



Tax & Accounting

*5 Ways to Increase
Your Engagement
Workflow Efficiency*

How to Use an End-to-End Software Solution to Improve Productivity at Your Firm

In this white paper, we'll look at ways to improve tax and audit workflow efficiency, how firms are unlocking thousands of hours on their engagements and how best to leverage technology to improve audit efficiency and quality.

Specifically, we'll look at:

- Trends and challenges facing accounting firms
- How technology can help address these challenges
- How to choose and implement software solutions

Section 1: Trends and Challenges Facing Accounting Firms

"The biggest business challenge our firm faces is fee pressures," says Jeffrey Chandler, CPA, President and Managing Director at Borland Benefield, P.C. "So what we've been trying to do is minimize the time we're spending in the field doing non-audit work, such as gathering information. Our practice is nonprofits, government and construction, so we have to be especially efficient to serve these industries. Our biggest priority is making sure our staff is fully chargeable."

Many accounting firms rate fee pressures as one of their biggest challenges. Here's what else firms are reporting in three different areas:

Strategic and Critical Thinking

- Being reactive instead of proactive
- The impact of traditional checklists on audit efficiency and quality
- Fee pressures

Attracting and Retaining Talent

- The market is competitive in both attracting and retaining staff
- Skill gaps in staff, along with a lack of a defined, satisfying career path to keep staff
- Lack of work/life balance

Business Growth and Development

- New client acquisition

60%

Financial claims related to the failure to detect a misstatement or disclosure error*

72%

Small/Medium businesses have changed their CPA because they are reactive instead of proactive*

51%

CPA firms say they are too busy to take on new clients*

Section 2: How Technology Can Help Address These Challenges

Technology is key to improving audit quality, overall firm efficiency and profitability. Technology is also instrumental in providing staff with better work/life balance and freeing them up to perform more satisfactory work.

As Chandler points out: “Being successful is all about leveraging your staff the best you can to make them fully billable and allow them to do the high-level work suitable for their experience and skill level.”

Not all tax and audit solutions, however, are capable of improving efficiency, encouraging quality and offering the flexibility that allows staff to do their best work. In this section, we’ll identify the criteria to look for in a complete audit workflow management tool.

What Better Software Looks Like

One of the first considerations for improving the efficiency of your audit workflow is to identify what a better system looks like. Your approach should include software that meets the following criteria:

1. A paperless system with current technology.
2. An end-to-end workflow that:
 - Makes the compliance process quick and easy, leaving more time for advisory work.
 - Requires minimal IT resources.
 - Identifies and measures milestones, so that key insights, deliverables and due dates don’t fall through the cracks.
 - Maximizes efficiency to maintain, or better yet improve, productivity.
3. A centralized, streamlined audit system that helps the firm do more work with the same or fewer resources.

Leveraging Technology for Success

Firms using an end-to-end paperless system with a centralized, streamlined audit experience will benefit in a variety of areas. Here are some of those benefits, grouped by three critical business issues accounting firms deal with:

Expertise and Insights

- Automated and dynamic tax return and financial statement preparation.

“It’s amazing how much time you save and accuracy you gain with an end-to-end paperless system that integrates tax and audit,” points out Kim Conaway, CPA, Product Manager, Accounting & Audit Solutions at Wolters Kluwer.

- Robust trial balance, reporting and workpapers are automated and roll forward from year to year.

Risk Mitigation

- Compliance management through binder lockdown.

“Accounting firms need software that allows them to be in compliance with the 45- to 60-day lockdown to adhere to reporting rules,” Conaway says.

- Use of CAATT analytical tools to identify risk areas and anomalies (CAATT will be discussed in more detail later).
- Improved audit quality.

“The number one problem is having way too much in workpapers that doesn’t belong there,” Chandler points out. “Paperless means there is less irrelevant material in the files because we’re streamlining the process, and if something doesn’t have value to the audit, it’s removed. Firms that are paperless have higher quality audits.”

Improved Productivity

- A single end-to-end workflow tool for both financial statement engagements and tax engagements.
- Added productivity is seen through integration with other software, such as the CCH® ProSystem fx® Suite and CCH Access™ modules.
- The solution becomes the firm's central repository for tracking, reporting, review and sign-off.
- Workpaper backup happens through synchronization.

What is CAATT?

"Computer Assisted Auditing Tools and Techniques (CAATT) have become a big discussion topic in our industry, especially for the last year or so," Conaway points out. CAATT are built into powerful audit workflow management tools, like with Wolters Kluwer's Integrated Audit Approach, and can:

- Analyze large volumes of data to look for anomalies — the key is that these tools make these processes simple.
- Save time manipulating data, as opposed to relying on Microsoft® Excel®.
- Perform powerful audit and fraud detection techniques, and identify and look into these possible fraud items.
- Integrate directly into your current electronic workpaper management system.

Using CAATT will help firms achieve improved productivity and identify areas of concern through automated data analysis.

"Part of the nature of our industry is going into the field and coming back into the office. We need a backup if there's a hardware failure."

— Kim Conaway



Section 3: How to Choose and Implement Software Solutions

Top 5 Software Criteria for Significant Savings

When choosing software, be sure the software will deliver the following five essentials that are necessary for improving audit quality, productivity and work/life balance for staff members:

1. Software/Content Integration — The tools should work together to improve overall workflow efficiencies and help you to reduce repetitive steps. “Tax return integration is a huge benefit,” Chandler points out. “Having the tax return roll out of the system into the tax trial balance that is different from the GAAP trial balance and that will match the tax return is a huge timesaver.”

2. Consistency — Industry-specific templates and related roll-forward options that create consistency throughout the firm should be included.

“Your ability to set up binder templates for an industry, such as HUD engagements, for instance, and copy that template throughout the workpapers improves consistency,” Chandler points out. “It also means that no matter which engagement a manager is reviewing, every audit is consistent, and a reviewer can move quickly from one audit review to the next.”

3. Automation — Automatic linking of the trial balance to the financial statements and tax returns will eliminate manual data entry and lead to increased efficiency and greater accuracy.

“It’s really the key to time savings,” Conaway says. “Also, keying in information leads to user errors. Allowing the system to automatically populate data gets you that higher level of accuracy. You’re not worrying about the human error factor.”

4. Workpaper Review — Integrated tools allow the reviewer to simplify the review process, a critical piece toward achieving improvements.

“The ability in the software to put links into the workpaper that can open documents, such as the lease or buy/sell agreement, saves me hours in the review process not looking for documents,” Chandler points out. “Also, with the right software and processes, you can complete the first draft of the audit while still in the field.”

5. Engagement Status Tracking — Diagnostic tools ensure engagements remain on track and are completed on time. CCH® ProSystem fx® Engagement, for example, lets you see the status of all audits at any time, from anywhere.

“We’ve got 100 to 120 audits, and I can keep abreast of the progress of the audits because we synchronize the binders on a daily basis. That means I can go in at any time and from anywhere to see who is doing what, who has what checked out and what needs to be signed off on,” Chandler says. “I can also set up deadlines for an audit and see any real-time issues.”

“Using the content integration between the software pieces and setting up the engagement with all the documentation up front before the field work is the number one thing we are doing as a firm for efficiency.”

— Jeffrey Chandler, CPA



Addressing Staffing Challenges

Using the right software and processes provide firms a competitive advantage as far as staffing goes. Additionally, having technology that automates tasks cuts down on the amount of time people spend working, improving work/life balance.

“If you’re not paperless, your turnover is worse,” Chandler explains. “We are twice as big with the same amount of staff as we had 10 years ago, before we started down the paperless path. The software solutions have made us less of a sweatshop. We have happy staff members here.”

Closing Workflow Gaps

It’s clear that the way firms can address fee pressures, improve audit quality and compete for talented staff is to maximize efficiency, using a powerful workflow management tool for all engagements that meets the five criteria listed previously. Whether your firm conducts tax engagements, audit engagements or both, the CCH® ProSystem fx® Suite offers end-to-end solutions for unmatched workflow efficiency.

Serving as the central “hub” for engagements of any kind, CCH ProSystem fx Engagement is the engine that drives the engagement process. It works with CCH® ProSystem fx® Tax to share financial data, which updates automatically when changes are made in either program. Together with CCH® ProSystem fx® Knowledge Coach, it assures guidance throughout an entire audit — from planning to completion — driving dramatic improvements in efficiency, accuracy and compliance. Adding in CCH® Accounting Research Manager® and CCH® IntelliConnect® provides quick and direct answers to research questions.

Together, the software solutions make up Wolters Kluwer’s Integrated Audit Approach, the industry’s foremost risk-based audit program. Breaking from oversimplified audit checklists, the Integrated Audit Approach places more emphasis on planning, guidance and risk mitigation. The result is a revolutionary system that eliminates the most notorious issues associated with checklists by minimizing under- and over-auditing while helping you better understand your clients!

Client Training

Getting clients on board with providing audit documentation up front is an important component of Borland Benefield’s success and a firm’s ability to maximize efficiency.

“It takes time to train your clients, and I’ve had no one push back,” says Chandler. “Client training is mission-critical at our firm.”

How Borland Benefield Improves Efficiency by 30 Percent with CCH ProSystem fx Engagement

Borland Benefield has used CCH ProSystem fx Engagement for about 10 years. The software works as the firm's main hub and central location for tracking, reporting, review, sign-off and archiving. It has allowed the firm to eliminate the use of file cabinets and go completely paperless.

The firm has experienced major gains in efficiency as a result of the audit software and tax software linking together.

"We have multistate tax returns," Chandler explains. "Once we've entered the trial balance, the tax return is already fine-tuned. We find some tax returns that took 80 hours now take 20 hours because of the efficiency gains. The integration with tax is incredible."

Other benefits of CCH ProSystem fx Engagement:

Chandler can look at his firm's productivity metrics at any time, from anywhere. "We can set up passwords so that if I have to look at our firm's financials, I can look at them from anywhere in the world."

The software has enabled the firm to gain 30 percent efficiency on each and every audit engagement by allowing the firm to cut down on time spent in the field. The firm's process is to set up the files before team members go out into the field.

"We can gather documents via CCH Access™ Portal, which enables secure file exchange, and set up the files," says Chandler. "That way we can let the client know that something is not correct and head off problems ahead of time."

Also, the use of CCH ProSystem fx Engagement improves efficiency and consistency and allows the firm to push lower-level work down to lower-paid staff.

Chandler explains: "We are now training our interns, paraprofessionals and entry-level auditors on the first day on how to link financial statements, get documents out of CCH Access Portal and set up the engagement binders. The consistency of our jobs is all handled by entry-level staff."

This also means that senior staff can identify problems before going into the field and use their time better.

Additionally, the firm saves time by having pre-created binder templates for each industry and being able to roll forward year to year. "The beauty in year 2 and year 3 with the software is that you have your files set up exactly the way you want them set up, and when you roll forward, the binders are exactly right," Chandler says. "In CCH ProSystem fx Engagement, you can easily check what to roll forward in a file. It can save 40 percent in time spent in the planning phase."

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