

U.S. GAAP Checklist Tool Service Pack 2

Engagement Team User Guide
and Frequently Asked Questions

FOR INTERNAL USE ONLY

December 2011



U.S. GAAP Checklist Tool — Engagement team user guide and FAQs

Overview.....	3
What’s new in the U.S. GAAP checklist tool Service Pack 2 (October 2011 release)	3
Using this checklist tool as part of the audit	4
Checklist tool overview	4
Additional resources and information.....	6
Technical Library.....	6
Help and feedback.....	6
Accessing the U.S. GAAP checklist tool.....	7
Creating a new checklist.....	7
The scoping activity.....	10
Scoping overview.....	10
Excluding from scope	11
Review scoping.....	12
Print scoping	12
The response activity	14
How to respond to questions.....	15
Navigating to and answering questions	15
Viewing Codification guidance	17
Printing a checklist.....	18
Completing the checklist.....	19
Frequently Asked Questions.....	20
New Features in the October 2011 Service Pack 2 Release	20
Efficient and Effective Use of the U.S. GAAP Checklist Tool.....	20
Superseded Forms.....	22
Using a Checklist — Scoping, Responding, Printing, and Closing.....	23
Engagement Team and Client Interaction.....	25
Viewing the Codification within the U.S. GAAP Checklist Tool	26

Overview

On July 1, 2009, the FASB Accounting Standards Codification (the “Codification”) became the single source for all authoritative U.S. accounting guidance. All nongovernmental entities that report under U.S. GAAP are required to follow the guidance in the Codification for reporting periods ending after September 15, 2009.

The Codification flattens the GAAP hierarchy into two categories: Authoritative (i.e., included in the Codification) and nonauthoritative (i.e., excluded from the Codification). The new U.S. GAAP checklist tool includes all accounting and disclosure guidance from the Codification:

- *Codification Accounting Guidance Sections*: 25 — Recognition, 30 — Initial Measurement, 35 — Subsequent Measurement, and 40 — Derecognition
- *Codification Disclosure Guidance Sections*: 45 — Other Presentation and 50 — Disclosure
- *Codification Scope Guidance*: Section 15 — Scope
Section 15 describes the types of entities and transactions to which the Subtopic under consideration applies and is included to aid with the scoping activity only (i.e., there are no questions to answer in the response activity).

Note: Other sections in the Codification (00 — Status, 05 — Background, 20 — Glossary, 55 — Implementation and Illustrations, 60 — Relationships, and 65 — Transition) are not included. Users of the U.S. GAAP checklist tool can refer to these sections in Technical Library as necessary.

What’s new in the U.S. GAAP checklist tool Service Pack 2 (October 2011 release)

The following features are now available and apply not only to new checklists, but also completed and in-process (i.e., created before the release of service pack 2) checklists:

- Scoping to the question level — Engagement teams and clients can exclude from scope at the question level, those transactions, events, and industry-related guidance that do not apply to the entity. Prior to service pack 2, scoping was only available down to the Codification Subsection level.
- Change scoping — Scoping can be changed at any time until the checklist is completed.
- Roll forward — When a new checklist is created, engagement teams and clients have an option to roll forward the scoping or scoping and responses (and comments and references) from a completed checklist. The following rules apply:
 - The source (roll forward from) checklist must be complete/closed and not deleted.
 - A client checklist cannot be rolled forward to an engagement team checklist or vice-versa (i.e., only client-to-client/engagement team-to-engagement team rollforward is allowed).
 - The destination (new / roll forward to) checklist and source (roll forward from) checklist need to have a common client ID in DPS (e.g., if the client ID for ABC Inc. is 0001234567, both the current and prior-period WBS project codes need to roll up to this client ID).
- Delete — Unused checklists can now be deleted. Note that if a checklist is deleted, it cannot be rolled forward (i.e., be a source checklist) into a source checklist.
- Codification formatting in reports — The FASB Codification, when included as part of a PDF report, displays with improved formatting.

Note: Before using the checklist, public audit clients need to obtain audit committee preapproval in accordance with the audit committee’s established preapproval policies and procedures. All clients need to read the disclaimer on the access screen before using the checklist.

The checklist is a separate “service” from Deloitte Technical Library, and SEC independence rules require audit committee preapproval for such services. The following wording may be helpful in drafting a request for the audit committee:

Deloitte & Touche LLP or its affiliates or related entities make available various database subscriptions and related tools and services to clients, including the U.S. GAAP checklist tool. You hereby confirm that the Company’s and its affiliates’ use of these or similar databases and the receipt of related tools and services have been approved by the Audit Committee in accordance with the Audit Committee’s established preapproval policies and procedures.

Using this checklist tool as part of the audit

The engagement team needs to scope the checklist consistently with how it has scoped the audit. The engagement team needs to answer the questions in the accounting and disclosure checklists during the testing and reporting phase of the audit, respectively. For more effective and efficient use of the U.S. GAAP checklist tool, the individual who tests a particular audit section will be the same individual who answers the related questions in the checklist (or reviews the questions answered by the client). Reviews of checklist sections need to be performed at the same time the related sections of the audit are being reviewed.

Checklist tool overview

Engagement teams and clients interact with the U.S. GAAP checklist tool for scoping and response. A high-level overview of the tool follows:

1. **Create** — Deloitte engagement teams create checklists for the engagement and client
 - a. The engagement team member logs into the U.S. GAAP checklist tool at <https://checklists.deloitte.com>.
 - b. Selects the client from a **WBS Number** lookup.
 - c. Adds a description of the checklist in the **Description** field.
 - d. Chooses the checklist type: **Accounting**, **Disclosure**, or **Both**.
 - e. Adds engagement team members to the current checklist.
 - f. Optionally adds client users, which creates a separate client checklist.
2. **Scope** — The engagement team [or client] selects the checklist and begins the scoping activity. All Topics and Subtopics are included in scope by default. The engagement team [or client] excludes Topics, Subtopics, Sections, Subsections, and questions that do not apply to the entity.
3. **Response** — The engagement team [or client] answers every question Yes, No, or N/A (not applicable) and may add other references as required or necessary:
 - a. **Yes** = The entity has complied with the guidance.
 - b. **No** = The entity has not complied with the guidance. A **No** answer requires an explanation of the noncompliance, which is entered into the **Comment** field.
 - c. **N/A** (not applicable) = The guidance is not applicable to the entity.
 - d. **Comment** — The engagement team can enter comments for any question in the **Comment** field. Comments are required for **No** answers.
 - e. **Reference** — The engagement team can enter a working paper reference in the **Reference** field to support the **Yes | No | N/A** conclusion when applicable; the client can enter a reference if applicable.

- f. **Review Note** — The engagement team [or client] can enter a review note by clicking the **Show/Hide Review Note** button; review notes need to be cleared and deleted before the checklist can be completed.
- 4. **Completion** — A checklist is complete when all questions have been answered and any review notes have been cleared (resolved). When the checklist is completed:
 - a. By the engagement team — A PDF of the completed checklist is created for the work papers.
 - b. By the client — A PDF of the completed checklist is created for the client and a notification [of the completion] is emailed to all members of the engagement team. The engagement team can view the client's PDF.

Note: A completed checklist cannot be edited. If changes to a completed checklist are needed, the engagement team needs to add a memo to work papers that includes the supplemental changes.

5. Other features

- a. Adding or removing users — Engagement team members or client users can be added to or removed from a checklist at any time.*
- b. Response history — The tool tracks which user(s) answered each question and at what time.
- c. Printing — A checklist (completed or in process) can be printed at any time and can include optional information (e.g., comments, review notes).

* Only engagement team members can add or remove client users (i.e., a client cannot add or remove users).

Additional resources and information

Technical Library

The new Technical Library (<https://techlib.deloitte.com/>) provides additional information and resources, including:

- Accounting Standards Codification Manual — Includes the entire FASB Codification and additional Deloitte guidance.
- Find the GAAP — Enables users to reconcile prior-year checklists with the current Codified checklist(s).

Help and feedback

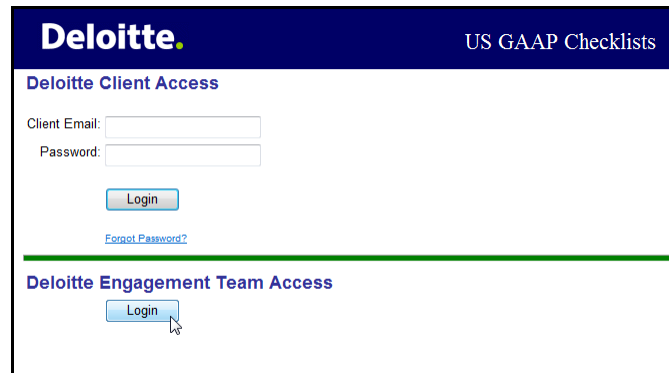
Technical support — U.S. practitioners contact Initial Support Services (ISS) 1-800-DELOITTE or x2222.

Feedback and suggestions only — email gaapchecklist@deloitte.com [US National GAAP Checklist].

Accessing the U.S. GAAP checklist tool

Engagement team members access the U.S. GAAP checklist through the Deloitte LAN or VPN at:

<https://checklists.deloitte.com>



Deloitte. US GAAP Checklists

Deloitte Client Access

Client Email:

Password:

Login

[Forgot Password?](#)

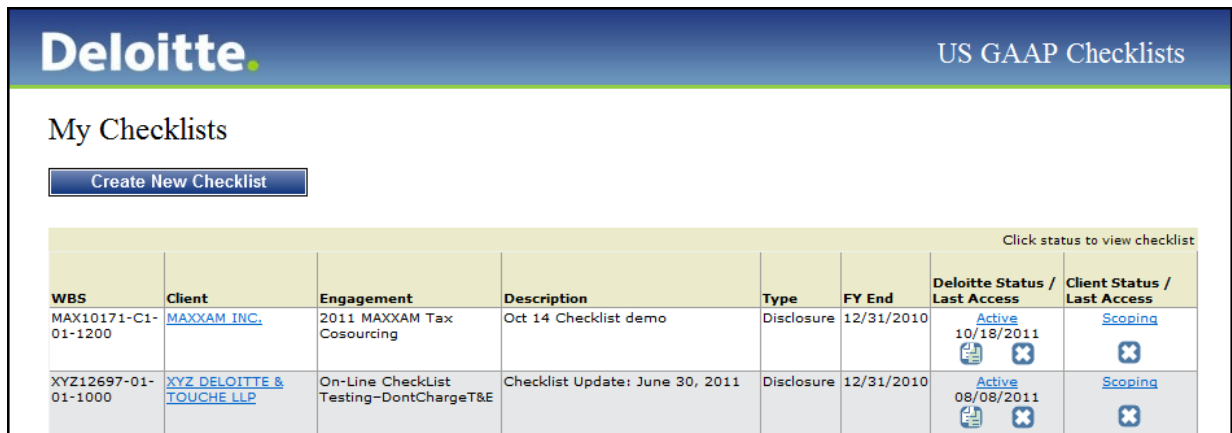
Deloitte Engagement Team Access

Login

Engagement team members (i.e., Deloitte employees) need to use the [Deloitte Engagement Team Access](#) login button.

Creating a new checklist

After logging in, you see the My Checklists window:



Deloitte. US GAAP Checklists

My Checklists

Create New Checklist

Click status to view checklist


WBS	Client	Engagement	Description	Type	FY End	Deloitte Status / Last Access	Client Status / Last Access
MAX10171-CI-01-1200	MAXXAM INC.	2011 MAXXAM Tax Cosourcing	Oct 14 Checklist demo	Disclosure	12/31/2010	Active 10/18/2011	Scoping
XYZ12697-01-01-1000	XYZ DELOITTE & TOUCHE LLP	On-Line CheckList Testing-DontChargeT&E	Checklist Update: June 30, 2011	Disclosure	12/31/2010	Active 08/08/2011	Scoping

My Checklists window

If you have any previously created checklists, as shown in the figure above, they are presented in reverse-chronological order (i.e., newest first). Otherwise, if this is your first time logging into the U.S. GAAP checklist tool, you will only see the [Create New Checklist](#) button.

To create a new checklist, click [Create New](#). The [Add/Edit Checklist](#) window opens:

Checklist Properties

*WBS Number: MAX10127-PD-01 


Client Name: MAXXAM INC.

Client ID: 0001038547

Engagement: PS-MAXXAM INC.-E&P/Stock Basis-CY09


Description:


*Type: Disclosure

*FY End: 12/31/2011 

Deloitte Status: Scoping Client Status: Scoping

Checklist Users


Deloitte Employees: 


Client Staff: 

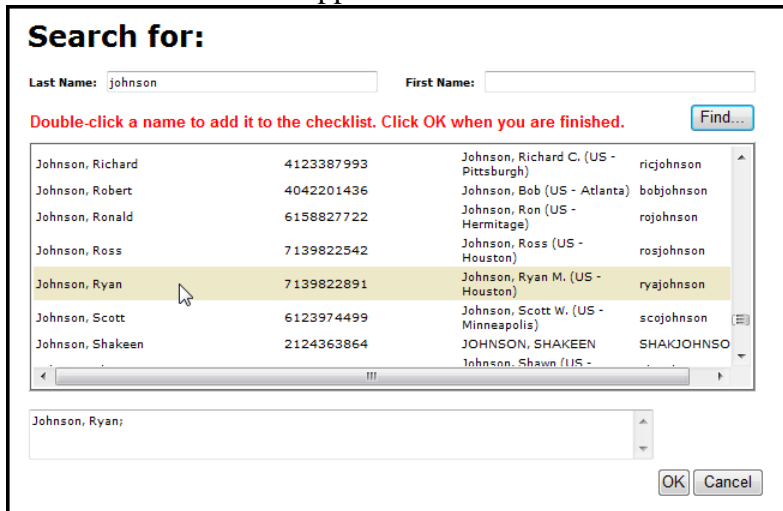
Remove Users Remove Users

Submit Submit & Roll-Forward Cancel

A description of each field follows.

- **WBS Number** [required] — The WBS number for the engagement. Select a WBS by clicking the lookup  icon, which opens the [WBS Picker](#) window.
- **Client Name** — The client associated with the WBS number.
- **Client ID** — The client ID associated with the WBS number.
- **Engagement** — The name of the engagement associated with the WBS number.
- **Description** — Engagement-team-assigned checklist description. A checklist description should include the engagement name and details about the period covered (e.g., first quarter review, annual).
- **Type** [required] — A drop-down list to select the checklist type; the three types are:
 - **Accounting checklist** — Includes Codification Sections 25 — Recognition, 30 — Initial Measurement, 35 — Subsequent Measurement, and 40 — Derecognition.
 - **Disclosure checklist** — Includes Codification Sections 45 — Other Presentation Matters, and 50 — Disclosure.
 - **Both** — Includes both Accounting and Disclosure checklist types.
- **FY End** [required] — Fiscal year-end of the entity.
- **Deloitte Status | Client Status** — Read-only checklist status; a newly created checklist will be in the [scoping](#) status for both Deloitte and Client.

- Checklist Users [required]
 - Deloitte Employees — Click the lookup  icon to select one or more engagement team members, the Search for window appears:



Search for:

Last Name: First Name:


Double-click a name to add it to the checklist. Click OK when you are finished.

Johnson, Richard	4123387993	Johnson, Richard C. (US - Pittsburgh)	ricjohnson
Johnson, Robert	4042201436	Johnson, Bob (US - Atlanta)	bobjohnson
Johnson, Ronald	6158827722	Johnson, Ron (US - Hermitage)	rojohanson
Johnson, Ross	7139822542	Johnson, Ross (US - Houston)	rosjohnson
Johnson, Ryan	7139822891	Johnson, Ryan M. (US - Houston)	ryajohnson
Johnson, Scott	6123974499	Johnson, Scott W. (US - Minneapolis)	scojohnson
Johnson, Shakeen	2124363864	JOHNSON, SHAKEEN	SHAKJOHNSO
		Johnson, Shawn (US -	

Johnson, Ryan;

To add an engagement team member, search by **Last Name** and **First Name** and then double-click the name to add it to the checklist.

Note: The engagement team member who creates the checklist is automatically added as a checklist user.

- **Client Staff** — To add client users to the checklist, enter the client’s email address in the Client Staff box and then click the add user  icon.
 - You can add or remove client staff after you create the checklist.
 - You do not need to add any client users to the checklist if the client does not plan to use the checklist; however, the checklist will still be created for the client.
 - If you accidentally assigned a client staff to a new checklist and have not yet clicked the Submit button, click the Cancel button to start over.

Note: Each client user added to a checklist needs to have a Deloitte Technical Library subscription login. Otherwise, the client individual will not be able to see the Codification within the checklist (see [FAQ 5.2](#)).

- **Remove Users** — To remove either an engagement team member or client user, click **remove**. If you add a “removed” user back, that user will be able to view/edit the checklist again.
- **Submit** — Click the **submit** button to create the checklist. When you click **submit**:
 - The checklist is created and displays in your list of checklists.
 - All Deloitte employees added to the checklist receive an email with a link to the engagement team version of the checklist.
 - Client users added to the checklist receive an email with a link to the client checklist.
- **Submit & Roll Forward** — Click to create a new checklist AND roll forward into the newly created checklist (destination checklist) the scoping or scoping and responses from a closed checklist (source checklist). See FAQs [1.3](#) and [1.4](#) for more information.

Note: To avoid a “time out” message, click Submit within 20 minutes of starting the checklist creation process. After a checklist is created, it cannot be deleted. If you accidentally create a checklist, you can delete it (see FAQs [3.9A–C](#)).

The scoping activity

In the My Checklists window, each engagement team member can view the status of both the engagement team's and the client's checklists. To begin the scoping activity, click the [Scoping](#) link under [Deloitte Status / Last Access](#):

MAX10127-PD-01	MAXXAM INC.	PS-MAXXAM INC.-E&P/Stock Basis-CY09	Disclosure	12/31/2011	Scoping	Scoping
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The Checklist Scoping window opens:

The screenshot shows the Deloitte Checklist Scoping interface. At the top, it displays 'US GAAP Checklists' and 'Checklist Scoping | Engagement: PS-MAXXAM INC.-E&P/Stock Basis-CY09'. A navigation bar includes a dropdown menu for 'Assets', a 'GO' button, and links for 'Create Report', 'Submit Scoping', and 'Return to Dashboard'. A 'View Legend' link is also present. The left pane shows a tree view of the 'Assets' section, with '310 Receivables' expanded to show subtopics like '310-10 Overall', '310-10-15 Scope', and '310-10-45 Other Presentation'. The 'Unearned Discounts' subtopic is selected and highlighted. The right pane displays the 'Unearned Discounts' section, including a question about the applicability of accounting and disclosure requirements, a detailed question about unearned discounts, and a reference to ASC 310-10-45-8.

A description of each button and area follows:

- **Navigation** — Select an area from the drop-down list and click [GO](#).
- **Create Report** — Creates a PDF of the current scoping state of the checklist; see [Print Scoping](#) for details.
- **Submit Scoping** — Creates the active checklist.
- **Return to Dashboard** — Returns you to the My Checklists window.
- **Topic & Subtopic navigation (left pane)** — Allows you to view the selected Codification area's Topics and Subtopics. The tree is expanded to the Codification Section level by default.
- **Include in / exclude from (right pane)** — Allows you to select whether a particular Topic, Subtopic, Section, Subsection, and/or question is included in the checklist.
- **Save** — Saves your scope changes. Note that saving at a higher level (e.g., a Subtopic) will override changes at a lower level (e.g., a Section or question); therefore, always make lower-level scoping choices only after making higher-level scoping choices.

Scoping overview

By default, all Codification guidance is “in scope” until it is **explicitly excluded** from scope. In order to make the most effective and efficient use of the checklist, the scope of the checklist needs to be consistent with the transactions and balances that were scoped into the audit during the planning phase. For instance, immaterial items may be excluded from scope. When an immaterial item is excluded from the scope of the checklist, the

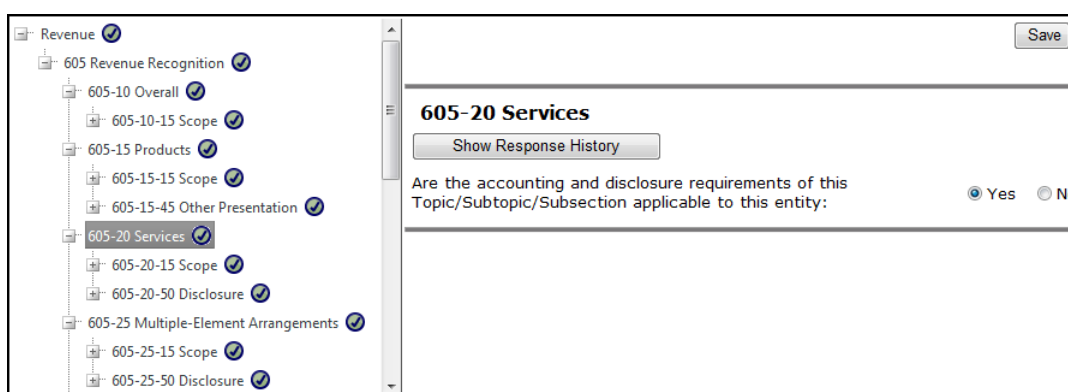
engagement team needs to write a memo for each immaterial item and include both its quantitative and qualitative aspects.

Also consider reviewing Codification Section 15, *Scope*, for each Subtopic, as well as any Deloitte-issued guidance in Technical Library, to assist in determining whether a Topic or Subtopic is in scope. The guidance in Section 15 is viewable during the scoping activity by highlighting the Subsection (e.g., General).

Note: Although the option to include or exclude Section 15, *Scope*, is enabled, *it will not appear in the checklist* since this Section does not include any accounting or disclosure guidance — *no matter which option (include or exclude) is selected*.

Excluding from scope

When you open the **Checklist Scoping** window, the default Codification area is Presentation. Using the Topic and Subtopic navigation tree, select the Topics and/or Subtopics to be excluded from scope — do this for each Codification area. The following example shows Subtopic 605-20, *Services*, in its default state of **Yes** [include in scope]:

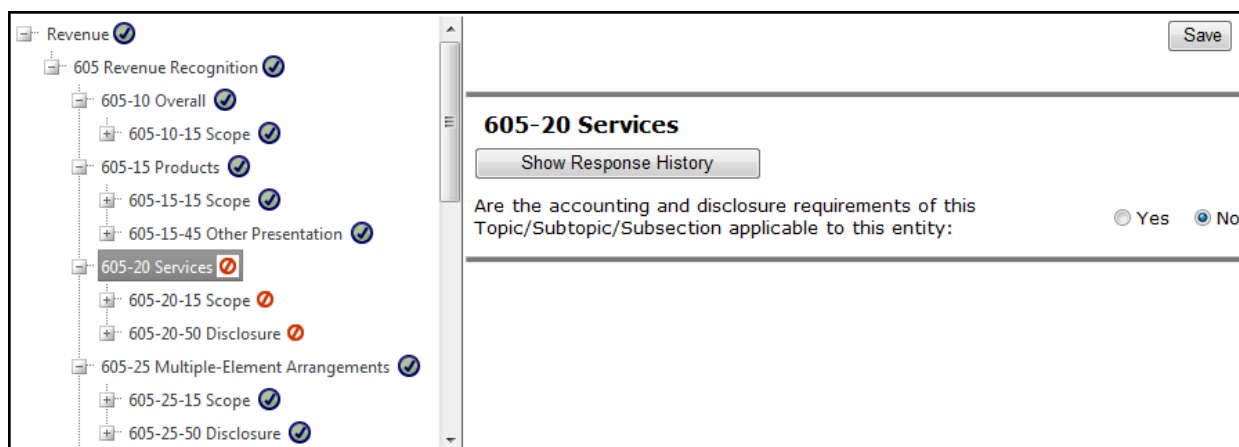


The **Include in / exclude from scope** pane includes three functions:

1. **Yes | No** — By default, a Topic or Subtopic is in scope; to exclude, select **No**.
2. **Save** — **You need to click the Save button** to save changes; changes **are not saved** by clicking a **Topic & Subtopic navigation node**. **Do not** click **Submit Scoping** to save.
3. **Show Response History** — Select this check box to view a history of changes (modified by, time modified, and action taken).

Note: By default, all Topics and Subtopics are included in scope. If only one or two Topics / Subtopics in a Codification area (e.g., Industry) are in scope, *first exclude the entire area from scope*, then include in scope the [one or two] individual Topics / Subtopics that are children of (i.e., underneath) the area.

The following example shows Subtopic 605-20 (and, by extension, the Sections and Subsections within it) being excluded from scope:





Note: You should scope at the highest level first (e.g., area) then proceed “down” to lower levels (e.g., Topics, Subtopics) — higher-level scoping “overrides” lower-level scoping.

Example: Subtopic 605-20, shown on the previous page, is excluded from scope. If you now go to Topic 605 and click “save” you will **include** 605-20 since the higher-level Topic overrides the lower-level Subtopic.

Review scoping

There are two recommended ways to review scoping:

- Online — The reviewer logs into the checklist and reviews each Topic and Subtopic in each area.
 - The “include in scope”  icon displays next to guidance that will result in further questions included in the response activity of the checklist.
 - The “exclude from scope”  icon displays next to guidance that will be excluded from the checklist. Excluded Topics and Subtopics do not appear in the checklist.

The October 2011 release provides the ability to change scoping at any time until the checklist is closed.

Note: With this new tool, it is effective to hold a planning meeting in which appropriate members of the engagement team (e.g., senior, manager, partner, EQCR) complete the scoping for the checklist together.

- Print — You can generate and distribute a PDF to review scope. The October 2011 release of the tool displays scoping choices down to the question level.

Print scoping

During the scoping activity, users can create a PDF of the in-process scoping. Select the Codification areas to include in the report and click [Create Report](#).

A PDF of the scoping for a presentation checklist for Topic 360, *Property, Plant and Equipment*, is shown below (example shows Sections 45 and 50 only; note that Section 15, *Scope*, will never appear in a checklist) and displays some questions being excluded at the question level:

360 Property, Plant, and Equipment > 10 Overall > 15 Scope > General		
Q. Overall Guidance		No
Q. Entities		No
360 Property, Plant, and Equipment > 10 Overall > 15 Scope > Impairment or Disposal of Long-Lived Assets		
Q. Overall Guidance		No
Q. Transactions		No
360 Property, Plant, and Equipment > 10 Overall > 45 Other Presentation > General		
Q. Planned Major Maintenance Activities	Yes	
360 Property, Plant, and Equipment > 10 Overall > 45 Other Presentation > Impairment or Disposal of Long-Lived Assets		
Q. Presentation of Impairment Loss for Long-Lived Assets to Be Held and Used		No
Q. Presentation of Disposal Gains or Losses in Continuing Operations		No
Q. Changes to a Plan of Sale		No
Q. Initial Criteria for Classification as Held for Sale	Yes	
Q. Newly Acquired Asset Classified as Held for Sale	Yes	
Q. Change of Classification After Balance Sheet Date but Before Issuance of Financial Statements	Yes	
Q. Presentation of Long-Lived Assets or Disposal Group Classified as Held for Sale	Yes	
Q. Presentation of Long-Lived Assets to Be Disposed of Other than by Sale		No
360 Property, Plant, and Equipment > 10 Overall > 50 Disclosure > General		
Q. 50-1	Yes	
360 Property, Plant, and Equipment > 10 Overall > 50 Disclosure > Impairment or Disposal of Long-Lived Assets		
Q. Impairment of Long-Lived Assets Classified as Held and Used	Yes	
360 Property, Plant, and Equipment > 20 Real Estate Sales > 15 Scope > General		
Q. Entities		No
Q. Transactions		No

During scoping, multiple members of the engagement team can perform the scoping activity concurrently. Each engagement team member needs to be careful not to change another engagement team member's **Yes** or **No** answer. To view the history of changes, select **Show Response History**.

Reminder: Although Section 15, *Scope*, displays as being included in or excluded from scope, it *will not display* in the active checklist.

The response activity

The response activity follows the scoping activity. After the scoping activity is complete, the checklist link under [Deloitte Status / Last Access](#) changes to **Active**:

MAX10171-C1-01-1200	MAXXAM INC.	2011 MAXXAM Tax Cosourcing	Oct 14 Checklist demo	Disclosure 12/31/2010	Active 10/19/2011	Scoping
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Click the **Active** link to open the checklist (the following example displays the Revenue area):

The screenshot shows the Deloitte US GAAP Checklists interface. At the top, it displays 'Checklist Response | Engagement: 2011 MAXXAM Tax Cosourcing | 6 questions out of 174 answered'. Below this, there is a navigation bar with a 'Revenue' dropdown menu, a 'GO' button, and links for 'Create Report', 'Rescope Checklist', 'Finish Checklist', and 'Return to Dashboard'. A 'View Legend' link is also present. The main content area is divided into two panes. The left pane shows a tree view of the checklist structure, with 'Advertising Barter Transactions' selected under 'General'. The right pane displays the question '605-20-50 Advertising Barter Transactions' with radio buttons for 'Yes', 'No', and 'N/A'. Below the question, there is a section titled '>Advertising Barter Transactions' containing the text of paragraph 50-1. At the bottom of the right pane, there is a 'Comments' section.

A description of each button and area follows:


- **Codification area navigation** — Allows you to navigate to each of the Codification areas. To move between areas, select an area from the drop-down list and click **Go**.
- **Create Report** — Creates a PDF of the current state of the checklist. Also allows you to create a PDF of scoping.
- **Finish Checklist** — See [Completing the checklist](#).
- **Return to Dashboard** — Returns you to the My Checklists window.
- **Topic & Subtopic navigation (left pane)** — Allows you to view the selected Codification area's Topics and Subtopics. The tree is expanded to the Codification Section level by default; click any Section to automatically expand to the question level.
- **Response pane (right pane)** — See [How to respond to questions](#).
- **View Legend (not shown)**
 - Displays in the Topic & Subtopic navigation next to each question that has been answered.
 - Displays in the Topic & Subtopic navigation next to each question that has a review note (also see printing questions).
 - Displays in the Topic & Subtopic navigation next to each question that has a comment (also see printing questions).
 - Displays in the Response pane next to any question that was rolled forward and has an unconfirmed answer. See [FAQ 3.13](#) for more information about unconfirmed answers.

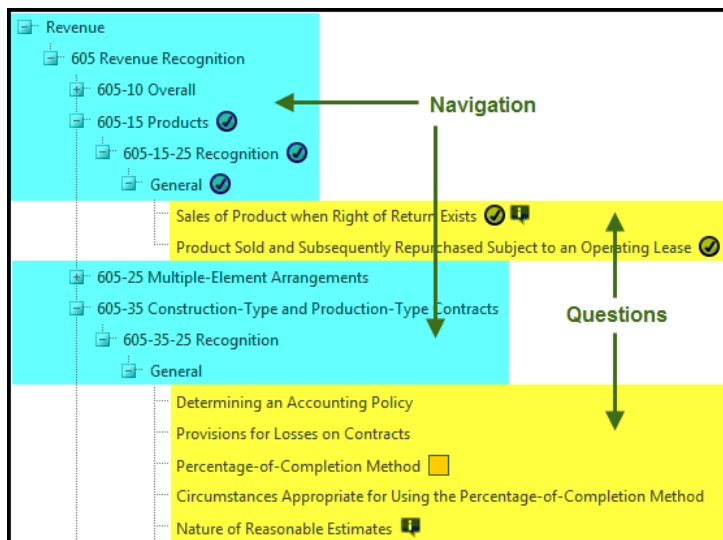
How to respond to questions

During the scoping activity, the engagement team excludes from scope transactions events and industry-related guidance that do not apply to the entity. This activity reduces the pool of questions that require answering during the response activity.

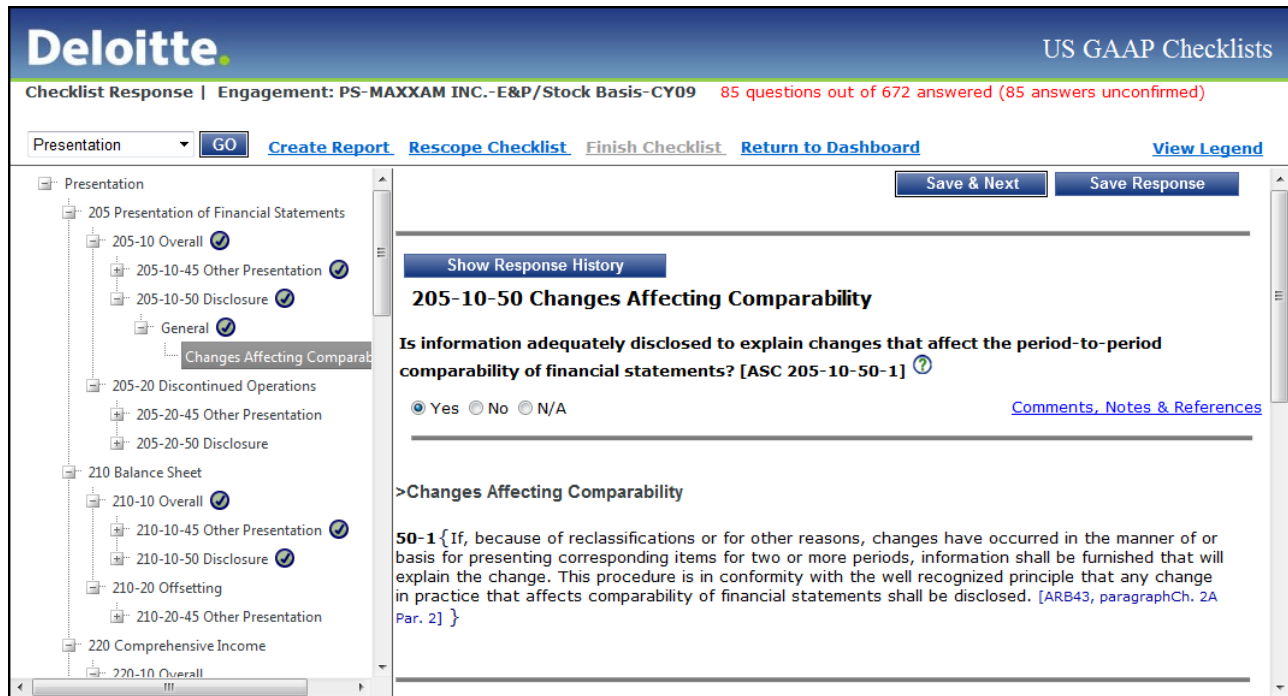
Navigating to and answering questions

Use the Topic & Subtopic navigation tree to get to the **questions** in each **Topic > Subtopic > Section > Subsection**. **Questions** occur below the Codification Subsection level; all levels at or above the Codification Subsection are navigational only (i.e., there are no questions at these [higher] levels).

Note: Questions are asked at the “lowest level” in the tree, which is always at the level below the  icon. The reason why some questions are at lower levels is due to the way the FASB Codification is structured: Some Subsections provide guidance (i.e., the detailed questions) at a higher level, while other Subsections provide it at a lower level.



When you select a question in the Topic & Subtopic navigation tree, you will see the Checklist Response window as follows:





Checklist Response window

- **Questions answered / unconfirmed** — Displays the number of questions answered out of the total number of questions included in scope. If a closed checklist was rolled into this checklist, you will also see the number of unconfirmed answers in brackets. See [FAQ 3.13](#) for more information about unconfirmed answers.
- **Navigation** — Displays a hierarchical view of the selected Codification area. Click any Codification Section (e.g., “Disclosure”) to expand directly to the questions that require answering.
- **Save & Next / Save Response** — Click **Save & Next** to save the current answer and automatically go to the next question. Click **Save Response** to stay on the current question.

Example: In the checklist response window above, 205-10-50 has only one question. Therefore, the next question will be the *first* question in the *next* Subsection [in the tree], which is 205-20-45; the tree will expand automatically and take you to the first question in Subsection 205-20-45.

- **Show Response History** — Click to show the history of responses to this question:

Hide Response History		
ModifiedBy	Modified	ActionTaken
dprather	9/24/2010 3:02:45 PM	Response provided as Yes
dprather	9/24/2010 3:03:28 PM	Response provided as N/A

- **Answer** — For each question answer:
 - **Yes** = The entity has complied with the guidance.
 - **No** = The entity has not complied with the guidance. A **No** answer requires an explanation of the noncompliance — in the **Comment** field, enter the reasons for the **No** answer; include qualitative and quantitative considerations if relevant.
 - **N/A** (not applicable) = The guidance is not applicable to the entity.
- **Link to Comments, Notes & References** — A jump link to the Comment, Review Note, and Reference text boxes. An additional link is provided at the bottom of each page to jump back to the top.
 - **Comment** — The engagement team can enter comments for any question in the Comment field. Comments are required for **No** answers. Questions with comments appear in the navigation tree with the  icon. To delete a comment, select the text and click the delete button on your keyboard. Comments are retained after the checklist is closed.
 - **Review Note** — Questions with review notes appear in the navigation tree with the  icon. Review notes need to be cleared before the checklist can be completed. To delete a review note, select the text and click the delete button on your keyboard. Review notes are **not** retained after the checklist is closed.
 - **Reference** — A text box to capture a work paper or other reference. References are retained after the checklist is closed.
- **Guidance** — The authoritative Codification guidance as issued by the Financial Accounting Standards Board (FASB). See [Viewing Codification guidance](#).
- **Deloitte Consideration Points** — Provides you with information to consider when answering certain questions throughout the checklist; they are not substitutes for or interpretations of the Codification guidance. Note that if a question does not have any corresponding consideration points, then the Consideration Points field does not display.

Note: Multiple members of the engagement team can respond to questions concurrently. Each engagement team member needs to be careful not to change another engagement team member’s Yes | No | N/A answer, or overwrite any Review Notes, References or Comments. To view the history of changes for a question, select Show Response History.

Viewing Codification guidance

Note: Due to external licensing requirements, a client **MUST** have at least one Deloitte Technical Library (TL) subscription ([FAQ 5.1](#)) in order to view the Codification content within the checklist. If the client has at least one TL subscription, then any number of client users will be able to view the guidance inline.

See [FAQ 5.2](#) for information on how to [enable client access to \[view\] the Codification](#) within the checklist tool.

The Codification content includes the following (where applicable):

- **Legacy source information** — Following each paragraph or sentence is the source of the content (e.g., FAS 48, paragraph 6). Use the Find the GAAP tool on Deloitte Technical Library to cross reference Codification content with its legacy source, if necessary.
- **Pending content** — The FASB includes pending content in the Codification in addition to current content. Pending content is enclosed in a “Pending Content” box and includes a transition guidance link:

>> Indemnification Assets

35-4

Pending Content:

Transition Date: *December 31, 2008* | **Transition Guidance** **805-10-65-1**

805-10-65-1 {At each subsequent reporting date, the acquirer shall measure an indemnification asset that was recognized in accordance with paragraphs **805-20-25-27 through 25-28** at the **acquisition date** on the same basis as the indemnified liability or asset, subject to any contractual limitations on its amount and, for an indemnification asset that is not subsequently measured at its fair value, management’s assessment of the collectibility of the indemnification asset. [FAS 141(R), paragraph 64] }

Note: For pending content, the transition guidance needs to be considered carefully to determine if the pending content applies.

- **Links** — The Codification includes many links (including Transition Guidance links, as described above); click a link to see the guidance in a popup window. The checklist tool has the following limitations around links and content:
 - ⦿ Codification links to Topics, Subtopics, and Sections do not show content because Codification content only appears at or below the Subsection level.
 - ⦿ Codification links to “spanned” paragraphs (e.g., 805-20-25-27 through 25-28) only display the first paragraph — use Deloitte Technical Library to see all Codification content.

Printing a checklist

You can create a PDF and distribute the in-process checklist* or scoping at any time during the response activity. There are several options available, each of which is explained below.

- **Export Responses** — [Default choice] Select to print questions and associated answers, notes, comments, etc.
- **Export Scoping** — Select to print the scoping selections for the active checklist.

Note: Checklists created in an earlier version of the checklist tool (Nov 2009 to Sep 2010) will only show what was included in scope (“yes” answers).

- **Areas to include** — Select the Codification areas to include.
- **Answer** — Include the Yes | No | N/A conclusion.
- **Review Notes** — Include review notes.
- **Comments** — Include comments.
- **WP Reference** — Include work paper or other references.
- **Consideration Points** — Include Deloitte-authored consideration points.
- **FASB Codification** — Include the FASB Codification in the PDF. Including the Codification can increase the size of the report considerably. See [FAQ 3.3](#) for more information about including Codification guidance in a report.
- **Unconfirmed Responses Only** — Create a report that only includes questions with unconfirmed answers.


Export Responses	
<input checked="" type="radio"/>	Export Responses
<input type="radio"/>	Export Scoping
Select the areas to include in the PDF.	
<input checked="" type="checkbox"/>	Presentation
<input checked="" type="checkbox"/>	Assets
<input checked="" type="checkbox"/>	Liabilities
<input checked="" type="checkbox"/>	Equity
<input checked="" type="checkbox"/>	Revenue
<input checked="" type="checkbox"/>	Expenses
<input checked="" type="checkbox"/>	Broad Transactions
<input checked="" type="checkbox"/>	Industry
Select the items to include in the PDF.	
<input checked="" type="checkbox"/>	Answer
<input checked="" type="checkbox"/>	Review Notes
<input checked="" type="checkbox"/>	Comments
<input checked="" type="checkbox"/>	Reference
<input checked="" type="checkbox"/>	Consideration Points
<input type="checkbox"/>	FASB Codification
<input type="checkbox"/>	Unconfirmed Responses Only

* You can also print your client’s in-process checklist or scoping; the available print options are the same.

320 Investments > 10 Overall > 50 Disclosure > General	
Has the entity determined major security types based on the nature and risks of the security? [ASC 320-10-50-1B]	Yes
50-1B Major security types shall be based on the nature and risks of the security. In determining whether disclosure for a particular security type is necessary and whether it is necessary to further separate a particular security type into greater detail, an entity shall consider all of the following: a. (Shared) activity or business sector b. Vintage c. Geographic concentration d. Credit quality e. Economic characteristic.	
Deloitte Consideration Points: An entity shall provide disclosures for securities held at the end of the periods presented in the financial statements [ASC 320-10-50-1]. The disclosures in this Section are required for all interim and annual periods [ASC 320-10-50-1A].	
Has the entity provided the appropriate disclosures for its securities classified as available for sale? [ASC 320-10-50-2 through 50-4]	N/A
>Securities Classified as Available for Sale	
50-2 For securities classified as available for sale, all reporting entities shall disclose all of the following by major security type as of each date for which a statement of financial position is presented: a. Amortized cost basis	

Completing the checklist

After all questions are answered in all Codification areas, the [Finish Checklist](#) button is enabled. There are a few things to consider before completing the checklist:

- Clear all review notes — Any open review notes are deleted when the checklist is completed. Questions with review notes are identified in the navigation tree and on the PDF report with the  icon. To view open review notes, create a PDF of the checklist and include review notes (see [Printing a checklist](#)).
- Obtain proper authorization — The completed checklist becomes part of the audit file; the individual who clicks [Finish Checklist](#) needs to be authorized to do so.

After the [Finish Checklist](#) button is clicked, the following occurs:

- Status — The checklist status changes to [closed](#) on the My Checklists window; the checklist becomes “read-only” and no edits can be made to the checklist.
- Email — Each member of the engagement team who is added as a checklist user will receive an email with a link to the read-only checklist.

The final step is to add the read-only PDF of the checklist to the work papers.

Frequently Asked Questions

New Features in the October 2011 Service Pack 2 Release

Change scoping	Change a response to scoping questions at any point in the process before finalizing the checklist
Scope to the question level	Include or exclude individual questions from the checklist
Roll forward	Roll forward answers to scoping questions from a closed checklist into a new checklist
Delete	Delete unused checklists
Codification formatting	Include the FASB Codification in PDF with improved formatting

Efficient and Effective Use of the U.S. GAAP Checklist Tool

1.1 Q *What type of checklist should I create?*

- A An accounting checklist, a disclosure checklist, or a combined accounting and disclosure checklist.
- **Accounting** — To consider the entity’s compliance with recognition, initial and subsequent measurement, and derecognition guidance; typically completed throughout the period under audit.
 - **Disclosure** — To consider the entity’s compliance with presentation and disclosure guidance; typically completed when the entity’s draft financial statements for the period under audit are available.
 - **Both** — To consider all guidance at the same time (i.e., in one checklist).
-

1.2 Q *What should be included in scope?*

- A There are two factors the engagement team needs to consider:
1. What has the engagement team identified as Material Classes of Transactions, Account Balances, and Disclosures under the New Audit Methodology?
 2. What is the scope of the Codification guidance? In other words, does the guidance apply to the entity under audit, and does the guidance apply to the entity’s transactions and events?

You **do not** need to include in your checklist guidance for immaterial amounts or guidance that does not apply to the entity’s transactions and events.

1.3 Q *How do I roll forward last year's (or last quarter's) completed checklist?*

A The October 2011 release of the U.S. GAAP checklist tool supports automated rollforward. To roll forward:

1. Create a new checklist or access an existing open checklist. This will be the “destination” checklist.
2. In the Checklist Properties window, click the Submit & Roll Forward button. All valid “source” checklists display. Note the following:
 - a. The source (roll forward from) checklist must be complete/closed and not deleted.
 - b. You cannot roll forward a client checklist to an engagement team checklist or vice-versa (i.e., only client-to-client / engagement team-to-engagement team rollforward is allowed).
 - c. The destination (new / roll forward to) checklist and source (roll forward from) checklist need to have a common client ID in DPS.
3. You can change scoping in the destination checklist after the source checklist is rolled forward [into it].

1.4 Q *What does (or does not) roll forward from the source checklist into the destination checklist?*

A You choose to roll forward either scoping or both scoping and responses (associated comments and references are also rolled forward).

Updates from FASB Codification are incorporated into the checklist tool on a quarterly basis. These updates add, remove, or supersede existing guidance (i.e., questions) at the Subsection level, which is above the individual question level.

Only questions that match between the two checklists will roll forward. In other words, all questions within a single Subsection that was either removed or superseded (added Subsections will never match since they are new) will NOT match and, therefore will not roll forward.

Questions that do roll forward do so as unconfirmed answers, which require confirmation (via Save & Next or Save Response) in order to complete/finish the checklist.

1.5 Q *For mid-year review (not audit), are we required to complete U.S. GAAP checklist (or 2224/5010)?*

A You are not required to complete the GAAP checklist for quarterly reviews.

1.6 Q *Is the U.S. GAAP checklist tool available to non-U.S. member firms?*

A Yes. An engagement team may add an individual from another member firm in the same way that a member of the engagement team would be added. A non-U.S. member firm can also initiate a checklist.

1.7 Q *I created a checklist and started answering questions — content updates to the U.S. GAAP checklist tool have been issued. How do I proceed?*

A **EXAMPLE —calendar year-end scenario:** Since a checklist is as of a point in time ([FAQ 3.11](#)), if you create a checklist before year-end (i.e., Oct 1 through Dec 31), that checklist will include Codification and Deloitte guidance updated through calendar Q3 (Jul 1 through Sept 30). If you subsequently complete the checklist in January/February, you need to consider any new guidance issued between Oct 1 and Dec 31:

Review the quarterly updates ([FAQ 2.2](#)) and determine if there is any additional guidance that needs to be considered:

- If no, then you can use the checklist created in Q3.
- If yes, then you need to create a supplemental checklist that includes only the incremental guidance.

Note that there may be circumstances when an interim update (i.e., between quarters) is issued (e.g., the FASB issues Codification updates that are effective for the period under audit or that require retrospective application).

Superseded Forms

2.1 Q *I cannot find the interim disclosures checklist (Form 2282). Has this been replaced with the U.S. GAAP checklist tool?*

A Yes. The new Form 2281 contains an appendix with instructions on how to use the U.S. GAAP checklist tool for quarterly reports. Form 2282 was superseded by this appendix. This appendix instructs the user to scope in ASC 270 as well as other sections of the Codification that may be applicable. These instructions are also available to clients via the “Use of U.S. GAAP checklist tool for Interim Financial Reporting,” which is available on Technical Library.

2.2 Q *What is the difference between the U.S. GAAP checklist tool Quarterly Update and the interim disclosures checklist (appendix of Form 2281)?*

A The U.S. GAAP checklist tool Quarterly Update provides an update of new guidance issued since the last quarterly update for the checklist as a whole. This allows clients and engagement teams who fill out the annual checklist during the year to update their checklist appropriately for new guidance. This is different from the interim checklist in the appendix of Form 2281 (or in the “Use of U.S. GAAP checklist tool for Interim Financial Reporting” document appropriate for external distribution), which is completed for quarterly reports.


2.3 Q *Does the checklist tool incorporate the Form 2282 used during our interim reviews?*

A Yes. The information in Form 2282 is contained in ASC 270. When performing interim reviews, engagement teams can create a checklist and scope in only ASC 270. This guidance contains the same information that was contained in Form 2282.

2.4 Q *The checklist on Deloitte Audit is currently supplemented through September 30, 2009. Will the firm continue to support the offline (Word) version in the future by continuing to publish these supplements?*

A No. The Word version of the old checklist has been superseded by the online checklist tool. The Word version has been removed from Deloitte Audit.

Using a Checklist — Scoping, Responding, Printing, and Closing

- 3.1 Q *I clicked Submit Scoping and I forgot to include/exclude guidance. Can I add the Topic / Subtopic / question to an existing checklist?*
- A Yes. You can change scoping at any time until the checklist is completed.
-
- 3.2 Q *Can I scope out individual questions?*
- A Yes. Beginning with the October 2011 release of the U.S. GAAP checklist, you can scope at any level.
-
- 3.3 Q *How do I include the Codification guidance in the PDF?*
- A Click “Create Report” in an active checklist. Under “Select the items to include in the PDF,” select FASB Codification. Note the following:
- The Codification is lengthy — including it in an “average” checklist may make the resulting PDF 1,500 or more pages and may take several minutes to “render.” When the PDF is ready, you will receive an email with a link to download the PDF. Rather than emailing the PDF (which can be 20 or 30 MB), forward the email to engagement team members, who can also download the PDF.
 - The link to the PDF expires 24 hours after the report is created.
 - Technical Library requirement for clients — See [FAQ 5.1](#).
-
- 3.4 Q *Can a user print responses before clicking the Finish button?*
- A Yes. However, once the Finish button is clicked, the user cannot change the responses.
-
- 3.5 Q *If I have “no” answers in the checklist, can I isolate the comments for the EQCR to review?*
- A Yes. Using the Print Questions, check all of the boxes under “Select the areas to include in the PDF” and then check only the “Answer,” “Comments,” and, if applicable, “Review Notes” boxes under “Select the items to include in the PDF.” This will print a report that shows the answers and comments in the checklist. Browse for the  icon to find comments and then copy the comments into a memo for the EQCR to review.
-
- 3.6 Q *My client is under a document retention policy. If I cannot submit a checklist without deleting all the review notes, how can I retain this information?*
- A Before you complete the checklist, print a PDF that includes the Review Notes.
-
- 3.7 Q *If a checklist is closed can it be re-opened?*
- A It cannot be opened once it is closed. In order for the checklist to be closed, all of the questions need to be answered. You can however, create a new [destination] checklist and then roll forward the scoping, answers, comments, and references from the closed [source] checklist.
-
- 3.8 Q *Can I have AERS India complete the checklist?*
- A It depends. If AERS India is performing audit procedures for certain areas, then it would be appropriate for them to complete the corresponding areas of the GAAP checklist.
-

3.9A Q *Can I delete a checklist?*

A Yes. However, you need to consider if the checklist you want to delete is needed (e.g., is it audit documentation that needs to be included in the work papers, do I want to roll forward the [completed] checklist next year, is the client under a document retention policy). An engagement team can delete the engagement team version, client version, or both.

Note: If the engagement team deletes the client version, then that checklist (if it was completed) will not be available to the client as a rollforward source checklist in subsequent periods.

3.9B Q *Can a client delete a checklist?*

A Yes. However, you need to consider if the client checklist is needed (e.g., is it audit documentation that needs to be included in the work papers, will the client want to roll forward the [completed] checklist next year, is the client under a document retention policy). When the client initiates a deletion, it is removed from the client's dashboard immediately. However, the engagement team needs to confirm the deletion, and restore if required (see [FAQ 3.9C](#)).

Note: If the engagement team deletes the client version, then that checklist (if it was completed) will not be available to client as a rollforward source checklist in subsequent periods.

3.9C Q *Can I undelete a checklist?*

A Yes. There is a "grace" period during which you can restore the checklist (client and/or engagement team version). However, after the grace period the checklist is permanently deleted from the U.S. GAAP checklist tool. Note that clients cannot restore their own checklists; only an engagement team member has that privilege.

3.10 Q *Does Codification Section 15, Scope, display in the response section?*

A No. Section 15, *Scope*, is included as a reference to aid with the scoping activity; there are no questions to answer in Section 15 so it is not displayed after scoping is submitted.

3.11 Q *Is my checklist automatically updated when new Codification or Deloitte-authored guidance is issued or added?*

A No. Checklists are created at a point in time. See also [FAQ 3.1](#).

3.12 Q *What happens when I view or create a report for a checklist created (active or closed) under the old version of the tool?*

A All of the "new features" listed at the beginning of this FAQ, including navigation and reports, are available to checklists created under the old version of the tool.

3.13 Q *How do I identify/isolate unconfirmed answers that were rolled forward from a prior-period checklist?*

A Unconfirmed answers that were rolled forward are identified with a green question mark. This unconfirmed answer icon appears next to each question in response pane.

To identify unconfirmed answers, create a PDF, then under "Select the items to include in the PDF" select "Unconfirmed Responses Only."

Engagement Team and Client Interaction

4.1 Q *The engagement team plans to rely on the client for only one checklist (i.e., accounting or disclosure) — what do I do?*

A The engagement team needs to create two checklists: one for accounting and one for disclosure. The engagement team will only add client users to the checklist that the client will be completing.

4.2 Q *Can Deloitte access the client's checklist and make changes?*

A No. However, the engagement team can view the client answers at any time (engagement teams have a read-only view).

4.3 Q *Do the answers to the client's checklist automatically update the answers in the Deloitte checklist and vice versa?*

A No. There is no interaction between the client checklist and the Deloitte checklist.

Note: Engagement teams should not complete the scoping for the client. The client should scope and answer the questions within their own checklist. Engagement teams can then review their responses but cannot change them (i.e., the client needs to make any changes if they agree with us).

4.4 Q *Can the engagement team enter a "reference," review note, or comment in the client's checklist?*

A No. There is no interaction between the client checklist and the Deloitte checklist. An engagement may make notes in a document outside the checklist tool and discuss questions with the client.

4.5 Q *If the client completes the checklist and the engagement team audits the answers, does the engagement team need to complete the Deloitte checklist?*

A No. The engagement team only needs to audit the client's completed checklist or complete the Deloitte checklist. The engagement team does not need to do both.

4.6 Q *I have tried to print the client's checklist, but the checklist shows all of the questions for the entire Codification, and there are no answers. How do we obtain the PDF version of the checklist completed by the client?*

A Make sure to print the PDF from the client's checklist, and not the Deloitte checklist (both are available to the engagement team). The Deloitte checklist and the client checklist do not interface (i.e., if the client answers a question, the same question in the Deloitte checklist is unaffected). The engagement team may go into the client checklist (read-only version) and print the same checklist that the client may print.

4.7 Q *The client has historically provided subsets of the checklist to all the significant locations. Each location completes the section based on the specific transactions at their locations. It does not appear that one section of the checklist can be completed multiple times for each location. If that is correct, do we have a best practice for this situation?*

A Users can set up a checklist for each significant location and scope in only the relevant guidance. This wouldn't necessarily be much different than what they did before (i.e., they would still have multiple versions of the Word document). Once the checklist is filled out by the significant locations, the checklists can be printed out and consolidated on the corporate level checklist.

Viewing the Codification within the U.S. GAAP Checklist Tool

5.1 Q *What if the client does not have a subscription to Deloitte Technical Library?*

A Due to FASB licensing restrictions, clients that do not have Technical Library subscriptions are prohibited from viewing the Codification within the U.S. GAAP checklist tool or including the Codification within a PDF [report]. If your client does not have a Technical Library subscription, they can get access to the Codification from the FASB’s website. The FASB offers a free version of the Codification that lacks the bells and whistles of its “professional” version. The U.S. GAAP checklist tool provides references to the Codification, and the client can look up the guidance on the free version.

5.2 Q *My client does have a Technical Library subscription but they do not see the Codification guidance when they log into the U.S. GAAP checklist tool. The external User Guide states that the external users should be able to see the guidance embedded in the page below the question the same way I see it as a Deloitte employee. What needs to be done?*

A

1. Make sure that the client is logged out of Technical Library.
2. After logging into the U.S. GAAP checklist tool, the list of checklists is displayed.
3. At the bottom of the page, there are two links — “Change Password” and “Update Deloitte Technical Library Login Credentials.”
4. Click on the “Update Deloitte Technical Library Login Credentials” link.
5. Enter the Technical Library user ID and password, and click “Save.”
6. The codification should now be displayed in the Checklist.

5.3 Q *My client has one Technical Library subscription but multiple checklist users — can all of the checklist users view the Codification Guidance in the tool?*

A Yes. First, each user must be added as a Technical Library user. Next, follow the steps provided in the answer to [FAQ 5.2](#).

5.4 Q *If my client finalizes the scoping and then later decides they want to subscribe to Technical Library, will they then be able to see the Codification guidance within the checklist?*

A Yes. Even if scoping has been completed, a client can see the Codification within the tool once they subscribe to Technical Library.

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