

CCH® ProSystem fx® Knowledge Coach

Welcome to 2018 Knowledge-Based Audits™ of Public Entities for Knowledge Coach

This Release Notes document provides important information about the 2018 release of Knowledge Based Audits™ of Public Entities. Please review this information carefully. If you have any questions, additional information is available on CCH [Support Online](#).

New in this Release

Knowledge-Based Audits of Public Entities

2018 Knowledge Based Audits of Public Entities can be installed on CCH® ProSystem fx® Engagement v2017 by first installing the CCH ProSystem fx Engagement v2017.2.4 Update or later. The latest update can be downloaded [here](#). This update will allow users to work on the 2018 Public Entity title without installing ProSystem fx Engagement v2018 until your firm plans to update.

This title is designed to help the auditor efficiently and effectively perform financial statement audits and, when applicable, audits of internal control over financial reporting, of public entities in accordance with auditing standards promulgated by the PCAOB. The Knowledge-Based™ Audit Methodology is a risk-based methodology that emphasizes using knowledge of the entity to make risk assessments in connection with the audits. This allows the auditor to more appropriately focus audit efforts on those areas which in the auditor's judgment are the most significant and pose the most risk of material misstatement to the financial statements. The knowledge-based methodology is also designed to help the auditor efficiently and effectively perform examinations regarding compliance reports or reviews regarding exemption reports of broker or dealer entities in accordance with the PCAOB attestation standards, as applicable. The Knowledge-Based Audit tools include documents, audit programs, practice aids, correspondence, and example reports. The tools also include interpretive guidance, workpapers, review programs, checklists, and correspondence necessary to complete reviews of interim financial information in accordance with AU 722, Interim Financial Information, audits of broker or dealer entities, should this be required as part of the engagement.

Conducting audits of public entities requires the exercise of the auditor's professional judgment. Additionally, the operations of public entities are often unique and complex and may require specialized accounting and auditing knowledge. This edition includes specific up-to-date guidance for auditing public entities.

This document is published for the purpose of communicating the updates and enhancements included in the current version to users of the toolset. This document is not, and should not be used as an audit program to update the audit documentation of an engagement started in a previous version of this product.

If you are updating from a previous version of the this title, refer to the Knowledge Coach User Guide Chapter 12. The guide is found on the Engagement File Room Help menu.

The 2018 documents include CCH® Accounting Research® material links to specific guidance that provides instant access to detailed analysis related to the steps and processes discussed in the workpapers.

2018 Edition of Knowledge-Based Audits of Public Entities

This edition features numerous enhancements, including:

- Enhancements to help the auditor efficiently and effectively perform examinations regarding compliance reports or reviews regarding exemption reports of broker or dealer entities in accordance with the PCAOB attestation standards, as applicable
 - Many new workpapers, see list below
 - Adding new tables in KBA-103 to document Findings or Exceptions noted in the new ATT workpapers for Examinations, Reviews or Agree-Upon Procedures.
 - New tailoring questions regarding broker/dealers in AUD-100, see KCO-001 for further details.
- Adding links to [TeamMate Analytics](#) throughout the AUD-800 series programs to assist the auditor with analytical procedures that are beneficial in the audit process.
- Enhanced instructions and procedures throughout the toolset to improve workflow.
- Reorganization of multiple areas within the Audit Programs to increase efficiency and improve workflow.
- New and reorganized columns in the workpapers documenting internal controls (KBA-400s) to improve workflow and address questions customers have raised in the past. Refer to KCO-001 for more descriptive changes and roll forward considerations.
- Enhancements to the activity-level control forms with updated subprocesses and activity-level control objectives throughout all the KBA-403 series workpapers.
- Changes to the benchmark/rule of thumb percentage table in KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts, so users will be able to document a separate benchmark and rule of thumb percentage not used in the KBA methodology.
- A new comments table in AUD-100 Engagement-Level Tailoring Questions to document any information you want to capture related to tailoring.
- A new RES-027 Controls Related to FASB ASC 606, Revenue from Contracts with Customer – Five Step Model to assist users whose clients have adopted the new Revenue Recognition Standards.
- Updating audit program name for AUD-809 from Payroll and Other Liabilities to Payroll and Related Liabilities.
- A new example planned response to Management Override of Controls in KBA-502 which flows to the AUD-800 series. This can be modified in the risk pane for the Financial Statement Level Risk of Management Override of Controls and should be modified by the user based on the specific audit.
- Adding many new AUDs, ATTs, CORs, KBAs, RPTs, and RESs as follows:
 - AUD-910 Audit Program: Broker or Dealer Additional Procedures
 - ATT-830 Attestation Program: Examination Engagement
 - ATT-831 Attestation Program: Review Engagement
 - ATT-832 Attestation Program: Agreed-Upon Procedures
 - KBA-101A Overall Examination or Review Engagement Strategy for Broker or Dealer Engagements
 - KBA-901E General U.S. GAAP Interim Financial Statement Disclosures Checklist
 - COR-900A Management Representation Letter: Examination of Broker or Dealer
 - COR-900B Management Representation Letter: Review of Broker or Dealer

- COR-900C Management Representation Letter: SIPC Agreed Upon Procedures
- COR-912A Communication with the Audit Committee: Examination
- COR-912B Communication with the Audit Committee: Review
- RPT-0985 Attestation Opinion: Broker or Dealer Examination
- RPT-0986 Attestation Qualified Opinion: Broker or Dealer Examination Material Weakness Existed During the Most Recent Fiscal Year
- RPT-0990 Attestation Report: Broker or Dealer Review
- RPT-0991 Attestation Modified Report: Broker or Dealer Review Unreported Exception
- RPT-0995 Agreed Upon Procedures Report: Entity’s Claim for Exclusion from Membership (Form SIPC-3)
- RPT-0996 Agreed Upon Procedures Report: General Assessment Reconciliation (Form SIPC-7)
- RPT-0997 Agreed Upon Procedures Report: General Assessment Reconciliation (Form SIPC-7B)
- RES-024 Example Factors to Be Considered When Understanding the Entity and Its Environment
- RES-025 Controls Related to ASC 606, Revenue from Contracts with Customers – Five Step Model
- RES-030 Supplemental Quarterly Schedule to Focus Report Derivatives and Other Off-Balance Sheet Items

[Click here](#) for the 2018 Audits of Public Entities Title Overview for Knowledge Coach Users.

In addition, forms and practice aids throughout have been updated to include new examples and tips, and where applicable, to take into account:

New literature, standards, and developments, reflected in the following current audit and accounting guidance:

- AS 3101, The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion
- FASB Accounting Standards Codification™ as of September 30, 2018, through Accounting Standards Update No. 2018-15
- AICPA Statement on Auditing Standards (SAS) No. 133, Auditor Involvement with Exempt Offering Documents
- AU 722, Interim Financial Information
- PCAOB Staff Audit Practice Alert No. 15, Matters Related to Auditing Revenue from Contracts With Customers

Important Notes:

- Make sure to save changes to workpapers before closing the workpaper or the binder to ensure data is correctly updated.
- If your Current Editor Knowledge Coach Microsoft® Word workpapers become read-only or crash, please do the following:
 - Keep the binder with the affected workpapers open.
 - Highlight the workpaper in the binder window and go to **Tools > Save Knowledge Coach Answers**.

System Requirements

- This title requires the 2018 Financial Statement Base Title. The 2018 Financial Statement Base title MUST be installed with one of the following versions of CCH® ProSystem fx® Engagement and Knowledge Coach.
 - Engagement and Knowledge Coach v2017 with CCH ProSystem fx Engagement v2017.2.4 Update or later available [here](#). To identify what version you are running, please go to the **Help > About** window within the application.

- Engagement and Knowledge Coach v2018 or later.
- If you are upgrading from Engagement v7.1 or lower please contact [Technical Support](#).
- A minimum of 4GB of RAM is required for optimal performance when opening and navigating through Knowledge Coach workpapers.

License Requirements

- This title requires the Knowledge-Based Audits of Public Companies license. Any user that does not have a license for this title will not be able to use Knowledge Coach functionality in workpapers.
- For more information on how to update your licensing, view [How do I add or update CCH ProSystem fx Engagement Licenses?](#) on our website.
- For more information on how to assign licenses, view [How do I assign Engagement Licenses?](#) on our website.

Download Instructions

If you are planning to use this title on Engagement and Knowledge Coach v2017, ensure you apply CCH ProSystem *fx* Engagement v2017.2.4 Update to all machines including Admin servers and terminal servers before installing the title. Review the Update's [release notes](#) for more information on deployment.

To download this title:

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

Note: On some occasions the content package file (.KCP) will download with the extension changed to .ZIP. If this occurs, please change the extension of the downloaded file to KCP using all capital letters.

You must install the 2018 Financial Statement Base title before installing the 2018 Knowledge Based Audits of Public Entities.

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

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

Installation Instructions

Once you have downloaded your Knowledge Coach title, you will need to add it to the list of titles within CCH ProSystem *fx* Engagement. The only additional system requirement is approximately 75MB of disk space to store your Knowledge Coach Program content files. Please refer to the Engagement with Knowledge Coach Release Notes for any other system requirements.

After downloading the 2018 Knowledge Based Audits of Public Entities, do the following:

1. Launch the Engagement Workpaper Management application so that the Local File Room is displayed. Select **Tools > Knowledge Coach Titles**.
2. The Knowledge Coach Titles window will be displayed.
3. Choose **Add Title**.

4. Browse to the title package file (*.KCP) that you previously downloaded from the Knowledge Coach Support Web site.
5. Choose **Open**.
6. The system will display a progress indicator while the title package is added. You will receive a message that the title has been successfully installed once the process is complete.

To release a title:

1. Select one of the Knowledge Coach titles in the list that has been added but is not yet released.
2. Choose **Release Title**. The current date and time will be displayed in the Date released column, and the status will change to "Released."

Note: In the Engagement Admin module, add and assign a Knowledge Coach module and the applicable Knowledge Coach title license to staff before using the workpapers.

Important: Once the 2018 Knowledge-Based Audits of the Public Entities title has been added and released, they will be automatically deployed to other staff members when they login to the "Office" location, or when they synchronize a binder that contains Knowledge Coach workpapers from this title.

Online Permission Key

Permission key files may be downloaded from our [website](#) or when adding or updating the new licenses within CCH ProSystem fx Engagement v2017 and higher. After updating the license file in the Engagement Admin module, licenses need to be assigned to the staff who will use 2018 Knowledge-Based Audits of Public Entities.

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

CCH® Accounting Research Manager®

CCH's Accounting Research Manager ("ARM") is the most comprehensive, up-to-date and objective online database of financial reporting literature. It includes all authoritative and proposed accounting, auditing, and SEC literature, plus independent, expert-written interpretive guidance.

Available on ARM, the Knowledge-Based Audits of Public Entities Guide helps you comply with the most recent professional standards and guidance for the conduct of audits of Public Entities and to integrate the use of practice aids, tools, and other resources with its guidance. This publication supplements and complements the Knowledge-Based documents that are available in Knowledge Coach.

If you subscribe to an ARM library that includes Public Entity content, you can link directly to source material from Resources within Knowledge Coach documents. These links have been updated to refer to the accounting standards under the FASB Accounting Standards Codifications. Also, if you subscribe to the Knowledge-Based Audits of Public Entities Guide on ARM, you can take advantage of references to the guide material from within the Knowledge Coach documents.

With Accounting Research Manager, you maximize the efficiency of your research time, while enhancing your results. Learn more about our content, our experts, and how you can request your free trial by visiting the [Accounting Research Manager website](#). You can also access the Accounting Research Manager Web site by selecting **Engagement > Binder Window > Shortcuts Bar > Guidance tab**.

Using Your Knowledge Coach Content

To use your Knowledge Coach Workpaper Templates, do the following:

1. Open a binder in Engagement.
2. Select the workpaper tab into which you would like to insert the workpaper.

3. Select **New Knowledge Coach Workpaper** from the toolbar or File menu.
4. The *New Knowledge Coach Workpaper* dialog appears (Figure 1).
5. Select the **New Knowledge Coach Title** with the content you would like to use. You can only select titles you have installed. The information displayed changes to reflect the workpaper organization available for the selected title.
6. Select the **Knowledge Coach Workpapers** to insert into your binder and click **OK**.
7. In the *Selected Workpaper Properties* dialog, each workpaper name is automatically loaded into the Name field. Add a **workpaper index** in the Index field and make any Name modifications you desire. You can also modify the tab location or the roll forward settings for each workpaper.
8. Click **OK**. The integrated Knowledge Coach workpaper is now inserted into your engagement binder.

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

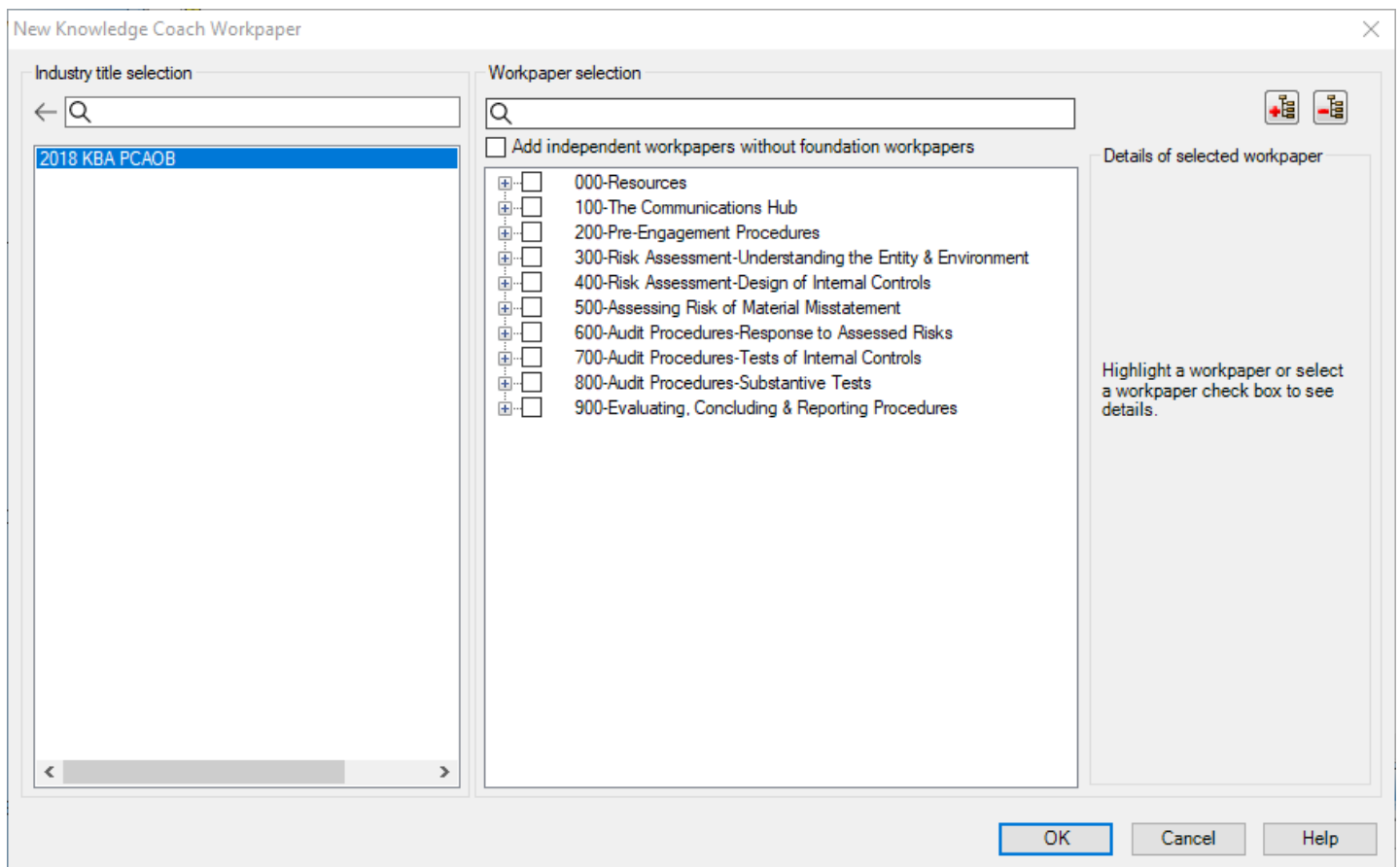


Figure 1 - New Knowledge Coach Workpaper

Additional Information on Knowledge Coach and the KBA Methodology

Knowledge-Based Audit (KBA) Methodology

Allows the results of one set of procedures to become the input for the next. The key components of the KBA methodology include:

- An Overview that guides auditors through the methodology;
- Knowledge-Based Audit documents, integral to the risk assessment and overall audit processes, which contain steps and procedures required by PCAOB auditing standards;
- Customizable Audit Programs that take auditors through related steps and procedures;
- Practice Aids to help auditors complete steps or processes outlined in the Knowledge-Based Audit documents and Audit Programs;
- Auditor's Reports that provide a variety of sample auditor's opinions on audited financial statements; and
- Correspondence documents that provide sample letters to be used to comply with PCAOB requirements and in many other common situations.
- The PCAOB's Risk Assessment Standards - The practice aids and tools in the 2017 Knowledge-Based Audits of Public Entities are designed around the PCAOB's risk assessment and clarified standards to assist auditors of public entities by:
 - Facilitating compliance with PCAOB auditing standards;
 - Encouraging more effective audits through tailored audit programs and comprehensive practice aids;
 - Helping auditors to focus on and respond to identified audit risks; and
 - Enhancing audit documentation.

CCH® ProSystem fx® Knowledge Coach

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

Note: Before you begin your audit, please review the guidance in AUD-101 Overall Audit Program. This workpaper is intended to be your road map through a Knowledge-Based Audit methodology. You should start your audit with AUD-100 Tailoring Question Workpaper and AUD-101 Overall Audit Program.

- **Risks**
Can be captured via the Risk Summary task pane from any Knowledge Coach workpaper by the current editor of KBA-502 Summary of Risk Assessments. This allows the user to continuously assess risks during the engagement. Several workpapers prompt the consideration of the presence of risks, but the Risk Summary task pane must be used to document those risks. All documented risks flow to the Risk Summary. To ensure risks show in findings tables, make sure to check the "workpaper identified in" field of the Risk pane.
- **Information Flow**
Helps cut down on the time spent duplicating information across forms. In addition, the flow of consistent information ensures that information and updates to information are not missed between workpapers. Drill-down functionality helps the user navigate quickly to the source of the information, aiding in the review of the audit file.

- Diagnostics**
 Help keep track of unresolved issues like unanswered questions, incomplete risks, program steps not linked to risks or relevant assertions, missing workpaper, and more.
- Links to Accounting Research Manager (ARM)**
 If you subscribe to an ARM library that includes audit content, you can link directly to source material from Resources within Knowledge Coach workpapers. These links have been updated to reference to the accounting standards under the FASB Accounting Standards Codifications and the auditing standards issued by the AICPA. Also, if you subscribe to the Knowledge-Based Audits of Public Entities Guide on ARM, you can take advantage of links to the audit guide material from within the Knowledge Coach documents.
- Interpretive Guidance**
 It is integrated into each Knowledge Coach template through the Tips view of each new task pane. Informational features include Practice Points, Examples, Optional Workpapers, and Resources to help auditors work more effectively and efficiently. You can also navigate from Resources within a document or the tip pane directly to CCH's Accounting Research Manager and industry audit guides by simply clicking on the Reference.

Download Description:	2018 Knowledge-Based Audits of Public Entities
Version:	Engagement and Knowledge Coach v2017 with CCH ProSystem <i>fx</i> Engagement v2017.2.4 Update or later OR Engagement and Knowledge Coach v2018 or later 2018 Financial Statement Base
Release Date:	October 2018
File size:	18MB
Approx. Download Time:	42 minutes at 56 kbps
License:	Full Version
Platforms:	Microsoft® Windows® 7, 8.1, 10
Office:	Microsoft® Office 2013 or higher required