

Case Study:
Integrated
Audit
Approach

Tax & Accounting

*DiCicco, Gulman &
Company LLP Utilizes
the Integrated Audit
Approach to Significantly
Improve Efficiency*

DiCicco, Gulman & Company has used CCH® ProSystem fx® Engagement for about 15 years to manage client engagements. In 2010, the firm began looking for ways to improve their audit process to better comply with the AICPA's Risk-Based Audit Standards. After considering potential solutions, they implemented CCH® ProSystem fx® Knowledge Coach, an award-winning audit management solution that includes planning, workpaper generation, workflow management and risk oversight — all rolled into one.

“We give clients that personal attention that’s hard to get at larger firms, while bringing the deep expertise that clients want which they can’t always get at smaller firms,” explained one of the firm’s principals, Kristopher Hebert, CPA, MSA.

Full-service firm relies on CCH ProSystem fx Engagement and CCH ProSystem fx Knowledge Coach to create a highly efficient audit process

DiCicco, Gulman & Company LLP is a mid-sized, full-service firm providing tax, accounting and consulting services to privately held businesses and individuals. Based in Boston, the firm employs more than 120 professionals and offers clients specialized expertise to the architecture, engineering, commercial business, real estate and technology industries.

Previously during the audit, if auditors needed to make changes to the planning, they had to make those inside the other software, so it would roll to the next year, and then also make the same changes within Engagement. The manual process left a lot of room for error.

“Before we got CCH ProSystem fx Knowledge Coach, our audit planning was done in software that did not integrate with CCH ProSystem fx Engagement. The lack of integration made it hard to review planning and the other software lacked signoff ability, so auditors and managers could not see if anything had been changed since the planning was reviewed. It was not efficient.”

— Patrick R. O’Beirne, CPA, MST,
Manager,
DiCicco, Gulman & Company LLP

Wolters Kluwer's Integrated Audit Approach

DiCicco, Gulman & Company LLP was pleased with their full library of Wolters Kluwer solutions, including:

- CCH® ProSystem fx® Tax
- CCH® ProSystem fx® Practice Management
- CCH® ProSystem fx® Fixed Assets
- CCH® ProSystem fx® PDFlyer
- CCH® ProSystem fx® Engagement

That satisfaction with the solutions already in place was, at least in part, why the company decided to complete their set of integrated audit workflow solutions by adding CCH ProSystem fx Knowledge Coach and CCH® Accounting Research Manager® to their portfolio in 2010. The combination of Engagement, Knowledge Coach and CCH Accounting Research Manager make up Wolters Kluwer's Integrated Audit Approach — a new perspective on auditing that helps firms generate higher quality, more efficient audits through dynamic, iterative processes and tools.

Now using the Integrated Audit Approach, DiCicco, Gulman & Company LLP saves time and ensures accuracy, while providing auditors with the flexibility needed to determine the best steps for each audit. Seamless integration between Knowledge Coach, Engagement and other Wolters Kluwer solutions provides guidance and efficiencies throughout the audit, reducing the time required to populate the audit binder. With Knowledge Coach, auditors enter data once and it flows to all relevant workpapers, saving time and ensuring accuracy. Knowledge Coach also provides the ability to launch CCH Accounting Research Manager from inside the solution, when auditors need to perform research.

“We were looking for an audit process that was more integrated, so we went to Knowledge Coach. Everything was integrated. It was all in one spot. What really attracted us to Knowledge Coach was not only how easy it is to use within Engagement from an efficiency standpoint, but also that when you add or change a risk in one form, Knowledge Coach automatically adds that risk to the other forms that need it.”



Patrick R. O'Beirne, CPA, MST
Manager
DiCicco, Gulman & Company LLP
Boston, Massachusetts

DiCicco, Gulman & Company, LLP Key Data

- Founded in 1995
- Offices in Boston and Woburn, Massachusetts
- 120+ full-time staff members, 20 partners
- Conducts approximately 130 audits per year

More Collaborative Audit Planning

Audit teams at DiCicco, Gulman & Company LLP include from 3–7 people, depending on client complexity and industry. Planning for each new client’s audit is a team effort, and Knowledge Coach makes it easier for those auditors, managers and partners to collaborate. Rather than filling out a checklist, the team looks at the particular client’s situation and discusses how to best approach the audit.

Patrick finds that the knowledge-based approach of Knowledge Coach produces better documentation of the risk assessment than the firm’s prior solution. Knowledge Coach employs investigative questions designed to identify material risks. Rather than a formula-driven materiality calculation, Knowledge Coach relies on the auditor’s expert assessment of risk and type of business at the client level.

Diagnostics within Knowledge Coach highlight when a documented risk hasn’t been addressed by a program step. As a result, the auditor immediately knows what areas need greater focus.

“With Knowledge Coach, there is more conversation around the planning process. As a team we discuss what is going on, adjustments needed and documentation changes.”

“Compared with our prior software, the risk assessment and Knowledge Coach takes less of a checklist approach and requires more comments for documentation. Not every question should be weighted the same and there are often other things to consider outside the traditional checklist. For example, if we know that an area is not really a high risk for a particular client, then we do not want it to be defined as high risk just because we checked off 7 out of 10 items. Knowledge Coach leaves us with more auditor judgment, which is big for us.”



The Power of Rolling Forward Prior Audits

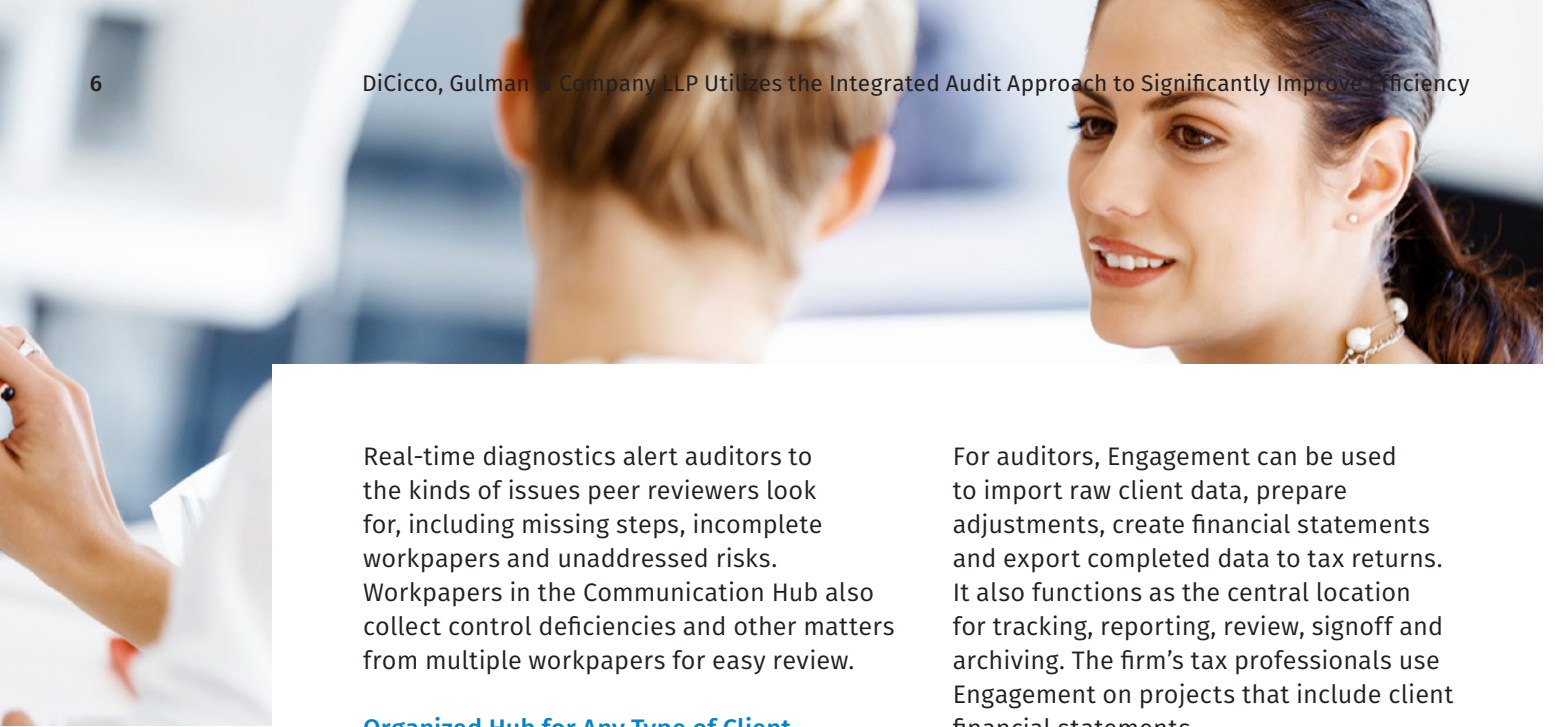
The firm has experienced many benefits while using Knowledge Coach, the true efficiency of the Integrated Audit Approach was revealed when auditors began rolling forward audits. Patrick estimates that the roll-forward process in Knowledge Coach saves the firm about 10-15 percent of the time they spent in audit planning each year with the prior software; with having to update the standalone software for changes that didn't make it in there, as well as the back and forth between Engagement and the other planning software.

Knowledge Coach also saves time for reviewers, with a general risk assessment form that outlines all of the relevant assertions and assessed risks, and also includes a column for audit program steps. This form allows partners and principals who are not going to go through every workpaper in the binder to get a comprehensive overview of the audit.

“As high-level reviewers, we can easily see all the risks for this job, the relative assertions for all the different areas, how we assess the risks and then what steps we are doing to address those. The general risk assessment form does not provide me the results, because that is within the workpapers. But that one form gives me a lot of information about the whole process.”



“The best thing about Knowledge Coach is its integration with Engagement and how that enhances the roll-forward process. We are able to quickly evaluate a reoccurring client’s risk assessment and update planning forms to ensure all current year factors are considered. On an ongoing basis, we have seen a 10–15 percent time savings in audit planning for existing clients thanks to this unique roll-forward process of having the planning within Engagement.”



Real-time diagnostics alert auditors to the kinds of issues peer reviewers look for, including missing steps, incomplete workpapers and unaddressed risks. Workpapers in the Communication Hub also collect control deficiencies and other matters from multiple workpapers for easy review.

Organized Hub for Any Type of Client Engagements

CCH ProSystem fx Engagement serves as the hub for engagements of all types in the firm's auditing and tax practices. It's a critical component in the Integrated Audit Approach, providing an intuitive system for organizing each engagement.

“Engagement is great because everything is in one spot —very organized. I like the way the trial balance works, being able to do groupings, journal entries, and so forth. It is a huge benefit to have Knowledge Coach layered onto that, because you can complete the planning forms in the same spot you are going to do the field work.”

For auditors, Engagement can be used to import raw client data, prepare adjustments, create financial statements and export completed data to tax returns. It also functions as the central location for tracking, reporting, review, signoff and archiving. The firm's tax professionals use Engagement on projects that include client financial statements.

“Engagement is very easy to use. I did not have formal training with Engagement when I joined the firm, although with Knowledge Coach, training is necessary. I was able to work through Engagement and figure things out on my own, without much difficulty.”

As a fundamental change in the way audits are conducted, transitioning to the knowledge-based audit approach is not likely to happen overnight. However, once staff is familiar with the new system you will quickly reap the benefits of this powerful methodology. To ensure that your firm is up and running as quickly as possible, Wolters Kluwer's Professional & Client Services team provides a variety of workshops, training and consulting options that are geared for firms of different sizes, for different uses of the program and for varying levels of proficiency.

Efficiency Gains Enable Value-Add Opportunities and Stronger Client Relationships

Wolters Kluwer's Integrated Audit Approach improved the firm's planning and auditing efficiency — but time savings isn't its biggest benefit. Patrick explained that the most important long-term benefit is the extra time freed up to spend with business owners and financial executives. If the team has planned for two days in the field, but the audit work takes a few less hours, there is additional time to spend learning about the client's future plans and possible value-add opportunities.

“We are getting to know our clients better and building stronger relationships with them. That is important. That extra time gives us opportunities to take a deeper dive and to provide suggestions on their business and internal controls — extra analysis they want versus just the compliance. And from a firm perspective, it gives us some additional billing opportunities when we discover additional value-add projects.”

Patrick likewise appreciates the time Wolters Kluwer takes to build a strong and helpful relationship with his firm. Feedback that DiCicco, Gulman & Company LLP provided to Wolters Kluwer led directly to enhancements in Knowledge Coach.

“Wolters Kluwer is very receptive to feedback. Being early adopters for Knowledge Coach, we had a lot of influence on changes. They did not have a real estate title initially, and we worked with them on it.”

“We are spending more quality time with the CFO, the controller or the president, getting to know about their business. What are the plans for the future? How can we help them get there? When you are running close on time just trying to get the compliance done, those important conversations might not always happen. Wolters Kluwer's Integrated Audit Approach helps us ensure that we have time for those conversations.”

Using Wolters Kluwer's Integrated Audit Approach, DiCicco, Gulman & Company LLP was able to:

- Sign off on completed work much faster thanks to the unique roll-forward process, which saves them 10–15 percent in audit planning for existing clients.
- Strengthen the connection between risk assertions and program steps.
- Reduce the risk of over-auditing due to the Knowledge-Based Audit Methodology.
- Use time saved through efficiency to strengthen client relationships and look for additional value-add opportunities with clients.

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