Release Notes

CCH® ProSystem *fx*® Knowledge Coach

Welcome to 2021 Knowledge-Based Audits^{TM} of Not-for-Profit Entities for Knowledge Coach

This document provides important information about the 2021 release of Knowledge Based Audits^{TM} of Not-for-Profit Entities. Review this information 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 not-for-profit 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). The Knowledge-Based Audit™ methodology is a risk-based approach that emphasizes using knowledge of the entity to make risk assessments in connection with a financial statement audit. 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 of material misstatement to the financial statements.

Conducting audits of nonpublic not-for-profit entities requires the exercise of the auditor's professional judgment. Additionally, the operations of nonpublic not-for-profit entities are often unique and complex; they also may require specialized accounting and auditing knowledge. This edition includes specific up-to-date guidance for auditing nonpublic not-for-profit 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.

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 2021 documents include CCH® Accounting Research® material links to specific guidance, thus 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. For engagements where those standards will not yet be implemented, the auditor should continue to use the 2020 title, released on June 11, 2020.

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. Staff with this right are referred to 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 accidently 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 Not-for-Profit Entities
This edition features numerous enhancements, including:

- Functionality 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 out to multiple forms to show/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 now sorts automatically 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 a new default answer in Column 7, "CR" in KBA-502. If a user selects "Yes" to one of the questions below in AUD 100 and selects "No" in Column 5 of KBA 502, "Controls Selected for Testing of Operating Effectiveness," then CR will default to "Max."

  – 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)?

  – Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?

- Adding columns to KBA-503 for relevant assertions and inherent risk assessment that flow from KBA-502. Also changing the functionality so that the user selects which 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 the 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, RPT, and RESs as follows:

  - AID-848 Analysis of Service Auditor Report

  - COR-822 Request for Confirmation of Multiemployer Defined Benefit Plan Information

  - COR-907 Communication to Entity with Significant Deficiencies and/or Material Weaknesses: Review of Interim Financial Information

  - RPT-0904A Unmodified Opinion: Emphasis-of-Matter Paragraph Related to Going Concern: Substantial Doubt has Been Alleviated

  - RPT-0959 Unmodified Opinion: Includes Key Audit Matters, Emphasis-of-Matter and Other-Matter Paragraphs

  - RES-029 Implementing New Accounting Principles

  - RES-030 Determining and Communicating Key Audit Matters (KAMs) Decision Tree

Click here for the 2021 Audits of Not-for-Profit 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

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

Best Practices

- Save changes to workpapers before closing the workpaper or the binder to ensure data is correctly updated.

- If Microsoft® Word crashes when you are using Knowledge Coach, before closing the binder, select **Tools > Save Knowledge Coach Answers** in the binder view. This step 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 Not-for-Profit 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 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 occasion, 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 Not-for-Profit Entities Guide helps you comply with the most recent professional standards and guidance for the conduct of audits of not-for-profit entities. It also integrates 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 not-for-profit 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 Not-for-Profit Entities Guide on ARM, you can take advantage of references to the guide material from within the Knowledge Coach documents.

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