What's New – ProSystem *fx*® Knowledge Coach Enhancements – Version 2.0

We're pleased to announce the latest enhancements to ProSystem *fx* Knowledge Coach. This 2.0 release further builds on improvements made in past versions and also leverages improvements made with the ProSystem *fx* Engagement 7.0 release. Included in this release is support for multiple instances of substantive audit programs to improve workflow for audits of consolidated or governmental entities and enhancements to make your everyday work more efficient and intuitive.

Additionally, beginning with the Commercial 2013 title, new tailoring questions will help you further streamline your work for less-complex engagements, and you'll enjoy new data flow of materiality information to other workpapers. You'll find even more streamlined forms, programs and practice aids in the 2013 Commercial title. These changes to the Commercial title will roll out into other titles over the course of 2013 and 2014.

In this document, you will find:

- Details of the Knowledge Coach 2.0 Enhancements
    - Improve Workflow for Audits of Consolidated or Governmental Entities
    - Everyday Efficiency
    - Adding New Titles
    - Streamlining Title Changes
    - Work Smarter on Noncomplex Engagements and All of Your Jobs
    - Data Flow from the Materiality Form
    - Link Risks to Program Steps in New Areas
    - New Report Finder
- Other Updates
- Previews of Upcoming Titles
- Knowledge Coach Community
- How to Get Help

Improved Workflow Options for Audits of Governmental Funds and Consolidated Entities

With the introduction of the new Fund Trial Balance features in Engagement 7.0, we've also made it easier to accommodate multiple funds in Knowledge Coach. This new functionality can also be used for consolidated entities.

In previous versions of Knowledge Coach the auditor was required to document work for all funds/entities in a one audit program for an area (for example, Accounts Receivable), or create a separate binder and duplicate the Foundation workpapers each fund or entity. Knowledge Coach 2.0 enables the auditor to document procedures on one or multiple instances of a substantive audit program by creating a custom area and audit program. You can base the new custom audit program on a library of steps from an existing audit area. Therefore, you won't have to create custom steps; rather the program step library will be populated from the selected audit area.

To create another instance of an audit program:

1. Create a custom audit area in AUD-100 – The Tailoring Question Workpaper.

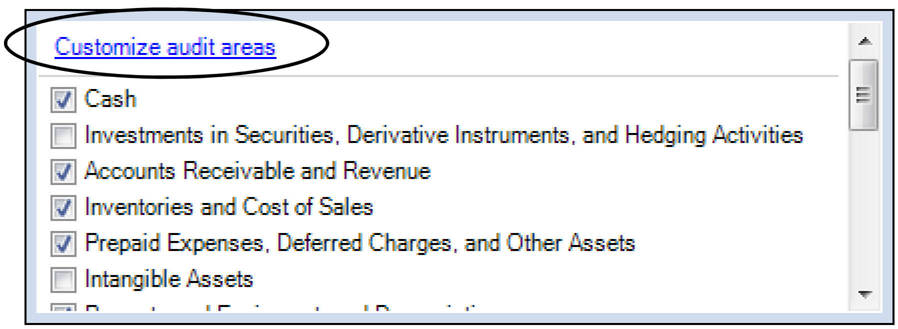


Figure 1 - Customize Audit Area

2. Select **Add** to create a new area.

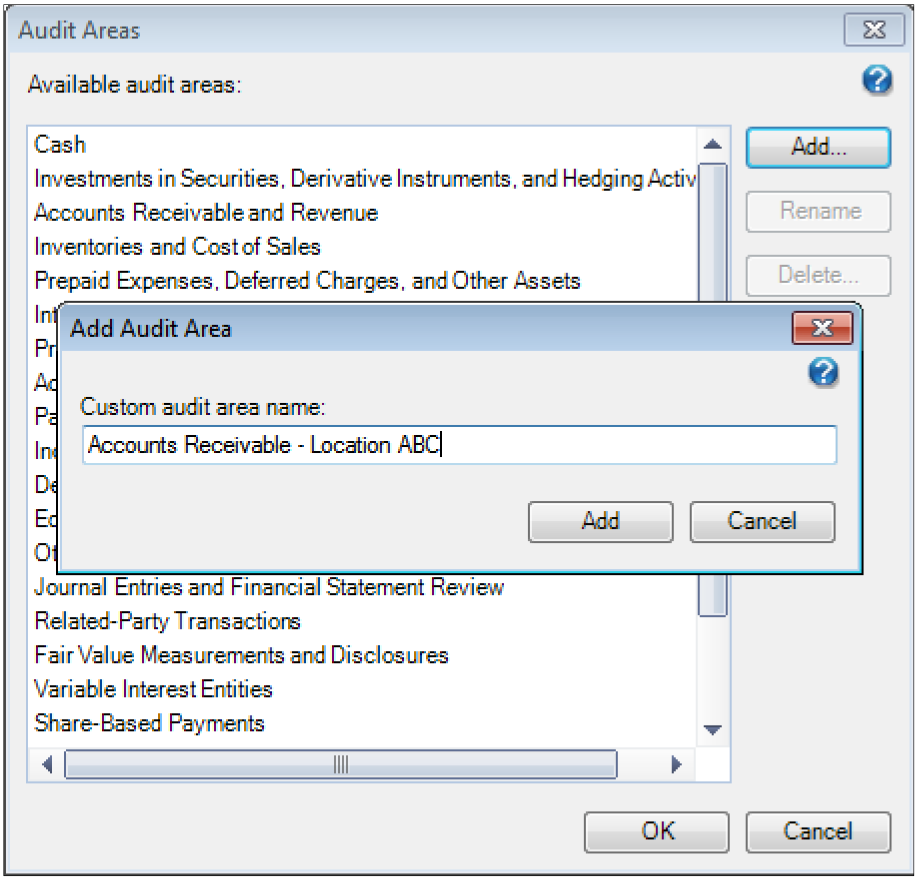


Figure 2 - Adding a Custom Area

3. Once the new area is added, select the new area as an applicable financial statement area on the Tailoring Question Workpaper. This starts the data flow process.

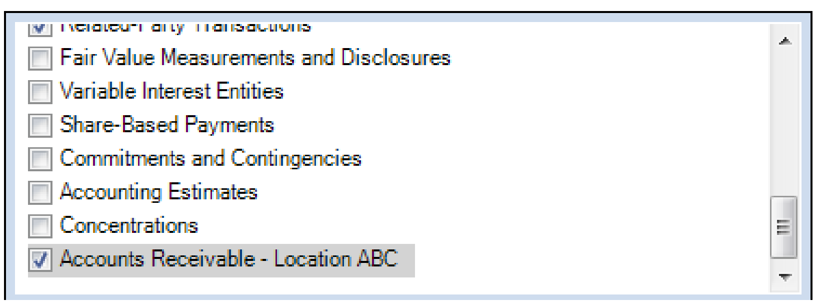


Figure 3 - Choosing the New Custom Audit Area

4. Right Click on any tab in the **Binder View** and select **New Knowledge Coach Workpaper**.
5. Choose AUD-800 – Custom Audit Program and choose the custom area you created..

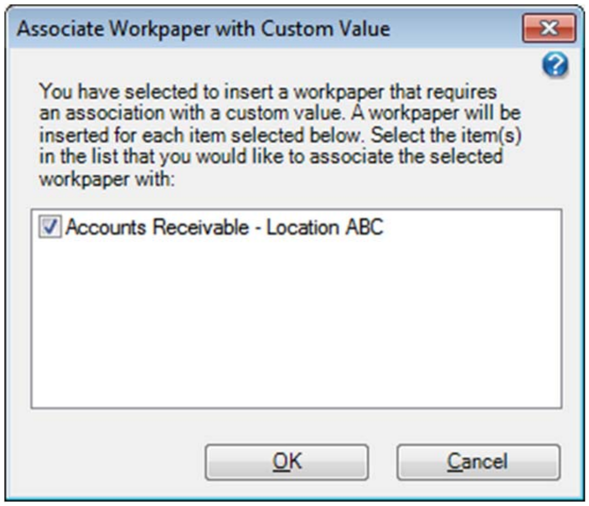


Figure 4 - Select Custom Audit Area

6. Choose the Library Source. This new dialog enables the auditor to choose a starting point for the steps. Choose "N/A" for a blank program, or an audit area to add the program steps for an area.

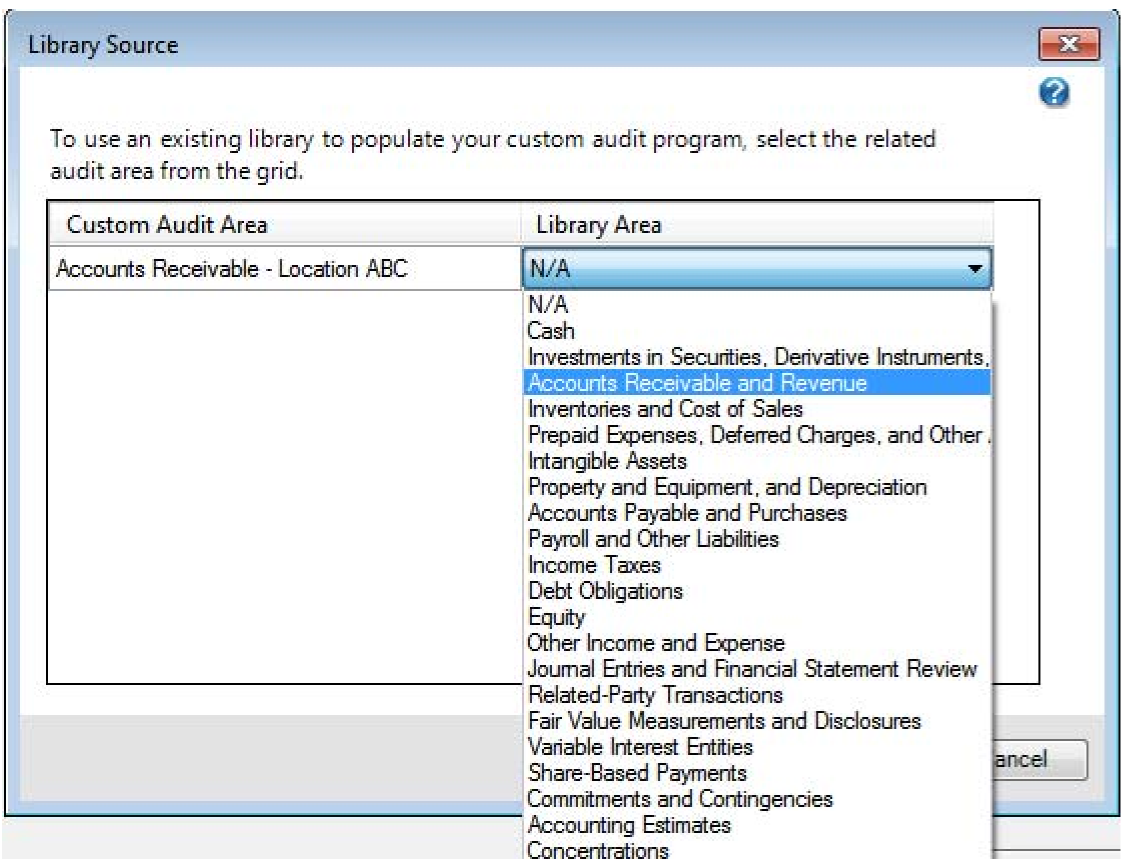


Figure 5 - Program Step Library Upon Which to Base the Custom Audit Program

Note: Once the program is added, you will have access to the same program steps and tailoring as the audit program the area was based on. Customizations in the existing program will not be "transferred" to the custom program. Linkage of procedure to risks and assertions works the same as the non-custom areas.

Everyday Efficiency

We know you need your system to respond quickly so you can focus on the real work of serving your clients. So we've introduced the following new features to help you complete your work faster:

- **Improved Knowledge Coach Peer to Peer Synchronization -** The ability to synchronize a Knowledge Coach workpaper without closing the binder **(right click/assign workpaper/synchronize with selected staff member)** was added in Engagement 6.11/Knowledge Coach 1.11. However, the person receiving the workpaper had to have the binder closed. In Engagement 7.0/Knowledge Coach 2.0, the remote binder no longer needs to be closed to synchronize a related Knowledge Coach workpaper from an open binder to another local file room.

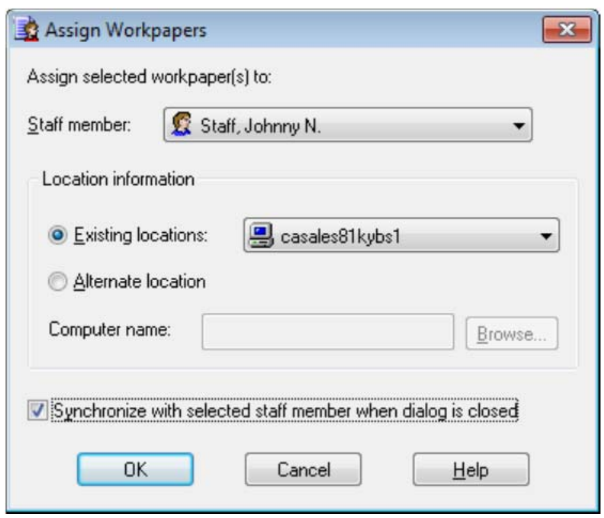


Figure 6 - Synchronize from One Local File Room to Another - Right Click/Assign Workpaper

  Note: If you're synchronizing Knowledge Coach workpapers from an open binder, you will need to ensure that all Knowledge Coach workpapers are closed, since all of the information must be transferred together. Also, if Knowledge Coach workpapers that are "Related" (i.e. data transfers between them in any way) are included in a partial synchronization, all of the "Foundation" Knowledge Coach workpapers for that title will also be synchronized, for the same reason.

- **Reduced focus jumping issues** – Keep your place as you work through your Knowledge Coach workpapers, even when the system is refreshing and adding content throughout the workpapers based on dynamic logic. You will no longer experience jumping around in key areas of the forms when the refresh occurs, so it's easier for you to stay on track and focused on what you're working on.

- **Repair risks -** A new Repair Risk option was added to the Repair Workpaper feature to help address risks that cannot be removed or changed. To access the Repair Risk feature, select a **closed** Knowledge Coach workpaper. Go to **Tools/Repair Workpaper**, and then choose **Repair Risk** as the type of repair, as demonstrated below:

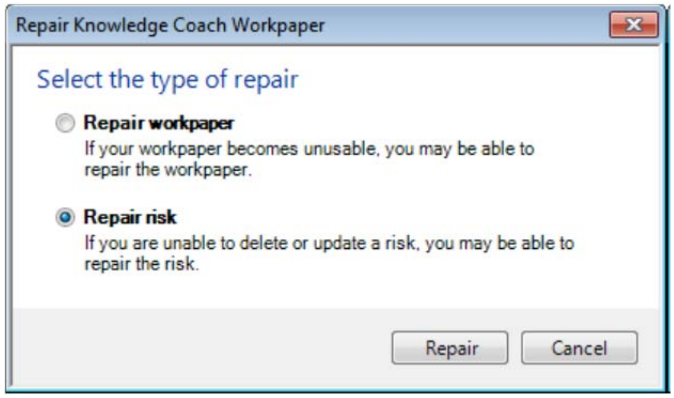


Figure 7 - Repair Workpaper and Risk

Adding New Titles

Our content integration team works hard to create the various Knowledge Coach titles that you can use today. Some of the information is common across titles. Therefore, we've added a new Base Title to begin storing some of this information. This results in smaller file sizes for each title, more consistency across titles, and a mechanism for us to get new titles out to you faster in the future. We'll be adding more common information to the Base Title over time.

The first title for which the Base Title will be required is the 2013 Commercial Title. Both the Base Title and the Commercial Title must be downloaded and added to your title library. The Base Title must be added first. The Base Title does not need to be "Released" to the rest of the firm.

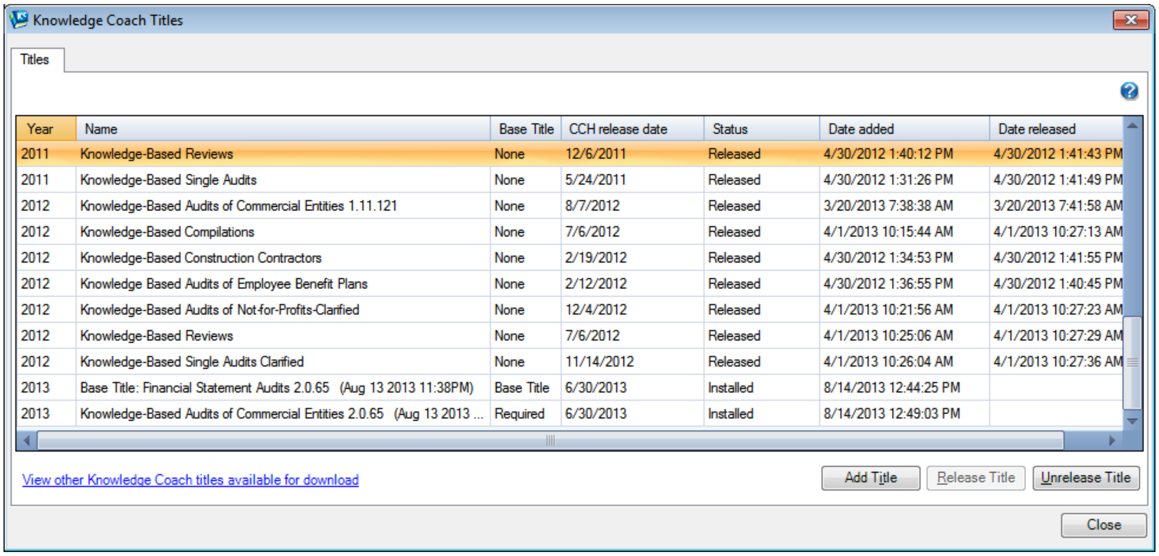


Figure 8 - Knowledge Coach Titles Window, with the Base Title Installed

Streamlining Title Changes

Beginning with the Commercial 2013 title, we've made some exciting changes to help you work better than ever using the Knowledge-Based Audit methodology. These changes come straight from users like you, who are looking for ways to get quality engagement work done efficiently. Not only will these be available in the Commercial title, but we'll deliver these on an industry-specific basis so you'll have ultimate flexibility. The changes will roll out into industry-specific titles over the course of 2013 and 2014, as follows:

2013	**2014**
Commercial	CIRA
Single Audit	Employee Benefit Plans
International	Nontraditional Engagements
	Governmental
	Not for Profit
	Construction
	Compilations & Reviews
	PCAOB
	Healthcare
	Real Estate
	Financial Institutions
	HUD

Work Smarter on Noncomplex Engagements and ALL of Your Jobs

More tailoring is added to the 2013 Commercial Title to help streamline engagements of all sizes, espeically those of noncomplex entities. Since your clients grow and change over time, the tailoring easily allows you to expand or compress audit procedures as needed without switching titles or losing work.

Noncomplex entities typically have the following characteristics:

- An effective internal control environment (tone at the top);
- A simple capital structure;
- A noncomplex operating environment, such as:
    - Straightforward or uncomplicated transactions;
    - Simple record-keeping;
    - Few lines of business and few products within business lines;
    - Few internal controls;
    - Few levels of management with responsibility for broad range of controls; or
    - Few personnel, many having a wide range of duties.
- Concentration of ownership and management in a small number of individuals (often a single individual or “owner-manager”); and
- A low risk of fraud.

The auditor of a noncomplex entity will likely not intend to:

- Perform procedures at an interim date;
- Rely on or perform tests of operating effectiveness of internal controls;
- Use an auditor's specialist;
- Perform an audit of financial statements that is integrated with an audit of internal control over financial reporting; and
- Use computer assisted auditing techniques (CAATs).

Therefore, in addition to having the ability to complete the existing noncomplex version of several forms in more a guided memo format, the Tailoring Question Workpaper is now divided into two sections to help tailor the audit for noncomplex entities.

Tailoring Questions	*Answer*
Entity/Engagement Complexity Tailoring Considerations	
1. Does our client have multiple components, multiple locations, or segments that are included in the scope of our engagement?	Yes
2. Do we intend to rely on audit evidence provided by a component auditor?	Yes
3. Does the entity have an audit committee or equivalent body?	Choose an item
4. Does the client use service organizations?	Yes
5. Does the client have an internal audit department on whose work we will rely?	No
6. Does the auditor intend to use a specialist on our audit?	No
Entity/Engagement General Tailoring Considerations	

Figure 9 - Examples of New Tailoring Questions

One of the most impactful effects of these new tailoring questions is the question about whether you plan to test the operating effectiveness of controls. Procedures will expand or collapse based on the response to this question. For example, if you answer "No," you will no longer see questions about tests of controls in the substantive audit programs.

If you perform a lot of noncomplex engagements, consider building a pre-tailored firm binder template to reflect the complexity characteristics of typical engagements to save valuable time.

Note: Answers attached to new tailoring questions is hidden after the roll forward/content update. However, answers provided in these sections will be preserved and re-appear upon answering the tailoring question associated with the content.

Data Flow from the Materiality Form

Starting with the 2013 Commercial title, information from the Materiality workpaper will flow to other Knowledge Coach workpapers – including the sampling form and substantive audit programs. Form KBA-301 is now a Word document to facilitate data flow to other workpapers and data retention in the roll forward/content update. Additionally, Tolerable Misstatement is no longer on this form. Instead, it is on form AID-801 – Audit Sampling Worksheet for Substantive Tests of Details, which is also now in Word to accomplish data flow and roll forward.

The form begins with Financial Statements as a Whole or Component. Multiple rows may be added as shown below. Financial Statements as a whole is added by default.

Financial Statements as a Whole or Component
Financial Statement as a Whole
Type here to add new item.

Figure 10 - Materiality Form

Next, choose the Benchmark or Benchmarks, or add a custom value.

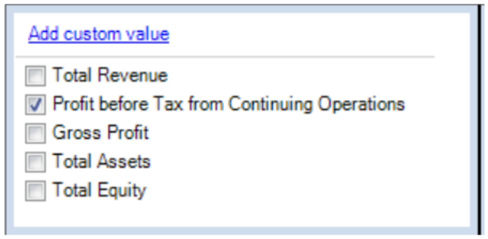


Figure 11 - Materiality Benchmarks

Once you enter the appropriate benchmark amount and materiality percentage, the form will automatically calculate materiality. After other considerations, you'll be prompted to enter the final materiality decision. Materiality will now flow to the following forms and audit programs:

- AID-801 – Audit Sampling Worksheet for Substantive Tests of Details
- All Activity Level Control Forms (KBA-400 Series)
- All substantive audit programs (AUD-800 Series)

MATERIALITY SUMMARY

Financial Statements as a Whole or Component	*Type*	*Amount*	*Related to Audit Area*
Financial Statement as a Whole			
	Materiality		
		$150000	Financial Statement as a Whole

Figure 12 - Materiality Flow to Audit Program

Note: Roll Forward and Update Considerations

- The new version of this workpaper will not automatically be converted from Excel to Word. Instead, delete the Excel version, and add the Word version. To add the new workpaper, right Click on any tab and select New Knowledge Coach Workpaper.
- Data will not transfer from the Excel to Word file. However, you can copy and paste answers as needed.

Link Risks to Program Steps in New Areas

Beginning with the 2013 Commercial title, the Related Party, Commitments and Contingencies, Concentrations, and Accounting Estimates program was split into multiple audit programs with a Program Step Library to improve workflow and maximize audit efficiency. You are also now able to link program steps in these areas individually to risks, similar to other Knowledge Coach programs.

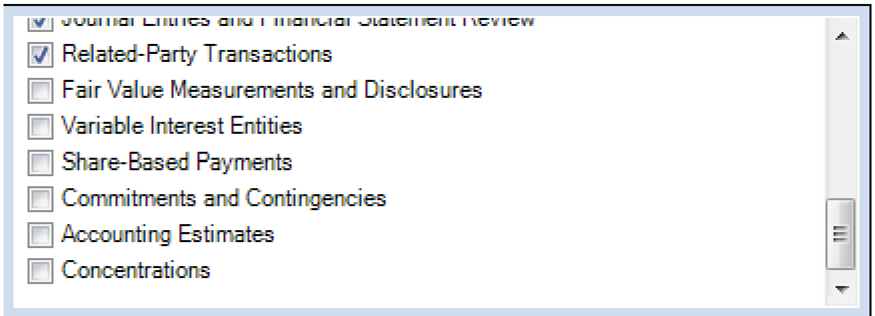


Figure 13 - New Audit Areas in AUD-100

New Auditor's Report Finder

Each Knowledge Coach title includes many Auditor's reports available for use. The Auditor's Report Finder is a new questionnaire (RPT-900) that assists the auditor in determining the proper auditor's report to use based on the conditions identified during the audit engagement. This is particularly helpful when a standard unqualified opinion may be necessary. An excerpt and sample questions from the report finder is below:

QUESTIONS

Tailoring Questions	*Answer*
1. In addition to the auditor's opinion on the financial statements, will the auditor be issuing a separate report on compliance or supplementary information?	No
2. Will the auditor be issuing a review report on interim financial statement information?	Yes
3. Will the review on interim financial report be modified?	No
4. Was the prior year's review report on interim financial statements prepared by a predecessor auditor?	No
5. Will the review report on interim financial information refer to a component auditor?	Yes

Figure 14 - Report Finder Excerpt

Note: Several other streamlining changes have been made to the 2013 Commercial title, based on your feedback and the knowledge of our expert authors and integrator analysts. You can read more about changes to the 2013 Commercial title in the “2013 Knowledge-Based Audits of Commercial Entities Title Overview” here.

Other Updates

We continually track support calls and escalations to identify issue areas in the product. Here's a partial list of items we fixed in ProSystem *fx* Knowledge Coach 2.0:

- Reduced chances of Knowledge Coach data loss and/or corruption by:
    - Blocking the use of Shift+Enter
    - Blocking the ability to insert certain items (tables, illustrations, links, page numbers, text boxes, word art, signatures, symbols, etc.) into a Knowledge Coach table
    - Adding monthly binder indexing for the Local File Room (nightly for the Central File Room and Terminal Server or Citrix Environments)
- Keep data when updating a Knowledge Coach document and the main step has changed or no longer exists (this happens when either a sub step is changed to be its own main step or if a sub step moves to belong to a new main step)
- Ability to insert line breaks in text cells using the "Enter" key.
- Ability to copy and paste the same multiple instance workpaper from one binder to another

Previews of Upcoming Titles

In an effort to assist you in your team training and planning process, we are pleased to announce that we will provide update information about upcoming Knowledge Coach titles on a quarterly basis before the title is available for download. These advance documents are for informational purposes only and are subject to change without notice.

The following title overviews are now available for review here:

- 2013 Knowledge-Based™ Audits of Construction Contractors and Related Entities
- 2013 Knowledge-Based™ Compilations and Reviews
- 2013 Knowledge-Based™ Audits of Commercial Entities
- 2013 Knowledge-Based™ Audits of Public Companies
- 2013 Knowledge-Based™ Audits of Health Care Entities
- 2013 Knowledge-Based™ Audits of Real Estate Entities
- 2013 Knowledge-Based™ Audits of Financial Institutions

The following title overviews will be available in the next forecast installment:

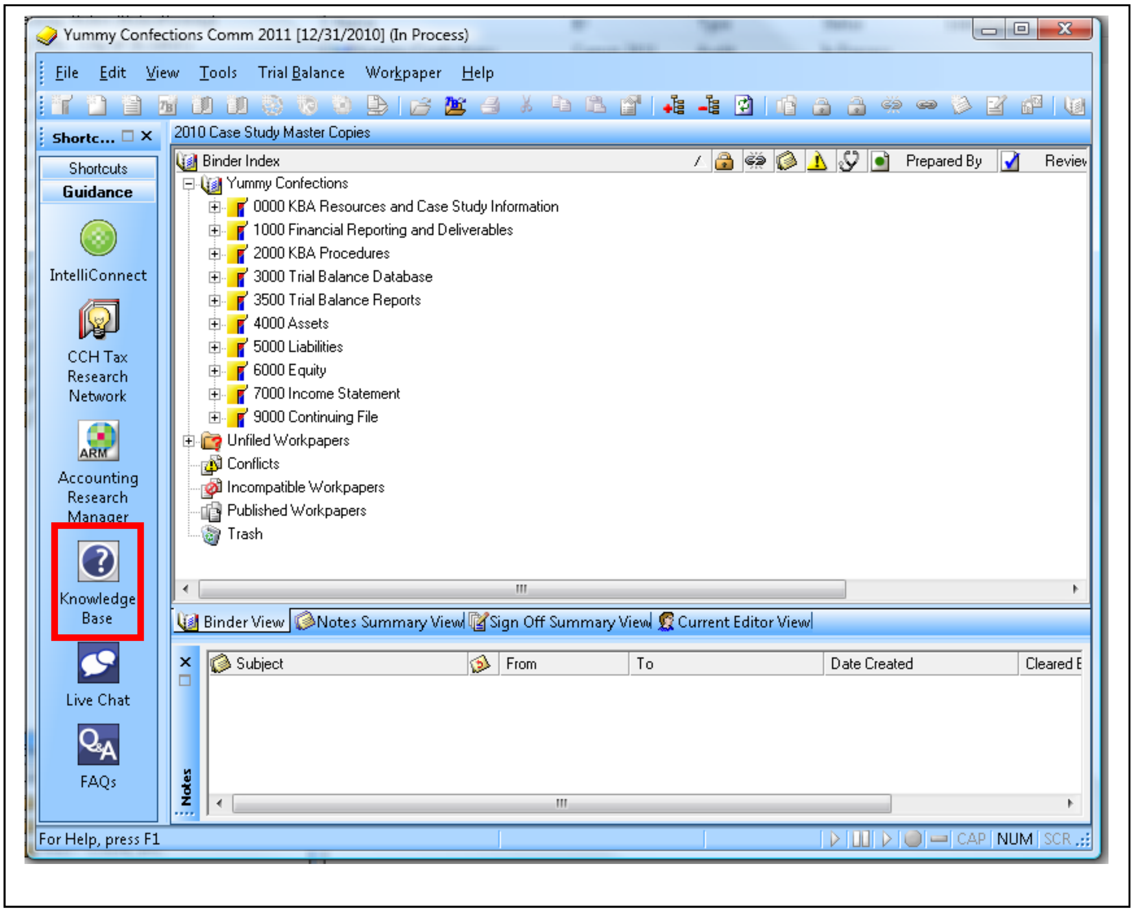
- 2013 Knowledge-Based™ Audits of Housing and Urban Development
  2013 Knowledge-Based™ Single Audits

Knowledge Coach Community

This year we created a new private Knowledge Coach Community to help our Knowledge Coach users network with CCH's experts as well as each other. The Knowledge Coach Community features updated templates, helpful discussions, documents, and Knowledge Coach TV – a series of helpful "refresher" videos to assist with the learning process. Click here to request an invitation.

Important Knowledge Base Articles to Make Your Life Easier

We've heard that some ProSystem *fx* Knowledge Coach users don't know where to look for guidance when they need it. Did you know about the CCH Support Team's extensive Knowledge Base, found here? You can also easily access this website from within ProSystem *fx* Engagement by clicking on **Help → ProSystem fx Engagement Support on the Web → Browse our Knowledge Base**. Or, from any open binder, simply click on the **Guidance** tab on the **Shortcuts** bar on the left-hand side of your screen, and choose **Knowledge Base.** From there, you can search on any topic for quick answers, wherever you are.



You can also see FAQs and Hot Topics on the Customer Support site for Engagement here.

CCH offers a variety of ways to get in touch – whether you're a "phone person" or prefer the web

We understand that one person's preferred method of communication may not be the same as everyone else's, which is why we like providing you with a variety of options when it comes to contacting CCH Support and Customer Service.

Need to speak with a customer rep directly? Give us a call.

You can also get on a remote support session or Live Chat right away, without making a phone call or leaving Engagement. Just select the "Start a Remote Support Session" or "Live Chat" menu items from within the **Help → ProSystem fx Engagement Support on the Web** menu item in Engagement and you'll be hooked up with the help you need. They are also accessible outside of Engagement (Remote Support Session or Live Chat).

Alternatively, submit a web ticket.

Updated regularly as our support services continue to expand, support.cch.com houses everything you need to get in touch with CCH. Be sure to bookmark this site – your destination for all your product support needs.

We hope you enjoy the 2.0 release of ProSystem *fx* Knowledge Coach. We welcome your feedback at any time.