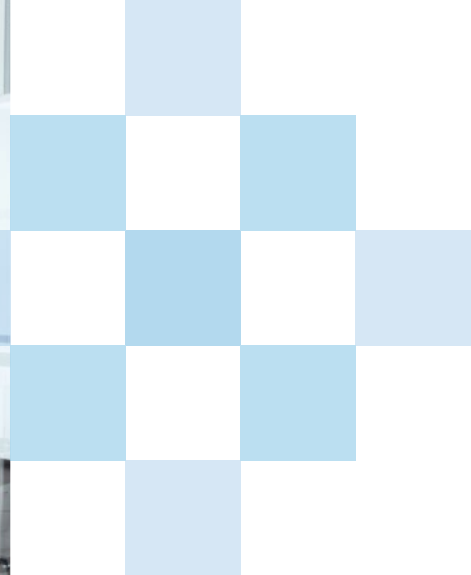


How Does Matson and Isom
Use ProSystem fx® Knowledge
Coach and CCH's Full Audit
Workflow to Deliver High
Quality, Efficient Audits?



Matson and Isom Key Data:

- Founded in 1955
- Based in Chico, California, with offices in Redding, Colusa and Yuba City, California
- 90+ full-time staff members
- Conducts approximately 140 audits per year

With the goal of meeting the AICPA's Risk-Based Audit Standards, Northern California accounting firm Matson and Isom leverage the power of ProSystem fx® Knowledge Coach to re-engineer their audit process, delivering higher quality, more comprehensive, and more efficient audits in the process.

When the American Institute of Certified Public Accountants (AICPA) first issued the Risk-Based Audit Standards, accounting firms began searching for an automated solution to help them adhere to the standards and streamline their audit processes. California CPA firm Matson and Isom was no exception.

As one of the largest accounting firms in Northern California, the 90+ person firm based in Chico, California, has been successfully serving its agricultural, health care, education and other clients since 1955. The firm saw the introduction of the Risk-Based Standards as an opportunity to retool its auditing process from top to bottom. In 2009, they became one of the first firms to evaluate ProSystem fx Knowledge Coach as a potential solution.

“When the Risk-Based Standards originally came out, we felt it was important to analyze our entire audit process to identify areas for improvement,” explained Bryce Gibbs, a shareholder at Matson and Isom responsible for information technology at the firm. “We had a sense that we were over-auditing, but our previous solution provider did not give us a clear way to assess by how much or to link audit steps to specific risks. As a result, auditing staff had no way of seeing how audits changed after new risk assessments were made.”

A Unique Knowledge-Based Approach Drives an Improved Process

Initially, the firm was attracted to Knowledge Coach for its powerful Knowledge-Based Audit™ (KBA) methodology. The KBA methodology starts each new audit with a clean slate and adds the necessary auditing steps as risks are identified, providing a clear line-of-sight between identified risks and audit steps. By focusing on the flow of information, the knowledge-based methodology improves communication between audit team members and enables ongoing assessment.

In addition, the firm valued the fact that Knowledge Coach is fully integrated with other CCH solutions, including ProSystem fx® Engagement, Accounting Research Manager®, ProSystem fx® Document and ProSystem fx® ActiveData (all of which the firm already used). Matson and Isom has found that the seamless integration between CCH solutions is the key to a smooth and complete audit workflow.

To evaluate Knowledge Coach, Matson and Isom began with a limited trial of the solution within a small subset of the firm. The Commercial Entities practice was the first to evaluate Knowledge Coach, and shareholders and staff put the solution through its paces on seven different client engagements in 2010. After conducting successful trial audits, the shareholders and staff praised Knowledge Coach's streamlined digital audit process. Based on that feedback, the firm decided to extend the roll out of Knowledge Coach to its Governmental, Health Care, and Non-Profit practices in 2011. In addition, they began conducting all retirement plan audits through Knowledge Coach as well.

“Our initial trial of Knowledge Coach helped us generate a higher quality audit file overall,” said Gibbs. “Over-auditing is no longer an issue, and our audits are tightly tailored to the standards and to each client. The fact that information is flowed throughout the workpapers has also improved audit accuracy and ultimately resulted in less time required to perform each audit.”

Improved Efficiency, Flexibility, and Communication

For example, one of the firm's typical Knowledge Coach engagements came in at 665 hours of auditing — 82 hours under budget. That included a 75 percent reduction in time in preparation of audit programs due to Knowledge Coach's ability to roll over the audit steps from the prior year. In addition, the firm achieved a 30 percent reduction in time spent performing internal control tests and another 30 percent reduction in updating understanding, compared to audits performed before Knowledge Coach.

With Knowledge Coach, the results from each audit stage flow directly to the Communications Hub, which allows team members to easily view summaries, risks, and findings. As a result, Matson and Isom found that senior staff can monitor progress more effectively and new staff can now get up-to-speed on engagements quickly and easily.

“After the first year of using Knowledge Coach, we saved at least as much time as we spent implementing the solution, since we were able to roll everything over to achieve even greater efficiencies in year two.” explained Gibbs. “We've definitely streamlined our planning and review process, but we think we can achieve even more efficiencies over time.”

The firm has also found that Knowledge Coach allows for course corrections to be made on-the-fly when needed during an audit, which was not possible with other solutions they considered. For example, when a course correction is made, such as adding a new risk uncovered during the audit, Knowledge Coach automatically prompts the user with new diagnostics stemming from the newly added risk. All updated information is automatically flowed through relevant workpapers, setting Knowledge Coach apart from other solutions that require time-consuming, manual updates.

Using ProSystem fx Knowledge Coach, Matson and Isom was able to:

- Generate better quality overall audits for their clients in line with the AICPA's Risk-Based Audit Standard
- Reduce over-auditing and more tightly tailor each audit to client-specific risks
- Improve accuracy and ultimately reduce the amount of time required to perform each audit
- Make course corrections on-the-fly when needed during an audit
- Maximize their investment with exceptional Knowledge Based Audit training and support

“In one recent audit, we were not able to rely on information that we thought we would have going in,” explained Gibbs. “With Knowledge Coach, we were able to modify the audit based on the information we had and easily document our change of course and the reasons behind it. This would have been much more difficult and time-consuming in the past.” The firm has achieved other unexpected benefits through the use of Knowledge Coach, as well. “When our staff finished auditing with Knowledge Coach, they said that they learned more about the client and their business than they ever knew before,” explained Gibbs. “Knowledge Coach gives us a more complete audit file. Our staff sees the big picture and knows exactly what audit steps are connected to which risks.”

CCH School of Audit Delivered In-Depth Training for Maximum Effectiveness

Gibbs credits much of the successful rollout of Knowledge Coach at Matson and Isom to the training his auditing team went through on-site during the Knowledge Coach roll out. Delivered by CCH’s School of Audit, the training introduced Matson and Isom shareholders and staff to the Knowledge-Based Audit™ (KBA) approach and enabled them to get the most out of their investment in Knowledge Coach and the CCH suite of solutions.

“We found the training with Knowledge Coach to be invaluable to our team — not just the audit technology training, but also the audit methodology training,” explained Gibbs. “Both are essential and time well-spent. Knowledge Coach represents a new way of auditing, and the training helped us see exactly how the risk-based standards were being adhered to throughout the digital audit workflow.”



To learn more about ProSystem fx® Knowledge Coach and CCH’s complete audit workflow, contact your CCH Account Representative at **800-PFX-9998 (800-739-9998)** or visit CCHGroup.com

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