version</b>	Engagement and Knowledge Coach v2018 with CCH ProSystem fx Engagement v2018.2.4 Update or later OR Engagement and Knowledge Coach v2019 or later  2019 Financial Statement Base  2019 Compliance Audits Base
<b>Release Date</b>	December 2019
<b>File size</b>	18MB
<b>Approx. Download Time</b>	42 minutes at 56 kbps
<b>License</b>	Full Version
<b>Platforms</b>	Microsoft® Windows® 7, 8.1, 10
<b>Office</b>	Microsoft® Office 2013 or higher required