Wolters Kluwer
When you have to be right

CCH® ProSystem *fx*® Knowledge Coach

User Guide

2018

CCH Incorporated

20101 Hamilton Ave., Suite 200

Torrance, CA 90502

Contents

Contents

Contents

Contents

Chapter 1

WELCOME TO CCH® PROSYSTEM FX® KNOWLEDGE COACH

Welcome to CCH ProSystem *fx* Knowledge Coach, the latest addition to the CCH suite of audit workflow and guidance software. Developed from the ground up by auditors, for auditors, Knowledge Coach combines the industry-specific content and guidance of CCH ProSystem *fx* Knowledge-Based Audit methodology with a dynamic audit workflow engine that streamlines your audit planning process, and helps you efficiently manage an audit from beginning to end.

Knowledge Coach is not just a planning tool, a workpaper generator or an audit workflow management tool. It's all of these things and more.

The Next Level of Audit Efficiency

Enable your auditors to get back to auditing with Knowledge Coach. Unfortunately, auditors are spending more and more of their time performing administrative tasks, such as managing workpapers, looking up information and making sure data is entered in all the necessary locations. Knowledge Coach takes care of this, letting your auditors get back to auditing. It also provides the following:

- **Impressive increases in efficiency**. Knowledge Coach significantly reduces time spent on your engagements through dynamic planning tools, flow of data throughout the application and workpapers, and powerful roll-forward capacity.
- **Compliance with latest risk-based audit standards**. Knowledge Coach quickly guides you through audit planning, ensuring that your engagement is tailored to the specific entity and its risks. It also facilitates your ongoing management of risks and program steps, ensuring that all identified risks are addressed throughout the engagement.
- **Reduction in the risk and cost of over-audits**. Knowledge Coach links audit procedures to identified risks, allowing your auditors to focus on needed steps and identify unnecessary ones.
- **Dramatic improvements in accuracy**. Extensive diagnostics ensure completeness. But with Knowledge Coach, information that impacts more than one workpaper or step is flowed throughout the workpapers – immediately and accurately. There is no need to find and update affected areas manually, risking incomplete or incorrect updating.

- **Total flexibility**. With Knowledge Coach, your audit plans are tailored to a specific entity using our Knowledge-Based Audit guidance, tailoring questions, and your auditor's professional judgment. Changes are maintained through roll-forward and content updates.
- **Transparency**. Knowledge Coach tells your auditors what it is doing through drill-downs, workflow links, diagnostics, and descriptions of the effects of answers on your workpapers.

Chapter 2

GETTING SET UP

You must complete a few administrative steps to set up your firm for Knowledge Coach. This section covers these setup tasks.

Installation

Knowledge Coach is a module that works within the Engagement application. In Engagement version 6.0 and higher, you can choose to install the Knowledge Coach module. During the installation process, select Knowledge Coach on the Custom Setup page of the InstallShield Wizard.

Knowledge Coach requires the use of the Microsoft® Office 2013, 2016, or 365™ - Desktop version platform, so you can enjoy the features of Word and Excel® to which your staff is accustomed.

Note: If you have already installed Engagement 6.0 or higher and did not originally select the Knowledge Coach module, go to Control Panel and select to Modify the Engagement application from the Programs group.

Ports

Engagement transfers data over the following ports:

- SQL Server (PROFXENGAGEMENT) – TCP port 2029; UDP port 1434
- PFXSYNPFTService - TCP port 6735
- PFXEngDesktopService - TCP port 6736
- PfxConfigUtility – UDP port 6737
- P2EWinService - TCP ports 943 and 4530
- Pfx.Engagement.SocketService - TCP port 4531
- SharedFileRoom (on Vista) – TCP port 445

These ports are configured on the server and workstations during installation. However, if you are connecting over a VPN or through a firewall, or another device such as a router, you will need to ensure that these ports are opened in order for the program to work correctly.

Licensing

There are three licenses involved in using Knowledge Coach workpapers:

- **Engagement Workpaper Management license**. This license allows users to access the Workpaper Management module of Engagement.
- **Knowledge Coach module license**. If you have a license to the Knowledge Coach module, you will be able to view and navigate within and between the Knowledge Coach workpapers in a binder. You'll also be able to perform some common reviewer tasks, such as perusing the Program Step Library and deleting diagnostics.
- **Specific Knowledge-Based audit title license**. Having a license to each of the Knowledge-Based Audit industry titles will allow you to fully edit the Knowledge Coach workpapers for a particular industry title.

Contact your system administrator for assistance with the licenses that have been assigned to you.

Here is a complete list of the license combinations required to complete each function:

Function	License Required		
	Engagement Workpaper Management	Knowledge Coach	Specific Knowledge-Based Audit Title
Insert Knowledge Coach workpapers	X		
Open Knowledge Coach workpapers	X		
Add, edit, and delete risks	X	X	X
View Risk Summary	X	X	X
Answer questions within Knowledge Coach workpapers	X	X	X
Edit various fields within Knowledge Coach workpapers	X	X	X
Insert and delete rows and columns within Knowledge Coach workpapers	X	X	X
View and navigate the Program Step Library	X	X	
Add and remove program steps from the Program Step Library to an audit program	X	X	X
Add custom program steps, modify CCH-provided steps, and delete program steps	X	X	X

Function	License Required		
	Engagement Workpaper Management	Knowledge Coach	Specific Knowledge-Based Audit Title
Sign off on program steps, mark them as "N/A," or remove sign off information	X	X	X
Use drill-down functionality between Knowledge Coach workpapers and diagnostics	X	X	
Delete diagnostics	X	X	
Insert workpapers from missing workpaper diagnostics	X	X	
Update a Knowledge Coach workpaper to a later version	X	X	X
Override data retention options for Knowledge Coach workpapers for binder roll forward	X	X	X

For information about adding licenses in the Engagement Administrator module and assigning licenses to staff, see the Engagement Administrator Help file.

Staff Group Rights

Specific staff group rights are available to help your firm control which of your staff members have access to certain functions. These staff group rights are listed as follows:

Roll Forward

- **Knowledge Coach - Override response roll forward setting**. Allows group members to override roll forward settings that have been applied to responses in a Knowledge Coach workpaper.
- **Knowledge Coach - Accept/reject changes in updated content**. Allows group members to accept/reject changes to updated Knowledge Coach content.

Notes/Diagnostics

Delete diagnostics. Allows group members to delete a Knowledge Coach diagnostic, in the event that it is not relevant to your engagement. For example, you may want to delete the diagnostic for “Workpaper Missing - You have indicated potential going concern issues so you should add and complete AUD-902 Audit Program for Consideration of Going Concern” if your firm has their own preferred form of this documentation. Typically, reviewers should be given this staff group right.

Sign Off

- **Knowledge Coach - Keep program step sign off for workpapers created from existing workpapers**. Allows group members to keep program step sign off information in Knowledge Coach workpapers when copying and pasting binders, creating new binders, and copying and pasting workpapers.
- **Delete another user's program step sign off**. Allows group members to delete the program step sign off or "NA" that was entered by another user.

Content

- **Add Knowledge Coach titles**. Browse to downloaded title packages (*.KCP files) and add the content for a given Knowledge Coach title to the Knowledge Coach content database on your computer. Give this right to a person in your firm who has a CCH ProSystem *fx* account login, and is responsible for retrieving titles and distributing out to the rest of the staff.
- **Release/unrelease Knowledge Coach titles**. Releasing a Knowledge Coach title that has been added to the database makes it available to other staff members in your firm so that they can start adding workpapers to binders from that title. Unreleasing a title takes a title out of circulation for the entire firm. Give this right to a person in your firm who is responsible for managing the latest versions of titles.
- **Insert Knowledge Coach workpapers from unreleased titles**. This right allows you to preview Knowledge Coach workpapers from a given title by inserting them into a binder before a title is released into general circulation in your firm. Give this right to people who review titles, prepare binder templates, and generally prepare other staff members for work on audit materials.

For more information on how to add or modify staff group rights, see the "Setting Up Staff Groups" book of the Engagement Administrator Help.

Getting Title Content

Before you can start inserting Knowledge Coach workpapers in your Engagement binders, you must download and install the Knowledge Coach industry-specific content that is compatible with the Knowledge Coach module. Once one person in your firm downloads and releases a title, the rest of your staff will receive the title via either the login process (when the Office location is selected) or via the synchronization process between Local File Rooms or with the Central File Room.

Viewing Available Knowledge Coach Titles

To view the Knowledge Coach titles that are available to you, do the following:

1. Launch CCH® ProSystem *fx*® Engagement so that the Local File Room is displayed.
2. Select **Tools > Knowledge Coach Titles**.
3. The Knowledge Coach Titles window displays.

Any Knowledge Coach titles that have been added to your system will be listed here, along with details about the base title, when CCH released the title, the status of the title, when your firm added the title, and when it was released to the staff at your firm. If you do not see any titles listed here, it means that titles have not yet been added and/or released. See the following sections, *Downloading a Knowledge Coach Title* below, *Adding a Knowledge Coach Title* below, and *Releasing a Knowledge Coach Title* on the facing page for more information.

Downloading a Knowledge Coach Title

To download a Knowledge Coach title, do the following:

1. At the bottom of the Knowledge Coach Titles window, click the **View other available Knowledge Coach titles available for download** link to launch the Knowledge Coach Support website, where the available Knowledge Coach title packages are listed.
2. Click the title to download. Detailed information about the title displays.
3. Scroll down to the *How to install* section.
4. Click **Download**.
5. Select a location to which you want to store the title package file, which will have a *.KCP extension.

Notes:

- You must have a CCH ProSystem *fx* Single Sign On (SSO) user ID and password to access the Engagement Support website where the Knowledge Coach titles are stored.
- Titles used on Knowledge Coach v2.0 or later will require a Base Title to be downloaded in addition to the Knowledge Coach Industry Title. Use the same process to download the Base Title as you use for any other title.

Adding a Knowledge Coach Title

Once you have downloaded a Knowledge Coach title package (*.KCP file), you can add this industry-specific content to your Knowledge Coach database.

To add a title, do the following:

1. Launch CCH ProSystem *fx* Engagement so that the Local File Room is displayed.
2. Select **Tools > Knowledge Coach Titles**. The Knowledge Coach Titles window displays.
3. Click **Add Title**.
4. Browse to the title package file (*.KCP) that you previously downloaded from the Knowledge Coach Support website. If the title you are adding is for Knowledge Coach 2.0 or later, you first need to make sure the appropriate Base Title has been added. Then you will be able to add the industry title package. To add the Base Title, use the same process to download and add the Base Title as you use for any other title.
5. Click **Open**. A progress indicator displays while the title package is added. You will receive a message that the title has been successfully installed once the process is complete.

Notes:

- You must have appropriate staff group rights to add a Knowledge Coach title. See *Staff Group Rights* on page 5 for more information. Once the Knowledge Coach title is added to your system, you can insert Knowledge Coach workpapers from that title, and the content for that title will synch to other users via the Office Login process or via synchronization between Local File Rooms or with the Central File Room. However, other users will not be able to add workpapers from the title or update to that title until it has been released, unless a particular staff member has the staff group right to insert Knowledge Coach workpapers from unreleased titles. For more details, see the next section, Releasing a Knowledge Coach Title.
- There may be more than one Base Title available. Information in the release bulletin and on the Engagement Support Web site where the Knowledge Coach titles are stored will give you the information about which Base Title is required for the industry title you want to add. You will be able to tell if the required Base Title has already been added by viewing the Knowledge Coach Titles window. The Base Title is indicated as "Base Title" in the Base Title column.

Releasing a Knowledge Coach Title

A Knowledge Coach title must be released in order for general users in your firm to insert Knowledge Coach workpapers into their Engagement binders.

To release a title, do the following:

1. Launch CCH ProSystem *fx* Engagement so that the Local File Room is displayed.
2. Select **Tools > Knowledge Coach Titles**. The Knowledge Coach Titles window displays.
3. Select one of the Knowledge Coach titles in the list that has been added but is not yet released.
4. Click **Release Title**. The current date and time display in the Date released column, and the status changes to Released.

Notes:

- You must have appropriate staff group rights to release a Knowledge Coach title. See *Staff Group Rights* on page 5 for more information. Once the Knowledge Coach title is added to your system, you can start inserting Knowledge Coach workpapers from that title. However, other users will not be able to add workpapers from the title or update to that title until the title has been released, unless a particular staff member has the staff group right to insert Knowledge Coach workpapers from unreleased titles.
- The Base Title does not need to be released. Users will not insert workpapers directly from the Base Title. See *Inserting Knowledge Coach Workpapers* on page 10 for more information.

Unreleasing a Knowledge Coach Title

You may decide that you want to take a particular version of a Knowledge Coach title out of circulation in your firm so that no new Knowledge Coach workpapers will be created from it.

For example, when a new version of a Knowledge Coach title is released, you may want to take the previous version out of circulation. By unreleasing previous versions of a title, you can ensure that your staff will insert new workpapers from only the latest version of the title.

To unrelease a title, do the following:

1. Launch CCH ProSystem *fx* Engagement so that the Local File Room is displayed.
2. Select **Tools > Knowledge Coach Titles**. The Knowledge Coach Titles window displays.
3. Select the Knowledge Coach title that you want to unrelease.
4. Click **Unrelease Title**, and then click **Yes** to confirm the decision. The status changes from Released to Installed.

Note: You must have appropriate staff group rights to unrelease a Knowledge Coach title. See *Staff Group Rights* on page 5 for more information.

Chapter 3

Getting Started with Knowledge Coach Workpapers

Content Used in Knowledge Coach

Knowledge Coach supports Microsoft® Word 2013, 2016, or 365™ - Desktop version and Microsoft® Excel® 2013, 2016, or 365™ - Desktop version for displaying and using content from industry-specific Knowledge Coach titles. These titles are based on the Knowledge-Based Audit methodology, developed by CCH authors. To read more about this audit methodology and approach, do one of the following:

- Insert the Knowledge Coach workpaper RES-001 KBA Methodology Overview into a binder. See *Inserting Knowledge Coach Workpapers* below for more information.
- From any open Knowledge Coach Workpaper, click **KC Guidance** in the Guidance group on the Knowledge Coach Ribbon. This displays the contents from RES-001 KBA Methodology Overview in a separate Help window.

This workpaper is the roadmap or guide to the risk-based audit methodology that Knowledge Coach follows. While it is not intended to replace the CCH audit guide, it provides extensive information about the methodology and how the workpapers are intended to fit within that methodology.

Inserting Knowledge Coach Workpapers

To begin using the Knowledge Coach module, you must first insert Knowledge Coach workpapers. To add a new Knowledge Coach workpaper to a binder in CCH ProSystem *fx* Engagement, do the following:

1. Open the binder and select the tab into which you want to insert the Knowledge Coach workpaper.
2. From the binder menu, select **File > New > Knowledge Coach Workpaper**. The New Knowledge Coach Workpaper dialog displays.
3. Use the Industry list to search for and select the Knowledge Coach title containing the workpaper(s) you are adding. The name of each title includes the year for the title (“2014”), the industry name (e.g., “Commercial”), and the date that CCH released the title (e.g., “7/18/14”).

Notes:

- You must be connected to the Internet to insert correspondences, reports, resources or Excel® versions of Knowledge Coach workpapers.
- You will not see the Base Title in the Industry List since workpapers are not inserted from the Base Title.
- Titles that have been added to the database and released can be viewed by any user. However, only a user with appropriate staff group rights will be able to see and insert workpapers from unreleased titles. For more information, see *Getting Title Content* on page 6.
- After you insert Knowledge Coach workpapers into a binder, you will be able to update to a later version when it is available. See *Chapter 12 - Updating to a Later Version of a Workpaper* on page 54 for more information.

4. Select **Add Independent Workpapers without Foundation Workpapers** if you are inserting only independent workpapers from another title into this binder.
5. Expand a category to display the workpapers contained within it.
6. Select the workpaper(s) you want to add. When you highlight a workpaper, its description displays to the right.

Notes:

- Use the search feature to search for key terms and the categories containing workpapers or workpaper descriptions that match the search criteria that will be displayed for selection.
- The first time you insert Knowledge Coach workpapers, the foundation workpapers[1] are selected automatically and cannot be deselected. For more information, see *Foundation Workpapers* on page 15.
- Some workpapers require an association to be made between the workpaper and information that has been provided in other workpapers. For example, if you try to insert AUD-800 Audit Program - (Custom), you will be asked to associate the audit program workpaper you are inserting with a custom audit area you have set up in AUD-100 Tailoring Questions Workpaper. See *Associate Workpaper* on page 16 for more detail.
- Once you have added major programs in KBA-101 or AID-303 and navigate back to the *Insert* screen, secondary foundation workpapers can be found in Single Audit titles. These workpapers include: KBA-502, AID-501, and KBA-103.

---

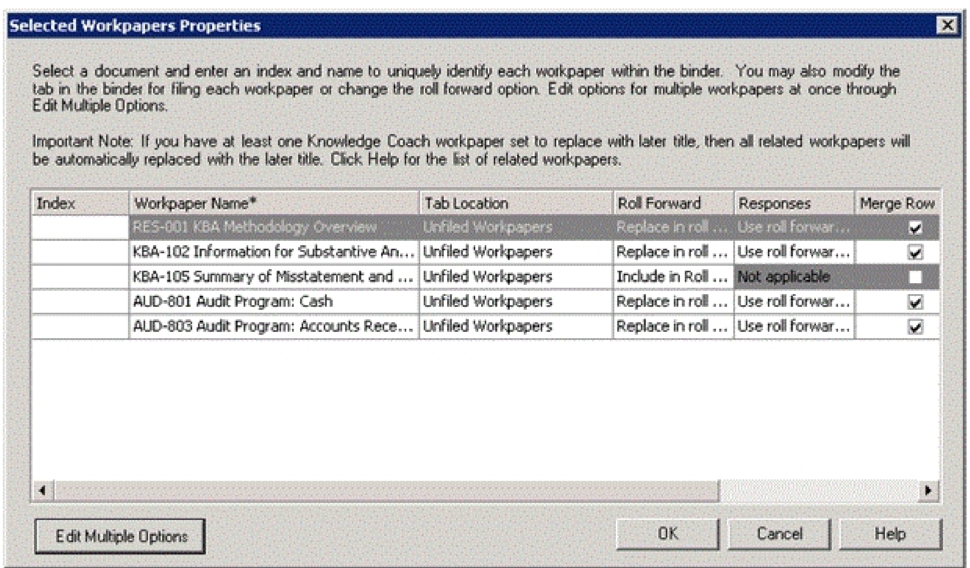
[1]Workpapers that are always needed in the binder in order for the flow of information to work properly between workpapers, and for the binder to comply with auditing standards.

Tips:

- To get to a workpaper quickly, expand a category and put your focus in the list of Knowledge Coach workpapers by highlighting one of them. Then quickly type the first few characters of the workpaper index (e.g. “AUD”). This takes you to the next instance of a workpaper starting with those characters within the expanded category.
- To insert more than one copy of an AUD-800 series audit program:
    i. Create a Custom Audit Area in AUD-100 (e.g. Cash-2) see *Adding a Custom Audit Area* on page 37.
    ii. Select the custom audit area in the dialog.
    iii. Open the Insert Workpaper dialog and insert the custom audit program (AUD-800).
    iv. Select the custom audit area that you added in step ii.
    v. Select which audit area you want to use to populate your custom audit program. The audit objectives, tailoring questions, and Program Step Library will be populated to create a second blank version of the audit program for that audit area.

  You can add multiple custom audit programs and audit areas at one time if you have created multiple custom audit areas.

7. Click **OK**. After all the workpapers have been created, the Selected Workpapers Properties dialog displays, listing all of the workpapers you have selected.



8. Complete the following fields as applicable:
   - **Index**. Enter an index number for each workpaper, if necessary.
   - **Workpaper Name**. Required. You can edit the default workpaper name if necessary. Associated values such as audit areas, specialists, service organizations, etc. will be appended to the workpaper name when applicable. See *Associate Workpaper* on page 16 for more information.
   - **Tab Location**. Select the tab where you want to insert each workpaper. The default is the tab you selected in step 1.
9. Select from the following Roll Forward options:
   - **Include in Roll Forward**. The workpaper appears in the new binder created for the new period.
   - **Replace in the Roll Forward with later Knowledge Coach content**. The Knowledge Coach content will be replaced by a later version when the workpaper is opened in the new rolled-forward binder. This is the default selection. For more details on information that will be retained, see *Chapter 12 - Updating to a Later Version of a Workpaper* on page 54.

     Notes:

     - If at least one related workpaper is set to be replaced with the later version, then **all** related workpapers will be updated to the later version when the binder is rolled forward. For more information and a list of related workpapers for the Commercial title, see *Related Workpapers* on page 54.
     - All roll forward options can be changed later from the Workpaper Properties dialog for a particular workpaper or in the Roll Forward Binder Wizard.
     - Some of the decisions for what data should be retained and how templates will be updated upon roll forward will be made at the administrative level. These settings can be distributed to staff members via the use of binder templates that include Knowledge Coach workpapers with these settings already established.
10. Select one of the following roll forward options for Responses:

    Note: The following options are not applicable to Excel® Knowledge Coach workpapers.

    - **Use response roll forward setting**. The Knowledge Coach workpaper will roll forward each response according to the default roll forward setting for that response as determined by CCH.
    - **Keep all responses**. The Knowledge Coach workpaper will retain the current responses in all of the response areas in the new workpaper in the new binder.
    - **Reset all responses**. The Knowledge Coach workpaper will reset all of the response areas in the workpaper to their default values in the new binder.

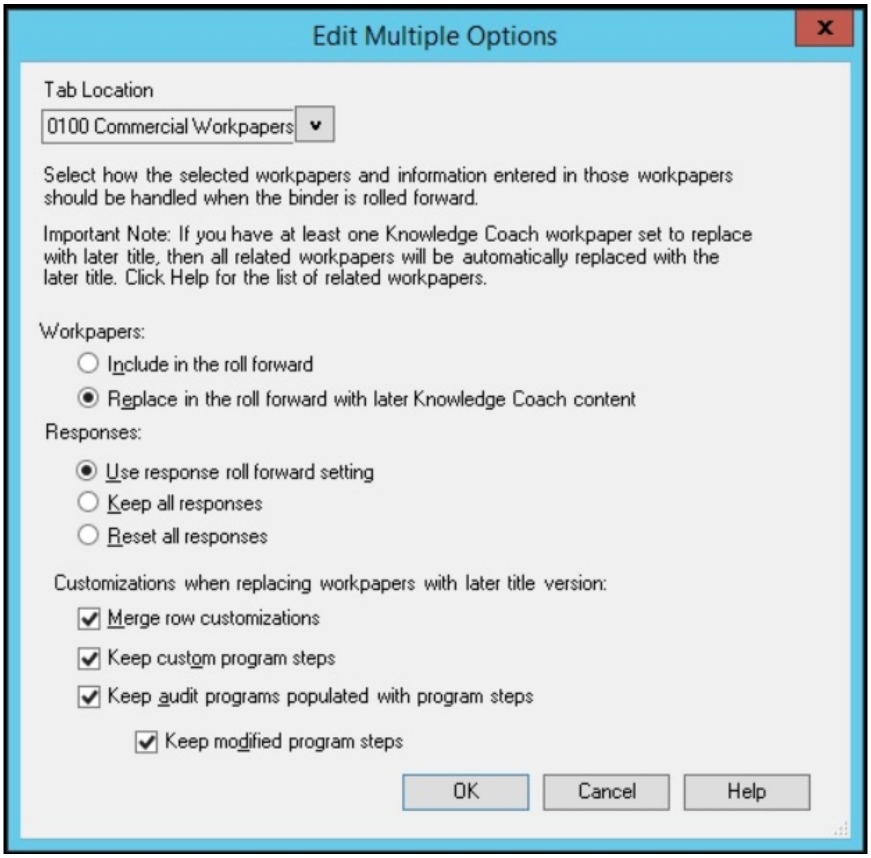
Note: If information is flowing into a workpaper where "Reset all responses" is selected, the information flowing in will still appear in the workpaper if the workpaper from which the data is flowing is set to retain this data. An example of this is KBA-102 Engagement Completion Document, which summarizes information from the Findings tables in the substantive audit programs. If the substantive audit programs are set to "Keep all responses" but KBA-102 Engagement Completion Document is set to "Reset all responses," you will still see the data in KBA-102 Engagement Completion Document that flows in from the substantive audit programs.

11. Select the following row customization and program step options, as applicable:

    Note: The following options are not applicable to Excel® Knowledge Coach workpapers.

    - **Merge Row Customizations**. The new Knowledge Coach workpaper will merge the new content with information about the rows that were added to or deleted from the original workpaper, as well as text changes to rows in the original workpaper. These items can be reviewed when you open the rolled forward workpaper in the new binder.
    - **Keep Custom Program Steps**. Program steps you create from scratch in the audit program will be kept in either a new workpaper or the program step library if you do not choose the option to keep the audit program populated with program steps.
    - **Keep Program Steps**. The Knowledge Coach workpaper will retain the program steps in the workpaper that are added from the Program Step Library. This option is available only for audit programs for the substantive audit areas where the Program Step Library is used.
        - *Keep Modified Program Steps*. Modifications you make to added program steps in audit workpapers will be kept in the new workpaper. This option is available only when the Keep Program Steps option is selected.

12. If workpapers require the same tab location and roll forward option, you can select several workpapers and click **Edit Multiple Options**. The Edit Multiple Options dialog displays, allowing you to set these options for the selected workpapers.



13. Click **OK** to insert the selected Knowledge Coach workpapers.

Foundation Workpapers

The first time you insert Knowledge Coach workpapers into your binder, you will notice that some of the workpapers are automatically selected and have a gray background in the New Knowledge Coach Workpaper window. These workpapers are called foundation workpapers[1], and they must be present in your binder to use other Knowledge Coach functionality and workpapers.

[1] Workpapers that are always needed in the binder in order for the flow of information to work properly between workpapers, and for the binder to comply with auditing standards.

Foundation workpapers include most of the Communication Hub workpapers, which are central to the Knowledge-Based Audit Methodology used by the Knowledge Coach titles. The following explanation is from RES-001 KBA Methodology Overview:

> The Communication Hub is a collection of forms that are populated throughout the audit with key information about the entity, including the overall audit strategy, fraud risks and other risks of material misstatement, misstatements identified and other findings, information to be communicated to management, and other items. The Communication Hub helps members of the audit team to understand critical information about the entity and ensures that important information is not overlooked or hidden in the details of other forms.

Because of their importance to the audit process, most of the Communication Hub workpapers are also foundation workpapers.

The entire group of foundation workpapers drives the direction of your audit and guides you through determining the required areas for your audit. These workpapers are a required part of every Knowledge Coach binder, because they allow information and logic to flow between workpapers.

Depending on the title, refer to the RES-010, RES-KCO, or KCO-001 document for a list of workpapers for the appropriate title.

Associate Workpaper

Some workpapers require you to associate them with custom values, such as audit areas, specialists, service organizations, and other items. Workpapers require an association when you need to have more than one instance of a particular Knowledge Coach workpaper in your binder for each type of item to which the workpaper is related. Making this association allows Knowledge Coach information to flow properly between workpapers.

Depending on the title, refer to the RES-010, RES-KCO, or KCO-001 document for a list of workpapers for the appropriate title.

Inserting a Workpaper that Requires an Association

To insert a workpaper that requires an association, do the following:

1. Follow steps 1-4 in *Inserting Knowledge Coach Workpapers* on page 10.
2. Select one of the workpapers listed above that require an association. Its name and description display to the right, along with information on what data is required prior to inserting the workpaper. For example, in order in insert a custom audit program, you must first set up a new custom audit area.

3. Select the workpaper you want to add. The Associate Workpaper with Custom Value window appears, listing all of the valid items from which to choose.

   Note: If you have not completed sections in other workpapers that store the custom values, you receive an error message that the workpaper cannot be inserted without completing additional information in your binder. The Description field provides directions about what information to complete.

4. Select the item to associate with the workpaper you are inserting and click **OK**.
5. If you are inserting a custom audit area, you will be prompted to select a Program Step Library to help populate the audit program. If you want to use steps that exist in a Program Step Library for another (non-custom) audit area, select that audit area. If the steps are unique and not included in another (non-custom) audit area, select "N/A."
6. The New Knowledge Coach Workpaper window now displays the custom value you selected in place of “(Custom)” at the end of the workpaper name.

   Note: If you have created multiple custom values (e.g. more than one custom audit area), you can create the forms you need all at once by associating the workpaper with multiple items. Once you have associated a particular custom value with a workpaper, it will no longer be available in the Associate Workpaper with Custom Value window.

7. Click **OK**.
8. Continue with the rest of the steps for *Inserting Knowledge Coach Workpapers* on page 10.

Note: You will be prompted to make associations when inserting the workpapers that require this association from related workpaper reference links or from missing workpaper diagnostics.

Chapter 4

Knowledge Coach Workpapers in the Binder

Once you have inserted Knowledge Coach workpapers into your binder, they will be listed along with all of your other workpapers in your Engagement binder. Knowledge Coach workpapers are indicated by a Knowledge Coach Word workpaper icon or a Knowledge Coach Excel® workpaper icon.

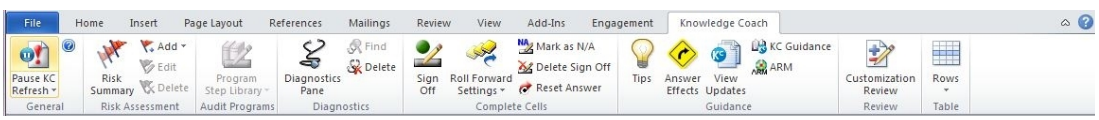
Knowledge Coach workpapers also take advantage of the Open Diagnostics column in the binder frame. If a workpaper has diagnostics that have yet to be resolved, you will see the Open Diagnostics icon next to the workpaper. For more details, see *Chapter 13 - Diagnostics* on page 57.

Chapter 5

THE KNOWLEDGE COACH RIBBON

Knowledge Coach workpapers use either a Microsoft® Word 2013 or a Microsoft® Excel® 2013 medium for viewing the title content from the Knowledge Coach content database. The Knowledge Coach ribbon in Word and Excel® includes many functions you'll need while working with Knowledge Coach workpapers.

The dynamic functionality of Knowledge Coach (such as hiding and showing parts of the workpapers, flowing information between workpapers, diagnostics, and other functions) is available within Word documents, as seen in the ribbon below:

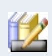


The short cut keys for Knowledge Coach items will depend on which version of Microsoft® Office you are using. When inside Word or Excel®, if you select the Ribbon and then press **Alt**, it will display the shortcut keys for all the items contained on the ribbon, including the Knowledge Coach ribbon items.

Excel® Knowledge Coach workpapers also include some functionality, as shown in the Excel® ribbon below:

Knowledge Coach Ribbon Functionality

Ribbon Group/Function	Icon	Description	Available in Word	Available in Excel®	Available via Right-Click
General					
Pause Auto Refresh		Displays a drop-down menu so that you can pause or resume automatic refresh of Knowledge Coach data, or manually refresh Knowledge Coach data.	X		
• Pause Auto Refresh		Stops the Knowledge Coach information and links from being refreshed automatically. If already paused, clicking this button again will resume automatic refresh.	X		
• Refresh KC Data		Manually refreshes the Knowledge Coach workpaper to include the most recent information, diagnostics, and links.	X		
Knowledge Coach Help		Opens the Knowledge Coach WebHelp file.	X		
Risk Assessment					
Risk Summary		Allows you to view a summary of all the risks within the Risk pane.	X	X	
Add Risk		Displays a drop-down menu so you can add a financial-statement level risk or specific risk.	X	X	
• Financial Statement Level Risk		Allows you to add a financial statement level risk from a financial statement audit workpaper.	X	X	X
• Specific Risk		Allows you to add a specific risk from a financial statement audit workpaper.	X	X	X

Ribbon Group/Function	Icon	Description	Available in Word	Available in Excel®	Available via Right-Click
• Major Program Level Risk		Allows you to add a major program level risk from a single audit or HUD compliance workpaper.	X	X	X
• Compliance Requirement Level Risk		Allows you to add a compliance requirement level risk from a single audit or HUD compliance workpaper.	X	X	X
Edit		Displays the Open Risk dialog so you can edit a risk.	X		X*
Delete		Deletes a risk.	X		
Audit Programs					
Program Step Library		Displays a drop-down menu for Program Step Library options.	X		X
• Program Step Library		Opens or closes the Program Step Library.	X		
• Modify		Displays a drop-down menu with customization options for inserting a new step or sub-step.	X		
• New Custom Step		Allows you to insert a new custom program step.	X		
• New Custom Sub-Step		Allows you to insert a new custom sub-step.	X		
• Remove Step		Allows you to remove a program step.	X		
• Find Step		Allows you to locate a step in the Program step Library pane.	X		
Diagnostics					
Diagnostics Pane		Opens or closes the Diagnostic pane at the bottom of the workpaper.	X		X

Ribbon Group/Function	Icon	Description	Available in Word	Available in Excel®	Available via Right-Click
Find		Opens the Diagnostic pane (if it is not already open) and scrolls to the selected diagnostic within the pane.	X		X*
Delete		Deletes the diagnostics selected within the diagnostics pane.	X		
Complete Cells					
Sign Off		Inserts your initials and the current date (depending on the sign-off configuration).	X		X*
Roll Forward Settings		Opens the Roll Forward Settings menu.	X		
• View Responses Set to Keep		Check this selection to view all cells that are set to be retained during roll forward.	X		
• View Responses Set to Reset		Check this selection to view cells that are set to be reset during roll forward.	X		
Mark as N/A		Inserts N/A and the current date (depending on sign-off configuration).	X		
Delete Sign Off		Deletes the information in the sign-off field.	X		
Reset Answer		Resets the selected cell to the default state.	X		
Guidance					
Tips		Displays the Tips pane to the right of the workpaper.	X		
Answer Effects		Displays the Answer Effects tab in the Tips pane.	X	X	X

Ribbon Group/Function	Icon	Description	Available in Word	Available in Excel®	Available via Right-Click
View Updates		Opens the View Content Updates tab in the Tips pane, allowing you to view significant updates to the selected workpaper.	X	X	
KC Guidance		Opens the Title Help file for the associated Knowledge Coach title, displaying the KBA Methodology Overview.	X	X	
ARM		Opens the CCH® Accounting Research Management® website.	x	x	
Review					
Customization Review		Opens the Customization Review pane.	X		
Table					
Rows		Displays a drop-down menu for inserting rows into a Knowledge Coach table.	X		
• Insert Row Above		Inserts a row above the selected row.	X		
• Insert Row Below		Inserts a row below the selected row.	X		
• Delete		Deletes the selected row.	X		

* Available from the right-click menu from within a table only.

Chapter 6

Important Elements in Knowledge Coach Workpapers

This section familiarizes you with the common elements of Knowledge Coach workpapers, including the various links, tips, indicators, and table elements.

Embedded Hyperlinks

Most Knowledge Coach workpapers begin with introductory material that describes the purpose of the workpaper and related instructions. Read this information to get familiar with the contents of the workpaper. Once you are comfortable with the introductory material, you can quickly skip the purpose and instructions by holding down the Ctrl key and clicking the **Beginning of Form** hyperlink at the top of the workpaper.

To revisit the introductory material, use the **Purpose and Instructions** hyperlink to return to the top of the workpaper.

Several workpapers also include "Next Steps," which will help you decide where to go next with your work once you complete the documentation in the open workpaper. Use the **Next Step** hyperlink to jump back to this section in the instructions.

Related Workpaper Links

Throughout the body of Knowledge Coach workpapers, you'll often see references to other Knowledge Coach workpapers that are related to the audit material in which you are working. These are shown in blue italicized text.

To use related workpaper links, do the following:

1. Double-click anywhere in the blue italicized text.
2. If the related workpaper is already in your binder, the workpaper will be opened for you.

   Note: Related workpaper links in Knowledge Coach only look for other Knowledge Coach workpapers in the binder. The system cannot recognize or open any Knowledge Tools versions of workpapers from related workpaper links in Knowledge Coach.

3. If the related workpaper is not already in your binder, you will be asked if you would like to insert it. Do the following:
    a. Click **Yes** to insert the workpaper into your binder. The New Knowledge Coach Workpaper window displays with the related workpaper selected.
    b. Click **OK**. The Selected Workpaper Properties window displays. For more details on this screen, see *Inserting Knowledge Coach Workpapers* on page 10.
    c. Click **OK**. The system asks if you would like to open the workpaper.
    d. Click **Yes** to launch the workpaper.

Tips

When you see the Tips icon in a Knowledge Coach workpaper, you can view a Tip for that section. Tips include additional guidance for completing checklists, audit programs and forms. Click the light bulb to display the Knowledge Coach Tips Pane with the Tip for the associated section.

There are three categories of Tips:

- **Practice points** provide additional guidance to assist you in completing Knowledge Coach workpapers.
- **Examples** are illustrations or sample calculations related to an element in the Knowledge Coach workpaper (e.g., sample note disclosures or materiality calculations).
- **Resources** refer you to authoritative literature (e.g., references to Statement on Auditing Standards [SAS]).

"Do Not Delete" Indicators

When a section of a Knowledge Coach workpaper does not need to be completed due to the way you answered a tailoring question, that section is hidden in the workpaper. In its place, you will see text with a gray background that says “Do not delete this area of workpaper.”

Do not delete this area of workpaper

Note: These sections contain information that Knowledge Coach requires in order to build the workpaper correctly.

If one of these sections is inadvertently deleted, do the following:

1. Close the workpaper that contains the deleted section.
2. Select the workpaper in the binder frame and select **Tools > Repair Knowledge Coach Workpaper**. This will regenerate the Knowledge Coach workpaper for you.

Information provided in the workpaper (answers to questions, customizations to rows, program steps, sign offs, diagnostic states, etc.) will be kept intact and transferred to the repaired workpaper as long as that information had been saved in the workpaper.

Warning! Customizations you make outside of Knowledge Coach tables will **not** be retained in the repaired workpaper. Therefore, if you have made a significant number of customizations to instructional text or other information outside of tables, you should copy the workpaper to another binder before you repair the workpaper so that you can make the changes again in the repaired workpaper.

Tip: Save your work in Knowledge Coach workpapers often by selecting **File > Save**.

Knowledge Coach Tables

Most of the interactive information you'll need to work with in Knowledge Coach is provided in the form of tables in Microsoft® Word. This section explains some of the important elements of Knowledge Coach tables.

Answer Selection Boxes (Floaties)

You will choose answers to questions in Knowledge Coach tables using an answer selection box that floats over the table to show the available choices; therefore, these boxes are informally called floaties. Knowledge Coach uses prompts that say "choose an item" or "choose all that apply" in areas where floaties are located.

To use a floatie, do the following:

1. Click the text prompt that says "choose an item" or "choose all that apply." The floatie appears, listing the choices for your answer in the form of radio buttons, a drop-down menu, or checkboxes.
2. Use your mouse to select your choice or choices.
3. Once you have clicked out of the floatie, your answer appears in read-only text.
4. Wait a few seconds for your workpaper to refresh. A progress indicator displays.

Warning! While the workpaper is being refreshed, you cannot perform any functions in Microsoft® Word.

Notes:

- If the answer option is more than 20 characters, a tool tip will show the answer.
- Floaties will not appear properly if you are using dual monitors on a laptop and your laptop screen is NOT your primary monitor. To resolve this issue, flip your monitors to ensure that the laptop screen is the primary monitor.
- In some floaties, you can provide your own custom answer. If this is available, you will see text that says "Add custom value." Enter your custom answer in the space provided and click **OK**. A special instance of these customizable answers is the AUD-100 tailoring question about the audit areas that are applicable to your engagement. For more details, see *Audit Areas* on page 36.
- For single-selection answers (radio buttons and drop-down menus), the floatie closes as soon as you select an answer. For multiple-selection answers (checkboxes), the floatie stays open until you have clicked or tabbed outside of the cell, so that you can select all of your choices.
- In some floaties, answers will be recommended for you based on how you have responded to other questions. In this case, you will see text that says "(Recommended)" after the choice that is suggested. You can select a different answer, but if you do, a Potential Error diagnostic will be generated for the question. See *Chapter 13 - Diagnostics* on page 57 for more details.

Tip: Instead of using your mouse, you can use the following keys to answer floaties:

- The TAB key moves forward (left to right down the page) from one answer selection box or table cell to the next. Hold the Shift key while pressing the TAB key to move backwards.
- The UP and DOWN arrows cycle through a selection list in an answer selection box.
- The SPACEBAR will toggle a check box control or select an option in an answer selection box.
- The ENTER key will retain the answer and close an answer selection box.
- The ESC key is equivalent to clicking a Cancel button.

Cells with Open Diagnostics

A cell in a Knowledge Coach table that has an open diagnostic associated with it (unanswered question, program step not signed off, potential error, etc.) is indicated with light blue shading on the cell.

To view the diagnostic for the selected cell, do one of the following:

- Choose **Find** from the Diagnostics group on the Knowledge Coach ribbon. This opens the Diagnostics Pane, if it is not already open, and will automatically scroll to and select the open diagnostic associated with the selected cell. You can also use the Find Diagnostic function on the right-click menu from a selected cell.
- Choose **Diagnostics Pane** from the Diagnostics group on the Knowledge Coach ribbon, if the Diagnostics Pane is not already displayed at the bottom of your screen. Scroll to applicable diagnostic.

For more information, see *Chapter 13 - Diagnostics* on page 57.

Note: Diagnostics are refreshed periodically as you work through the workpapers. However, if you think a particular diagnostic should be cleared and you are still seeing an open diagnostic, you can refresh the diagnostics manually. To do this, click **Refresh KC Data** on the General group on the Knowledge Coach ribbon.

Cells that Flow To or From Other Areas

To save you time and protect consistent information, Knowledge Coach automatically flows some information you provide to other workpapers. You can tell when information is coming from another workpaper by the slanted gray shading on the background of certain cells in Knowledge Coach tables.

Cells that flow information in from another area of the workpaper are not editable. Instead, you modify the information in the source document in order to keep the information the same in both places. In many cases, you can drill down to the source of the information by double-clicking the blue arrow inside the cell. This launches the workpaper that contains the original question and places your focus directly in the cell from which the information is flowing.

When information is updated in one workpaper and it flows to another workpaper, thereby changing the contents of the workpaper, the File Modified Flag icon is **not** displayed next to the workpaper that changed as a result. However, there may be additional Unanswered Question diagnostics or other diagnostics that appear, which will prompt you to complete more information in the affected workpaper.

For more information, see *Chapter 13 - Diagnostics* on page 57.

Form Tables

Many Knowledge Coach tables have the structure of a “form table,” in which you must add as many rows as you need in order to accommodate the information you have.

Because the number of specialists you have involved on an audit may vary by engagement, Knowledge Coach allows you to add as many rows as you need. To add rows to these kinds of tables, do the following:

1. Click in the area of the table that uses the instructions, “Type here to add an item.” This text will disappear.
2. Type relevant information in the cell.
3. Use your mouse or tab to the next cell in the table. Knowledge Coach will automatically add another empty row below the one that contains your information. It may take a few seconds for the system to completely refresh; you can watch the Word status bar at the bottom of the workpaper to monitor the refresh process.
4. Complete the other cells in the row you have added, as applicable.

Findings Tables

A special kind of form table is the Findings Tables that are found in several documents, including each of the substantive audit programs. If you use the *Workpaper Identified In* field in the risk pane, the risk will show in the respective findings tables when applicable.

To protect the integrity of risk information throughout the Knowledge Coach workpapers, you are now restricted from adding risks directly in the findings tables. This applies to the Single Audit title and all titles released subsequent to KC 1.8.

For more information, see Form Tables (above) and *Chapter 9 - Risk Summary* on page 39.

Inserting Rows

Depending on the table, you will be able to insert rows in Knowledge Coach. To insert a row, do the following:

1. Click in a row in Knowledge Coach table.
2. Using the Tables group, select **Rows > Insert Rows Above** or **Insert Rows Below**. The Insert Knowledge Coach Row window displays.
3. Select the row type you would like to add and click **OK**. The new row is added, and renumbering is applied if necessary.

Note: When you update your workpaper to the latest version, either during an active engagement or during the roll forward process, you can review any rows that were added manually through this process and either accept or reject them in the new version of the template.

Deleting Rows

Depending on the table, you will be able to delete rows in Knowledge Coach. To delete a row, do the following:

1. Click in a row in Knowledge Coach table.
2. Using the Tables group, select **Rows > Delete Row**. You are asked to confirm the deletion.
3. Click **Yes** to continue. The row is removed, and renumbering is applied if necessary.

Note: When you update a workpaper to the latest version, either during an active engagement or during the roll forward process, review any rows that were deleted manually through this process and either accept or reject the deletion in the new version of the template.

Information Outside of Tables

Customizations you make in text outside of Knowledge Coach tables in Microsoft® Word cannot be kept and merged with a new version of the Knowledge Coach workpaper. If the option to merge changes is chosen as the roll forward setting, or if you update a workpaper on the fly from an active Engagement binder, edits made outside of Knowledge Coach tables will not appear in the new workpaper.

Using Other Engagement Functions in Knowledge Coach Workpapers

Several Engagement functions you are used to using in non-Knowledge Coach workpapers are available in Knowledge Coach Word and Excel® workpapers. Available functions include the following:

- Insert workpaper reference
- Open workpaper reference
- Create workpaper note
- Insert tickmark (available in Excel® Knowledge Coach workpapers only)

To use these functions, click on the Engagement ribbon at the top of Knowledge Coach workpapers. Some of the functions are also available from the right-click menu in Knowledge Coach workpapers.

Using Microsoft® Word Functions in Knowledge Coach Workpapers

Most Microsoft® Word and Excel® functions are available in Knowledge Coach workpapers without restriction. However, there are some functions that are limited in Knowledge Coach Word workpapers due to the way that Knowledge Coach information is stored and used within the application. Restrictions are put in place to protect the integrity of your data and include the following:

- **Copy/paste**. You can copy/paste text inside of Knowledge Coach Word tables, but that text will be pasted as unformatted. You cannot copy/paste responses to questions from answer selection boxes (“floaties”). You also cannot copy entire rows of information (program step rows, etc.) to other tables. If you attempt to copy and paste restricted information and your workpaper becomes unusable, you can repair the workpaper.
- **Undo/redo**. The undo and redo functions are not available for Knowledge Coach Word workpapers, even though the ribbon icon might be illuminated in Word. Therefore, exercise caution when deleting a row or when accepting the confirmation message to change or reset an answer, as you will not be able to undo these decisions.
- **Insert Ribbon**. Items in the Tables, Illustrations and Text groups on the Insert tab of the Microsoft® Word ribbon are disabled when you are working in a Knowledge Coach table. You may insert these items outside of a table; however, you should not overwrite existing text or tables.

Chapter 7

TIPS PANE

Information that supplements the content in Knowledge Coach workpapers in Microsoft® Word is displayed in the Tips Pane. Access the Tips Pane by selecting Tips from the Guidance group on the Knowledge Coach ribbon. Three elements display in the Tips Pane: Tips, Answer Effects, and Content Updates.

Note: You can drag the Tips Pane to another monitor and then resize it as desired. Double-click on the heading to dock it back to the original location.

Tips

When you see the Tips icon in a Knowledge Coach workpaper, you can view a Tip for that section. Tips include additional guidance for completing checklists, audit programs and forms. Click the light bulb to display the Knowledge Coach Tips Pane with the Tip for the associated section.

There are three categories of Tips:

- **Practice points** provide additional guidance to assist you in completing Knowledge Coach workpapers.
- **Examples** are illustrations or sample calculations related to an element in the Knowledge Coach workpaper (e.g., sample note disclosures or materiality calculations).
- **Resources** refer you to authoritative literature (e.g., references to Statement on Auditing Standards [SAS]).

Answer Effects

The Answer Effects tab on the Tips Pane provides transparency so that you know how Knowledge Coach treats the audit information in your binder in terms of logic and flow. It lists how the selected content affects other workpapers or other sections of the open workpaper. It also lists how the selected content is affected by other workpapers or other sections of the open workpaper.

Accessing the Answer Effects Tab

To access the Answer Effects tab on the Tips Pane, do the following:

1. Highlight or place your cursor in the section of the workpaper for which you want to view answer effect information.
2. Select **Answer Effects** in the Guidance group of the Knowledge Coach ribbon. You can also select the Answer Effects tab on the Tips Pane any time it is opened.
3. The answer effects for that area of the workpaper display in the Answer Effects tab on the Tips Pane.
4. When no answer effects are present for that section of the workpaper, a message displays along with a list of the top Knowledge Coach usability tips.

Note: The light bulb icon that signifies that there is a tip associated with the content in the workpaper is **not** shown in tables when the specific area of the workpaper has only Answer Effects associated with it and there are no tips. Outside of tables, both tips and/or answer effects will display the light bulb visual indicator.

Examples of Answer Effects

The Answer Effects section lists the following conditions that are applicable to the selected area of the workpaper:

Heading in Answer Pane	Details That are Displayed	Example
Show Content	Information that will be shown when you answer the selected question	**If "New" Show:** AUD-100 Engagement-Level Tailoring Questions Question: *Is there a predecessor auditor?* AUD-101 Overall Audit Program Program Step: Client Acceptance Procedures **If "Recurring" Show:** AUD-101 Overall Audit Program Program Step: Client Continuance Procedures Prior Year Engagement Information KBA-101 Overall Audit Strategy Question: *Do we expect to use audit evidence obtained in prior audits (e.g., audit evidence related to tests of controls)?*

Heading in Answer Pane	Details That are Displayed	Example
Content Shown When	Questions that cause the selected content to show	**Content Shown When:** Row for each audit area displayed in Scoping Table where the Significant Class or Transaction is "Yes"
Flow Answer To	Other areas in the workpapers to which the selected content will flow	**Flow Answer To:** KBA-502 Summary of Risk Assessments Assertion-level risk table in the column for inherent risk for the matching assertion in the matching audit area
Flow Answer From	Where the selected content is flowing from	**Flow Answer From:** AUD-800 Audit Program: Custom Program Steps to Address Risk AUD-801 Audit Program: Cash through AUD-814 Audit Program: Journal Entries and Financial Statement Review, and AUD-818 Audit Program: Blank Program Steps to Address Risk AUD-815 Audit Program: Related-Party Transactions, Commitments and Contingencies, Estimates, and Concentrations through AUD-817 Audit Program: Variable Interest Entities Program Steps to Address Risk
Workpaper to Consider	Specific workpapers that are recommended for consideration based on how the question is answered	**If "New" Consider:** KBA-201 Engagement Acceptance and Continuance Form Section: Communication With Predecessor Accountants AUD-201 Audit Program: Additional Audit Procedures for an Initial Audit **If "Recurring" Consider:** KBA-201 Engagement Acceptance and Continuance Form Section: Communication With Predecessor Accountants
Consider Workpaper When	Questions that cause the open workpaper to be considered	**Consider Workpaper When:** KBA-101 Overall Audit Strategy Test Operating Effectiveness: Revenue, Accounts Receivable, and Cash Receipts is "Yes"
Recommend Answer	Questions that cause the selected question to have answers that are recommended	**Recommend Answer:** If "Significant Class or Transaction" is "Yes" and both "Material Account" and "Significant or Fraud Risk" are "No", then recommend answer "Understand Controls Directly Related to the Risk", otherwise "Understand Process and Related Controls (Initiation through Reporting)". If "Significant Class or Transaction" is "No" and "Significant or Fraud Risk" is "Yes", then recommend answer "Understand Controls Directly Related to the Risk". If "Significant Class or Transaction" is "No", "Material Account" is "Yes", and "Significant or Fraud Risk" is "No", then recommend answer "Understand Reconciliation Process and Controls Only". If "Significant Class or Transaction", "Material Account", and "Significant or Fraud Risk" are "No", then recommend answer "None".

Heading in Answer Pane	Details That are Displayed	Example
N/A Program Steps	Program steps that will be marked as Not Applicable (N/A) in the Program Step Library Pane when the selected question is answered a certain way	**If "No" Mark Program Step N/A:** Investments at Cost

Viewing the Details of Each Answer Effect

To view the details of each answer effect listed, click on the answer effect (i.e. “Show Content”). The information will be shown in the bottom section of the Tips Pane.

In the case of Microsoft® Excel® workpapers, the answer effects are displayed similarly as in Microsoft® Word. To view answer effects while in Microsoft® Excel®, do the following:

1. In a Knowledge Coach Excel® workpaper, select the Answer Effects item from the Guidance group on the Knowledge Coach ribbon.
2. The Tips Pane will open with the Answer Effects tab pre-selected.
3. Answer effects in Microsoft® Excel® will display workpaper-level answer effects for when the workpaper should be considered.

You can also access a complete list of the answer effects for a particular workpaper from the KC Guidance item accessed from the Knowledge Coach ribbon in either Microsoft® Word or Excel®. Follow these steps:

1. In a Knowledge Coach workpaper, select the KC Guidance item from the Guidance group on the Knowledge Coach ribbon. The HTML Help file will display.
2. From the Contents tab on the left-hand side, select the open workpaper by clicking on the purple book, using the index and workpaper name as a guide.
3. Select the Answer Effects topic within the desired workpaper to view the details of the information.

Content Updates

The Content Updates section of the Tips Pane refers you to KCO-001 Content Overview for the title. This workpaper will provide udpate information about each workpaper.

Chapter 8

TAILORING YOUR WORKPAPERS

This section explains the various methods of tailoring your workpapers in Knowledge Coach, including tailoring questions, audit areas, and changing your answers.

Tailoring Questions

When you answer certain questions in a Knowledge Coach workpaper in Microsoft® Word, the contents of your workpapers dynamically change based on your answers to display only the information pertinent to your audit. These tailoring questions are meant to mimic the thought process that an experienced practitioner would ask themselves as they document their audit procedures. The tailoring questions are located in various workpapers. The main areas where you'll see tailoring questions are:

- AUD-100 Overall Tailoring Questions
- AUD-800 Series Audit Programs

The location and content of tailoring questions may vary by industry title.

You use answer selection boxes, or "floaties," to answer tailoring questions. For more details see *Answer Selection Boxes (Floaties)* on page 26. To see what will happen when you answer a tailoring question a certain way, use the Answer Effects function from the Knowledge Coach ribbon. For more information, see *Answer Effects* on page 32.

Audit Areas

An important tailoring question asks you to select the audit areas that are applicable to your engagement. This question is found in most titles except Compilations, Reviews, and Nontraditional Engagements. The answer to this question will drive the contents of many other foundation workpapers by dynamically adding sections for each audit area you designate as applicable.

In the floatie for this question there is a list of audit areas specific to the industry title in which you are working. Select the audit areas for your engagement here.

You can add, edit, and delete custom audit areas for the entity. Access the Audit Areas window by clicking **Customize audit areas**.

Tip: In order to add multiple copies of an audit program, create additional copies of an audit area by adding custom audit areas. See *Inserting Knowledge Coach Workpapers* on page 10 for more information on inserting multiple copies of an audit program.

Adding a Custom Audit Area

1. Click **Add**. The Add Audit Area window displays.
2. Provide a name for the new audit area. Keep the name to under 30 characters.
3. Click **Add** on the Add Audit Area window. The new audit area displays in the Available audit areas box, with a Custom Item icon to the right.
4. Click **OK** to save the new audit area. The new audit area will appear at the bottom of the available audit areas in the floatie.
5. Select the checkbox next to the new audit area in the floatie to include it in your applicable audit areas and click out of the floatie to save your selection.

Renaming an Audit Area

1. Select a custom item. If you are not sure which areas are customized, check for the Custom Item icon to the right.
2. Click **Rename**. The Rename Custom Audit Area window displays.
3. Enter the new name and click **OK**. The new audit area name displays in the Available audit areas box of the Audit Areas window.

   Note: You can only rename custom audit areas.

Deleting an Audit Area

1. Select a custom audit area. If you are not sure which areas are customized, check for the Custom Item icon to the right.
2. Click **Delete**. A message displays asking you to confirm the procedure.
3. Click **Yes** to remove the custom audit area from the available audit areas list.
4. Click **OK** to close the dialog box. The floatie displays with the deleted value(s) excluded from the list.

Changing an Answer

You can change an answer that was previously provided. If you change an answer that controls the behavior of other areas in your Knowledge Coach workpapers, you will be warned about this so that you do not inadvertently remove information.

To change an answer, do the following:

1. Click on the existing answer. The floatie appears with the current response pre-selected.
2. Select a different choice. The Change Answer Notification window displays.
3. Click **Yes** on the Change Answer Notification window. The answer is updated with your new choice.

Note: Clicking on Reset Answer from the Complete Cells group on the Knowledge Coach ribbon is another way of changing an answer. Therefore, you will see the same warning when resetting an answer in a Knowledge Coach workpaper.

Chapter 9

RISK SUMMARY

Risks can be accumulated in a central area called the Risk Summary within a Knowledge Coach binder. This summary can be accessed from any open Knowledge Coach Word or Excel® workpaper. Also, risk information flows to various workpapers, as applicable, so that you always see the risk information you need to work with within the context of appropriate workpapers.

The Risk Summary window allows you to view and delete risks that have been identified in the current binder and select risks to be edited. Risks are categorized by Knowledge Coach title and then divided into Financial Statement Level Risks, Specific Risks, Major Program Level Risks, and Compliance Requirement Level Risks.

To view the Risk Summary, click **Risk Summary** from the Risk Assessments group on the Knowledge Coach ribbon.

To navigate through the risks, do the following:

1. Expand the Knowledge Coach title by clicking on the plus sign next to the title to view the type of risks associated with the title.
2. Expand each risk type by clicking on the plus sign next to the risk type name to view a list of the risks that have been identified in that category.
3. Expand each risk by clicking on the plus sign next to the risk to view the workpaper index and name where the risk is addressed, the planned overall response or comment on planned audit approach (if applicable), and the name of any program step(s) that have been linked to address the risk.

Notes:

- Risks can only be added for the title of the open workpaper. For example, if you have KBA Commercial workpapers opened, risks cannot be added to KBA Construction workpapers.
- Risks cannot be added to independent workpapers that do not include foundation workpapers.[1]
- You must be the current editor of KBA-502 Summary of Risk Assessments to add, edit, or delete risks.

[1]Workpapers that are always needed in the binder in order for the flow of information to work properly between workpapers, and for the binder to comply with auditing standards.

Adding Financial Statement Level Risks

You can add a financial statement level risk, which will then appear in KBA-502 Summary of Risk Assessments and all substantive audit programs. You can document a planned overall response for each financial-statement-level risk, and you can optionally link one or more program steps in a substantive audit program to the risk using the unique risk name you have created.

Notes:

- One financial-statement-level risk, "Management Override," is provided. The description for this risk can be edited and a planned overall response can be added, but it cannot be renamed or deleted.
- You must be in a financial statement audit workpaper to add a financial statement level risk.
- You must be the current editor of KBA-502 Summary of Risk Assessments to add a risk.

To add a financial-statement-level risk, do the following:

1. Select **Add Risk > Financial-Statement-Level Risk** from the Knowledge Coach Ribbon, or click **Risk Summary** to display the Risks Pane, and then select the **Financial-Statement-Level Risk** section.
2. Complete the following fields:
   - **Risk name**. Required. This name will be used when you link program steps to the risk.

     Warning! You cannot enter the pound sign (#) or the pipe symbol (|) in the *Risk name* field.

   - **Risk description**. Required. This box has a maximum of 512 characters.
   - **Type of risk**. Required. See the instructions in KBA-502 Summary of Risk Assessments for more information on factors to consider in determining whether a risk is significant and/or may be related to fraud.
   - **Planned overall response**. Possible responses to risks at the financial statement level are listed in the instructions to KBA-502 Summary of Risk Assessments, and incorporate guidance from SAS-99. You'll need to enter information here in order to clear the Unaddressed Risk diagnostic for a particular risk.
   - **Workpaper identified in**. The open workpaper is selected as the default, but you can change this. In audit programs, this selection results in the risk being added to the list of Findings in the Results section of the audit program.
3. Click **Save** to save the financial statement level risk.

The newly added risk will appear in the Financial Statement Level Risks table in the Knowledge Coach workpaper KBA-502 Summary of Risk Assessments.

Note: Use the drill-down icon to get to the substantive audit programs, from which you can link specific program steps to this financial statement level risk, if desired. For more details, see *Linking a Program Step to a Risk* on page 53.

Adding Specific Risks

Specific risks are summarized in KBA-502 Summary of Risk Assessments and in the substantive audit programs for the audit area(s) to which the risk is associated. You can link one or more program steps in a substantive audit program to a specific risk using the unique risk name you have created.

Before any specific risks are created for a significant audit area, you'll see information to this effect in various parts of the workpapers. For example, in KBA-502 Summary of Risk Assessments, you'll see a row that says "No risks have been added for this area."

Notes:

- You must be in a financial statement audit workpaper to add a financial statement level risk.
- You must be the current editor of KBA-502 Summary of Risk Assessments to add a risk.

To add a specific risk, do the following:

1. Select **Add > Specific Risk** from the Knowledge Coach Ribbon, or click **Risk Summary** to display the Risks Pane, and then select the **Specific Risk** section.
2. Complete the following fields:
   - **Risk name**. Required. Maximum 30 characters. This name will be used when you link program steps to the risk.

     Warning! You cannot enter the pound sign (#) or the pipe symbol (|) in the *Risk name* field.

   - **Risk description**. Required. This box has a maximum of 512 characters.
   - **Type of risk**. Required. See KBA-502 Summary of Risk Assessments for more information on factors to consider in determining whether a risk is significant and/or may be related to fraud. A risk may also require tests of controls, where substantive tests alone are not sufficient.
   - **Audit areas affected by the risk**. Required. Select one or more audit areas that are impacted by the risk. All audit areas are shown here, including custom audit area you have added.
   - **Cash transaction cycle**. Required for audit areas Cash and Other Revenues and Expenses. Select which cash transaction cycle applies to the identified risk.
   - **Relevant assertions**. Required. Choose from the following:
     - **EO**. Existence or Occurrence
     - **RO**. Rights and Obligations
     - **CO**. Completeness
     - **AV**. Allocation or Valuation
     - **CU**. Cutoff
     - **UC**. Understandability or Classification

Note: The assertion definitions change with the clarified version of the titles.

- **Controls, if any, that mitigate specific risk**. Evaluate the design of controls for each significant risk or fraud risk. The magnitude of a risk depends in part on whether controls are in place to mitigate those risks.
- **Combined risk assessment**. Inherent Risk (IR) is combined with Control Risk (CR) to determine the Risk of Material Misstatement (RMM) for each risk. The RMM level will be recommended for you, based on the table found in the instructions at KBA-502 Summary of Risk Assessments.
- **Planned audit approach**. Required. Choose from the following:
  - **Combined Approach**. Audit plan consists of both tests of controls and substantive tests.
  - **Substantive: Analytical**. Audit plan consists primarily of analytical procedures.
  - **Substantive: In-Depth**. Audit plan consists of both analytical procedures and tests of details.
- **Comment on planned audit approach**. Use this field to document a brief description of the work you are planning, to act as a guide for linking specific program steps to this risk when you design the audit program.
- **Workpaper identified in**. The open workpaper is selected as the default, but you can change this. In audit programs, this selection results in the risk being added to the list of Findings in the Results section of the audit program.

3. Click **Save** to save the specific risk.

The newly added risk appears in the Specific Risks table in the Knowledge Coach workpaper KBA-502 Summary of Risk Assessments in the section for the associated audit area. If the risk is related to more than one audit area, the risk will be shown separately in each of the audit areas.

The risk also will be shown in the Risk Summary window, and will flow to the substantive audit program for the audit area to which it is associated.

Note: Use the drill-down icon to easily get to the substantive audit programs, from which you can link specific program steps to this risk, if desired. For more details, see *Linking a Program Step to a Risk* on page 53.

Adding Major Program-Level Risks

You can add a major program-level risk, which will then appear in the KBA-502S Summary of Risk Assessment over Compliance for the associated major program and all substantive audit programs associated with that major program. You can document a planned overall response for each major program-level risk, and you can optionally link one or more program steps in a substantive audit program to the risk using the unique risk name you have created.

Note: KBA-502S Summary of Risk Assessment over Compliance for the applicable major program must be in the binder and you must be the current editor of KBA-502S for the major program to add a risk.

To add a major program-level risk, do the following:

1. Select **Add Risk > Major Program-Level Risk** from the Knowledge Coach Ribbon, or click **Risk Summary** to display the Risks Pane, and then select the **Major Program-Level Risk** section.
2. Complete the following fields:
   - **Major Program Name**. Required. This will link the risk to the correct major program.
   - **Risk name**. Required. This name will be used when you link program steps to the risk.

     Warning! You cannot enter the pound sign (#) or the pipe symbol (|) in the *Risk name* field.

   - **Risk description**. Required. This box has a maximum of 512 characters.
   - **Type of risk**. Required. See the instructions in KBA-502S Summary of Risk Assessments over Compliance for more information on factors to consider in determining whether a risk is significant.
   - **Planned overall response**. Possible responses to risks at the major program level are listed in the instructions to KBA-502S Summary of Risk Assessments over Compliance. You'll need to enter information here in order to clear the Unaddressed Risk diagnostic for a particular risk.
   - **Workpaper identified in**. The open workpaper is selected as the default, but you can change this. In audit programs, this selection results in the risk being added to the list of Findings in the Results section of the audit program.
3. Click **Save** to save the major-program-level risk.

The newly added risk will appear in the Major Program-Level Risks table in the Knowledge Coach workpaper KBA-502S Summary of Risk Assessments over Compliance for the associated major program.

Note: Use the drill-down icon to get to the substantive audit programs, from which you can link specific program steps to this major program-level risk, if desired. For more details, see *Linking a Program Step to a Risk* on page 53.

Adding Compliance Requirement-Level Risk

Compliance requirement-level risks are summarized in KBA-502S Summary of Risk Assessment over Compliance for the associated major program and in the substantive audit program for the major program and compliance requirement(s) to which the risk is associated. You can link one or more program steps in a substantive audit program to a compliance requirement level risk using the unique risk name you have created.

Before any compliance requirement level risks are created for a significant audit area, you'll see information to this effect in various parts of the workpapers. For example, in KBA-502S Summary of Risk Assessment over Compliance for the associated major program, you'll see a row that says "No risks have been added for this area."

Note: KBA-502S Summary of Risk Assessment over Compliance for the applicable major program must be in the binder and you must be the current editor of KBA-502S for the major program to add a risk.

To add a compliance requirement-level risk, do the following:

1. Select **Add Risk > Compliance Requirement-Level Risk** from the Knowledge Coach Ribbon, or click **Risk Summary** to display the Risks Pane, and then select the **Compliance Requirement-Level Risk** section.
2. Complete the following fields:
   - **Major Program Name**. Required. This will link the risk to the correct major program.
   - **Risk name**. Required. This name will be used when you link program steps to the risk.

     Warning! You cannot enter the pound sign (#) or the pipe symbol (|) in the *Risk name* field.

   - **Risk description**. Required. This box has a maximum of 512 characters.
   - **Type of risk**. Required. See the instructions in KBA-502S Summary of Risk Assessments over Compliance for more information on factors to consider in determining whether a risk is significant. A risk may also require tests of controls, where substantive tests alone are not sufficient.
   - **Compliance requirements affected by the risk**. Required. Select one or more compliance requirements that are impacted by the risk.
   - **Controls, if any, that mitigate specific risk**. Evaluate the design of controls for each significant risk or fraud risk. The magnitude of a risk depends in part on whether controls are in place to mitigate those risks.
   - **Combined risk assessment**. Inherent Risk (IR) is combined with Control Risk (CR) to determine the Risk of Material Noncompliance (RMN) for each risk. The RMN level will be recommended for you, based on the table found in the instructions at KBA-502S Summary of Risk Assessment over Compliance.
   - **Planned audit approach**. Required. Choose from the following:
     - Dual-purpose tests
     - Substantive compliance tests
   - **Comment on planned audit approach**. Use this field to document a brief description of the work you are planning, to act as a guide for linking specific program steps to this risk when you design the audit program.
   - **Workpaper identified in**. The open workpaper is selected as the default, but you can change this. In audit programs, this selection results in the risk being added to the list of Findings in the Results section of the audit program.

3. Click **Save** to save the compliance requirement-level risk.

The newly added risk appears in the Compliance Requirement-Level Risks table in the KBA502S Summary of Risk Assessment over Compliance for the associated major program in the section for the associated compliance requirement. If the risk is related to more than one compliance requirement, the risk will be shown separately in each of the compliance requirements. The risk also will be shown in the Risk Summary window, and will flow to the substantive audit program for the compliance requirement to which it is associated.

Note: Use the drill-down icon to get to the substantive audit programs, from which you can link specific program steps to this compliance requirement-level risk, if desired. For more details, see *Linking a Program Step to a Risk* on page 53.

Editing Risks

Note: You must be the current editor of KBA-502 Summary of Risk Assessments to edit a risk.

To edit a risk in the Risk Summary window, do the following:

1. Click **Risk Summary** from the Risk Assessment group on the Knowledge Coach ribbon to display the Risks Summary window.
2. Select the desired risk.
3. Click **Edit Risk**. The Financial-Statement-Level Risk section or the Specific Risk section opens, depending on the type of risk you selected.

To edit a risk in KBA-502 Summary of Risk Assessments, do the following:

1. Locate the risk in KBA-502 Summary of Risk Assessments and place your cursor on that row.
2. Click **Edit** from the Risk Assessment group on the Knowledge Coach ribbon, or right-click and select **Edit Risk**. The Financial Statement Level Risk section or the Specific Risk section opens, depending on the type of risk you selected.

For more information, see *Adding Financial Statement Level Risks* on page 40, *Adding Specific Risks* on page 41, *Adding Major Program-Level Risks* on page 42, and *Adding Compliance Requirement-Level Risk* on page 43.

Deleting Risks

To delete a risk from the Risks Pane, do the following:

1. Click **Risk Summary** in the Risk Assessment group on the Knowledge Coach ribbon to display the Risks Pane.
2. Select the risk you want to delete.
3. Click **Delete Risk**.
4. Click **Yes** to confirm the deletion.

To delete a risk from KBA-502 Summary of Risk Assessments, do the following:

1. Locate the risk in KBA-502 Summary of Risk Assessments and place your cursor on that row.
2. Click **Delete** from the Risk Assessment group on the Knowledge Coach ribbon.
3. Click **Yes** to confirm the deletion.

Note: You cannot delete the "Management Override" Financial-Statement-Level risk, as this risk always applies.

Chapter 10

AUDIT PROGRAMS

The substantive audit programs in Knowledge Coach are based on a common organizational structure so that every program you open for the various audit areas is the same. This includes custom audit programs you create for the custom audit areas in your binder. For more details about custom audit programs, see *Audit Areas* on page 36 and *Associate Workpaper* on page 16.

Note: When inserting a custom audit program, you have the option to select a Program Step Library from an existing (non-custom) audit area to begin building the program. If an area is selected, the program steps from that library will be available and the tailoring questions and audit objectives will be populated based on the audit area selected. If you do not choose a Program Step Library, the custom audit program will not contain any program steps in the library when it is created. It also will not contain tailoring questions or the ability to mark steps as "Not Applicable" based on how questions are answered. You will build the program steps from scratch in these custom audit programs.

Program Step Library

The Program Step Library Pane displays all the program steps for a particular industry title so that you can build and customize the audit program for each audit area and/or compliance requirement. When you answer the tailoring questions in each audit program workpaper, Knowledge Coach uses your answers to determine which program steps are applicable and which program steps are not applicable.

The Program Step Library Pane is available only within the substantive audit programs, which are found in the 800 Series of workpapers, whose index number and name are specific for each KC Title. For example, AUD-800 Audit Program - (Custom) through AUD-818 Audit Program - Share-Based Payments in the clarified version of the Commercial title.

View Available Program Steps

Program steps for each audit area are displayed in the Program Step Library Pane. To see the program steps, open a substantive audit program (AUD-800 Audit Program – (Custom) through AUD-818 Audit Program - Share-Based Payments in the clarified version of the Commercial title). The Program Step Library Pane opens on the right-hand side of the screen.

The audit area is displayed at the top of the screen. A short name is displayed for each of the program steps for the audit area/industry title so you can quickly see what steps are available. Expand each program step name by clicking on the plus sign next to the program step to view the full text of the program step. The right-hand column displays the assertions for each program step. The assertions are as follows:

- **EO**. Existence or Occurrence
- **RO**. Rights or Obligations
- **CO**. Completeness
- **AV**. Accuracy, Valuation, or Allocation
- **CU**. Cut Off
- **UC**. Understandability or Classification

Notes:

- The assertion definitions change with the clarified version of the titles.
- If the Program Step Library pane is closed and you want to reopen it, click **Program Step Library** from the Audit Programs group on the Knowledge Coach ribbon.
- The Program Step Library Pane can be moved and resized. The columns can also be resized, so that you can read the steps more easily.
- If selecting samples can be completed using TeamMate Analytics, a TA sign will be displayed next to the step. Hover over the **TA sign** to review the applicable TeamMate Analytics test name.

Tailor Steps in the Program Step Library

Before you add program steps from the Program Step Library to your audit program workpaper, you should answer the tailoring questions for that audit area. This will help you narrow down the program steps that might be applicable to your engagement.

For more information on answering questions, see *Answer Selection Boxes (Floaties)* on page 26.

As you answer these questions, steps in the Program Step Library will be marked as not applicable. These steps are denoted by an NA notation in the column to the right of the program step name.

Add Steps from the Program Step Library

To add steps to your audit program, do the following:

1. Check **Show only applicable steps** to limit the displayed steps (optional).
2. Expand and collapse the main program steps by clicking the plus and minus signs.
3. Select the check box to add a program step to the workpaper. If you do not want to include a particular sub-step in the workpaper, clear the check box.

Notes:

- If some of the sub-steps have been excluded, the checkbox will indicate this mixed selection.
- To select all of the steps at once, click the checkbox in the Program Step column header.

4. Click **Update Workpaper**. The selected program steps are added to the workpaper.

Notes:

- The program steps that you added will continue to have the checkmark next to them in the Program Step Library so that you can always see which steps are in your workpaper.
- To quickly locate a step in the Program Step Library, select a step or sub-step within the workpaper and, using the Audit Programs group on the Knowledge Coach ribbon, click **Program Step Library > Find Step**. The step or sub-step will be highlighted in the Program Step Library Pane. You can also drag steps into the Program Step Library.

Modify a Program Step in the Workpaper

Once steps have been added from the Program Step Library to the workpaper, you can customize the text of any step so that it fits your engagement.

To modify a step, do the following:

1. Locate the table in a substantive audit program that contains the program steps that have been added. See *Add Steps from the Program Step Library* on the previous page for more information.
2. Edit the step directly in the table in Microsoft® Word.
3. Click out of the cell you have edited. A customization icon is displayed in the Program Step Library to the right of each program step name, main program step, or sub-step that has been modified.

Notes:

- If you float your mouse over the step in the Program Step Library, you will see a tooltip that says “Customized Step.”
- If you have selected to include the Program Step Library from an existing (non-custom) audit area, customizations within each workpaper are independent of other workpapers using the Program Step Library for that audit area. If you customize the step in one audit program, it is not automatically customized in the other audit programs.

Add a Custom Program Step

You may want to add your own program steps to a substantive audit program to customize the procedures to fit the needs of your engagement.

To add a custom step, do the following:

1. Locate the table in a substantive audit program that contains the program steps that have been added.
2. Select the program step under which you would like to insert your new custom program step.

   Note: If you would like to add a custom step to an audit program where no program steps have been added, click on the row that says "No program steps have been added." This is especially applicable to AUD-800 Audit Program - (Custom), as no program steps can be added to this workpaper from the Program Step Library if a Program Step Library was not selected for the custom audit program; you must create custom steps in these custom audit programs.

3. Add the custom step by doing one of the following:
   - Using the Audit Programs group on the Knowledge Coach ribbon, click **Program Step Library > Modify > New Custom Step**.
   - Using the Table group on the Knowledge Coach ribbon and clicking **Rows > Insert Row Above** or **Insert Row Below**. The Insert Knowledge Coach Row window displays. Click **OK** to continue.
4. Two new rows are added to your table below the step you selected. The steps in the table are renumbered automatically.
5. Enter a brief name for your custom step in the first row.
6. Enter the text for the program step in the second row, next to the step number.
7. In the Primary Assertions column, click on the cell next to the program step text to display the list of assertions and select those that are applicable.
8. You can add a sub-step to your custom step by clicking **Program Step Library > Modify > New Custom Sub-Step** from the Audit Programs group on the Knowledge Coach ribbon. A row will be added beneath the main program step, in which you can enter the text of your sub-step.

Notes:

- Custom steps are denoted in the Program Step Library by the customization icon that is displayed to the right of each custom step's program step name.
- If you have selected to include the Program Step Library from an existing (non-custom) audit area, custom program steps within each workpaper are independent of other workpapers using the Program Step Library for that audit area. If you add a custom step in one audit program, it is not automatically included in the Program Step Library for the other audit programs.

Remove a Program Step

To remove a program step from an audit program, do one of the following:

Remove the Program Step from the Workpaper Using the Knowledge Coach Ribbon

1. In the program step table within the workpaper, select the program step you want to remove.
2. Using the Audit Programs group on the Knowledge Coach ribbon, click **Program Step Library > Remove Step**. The program step is removed from the Program Step Library.

Remove the Program Step from the Workpaper Using the Program Step Library Pane

1. In the Program Step Library Pane, uncheck the step you want to remove.
2. Click **Update Workpaper**. The step is removed from the workpaper. It remains in the Program Step Library in case you need to add it later.

Chapter 11

LINKING RISKS TO PROCEDURES

In Knowledge Coach, you can create a direct connection between risks that have been identified throughout your audit and the procedures you design to address those risks. Financial statement level risks and specific risks are summarized in KBA-502 Summary of Risk Assessments, and this workpaper provides a snapshot of all of the risk information for the job at a glance. For Single Audit titles, all steps selected in an audit program for a particular compliance requirement will flow to KBA-502 as it is linked to the overall risk of non-compliance. Here is an example of the Specific Risks table in KBA-502 Summary of Risk Assessments. Notice that in the Program Steps to Address Risk column, there is an indication that "No steps have been linked."

(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*
Risk / Area	*Type of Risk*	*Relevant Assertions*	*Controls, If Any, That Mitigate Specific Risks*	*IR (from AID-501)*	*CR*	*RMM*	*If CR<Max-Workpaper Reference*	*Planned Audit Approach*	*Program Steps to Address Risk*
Accounts Receivable and Sales									
Specific risks identified in this area:									
▸Revenue Recognition Commission rates on sales invite sales force to potentially create invalid sales orders, especially at the end of the year.	▸Significant, Fraud	▸EO, AV	▸None	Max	Max	Max		▸Combined Interview sales associates and selected customers.	▸No steps have been linked

Risks are also flowed through to the substantive audit programs (AUD-800 Audit Program – (Custom) through AUD-813 Audit Program – Other Revenue and Expenses and AUD-818 Audit Program - Share-Based Payments in the clarified version of the Commercial title). Financial statement level risks flow through to all of the substantive audit programs, while specific risks only flow through to the audit areas to which they relate.

Until risks are linked to program steps, open diagnostics will be present in your binder. For more details, see *Chapter 13 - Diagnostics* on page 57.

Linking a Program Step to a Risk

To link a program step to a risk, do the following:

1. Open a substantive audit program (AUD-800 Audit Program – (Custom) through AUD-818 Audit Program - Share-Based Payments in the clarified version of the Commercial title) and scroll down to the table that contains the program steps.
2. Click in the **Link to Risk** column for the program step you would like to link. A list of risks appears, which includes all financial statement level risks for the binder and all specific risks related to the particular audit area. The last selection, “Other Relevant Assertion,” is shown in the event that you want to document the fact that the program step is being performed to satisfy a relevant assertion for the audit area, instead of to satisfy an identified risk.
3. Select one or more risks, or select **Other Relevant Assertion**.
4. Click outside the floatie to close it. The risk name is displayed in the Link to Risk column. Also, the program step name (e.g. “Receivables Analytical”) is shown in the risk summaries at the top of the substantive audit programs and in KBA-502 Summary of Risk Assessments. Open diagnostics for Unaddressed Risk, Program Step Not Linked to Risk or Relevant Assertion will be cleared.

Chapter 12

Updating to a Later Version of a Workpaper

With Knowledge Coach, you can update your workpaper to a later template at any time with a click of a button. You don't have to manually compare your workpaper to the later version of the workpaper template to know you're working with the most recent information. You don't even have to wait to roll forward your binder to get the later version of a particular workpaper.

Note: Knowledge Coach automatically replaces your workpaper with the later template when the binder is rolled forward, unless you change the template settings in the roll forward options for the workpaper. During the roll forward process, you will have the option to select which later version you want to use. In most cases, the available titles will be the current year and the next year. To update to a later title, you will have to update one year at a time. See *Advancing More than One Title Version* on the next page.

Related Workpapers

Because many of the Knowledge Coach workpapers are related to one another through information flow and the effects of answers, all related workpapers must be updated to the later version at the same time.

Depending on the title, refer to the RES-010, RES-KCO, or KCO-001 document for a list of workpapers for the appropriate title.

Updating a Workpaper to a Later Version

To update a workpaper in an open binder, do the following:

1. Ensure that all Knowledge Coach workpapers are closed.
2. Select a Knowledge Coach Word or Excel® workpaper and select **Workpaper > Update to Later Knowledge Coach Content**. You can choose to either Update Selected Knowledge Coach Workpapers or Update All Knowledge Coach Workpapers in Binder. If you have selected a workpaper that links to another Knowledge Coach workpaper via information flow or tailoring of content, you are warned that the entire set of related workpapers will be updated together. See the previous section, *Related Workpapers* above for more information.

3. Click **OK** to continue. If there are multiple title versions available, select which title version is appropriate for your engagement. In most cases, the available titles will be the current year and the next year. To update to a later title, you will have to update one year at a time. See *Advancing More than One Title Version* below. You will see a progress indicator and then a success message. You will be notified of any titles that are not successfully updated. In limited instances (for example, when updating to the clarified version of the title), some workpapers may not have an updated version. You will be notified that one or more workpapers were not updated, but this does not mean that the update process was unsuccessful.
4. Open the updated workpaper. The new content is presented in the workpaper, along with the work you did before you updated the workpaper (answers to questions, program step sign offs, workpaper customization, etc.). The Customization Review window displays. A summary of the changes to rows that were made displays.

   Note: The Customization Review window may refer to customizations that are not visible due to new tailoring that has been added during the content update. These customizations will be visible when the new tailoring questions are answered. The new tailoring questions might exist in the Tailoring Question Workpaper or within the workpaper itself.

   Warning! There are limited circumstances where a workpaper may change or become obsolete with the updated title version and a new workpaper needs to be manually inserted. You will be notified via diagnostic when this is the case. The new version of the workpaper will need to be inserted before the previous version is deleted or you will lose the work that was done prior to the update. In some cases, the data will be automatically transferred, and in other cases, you will have to manually transfer the data.

5. Click **Close** once all of the changes have been reviewed and accepted or rejected.
6. To view a general description of what has changed in the workpaper as compared to prior versions, see details at *Content Updates* on page 35, or depending on the title, refer to the RES-010, RES-KCO, or KCO-001 document for the appropriate title.

Advancing More than One Title Version

In most cases, you will not be able to skip a year when updating your title version. Sometimes new workpapers are added. In order to preserve your data, the following steps should be performed to advance more than one title version:

1. Select any available title on roll forward or update.
2. If there is a later title installed, you will be alerted there is a more recent title available for update.
3. Open the binder and look for Obsolete Workpaper diagnostics.
4. Insert any workpapers indicated in the diagnostics.
5. Insert the Entity Information and Background form (KBA-200) if it is available.
6. Either roll forward the binder again or update all Knowledge Coach workpapers to the next title from within the binder. See *Updating a Workpaper to a Later Version* on the previous page.

Note: The above steps have to be performed updating one year at a time. All sequenced title versions will have to be installed in order to get to the very latest version.

Chapter 13

DIAGNOSTICS

The Diagnostics Pane displays issues in the workpaper that currently prevent it from being complete. To use the Diagnostics Pane, do the following:

1. Click **Diagnostics Pane** on the Knowledge Coach ribbon. The Diagnostics Pane displays at the bottom of the workpaper. The type of diagnostic is listed in the left column, and the description is listed in the right column.
2. Click **Type** to filter the list of diagnostics. A list of diagnostic types applicable to the open workpaper displays. Leave the diagnostics types checked if you want to see them in the list.
3. Double-click the blue arrow in any diagnostic row to move to the affected cell in the workpaper.

Notes:

- Cells in tables that have open diagnostics are indicated by their light-blue shading. See *Cells with Open Diagnostics* on page 28 for more details.
- To find a diagnostic in the Diagnostics Pane from a cell that has an open diagnostic, click **Find Diagnostic** from the Diagnostics group on the Knowledge Coach ribbon.
- The Diagnostics Pane can be moved and resized.

Diagnostics in the Binder Frame

You can tell if a particular Knowledge Coach workpaper has open diagnostics by looking for the Open Diagnostics icon in the Diagnostic column next to each workpaper name in the binder frame. Click the workpaper name to display the details of the diagnostics.

Notes:

- When you open a binder, a message displays asking if you would like to refresh the diagnostics for your Knowledge Coach workpapers. Choose one of the following:
  - **Refresh diagnostics**. Updates the diagnostics for all workpapers in the binder.
  - **Do not refresh diagnostics**. Keeps the current diagnostics for all workpapers in the binder.
  - Select **Do not show this message again** to stop the message from appearing when you open a binder. If you select this option, you have to manually refresh diagnostics when you open binders to get the latest diagnostics information.
  - Select **Prompt when/for**: **Refresh all diagnostics when Knowledge Coach binder opens** from the Tools > Options menu in the File Room or binder frame to see the message automatically display when you open a binder.
- To manually refresh the diagnostics, right-click on the Refresh Diagnostics item in the Diagnostics Pane and choose either **Refresh diagnostics for this workpaper** or **Refresh diagnostics for the entire binder**.
- If a workpaper has more than one open diagnostic, the Diagnostic icon displays with a plus sign next to it.
- When you sign off on a Knowledge Coach Word workpaper, you are warned if there are open diagnostics on the selected workpaper.
- When you finalize a binder, you are prompted to clear any diagnostics that remain open in Knowledge Coach workpapers.

Diagnostic Summary

You can view all Knowledge Coach diagnostics across workpapers via the Diagnostic Summary. To use the diagnostic summary, do the following:

1. Access the diagnostic summary via the View menu in Engagement or the shortcut appearing to the left of the binder frame.
2. Double-click the blue arrow in any diagnostic row to open the workpaper and move to the affected cell. See *Knowledge Coach Tables* on page 26 for more details.

All diagnostics will display by default. You can filter diagnostics using the two buttons at the top to select the workpaper tab or individual workpapers. You can also filter diagnostics by diagnostic type, current editor, preparer or reviewer by clicking in the column header of the diagnostic grid.

Deleting a Diagnostic

If you have the appropriate staff group rights, you can delete an open diagnostic that you do not want to reappear. For example, you may want to delete a diagnostic for “Missing Workpaper – Engagement Letter” if you already have a scanned copy of the signed Engagement Letter from your client, and you therefore do not want to use the sample engagement letter provided by the Knowledge Coach title.

All diagnostics must be deleted before you can finalize the binder.

You can delete a diagnostic from the Diagnostic Pane or the Diagnostic Summary.

From the Diagnostic Pane

1. Open the Diagnostics Pane from either the binder frame or from an open Knowledge Coach Word workpaper and select the diagnostic you want to delete.
2. Click **Delete Diagnostic** on the Diagnostics group on the Knowledge Coach ribbon. You will be asked to confirm the deletion.
3. Click **Yes**.

From the Diagnostic Summary

1. Open the Diagnostic Summary and select the diagnostic(s) you want to delete.
2. Click the **Delete** button above the grid. You will be asked to confirm the deletion.
3. Click **Yes**.

Notes:

- You can also right-click on an open diagnostic and choose Delete Diagnostic.
- In the Diagnostic Summary, you can also delete a diagnostic by using the Delete key on the keyboard.
- Multiple diagnostics can be deleted at once from the Diagnostic Summary.
- Some diagnostics which impact the functionality of workpapers cannot be deleted. For example, Duplicate workpaper and Obsolete Workpaper diagnostic.

Chapter 14

COPYING AND PASTING KNOWLEDGE COACH WORKPAPERS

You can copy and paste Knowledge Coach workpapers from one binder to another, allowing you to benefit from work you do in one binder that can be reused and then tweaked for a similar engagement.

To copy Knowledge Coach workpapers to another binder, do the following:

1. Select the workpapers you want to copy and click **Edit > Copy**.
2. Navigate to the binder into which you want to paste the workpapers and select a tab in that binder.
3. Click **Edit > Paste**. The Selected Workpaper Properties window displays. See *Inserting Knowledge Coach Workpapers* on page 10 for more details on this window.
4. Click **OK** when you're ready to continue. The workpapers are pasted into your binder.

Warning! In the Diagnostics Pane, right-click on the Refresh Diagnostics item and choose either **Refresh diagnostics for this workpaper** or **Refresh diagnostics for the entire binder**. You should perform this step to ensure that you are working with the most recent diagnostic information.

Notes:

- If no Knowledge Coach workpapers exist in the binder for the selected title into which you are pasting, the foundation workpapers will be inserted in addition to the workpapers you selected to copy. For more information, see *Foundation Workpapers* on page 15.
- If Knowledge Coach workpapers exist in the binder but are a different title, related workpapers and the foundation workpapers will be copied in the binder into which you are pasting.
- If you copy an instance of AUD-800 Audit Program - (Custom) into a new binder, the custom audit area that is associated with the custom audit program must already exist in the new binder. For more information, see *Audit Areas* on page 36 and *Associate Workpaper* on page 16.
- If you copy an associated workpaper into a new binder, the same association must be already exist in KBA-101 in the new binder before you paste. See *Associate Workpaper* on page 16.
- Since you are not permitted to have duplicate copies of certain Knowledge Coach workpapers (for example, KBA-101 Overall Audit Strategy), you will not be able to copy these workpapers if the workpaper already exists in the binder into which you are pasting.

- If you copy a related Knowledge Coach workpaper into a binder that does not yet contain Knowledge Coach workpapers, **all** related workpapers for the selected title family will be pasted into the target binder. If the target binder does contain Knowledge Coach binders for that title family, any related workpapers that do not exist in the target binder will also be pasted. See *Related Workpaper Links* on page 24 for more information.
- If you copy independent workpapers only, related workpapers and the foundation workpapers will not be copied. Only the selected independent workpapers will be copied in the binder into which you are pasting.

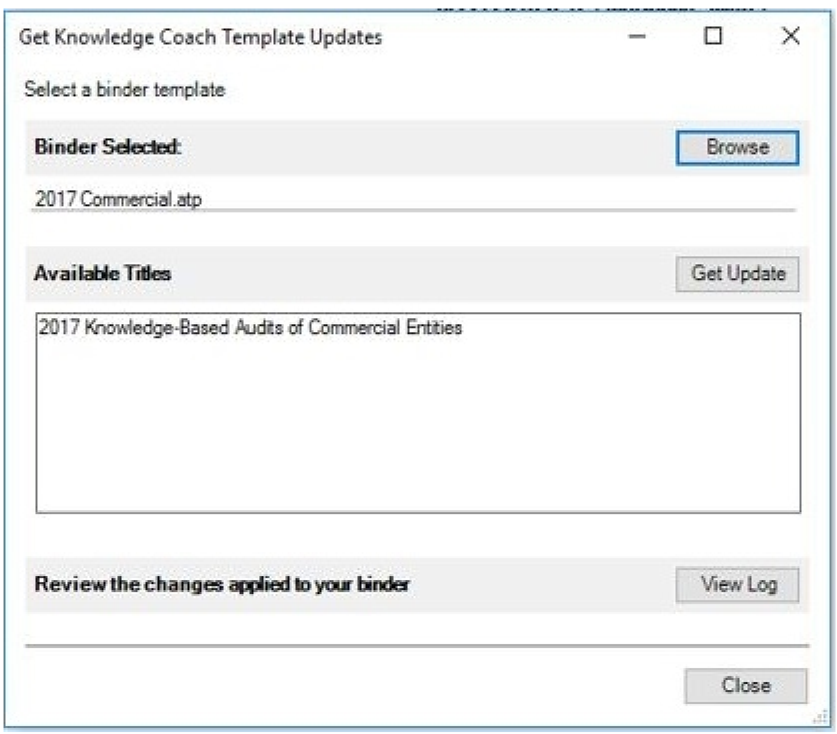
Chapter 15

GET KNOWLEDGE COACH TEMPLATE UPDATES

You can incorporate your firm's template changes into your active binder using *Get Knowledge Coach Template Updates* located on the Tools menu of your binder. This menu item will be enabled when there are Knowledge Coach workpapers in your binder.

To get Knowledge Coach Template Updates, do the following:

1. From within your binder, go to **Tools > Get Knowledge Coach Template Updates**.
2. Click **OK** on the warning message to close all Knowledge Coach workpapers.
3. When the *Get Knowledge Coach Template Updates* dialog appears, click the **Browse** button to navigate and select a binder template.



4. Once your binder template is selected, the applicable Knowledge Coach titles will display in the dialog.

Notes:

- Only Knowledge Coach title versions that match the title versions in your binder will be displayed.
- You cannot get template updates from title versions that are older or newer than those in your binder.

5. Click **Get Update** to get the roll forward settings for all workpapers as well as custom program steps, and CCH program steps set up for your AUD-800 series audit programs.
6. Click **View Log** for a quick review of the 800 series Audit Program workpapers that received program steps.

What are template updates?

Template updates include the following items:

- Roll forward settings for all workpapers that were included in the binder when it was created from the template. Each time you get a template update, roll forward settings in your Knowledge Coach workpapers will change to be the same as those in the selected template.

  Note: Roll forward settings for workpapers that can only have one instance per binder will be updated if you get template updates from a different binder template than the one used to create your binder.

  Example: AUD-100 Overall Tailoring Questions workpaper.

- Custom program steps added to the program step library and/or workpaper in CCH AUD 80X series audit programs.
- Custom program steps added to the program step library and/or workpaper in AUD-800 custom audit program when the binder, including the custom audit program, was created from the template you are getting updates from.
- CCH steps added to the AUD-80X series workpaper by the template creator that have not already been added to your workpaper.

Notes:

- You can browse to and get updates from as many templates as you want within the same dialog session. The log file will be overwritten with each new template update.
- When there are no matching title versions in the selected template, a message will display in the *Available Titles* section to let you know that there are no matching titles.
- To receive template updates, the workpaper must be in the binder. Template updates will not be applied to workpapers that have not been inserted.
- To receive template updates for the AUD-800 custom audit program, the binder, including the custom audit program must be created from the template that you choose for template updates. Otherwise, the custom audit program properties will not match. This is also true for the AUD-80X series compliance requirement programs in the Knowledge Based Single Audits title.

- To receive roll forward setting updates for workpapers that you can insert or copy into your binder multiple times, the binder including these workpapers, must have been created from the template selected to get updates. If you get template updates from a template that your binder was not created from, only the single instance workpapers will receive the roll forward settings. Review the log file to see which workpapers received roll forward setting updates.
- The log file contains a list of the AUD-80X series workpapers where program steps were added as well as notification of any workpapers that received roll forward setting updates.
- The newly added programs steps will be listed as **added** in the log file.
- Program steps that had been added in a previous template update will be listed as **updated**.

Chapter 16

Synchronizing Knowledge Coach Workpapers

Synchronizing Knowledge Coach workpapers works the same as other Engagement workpapers, with a few important differences, as follows:

- Since Knowledge Coach workpapers are tied together through the logic, tailoring, information flow, and diagnostics, you must synchronize certain Knowledge Coach workpapers together as a set. If any related Knowledge Coach workpapers are selected for synchronization, all related and Foundation workpapers will also be synchronized automatically. See *Related Workpaper Links* on page 24 and *Foundation Workpapers* on page 15 for more information.
- When synchronizing from an open binder, all Knowledge Coach workpapers must be closed. If you are synchronizing with another local file room, the Knowledge Coach workpapers in the remote binder must also be closed.
- Synchronization of Knowledge Coach workpapers will be canceled if there are sets of workpapers from the same title of a different version. Any conflicts will need to be resolved before you can synchronize the binder. Multiple instances of a single instance workpaper will be detected after the synchronization process has been completed and you open the binder or perform any Knowledge Coach function. Any duplicate workpaper conflicts will need to be resolved before you can perform any Knowledge Coach function.
- After synchronizing Knowledge Coach workpapers, you should manually refresh the diagnostics in the binder to ensure you are working with the latest diagnostic information. You will be prompted to refresh the diagnostics and other data when you open the binder after synchronization. Alternatively, in the Diagnostics Pane, right-click on the Refresh Diagnostics item and choose either **Refresh diagnostics for this workpaper** or **Refresh diagnostics for the entire binder**.

Note: When you synchronize a binder that contains Knowledge Coach workpapers and new content exists in the Knowledge Coach Content Library, only the content associated with the binder will synchronize.

Resolving Duplicate Workpaper Conflicts

After synchronization, you may be warned of a duplicate workpaper conflict when opening a binder or attempting to work with a Knowledge Coach workpaper. You are required to resolve the conflict before working with the workpaper. On the Duplicate Workpaper dialog, you can see all workpapers in conflict and select the copy to keep.

If more than one workpaper is duplicated, you will see multiple sections in the dialog separated by color. Select one workpaper from each section to retain. Information about each workpaper will be available to help you select which workpaper should be retained.

When deciding which workpaper to keep, consider the following:

- If both foundation and related workpapers are duplicated, select workpapers from the same source. If one set of foundation workpapers is deleted, any related workpapers that went with that set of foundation workpapers will no longer function. You will be notified of any non-functioning workpapers via diagnostic.
- You must choose one workpaper from each section to resolve any conflicts. You cannot resolve duplicate workpaper conflicts for one section and leave another section with conflicts.

Workpapers that are not selected to retain will be automatically deleted. As part of the delete process, if you are not current editor of the unselected workpaper, you will automatically take over that workpaper.

Warning! You can choose not to resolve a conflict and close the dialog; however, you cannot perform any Knowledge Coach functions or work with any Knowledge Coach workpapers until the conflict is resolved.

Chapter 17

Rolling Forward Knowledge Coach Binders

You roll forward a binder that contains Knowledge Coach workpapers in much the same way you roll forward other Engagement binders. You can manage whether workpapers are replaced with a later version of the template and how information you provided in the workpapers is treated in the binder for the next period.

To modify the roll forward settings of a workpaper, do the following:

1. Select a Knowledge Coach workpaper and click **File > Properties**. The Workpaper Properties window displays.
2. Modify to the settings and click **OK**.

For more information, see *Keeping Answers to Questions* below and *Keeping Row Customizations and Program Steps* on page 69.

Keeping Answers to Questions

The Knowledge Coach workpapers have already been analyzed to determine in which areas of the workpapers you are likely to want to keep your information from period to period, and in which areas you will want to answer from scratch each period. You can use these default roll forward settings if you wish by leaving the Data Retention Option set to “Use response roll forward setting.”

To see the cells of a particular table in a Knowledge Coach Word workpaper that are set to be kept, do the following:

1. Click anywhere inside the table.
2. Click **Roll Forward Settings > View Responses Set to Keep** on the Complete Cells group on the Knowledge Coach ribbon.
3. Wait a few seconds for the workpaper to refresh. In each of the cells for which the default roll forward setting is “keep,” the Keep Upon Roll Forward icon is displayed.

To see the cells of a particular table in a Knowledge Coach Word workpaper that are set to be reset, do the following:

1. Click anywhere inside the table.
2. Click **Roll Forward Settings > View Responses Set to Reset** on the Complete Cells group on the Knowledge Coach ribbon.
3. Wait a few seconds for the workpaper to refresh. In each of the cells for which the default roll forward setting is “reset,” the Reset Upon Roll Forward icon is displayed.

Notes:

- All of the cells within a column will have the same setting: either keep or reset.
- You can continue working in the Knowledge Coach workpaper while the roll forward setting icons are displayed.
- You can override the default roll forward response settings at the workpaper level by choosing either “Keep all responses” or “Reset all responses” in the Workpaper Properties window.
- These settings are not applicable to Knowledge Coach Excel® workpapers, Correspondence Documents (CORs), Auditor's Reports (RPTs), or Resource Documents (RESs), as they do not contain answer selection boxes or floaties.

Saving Knowledge Coach Answers

If Microsoft® Word or Engagement experienced an unexpected shutdown while the current editor was editing a read-only workpaper, complete the following in order to save your Knowledge Coach answers:

In the Binder view, select **Tools > Save Knowledge Coach Answers**.

Warning!

- If working in Microsoft® Word, this option must be selected before re-opening the workpaper that experienced a problem.
- If working in Engagement, this option must be selected after opening Engagement but before re-opening the workpaper that experienced a problem.
- For read-only workpapers, this option must be ran before the workpaper is closed, or the data will not be saved.

Note: If you attempt to close or save a read-only workpaper and are the current editor of the workpaper, a read-only message will appear. You must select **Save Knowledge Coach Answers** before selecting **OK** on the read-only message.

Keeping Row Customizations and Program Steps

You can choose how changes to rows in Knowledge Coach tables are handled when you roll forward your workpapers. You can also choose how program steps in substantive audit programs are treated.

- **Row Customizations**. If you choose to “Merge Row Customization,” any rows that are added to or deleted from the current workpaper , as well as text changes to rows within tables will be merged with the content from the new Knowledge Coach workpaper when it is created. These items can be reviewed upon opening the rolled forward workpaper in the new binder.
- **Keep Custom Program Steps**. Custom program steps you create from scratch in audit program workpapers will be kept in the new workpaper.
- **Keeping Program Steps**. If you choose to “Keep Program Steps,” the program steps in the workpaper that were added from the Program Step Library will be retained in the new workpaper. This option is only available for audit programs for the substantive audit areas where the Program Step Library is used. If you choose this option, two other options are available:
  - **Keep Modified Program Steps**. Modifications you make to added program steps in audit workpapers will be kept in the new workpaper.

    Note: If a step is removed in a later version of Knowledge Coach, modifications for that step are not kept.

Note: Row customization and program step retention settings are not applicable to Knowledge Coach Excel® workpapers, Correspondence Documents (CORs), Auditor's Reports (RPTs), or Resource Documents (RESs).

How to Roll Forward a Knowledge Coach Binder

To roll forward a binder that contains Knowledge Coach workpapers,

1. Select the binder to roll forward.
2. Click **Tools > Roll Forward Binder**. The Roll Forward Binder Wizard displays.
3. Follow the on-screen directions on the Roll Forward Binder Wizard. The Knowledge Coach workpapers are rolled forward along with your other Engagement workpapers.
4. Wait a few minutes for the binder to refresh. This will ensure you are working with the most current information in all of your Knowledge Coach workpapers.

Warning! After you roll forward a binder that contains Knowledge Coach workpapers, make sure to refresh the diagnostics and other data by choosing **Yes** when you are prompted when you open the binder after the roll forward. Alternatively, right-click the **Refresh Workpaper Diagnostic** in the Diagnostics pane and select **Refresh Diagnostics for the Entire Binder**. This ensures that the resetting of information flow is properly refreshed. If you do not do this, you may see prior period information appear in workpapers if you open a workpaper out of the order of its information flow, since the data retention settings do not take effect until you open each workpaper.

Note: You can modify the roll forward settings of Knowledge Coach workpapers and select the appropriate later version, if applicable, during the Roll Forward process.

Chapter 18

GUIDANCE

Knowledge Coach Guidance

To obtain supplemental guidance related to a Knowledge Coach title, do the following:

1. Open any Knowledge Coach workpaper.
2. Click **KC Guidance** on the Guidance group on the Knowledge Coach ribbon. A help file displays. This help file contains the same content as RES-001 KBA Methodology Overview. It also contains workpaper-specific help, including tip information, content updates, and answer effects.

Accessing CCH® Accounting Research Manager®

To access CCH Accounting Research Manager (ARM) from within a binder, do the following:

1. Open the binder.
2. Select **Guidance** on the Shortcut bar.

3. Click the **CCH Accounting Research Manager** icon.
4. Enter your User Name and Password and click **OK**. You do not have to enter your User Name and Password if it has been entered in your staff profile in Engagement Administrator.

You can also access Accounting Research Manager by going directly to http://www.accountingresearchmanager.com.