

CCH® ProSystem fx® Knowledge Coach

Welcome to 2021 Knowledge-Based Audits™ of Public Entities for Knowledge Coach

This bulletin provides important information about the 2021 release of Knowledge Based Audits™ of Public Entities. Please review this bulletin carefully. If you have any questions, additional information is available on CCH [Support Online](#).

Information about the Title

This title is designed to help the auditor efficiently and effectively perform financial statement audits and, when applicable, audits of internal control over financial reporting of 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 a financial statement audit. This allows the auditor to focus audit efforts more appropriately 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 tools also include interpretive guidance, workpapers, review programs, checklists, and correspondence necessary to complete reviews of interim financial information in accordance with AS 4105, Reviews of Interim Financial Information, AT No. 1: Examination Engagements Regarding Compliance Reports of Brokers and Dealers, and AT No. 2: Review Engagements Regarding Exemption Reports of Brokers and Dealers, should these be required as part of the engagement.

Conducting audits of public entities requires 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 this title, refer to the *Knowledge Coach User Guide*, Chapter 12. The guide is found on the Engagement File Room Help menu.

The 2021 documents include CCH® Accounting Research® material, with links that provide instant access to detailed analysis of the processes discussed in the workpapers.

New in this Release

2021 Edition of Knowledge-Based Audits of Public Entities

This edition features numerous enhancements, including:

- Adding a new risk type option, "Other," in the risk pane for documenting risks that do not qualify as fraud or significant.

- Updating the “Debt” audit area to “Debt and Lease Obligations.”
- Adding a new column, "Describe Any Compensated Control(s) that Limit the Severity of the Deficiency," in KBA-103 Evaluating and Communicating Internal Control Deficiencies. The auditor can now describe compensating controls related to deficiencies in KBA-103 instead of other workpapers. Also, there is no diagnostic on this column, as describing the compensating controls is not required.
- Removing columns in KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures related to "Compensating Controls," as this is now documented in KBA-103.
- Rearranging columns in KBA-400 Table 1: Scoping and Mapping table for improved workflow.
- Removing columns in KBA-401 Understanding Entity-Level Controls and KBA-402 Understanding General Controls for Information Technology related to "Compensating Controls," as this is now documented in KBA-103.
- Removing columns in KBA-40X Understanding Activity-Level Controls series related to "Compensating Controls;" also, adding a new column, "Identify Any Complementary Control(s) Necessary to Meet the Control Objective," to improve workflow.
- Adding a new step, “Significant Accounting Estimates,” to many audit programs.
- Enhancing instructions and procedures throughout the toolset to improve the workflow.

[Click here](#) for the 2021 Audits of Public Entities Title Overview for Knowledge Coach Users.

CCH® ProSystem fx® Engagement 2020 Compatibility

This title can be installed on Engagement v2020 by first installing the Engagement v2020.2.4 Update. The latest update can be downloaded via CCH Software Delivery Manager. This update allows you to use the 2021 content without installing Engagement v2020 until your firm plans to update.

CCH Access Knowledge Coach Instructions and Information

- No installation is necessary. Once released, the title will be available for use after login. See the help topic [Updating Industry Content to the Latest Version](#) for instructions about applying the updated title.

CCH ProSystem fx Knowledge Coach Instructions and Information

Updating Your Title

If you are updating from a previous version of this title, review **Help > Knowledge Coach Help Topics**, then select “Updating to the Latest Version of a Workpaper” from the Table of Contents.

Best Practices

- Save changes to workpapers before closing the workpaper or the binder to ensure data is correctly updated.
- If Microsoft® Word crashes when using Knowledge Coach, before closing the binder, use the **Save Knowledge Coach Answers** option in the binder view under the Tools menu. This saves all data within tables.
- You can view other Knowledge Coach best practices on our [Web site](#).

License Requirements

This title requires the Knowledge-Based Audits of Public Entities license. Users who do not have a license for this title cannot use Knowledge Coach functionality in workpapers.

- For information on updating your licensing, see [How do I add or update CCH ProSystem fx Engagement Licenses?](#) on our Support Web site.
- For more information on assigning licenses, see [How do I assign Engagement licenses?](#) on our Support Web site.

Preparing for 2021 Knowledge-Based Audits of Public Entities on CCH ProSystem fx Knowledge Coach

This title requires the 2021 Financial Statement Base Title v2 or later

If you have not yet installed the base title, it can be downloaded via the support web site or the Title Install Utility.

If you have installed the base title, then the latest Knowledge Coach Content Update (2021-11 or later) will update your titles. The 2021-11 Content Update Release Notes are available [here](#).

Download and Installation Instructions

See [How do I add a new CCH ProSystem fx Knowledge Coach title to CCH ProSystem fx Engagement?](#) for instructions on installing a new Knowledge Coach title.

Notes:

- You must install the 2021 Financial Statement Base title v2 before installing this title.
- This title can be installed on Engagement v2020 by installing the v2020.2.4 or later update available on Software Delivery Manager.
- On some occasions the content package file (.KCP) will download with the extension changed to .ZIP. If this occurs, change the extension of the downloaded file to KCP, using all capital letters.

We also have a utility to help you install and release your titles. See [How do I use the CCH ProSystem fx Knowledge Coach Title Install Utility?](#) for more information.