THOMSON REUTERS

PPC's SMART Practice Aids

User Guide

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Getting Started

Welcome

Welcome to **PPC's SMART Practice Aids™**. These innovative audit tools from PPC bring advanced functionality to your existing Practice Audit products.

PPC's SMART Practice Aids™ – Risk Assessment. Plan your audit in four easy steps:

- Identify risks – Complete planning forms and identify risks that could result in a material misstatement of the financial statements.
- Assess effects of risks – Determine the extent of audit procedures necessary in light of identified risks.
- Review and modify audit programs – Review the suggested audit procedures and modify as needed.
- Generate Practice Aid planning forms and audit programs.

PPC's SMART Practice Aids™ – Internal Control. Optimize the overall planning process. Use this comprehensive, fully-integrated internal control evaluation and analysis tool with PPC's SMART Practice Aids™ – Risk Assessment to:

- Obtain and document your understanding of internal control.
- Evaluate system design.
- Prepare internal control test plans if desired (required, if performing a public company audit of internal control).
- Conclude on control effectiveness, if performing a public company audit of internal control.
- Assess control risk.

PPC's SMART Practice Aids™—Disclosure. Optimize financial statement disclosure preparation and review. Use this automated tool to:

- Prepare a customized checklist of applicable disclosure requirements.
- Quickly identify new or changed disclosure requirements.
- Create and save company-specific disclosures.
- Create and store firm-approved disclosures for use on any engagement.
- Research related authoritative literature on Checkpoint.

Refer to the "How-to" and Navigation Tips accessed by clicking the **View Tip** button for more information as you complete each section.

The primary documentation for using PPC's SMART Practice Aids™ is provided in this comprehensive Help system. Also available is a Quick Tour. (You can access the tutorial from the SMART Practice Aids **Help** menu.) Please take some time to browse these resources; we think it will prove worthwhile.

Please visit our Customer Help Center at support.rg.thomsonreuters.com/smartepractice for up-to-date installation instructions, system requirements, FAQs, and best practices for using PPC's SMART Practice Aids™. You can also sign up for training courses and learn how to make the most of the product features and functionality.

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System Requirements

It is very important that your system meet certain requirements to allow PPC software to function correctly and adequately. Complete system requirement information can be found at http://support.rg.thomsonreuters.com. Before installing this update, please ensure your system meets these basic requirements:

- Pentium III compatible or higher processor, 500MHz minimum (1 GHz or higher recommended)
- Windows Vista ™ (Business, Enterprise and Ultimate editions)
- Windows XP Professional with SP2 operating systems installed according to manufacturer's instructions and minimum requirements.
- Office 2007
- Office XP with SP2 or Office 2003 with SP1.

The above service packs are required because they resolve certain Microsoft product feature or security issues that could affect Tool products.

Note: Office Student/Teacher Edition is not supported. PPC recommends the use of Office Professional edition.

Tip: Check Microsoft's Windows Update or Office Update websites for information on installing Service Packs. Often service packs must be installed in order for proper results.

IMPORTANT:

Windows XP Professional Users

PPC's SMART Practice Aids require Windows XP users to install Service Pack 2. You can download the latest Microsoft service pack by using the Windows Update feature found in Windows XP, or you can visit Microsoft's Windows Update web site located at www.windowsupdate.com.

Office Users

PPC's SMART Practice Aids require Office XP users to install Service Pack 2. These can be accessed via www.officeupdate.com.

Hard Drive Space

It is recommended that you allow 200MB hard drive space (800MB if Microsoft SQL Server 2005 Express is not currently installed).

Ram

It is required that you have at least 512 MB RAM (1 GB or higher recommended) available prior to any installation.

Third-party Software

PPC's SMART Practice Aids require Microsoft® SQL Server 2005 Express and Microsoft® .NET Framework 2.0. These products will be installed automatically if the PPC's SMART Practice Aids installation routine does not detect them on your system.

Creating a New Client Engagement

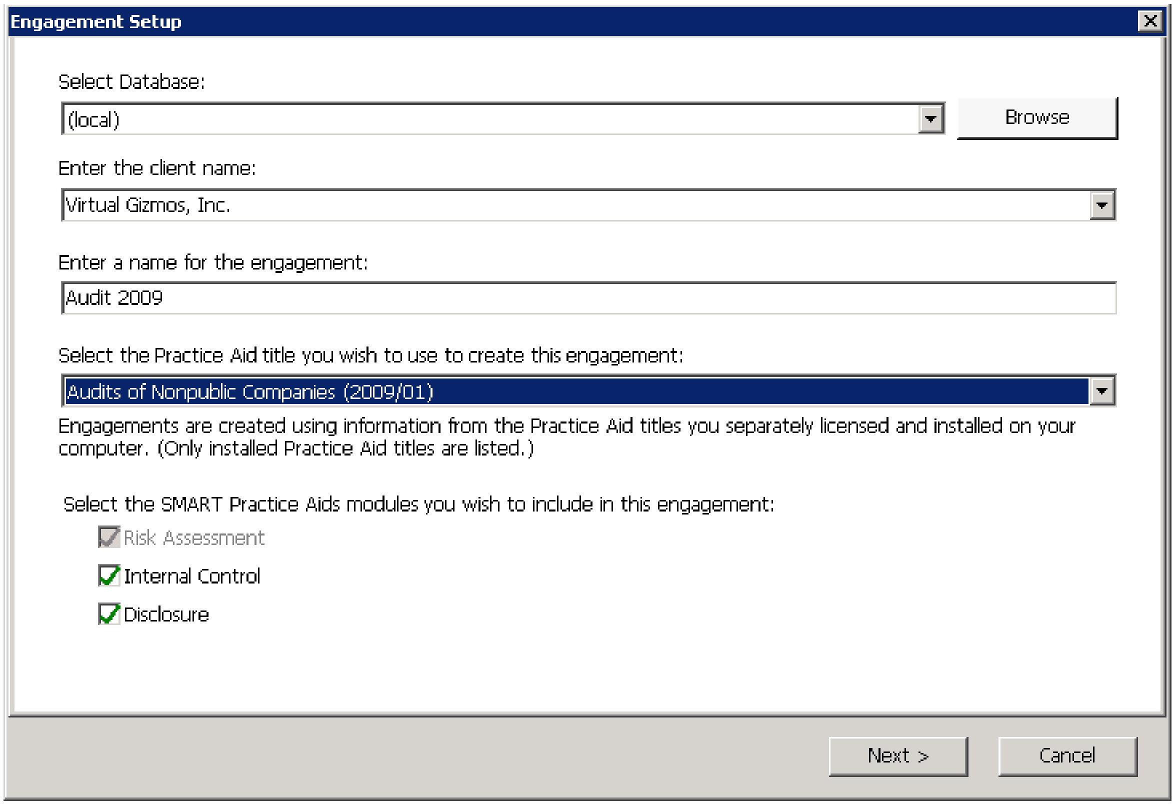
There are two options to creating a new client engagement:

- From PPC Title
- From a Master Engagement

Creating an engagement from a PPC Title creates a blank engagement based on the PPC title you select. Creating an engagement from a Master Engagement imports any information from the previously generated Master engagement into the new client engagement.

To create a new engagement from a PPC Title:

1. Click **New**>Client Engagement (from PPC Title) from the **File** menu.



Select Database: (local)

Enter the client name: Virtual Gizmos, Inc.

Enter a name for the engagement: Audit 2009

Select the Practice Aid title you wish to use to create this engagement: Audits of Nonpublic Companies (2009/01)

Engagements are created using information from the Practice Aid titles you separately licensed and installed on your computer. (Only installed Practice Aid titles are listed.)

Select the SMART Practice Aids modules you wish to include in this engagement:

☑ Risk Assessment
☑ Internal Control
☑ Disclosure

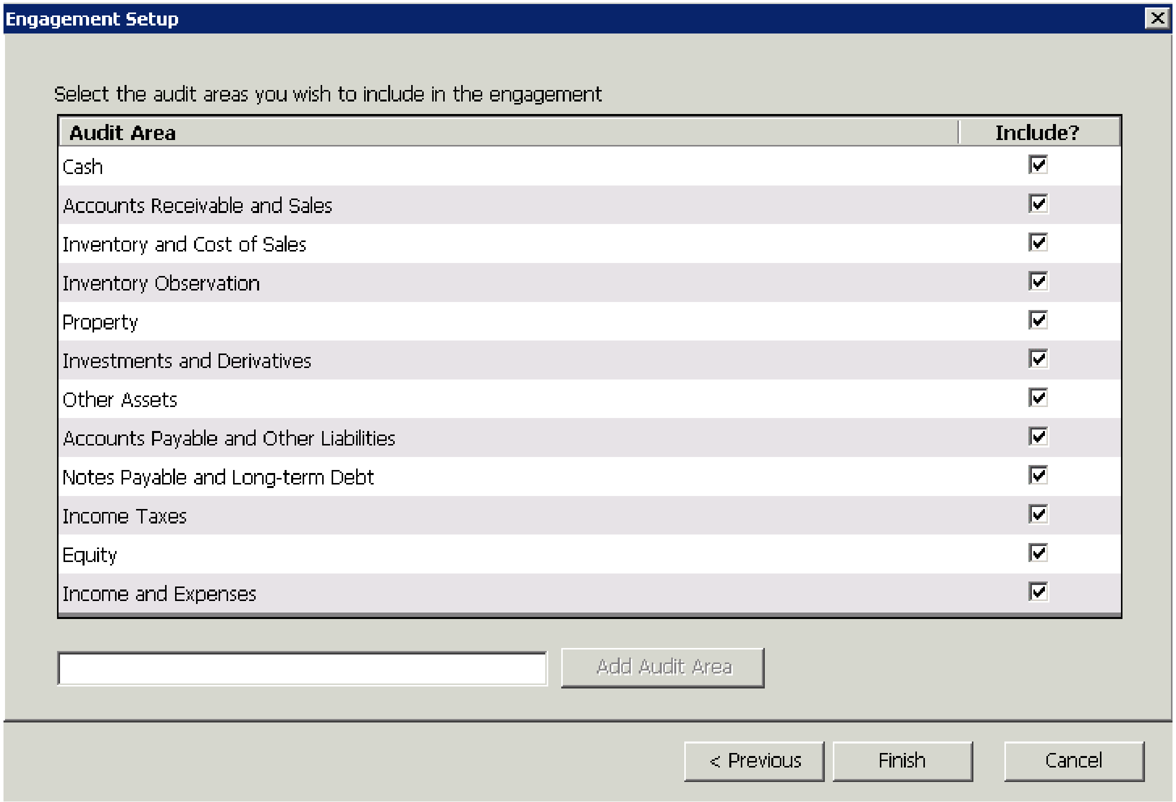
2. In the **Engagement Setup** dialog screen:
   - Select the Database (Use the **Browse** tool to locate a remote machine/database)
   - Enter the client name
   - Enter name for the engagement
   - Select the Practice Aid title for this engagement
   - Select the SMART Practice Aid modules to include in the engagement

3. Click **Next**.

4. Indicate whether or not this is an initial audit and answer any setup questions specific to your title. (See **Engagement Setup Questions** for more information.) Click **Next**.

   Note: If you selected only the Disclosure module in Step 2, the new engagement setup process will be complete after finishing step 4. You will be prompted to click **Finish** and the new engagement will be generated.

5. Select the audit areas to include in the engagement by selecting the **Include?** check boxes.



Select the audit areas you wish to include in the engagement

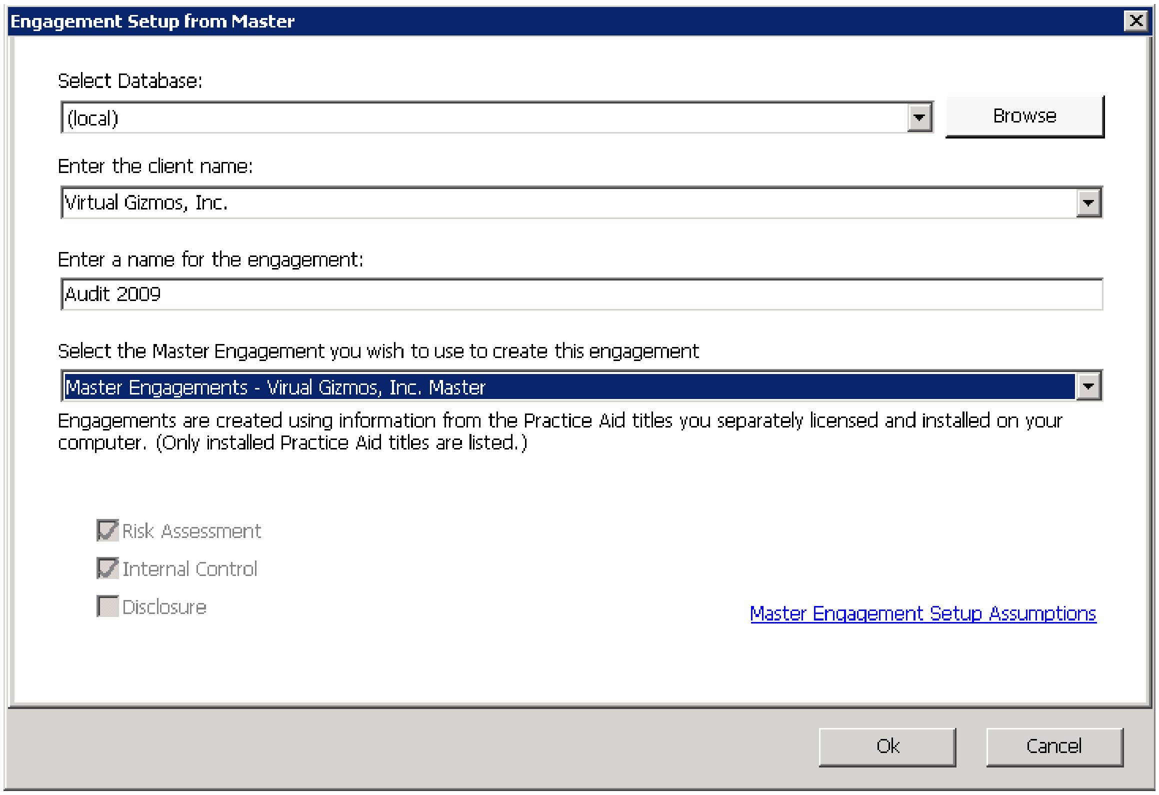
Audit Area	Include?
Cash	☑
Accounts Receivable and Sales	☑
Inventory and Cost of Sales	☑
Inventory Observation	☑
Property	☑
Investments and Derivatives	☑
Other Assets	☑
Accounts Payable and Other Liabilities	☑
Notes Payable and Long-term Debt	☑
Income Taxes	☑
Equity	☑
Income and Expenses	☑

Note: You can change the order of the audit areas as they appear in the engagement by clicking and dragging the cell to the left of the audit area name you want to move. Drop the selection in the new position you want it to appear in the engagement.

6. Click **Finish**.

To create a new engagement from a Master Engagement:

1. Click **New** > Client Engagement (from Master) from the **File** menu. Complete the Engagement Setup from Master dialog screen.



Engagement Setup from Master
Browse
Master Engagement Setup Assumptions
Ok
Cancel

Select Database: (local)

Enter the client name: Virtual Gizmos, Inc.

Enter a name for the engagement: Audit 2009

Select the Master Engagement you wish to use to create this engagement: Master Engagements - Virual Gizmos, Inc. Master

Engagements are created using information from the Practice Aid titles you separately licensed and installed on your computer. (Only installed Practice Aid titles are listed.)

☑ Risk Assessment
☑ Internal Control
☐ Disclosure

2. Click **OK** to generate the new client engagement.

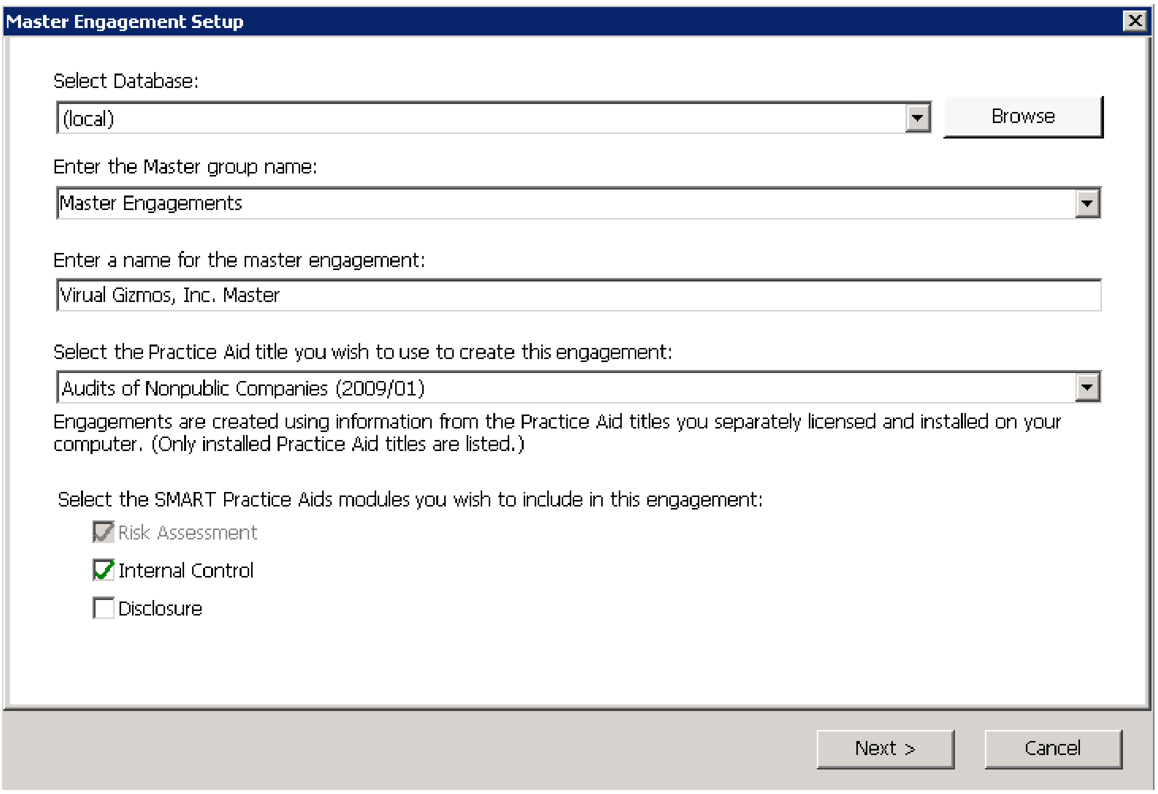
Master Engagements

Master engagements allow firms to use "template" engagements that are created and maintained by the firm. Typically, when a firm chooses to create master engagements, staff are instructed to create new client engagements based on the applicable master engagement rather than a PPC Tools title. Information the firm enters in the master engagement is automatically inserted in the new client engagement.

When rolling forward a prior period engagement, you have the option of "merging" the prior period client engagement with a selected master engagement, as described in the Help topic "Engagement Rollforward." This allows you to effectively use master engagements without losing the documentation you created in the prior period engagement.

To create a new master engagement:

1. From the **File** menu, select **New**>**Master Engagement**.
2. Enter information in the **Master Engagement Setup** dialog screen.



Select Database: (local)

Enter the Master group name: Master Engagements

Enter a name for the master engagement: Virual Gizmos, Inc. Master

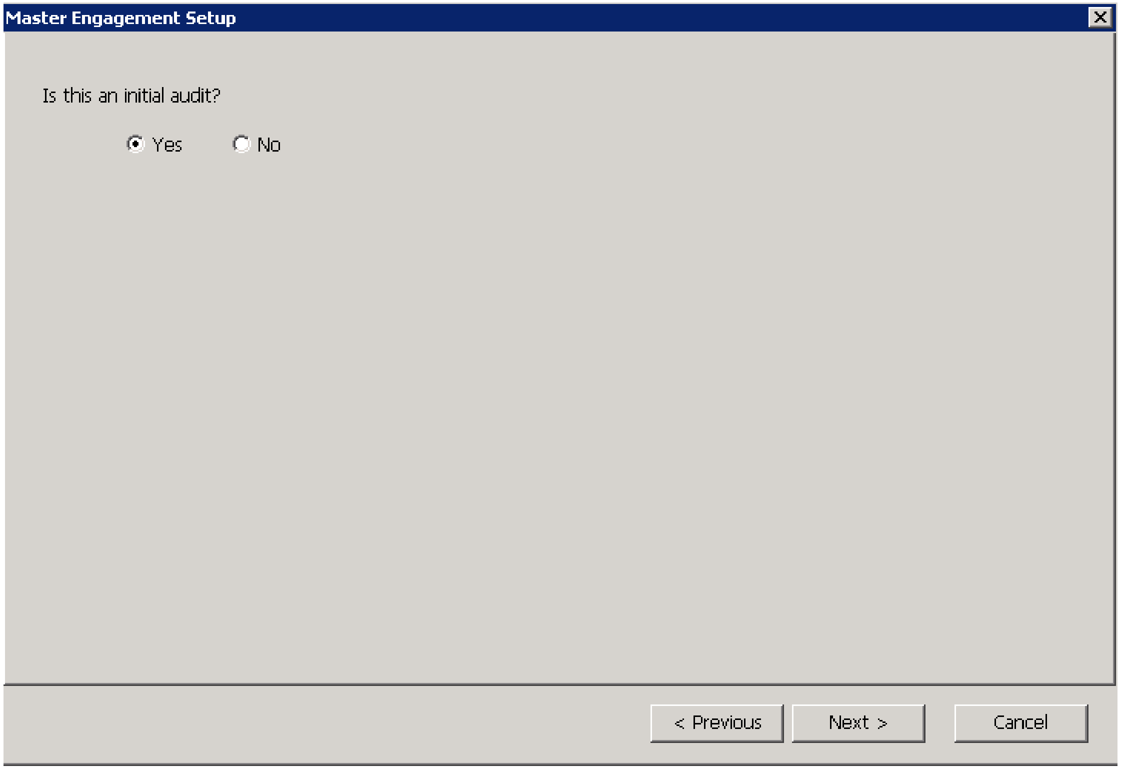
Select the Practice Aid title you wish to use to create this engagement: Audits of Nonpublic Companies (2009/01)

Engagements are created using information from the Practice Aid titles you separately licensed and installed on your computer. (Only installed Practice Aid titles are listed.)

Select the SMART Practice Aids modules you wish to include in this engagement:

☑ Risk Assessment
☑ Internal Control
☐ Disclosure

3. Answer whether it is an initial audit and click the **Next** button.



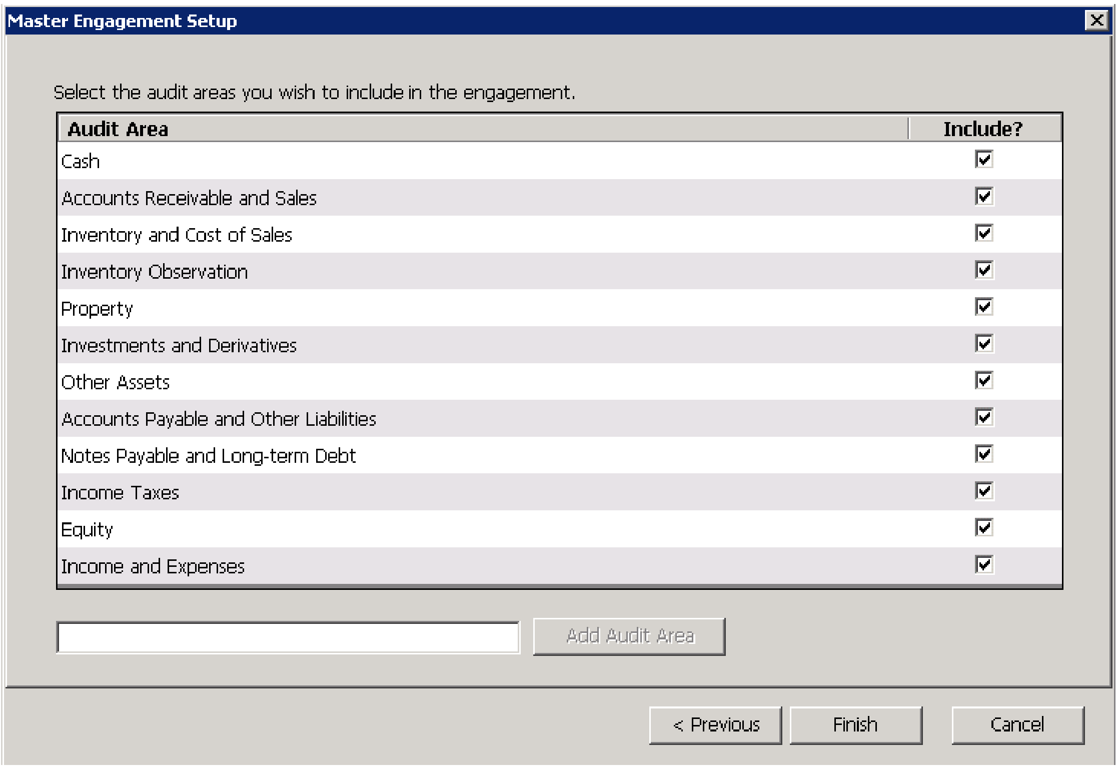
Master Engagement Setup

Is this an initial audit?

● Yes ○ No

< Previous
Next >
Cancel

4. Select the Audit Areas you want to include in the engagement and click the **Finish** button.



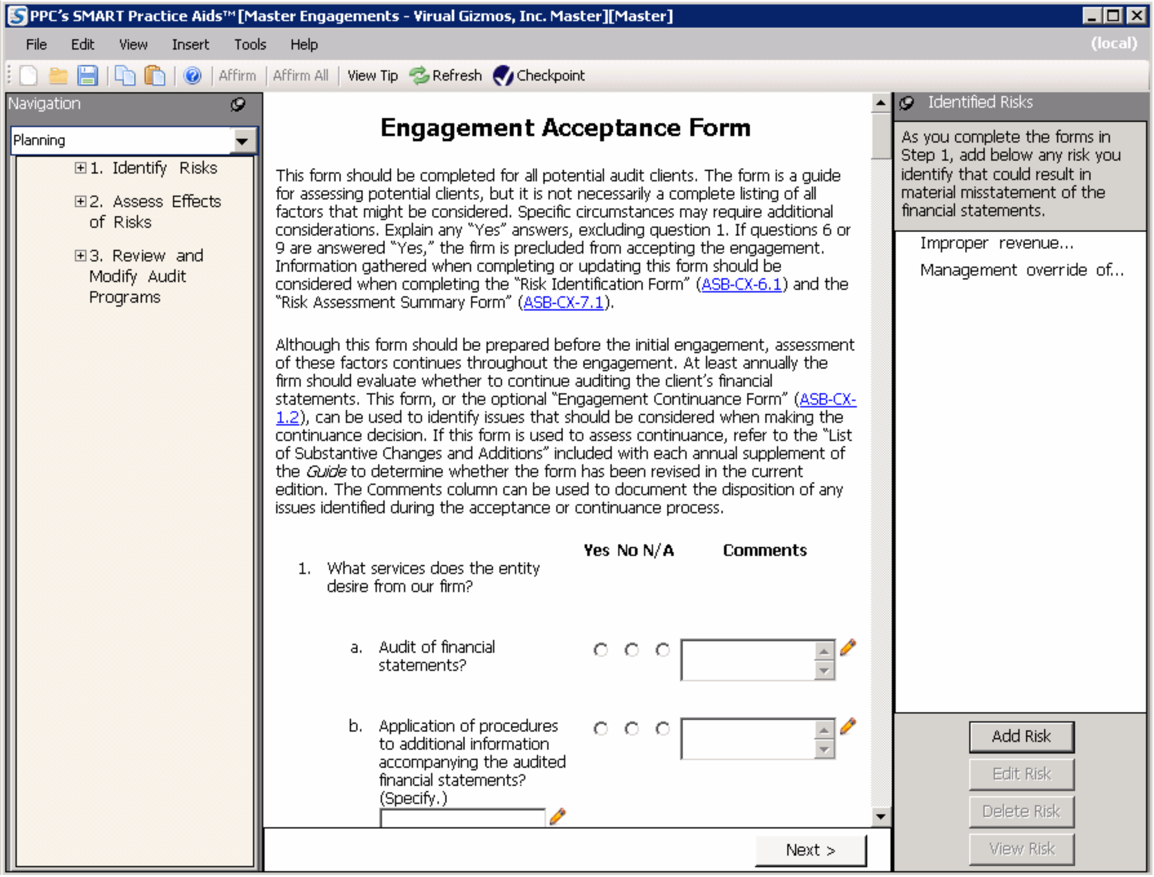
Master Engagement Setup

Select the audit areas you wish to include in the engagement.

Audit Area	Include?
Cash	☑
Accounts Receivable and Sales	☑
Inventory and Cost of Sales	☑
Inventory Observation	☑
Property	☑
Investments and Derivatives	☑
Other Assets	☑
Accounts Payable and Other Liabilities	☑
Notes Payable and Long-term Debt	☑
Income Taxes	☑
Equity	☑
Income and Expenses	☑

Add Audit Area
< Previous
Finish
Cancel

5. Complete any information you want to include in the master engagement. Information added to this engagement will be imported into any client engagements created using the master.


PPC's SMART Practice Aids™ [Master Engagements - Virual Gizmos, Inc. Master][Master]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Planning
1. Identify Risks
2. Assess Effects of Risks
3. Review and Modify Audit Programs
Identified Risks
Next >
Add Risk
Edit Risk
Delete Risk
View Risk

Engagement Acceptance Form

This form should be completed for all potential audit clients. The form is a guide for assessing potential clients, but it is not necessarily a complete listing of all factors that might be considered. Specific circumstances may require additional considerations. Explain any "Yes" answers, excluding question 1. If questions 6 or 9 are answered "Yes," the firm is precluded from accepting the engagement. Information gathered when completing or updating this form should be considered when completing the "Risk Identification Form" (ASB-CX-6.1) and the "Risk Assessment Summary Form" (ASB-CX-7.1).

Although this form should be prepared before the initial engagement, assessment of these factors continues throughout the engagement. At least annually the firm should evaluate whether to continue auditing the client's financial statements. This form, or the optional "Engagement Continuance Form" (ASB-CX-1.2), can be used to identify issues that should be considered when making the continuance decision. If this form is used to assess continuance, refer to the "List of Substantive Changes and Additions" included with each annual supplement of the *Guide* to determine whether the form has been revised in the current edition. The Comments column can be used to document the disposition of any issues identified during the acceptance or continuance process.

	Yes	No	N/A	Comments
1. What services does the entity desire from our firm?				
a. Audit of financial statements?	○	○	○	
b. Application of procedures to additional information accompanying the audited financial statements? (Specify.)	○	○	○	

As you complete the forms in Step 1, add below any risk you identify that could result in material misstatement of the financial statements.

Improper revenue...

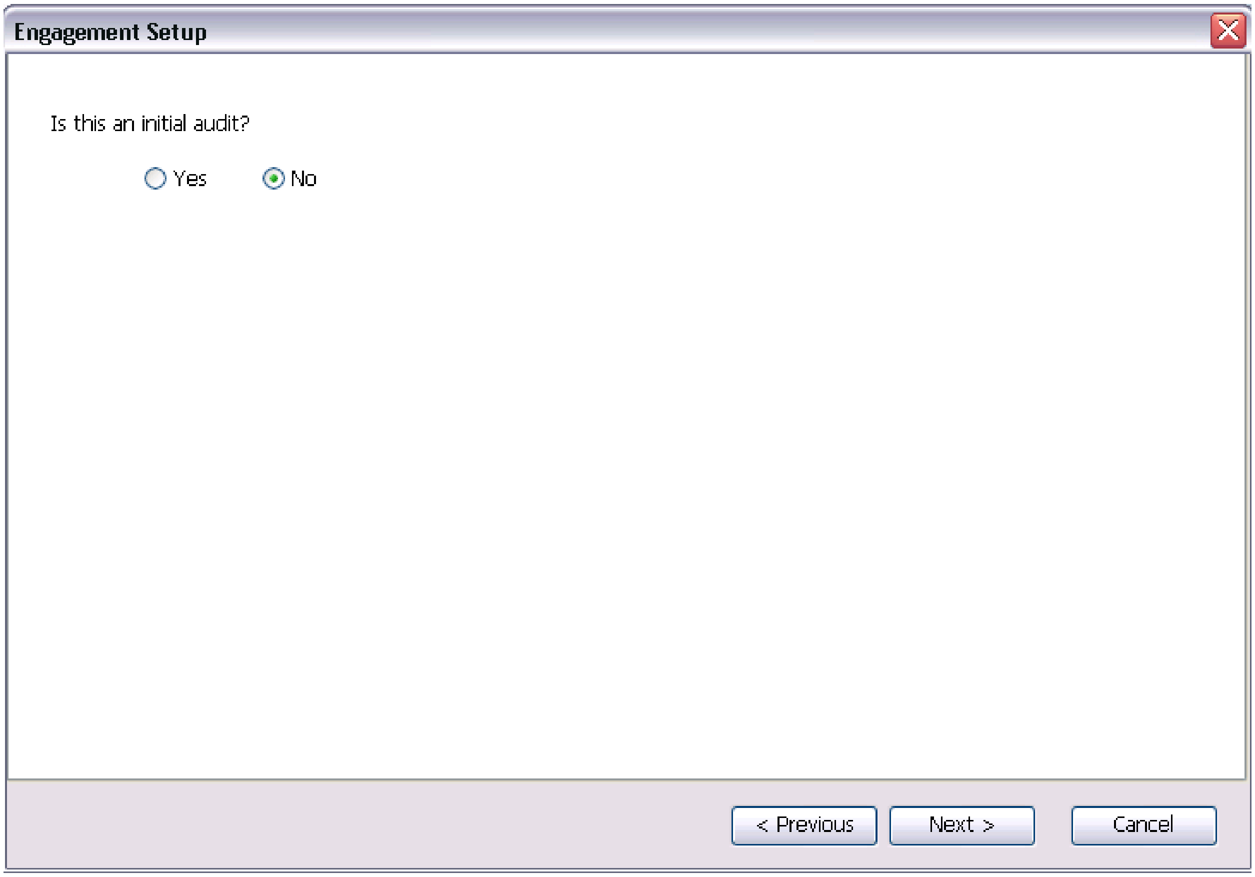
Management override of...

Engagement Setup Questions

When setting up a new engagement in SMART Practice Aids, you must provide the client name, an engagement name, and a selected Practice Aid title in the **Engagement Setup** window. The Practice Aid title that you select determines what questions appear in the **Engagement Setup** window. Setup questions determine what audit procedures are selected and, in certain cases, which audit areas are included.

Initial Audit Setup Question

The question "Is this an initial audit?" always appears when you create a new engagement, regardless of the Practice Aid title selected.

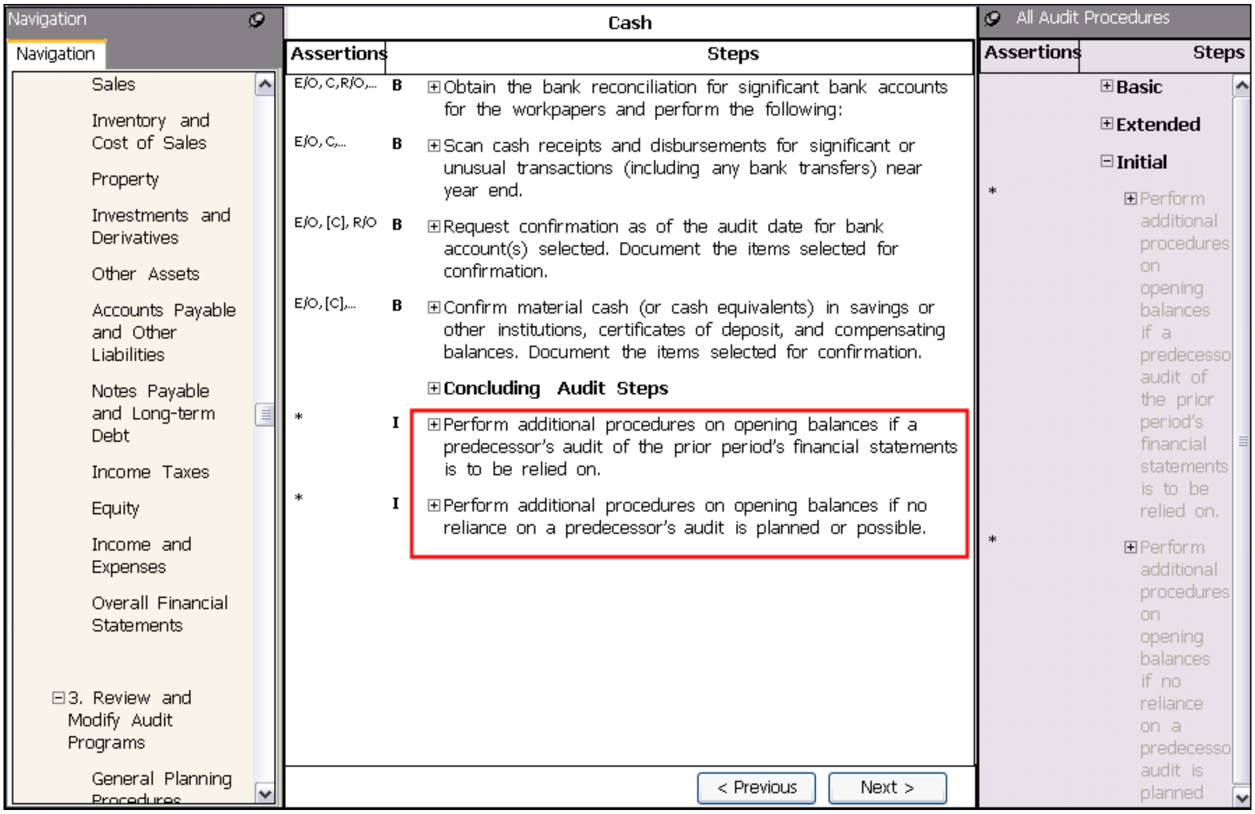


Is this an initial audit?

○ Yes ● No

The answer to this question determines whether the initial audit steps are included with the steps for each audit area. Initial audit steps are generally performed the first year or first time that the auditor performs an audit for a company. The default answer is "No."

If you answer "Yes," the **Initial** steps appear in the center pane for the audit areas on the **Review and Modify Audit Programs** screens:


Navigation
Navigation
Sales
Inventory and Cost of Sales
Property
Investments and Derivatives
Other Assets
Accounts Payable and Other Liabilities
Notes Payable and Long-term Debt
Income Taxes
Equity
Income and Expenses
Overall Financial Statements
⊟3. Review and Modify Audit Programs
General Planning Procedures
< Previous
Next >
All Audit Procedures
Assertions
Steps
⊞Basic
⊞Extended
⊟Initial

Cash

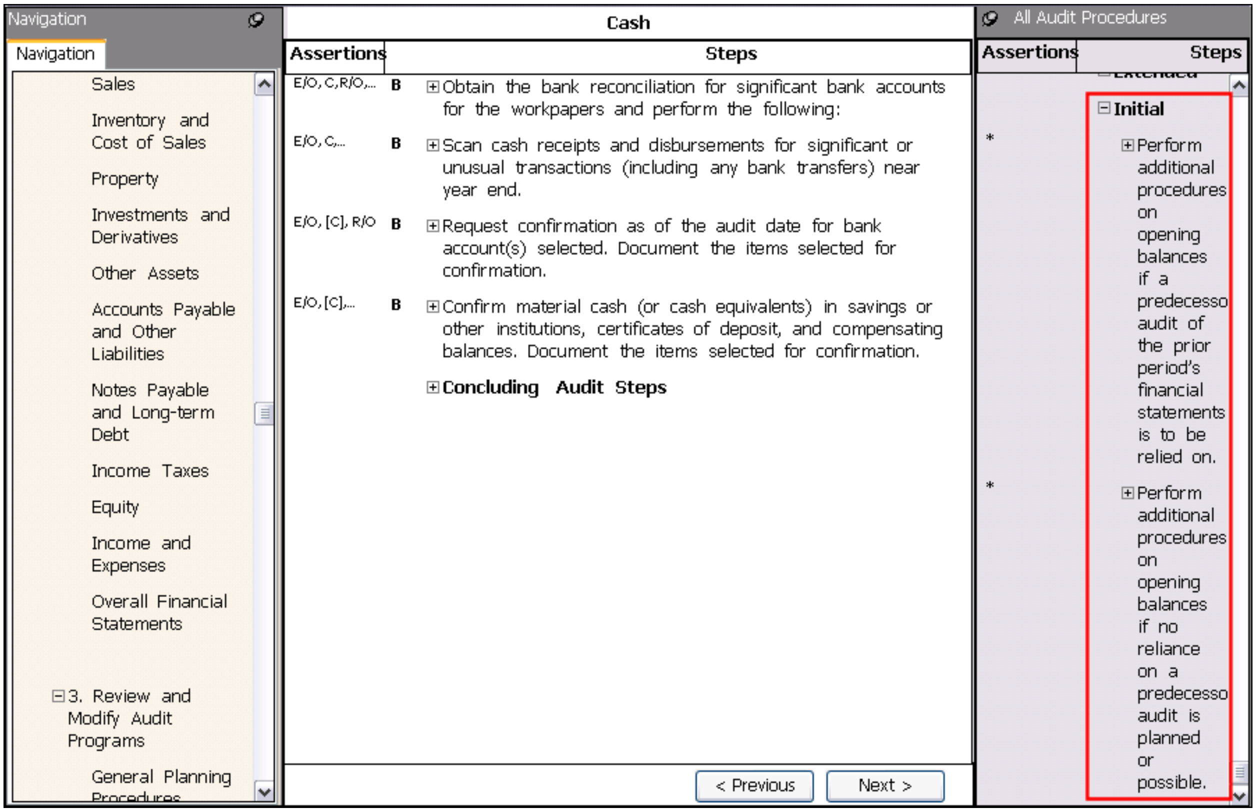
Assertions		Steps
E/O, C, R/O,...	B	⊞Obtain the bank reconciliation for significant bank accounts for the workpapers and perform the following:
E/O, C,...	B	⊞Scan cash receipts and disbursements for significant or unusual transactions (including any bank transfers) near year end.
E/O, [C], R/O	B	⊞Request confirmation as of the audit date for bank account(s) selected. Document the items selected for confirmation.
E/O, [C],...	B	⊞Confirm material cash (or cash equivalents) in savings or other institutions, certificates of deposit, and compensating balances. Document the items selected for confirmation.
		⊞**Concluding Audit Steps**
*	I	⊞Perform additional procedures on opening balances if a predecessor's audit of the prior period's financial statements is to be relied on.
*	I	⊞Perform additional procedures on opening balances if no reliance on a predecessor's audit is planned or possible.

* ⊞Perform additional procedures on opening balances if a predecessor's audit of the prior period's financial statements is to be relied on.

* ⊞Perform additional procedures on opening balances if no reliance on a predecessor's audit is planned

The **Initial** steps appear grayed out in the **All Audit Procedures** pane on the right to indicate that these steps are included in the audit program.

If you answer "No" to the Initial Audit question, the **Initial** steps appear only in the **All Audit Procedures** pane:


Navigation
Navigation
Sales
Inventory and Cost of Sales
Property
Investments and Derivatives
Other Assets
Accounts Payable and Other Liabilities
Notes Payable and Long-term Debt
Income Taxes
Equity
Income and Expenses
Overall Financial Statements
⊟3. Review and Modify Audit Programs
General Planning Procedures
< Previous
Next >
All Audit Procedures

Cash

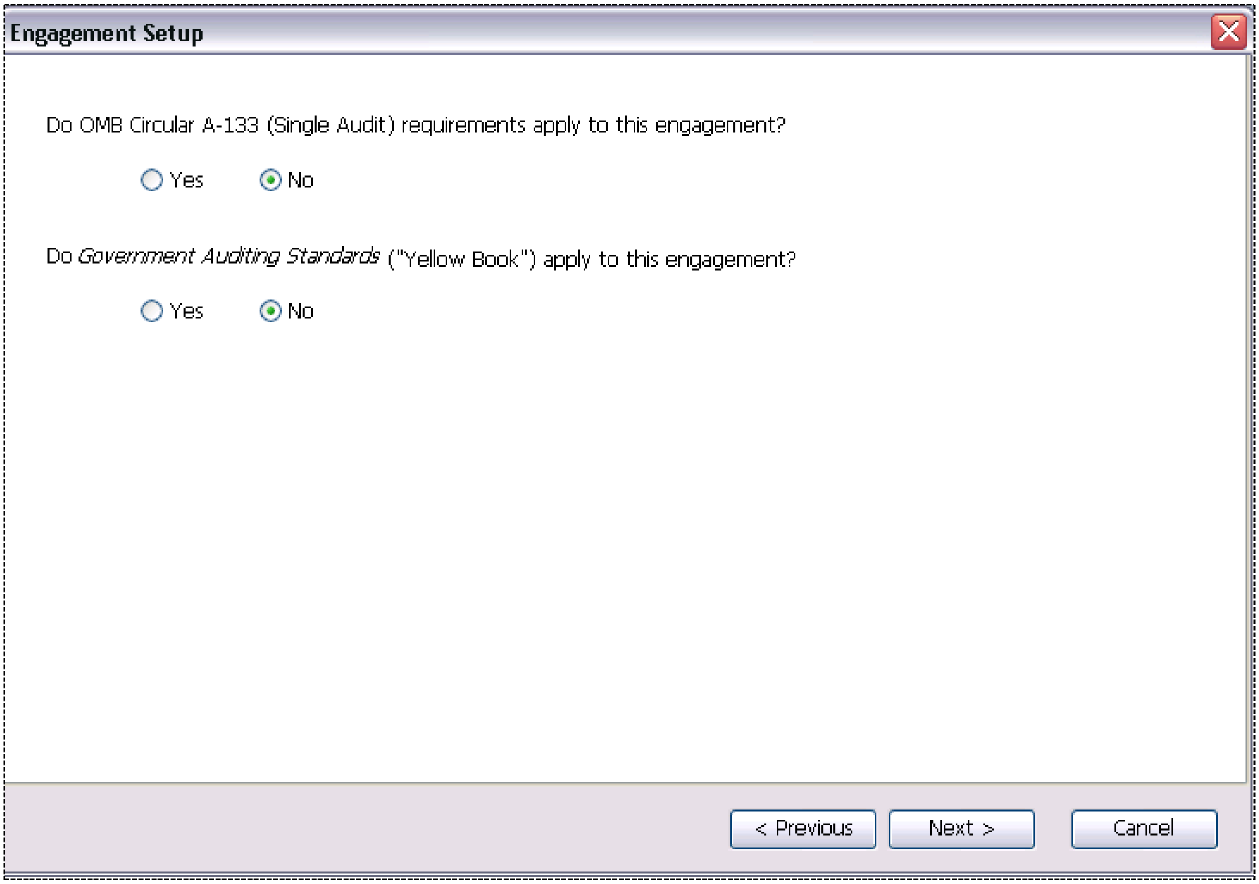
Assertions		**Steps**
E/O, C,R/O,...	**B**	⊞Obtain the bank reconciliation for significant bank accounts for the workpapers and perform the following:
E/O, C,...	**B**	⊞Scan cash receipts and disbursements for significant or unusual transactions (including any bank transfers) near year end.
E/O, [C], R/O	**B**	⊞Request confirmation as of the audit date for bank account(s) selected. Document the items selected for confirmation.
E/O, [C],...	**B**	⊞Confirm material cash (or cash equivalents) in savings or other institutions, certificates of deposit, and compensating balances. Document the items selected for confirmation.
		⊞**Concluding Audit Steps**

Assertions	**Steps**
	⊟**Initial**
*	⊞Perform additional procedures on opening balances if a predecesso audit of the prior period's financial statements is to be relied on.
*	⊞Perform additional procedures on opening balances if no reliance on a predecesso audit is planned or possible.

The steps are not grayed out, indicating that they are available for selection. You have the option of dragging the steps to the center pane for use in the audit.

Single Audit and Yellow Book Setup Questions

Additional questions regarding single audits and "Yellow Book" appear when you've selected Practice Aid Titles "Audits of Local Governments," "Audits of Nonprofit Organizations," or "HUD Audits."



Do OMB Circular A-133 (Single Audit) requirements apply to this engagement?

○ Yes ● No

Do *Government Auditing Standards* ("Yellow Book") apply to this engagement?

○ Yes ● No

Selecting "Yes" to the Single Audit question automatically causes the answer to "Do *Government Auditing Standards* ("Yellow Book") apply to this engagement?" to default to "Yes."

When you select "Yes" in response to the Single Audits question, specific audit procedures are included in the engagement. These audit procedures are not as identifiable under a category as are Initial Audit procedures. An auditor selecting this option should have knowledge of the government requirements regarding audits of Federal Awards administered by non-Federal entities. These procedures are more stringent in nature than a non-Single Audit engagement.

In addition, another audit area, "Audit of Federal Award Programs," is added to the engagement. This audit area appears only under the "Review & Modify Audit Programs" step. Risks cannot be added to this audit area. If you select "No" to the question, this audit area does not appear.

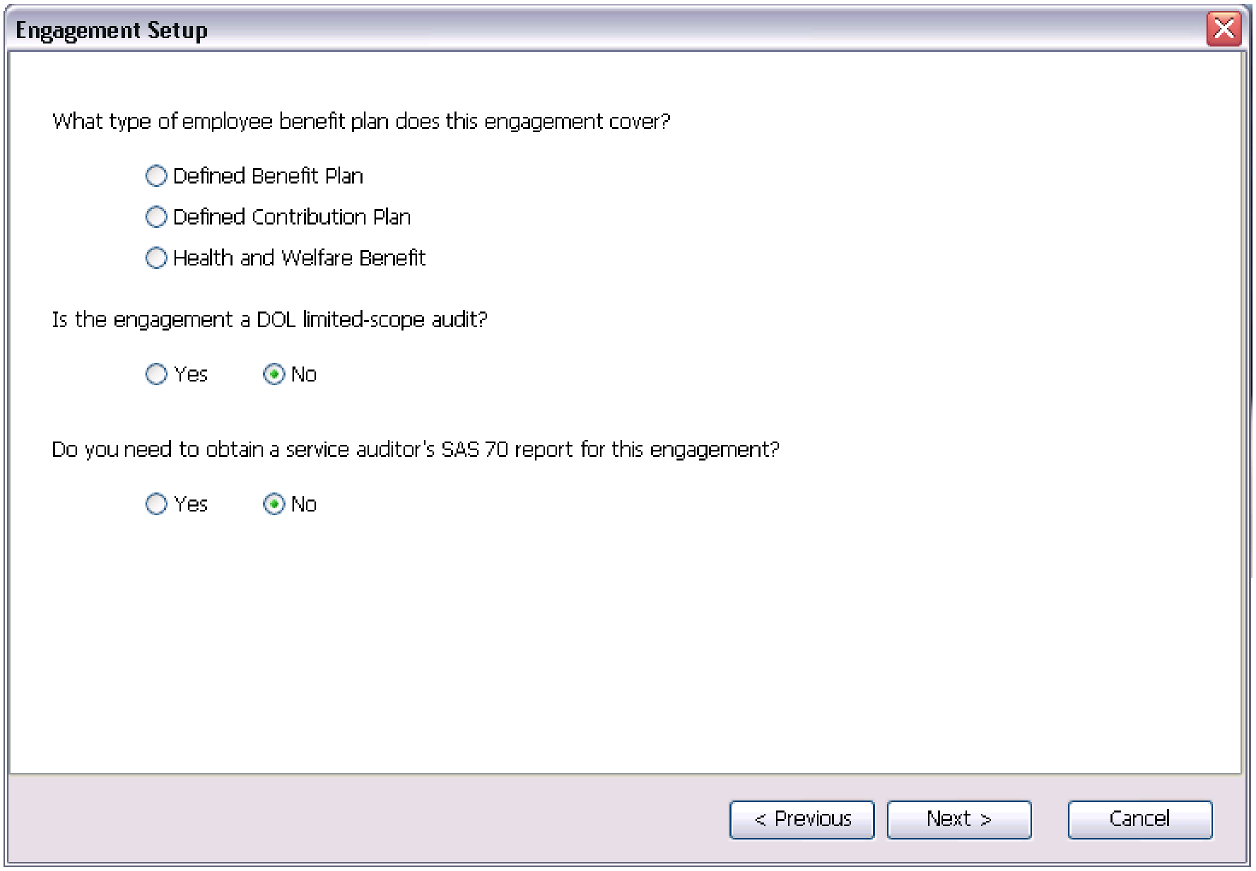
The “Yellow Book” audit procedures (procedures based on Government Auditing Standards) are included in the engagement as a result of selecting “Yes” to Single Audits. Again, they are not identifiable in the engagement as are Initial Audit procedures.

If you select “No” to the Single Audit question, you will have the option to include the “Yellow Book” audit procedures manually.

A HUD engagement will show only the Single Audit question. However, when you select “Yes” to this question, “Yellow Book” procedures are automatically included along with “Single Audit” procedures.

Employee Benefit Plans (EBP) Setup Questions

Additional questions appear when you've selected the Practice Aid title "Audits of Employee Benefit Plans."



Engagement Setup

What type of employee benefit plan does this engagement cover?

○ Defined Benefit Plan
○ Defined Contribution Plan
○ Health and Welfare Benefit

Is the engagement a DOL limited-scope audit?

○ Yes ● No

Do you need to obtain a service auditor's SAS 70 report for this engagement?

○ Yes ● No

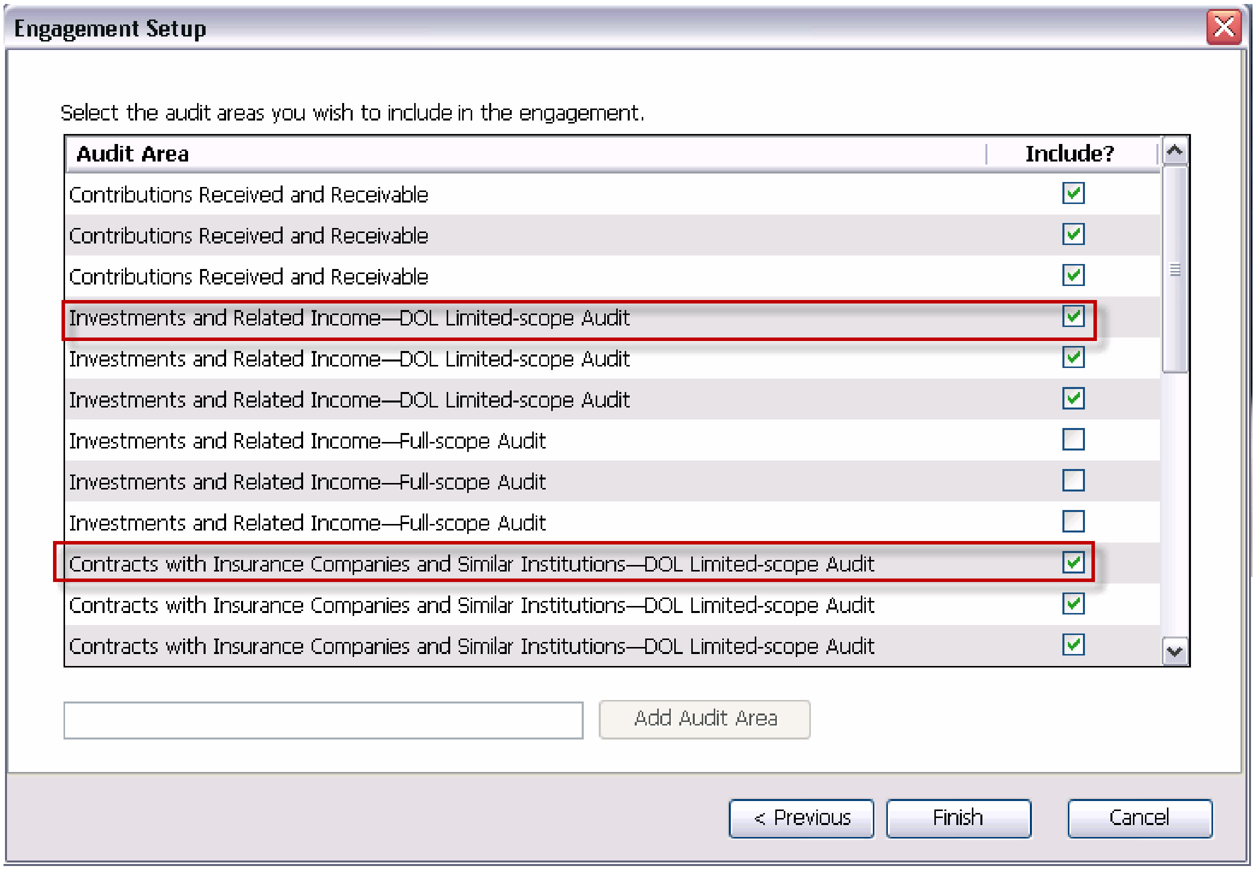
What type of employee benefit plan does this engagement cover?

The default answer to this question is “Defined Contribution Plan”. Selection of plan determines which audit procedures will be included in the engagement.

Is the engagement a DOL limited-scope audit?

Selecting “Yes” to the Limited-Scope question provides certain audit areas that contain different audit procedures than full scope audits. The limited scope audit areas are:

- Investments and Related Income - DOL Limited-scope Audit
- Contracts Insurance Companies and Similar Institutions – DOL Limited-scope Audit



Engagement Setup

Select the audit areas you wish to include in the engagement.

Audit Area	Include?
Contributions Received and Receivable	☑
Contributions Received and Receivable	☑
Contributions Received and Receivable	☑
Investments and Related Income—DOL Limited-scope Audit	☑
Investments and Related Income—DOL Limited-scope Audit	☑
Investments and Related Income—DOL Limited-scope Audit	☑
Investments and Related Income—Full-scope Audit	☐
Investments and Related Income—Full-scope Audit	☐
Investments and Related Income—Full-scope Audit	☐
Contracts with Insurance Companies and Similar Institutions—DOL Limited-scope Audit	☑
Contracts with Insurance Companies and Similar Institutions—DOL Limited-scope Audit	☑
Contracts with Insurance Companies and Similar Institutions—DOL Limited-scope Audit	☑

If you select “No” to the Limited-Scope question, the engagement includes:

- Investments and Related Income – Full-scope Audit
- Contracts Insurance Companies and Similar Institutions – Full-scope Audit

Do you need to obtain a service auditor’s SAS 70 report for this engagement?

Selecting “Yes” to the Service Auditor’s SAS 70 Report question places an audit area entitled “Service Auditor’s SAS 70 Reports” into the navigation pane under the "Review and Modify Audit Programs" step.

This audit area does not allow the addition of risks and so is not available under the "Assess Effects of Risks" step. All audit steps for this audit area are selected in the middle pane by default.

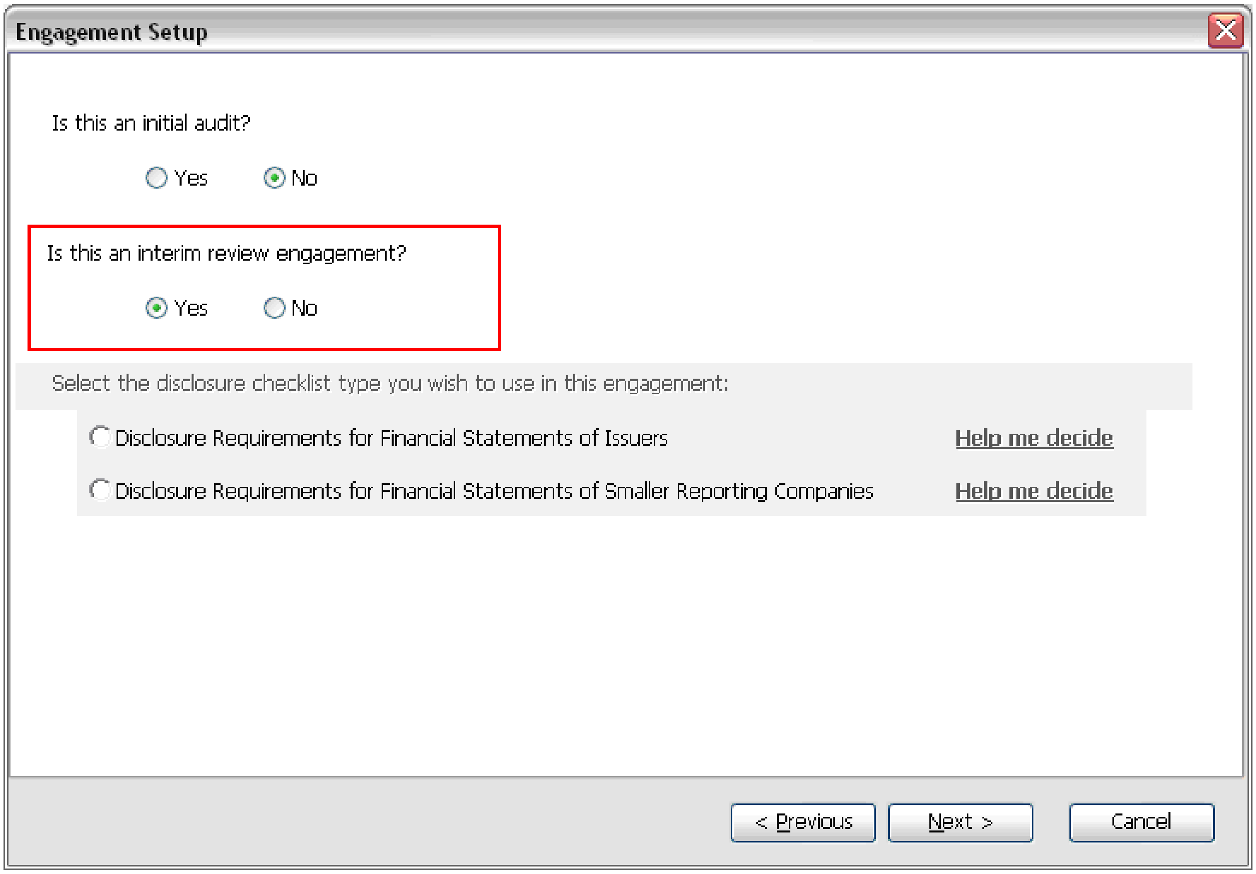
If you select “No” to this question, the "Service Auditor’s SAS 70 Reports" audit area does not appear in the engagement.

Disclosure Setup Questions

PCAOB – Interim Review Engagement Question

Additional questions are included when using the Disclosure module of SMART Practice Aids.

When setting up a PCAOB engagement, in addition to the Initial Audit question the user will need to determine if this is an "interim review engagement".



Engagement Setup

Is this an initial audit?

○ Yes ● No

Is this an interim review engagement?

● Yes ○ No

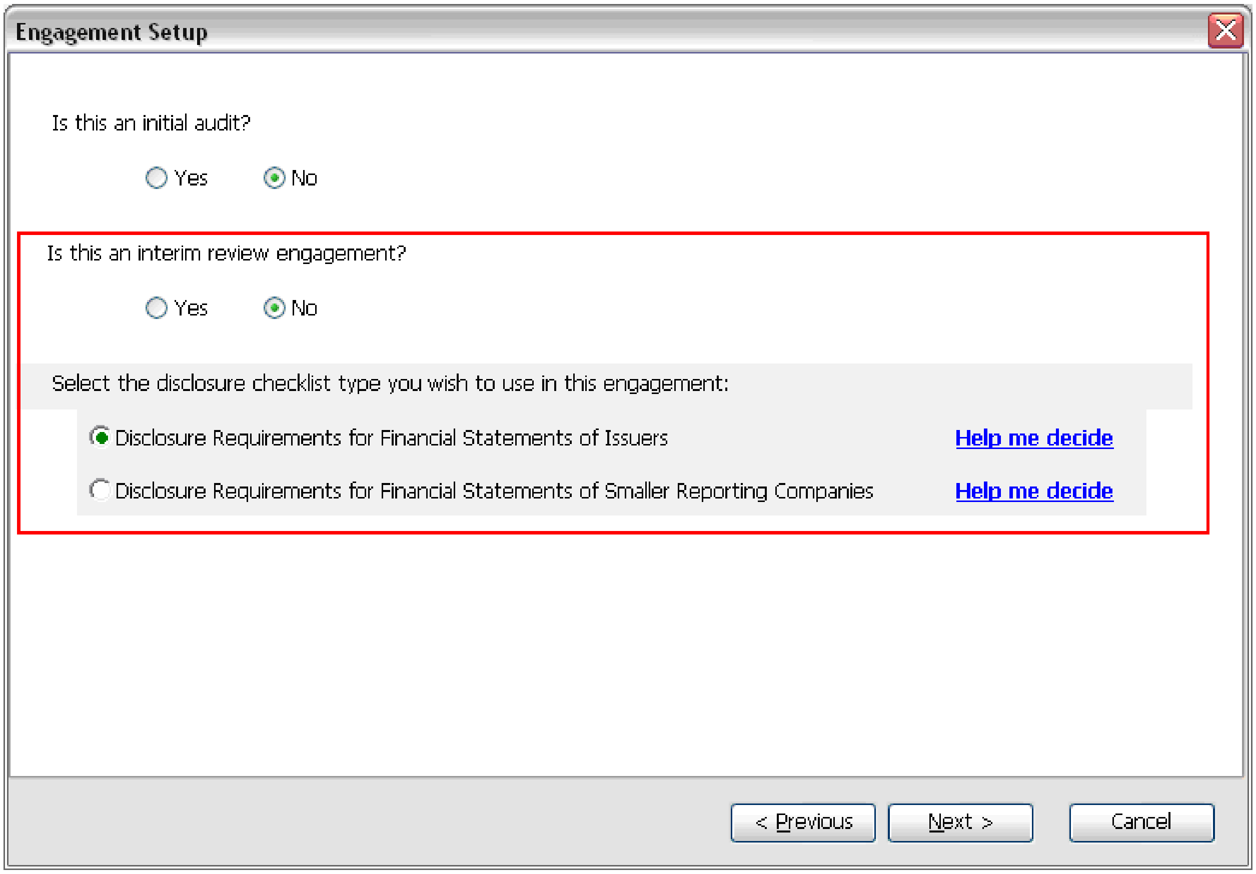
Select the disclosure checklist type you wish to use in this engagement:

○ Disclosure Requirements for Financial Statements of Issuers

○ Disclosure Requirements for Financial Statements of Smaller Reporting Companies

If the user selects "yes" to "Is this an interim review engagement?" question, a message will display stating "Selecting interim review engagement will create an engagement containing only the disclosure checklist for Interim Disclosure Requirements for Financial Statements of Issuers" and selection of any other checklists is disabled.

If the user selects "no" to "Is this an interim review engagement?" question, selection of non-interim checklists is available. Only one of the non-interim checklists may be selected:



Engagement Setup

Is this an initial audit?

○ Yes ● No

Is this an interim review engagement?

○ Yes ● No

Select the disclosure checklist type you wish to use in this engagement:

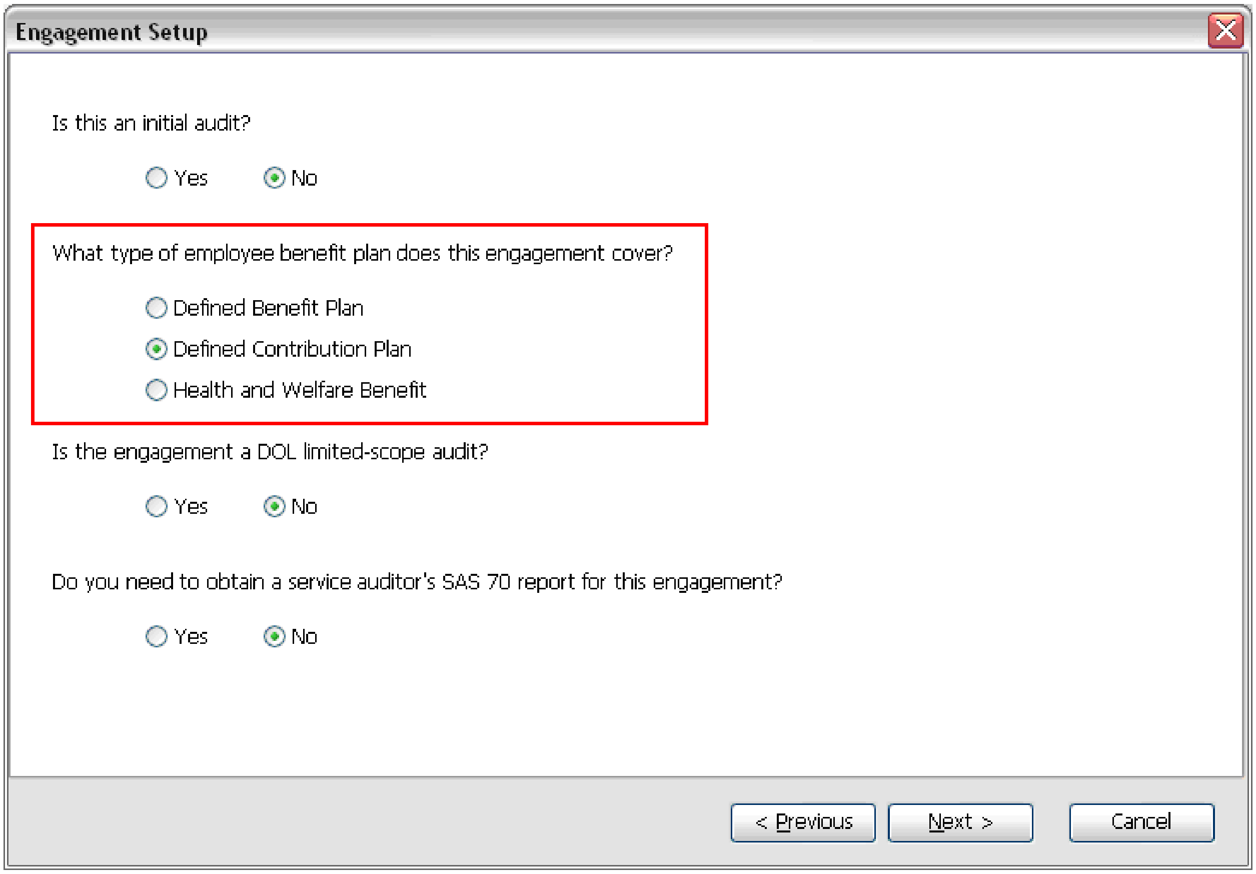
● Disclosure Requirements for Financial Statements of Issuers

○ Disclosure Requirements for Financial Statements of Smaller Reporting Companies

A "Help me decide" link is available to assist the user's selection of checklists.

Setting up an Employee Benefit Plan (EBP) Engagement

When setting up an Employee Benefit Plan (EBP) engagement, selection of the employee benefit plan type will determine the checklist required and it will be added by the system:



Is this an initial audit?

○ Yes ● No

What type of employee benefit plan does this engagement cover?

○ Defined Benefit Plan
● Defined Contribution Plan
○ Health and Welfare Benefit

Is the engagement a DOL limited-scope audit?

○ Yes ● No

Do you need to obtain a service auditor's SAS 70 report for this engagement?

○ Yes ● No

Selection of a Disclosure Checklist When More Than One Exists in a Title

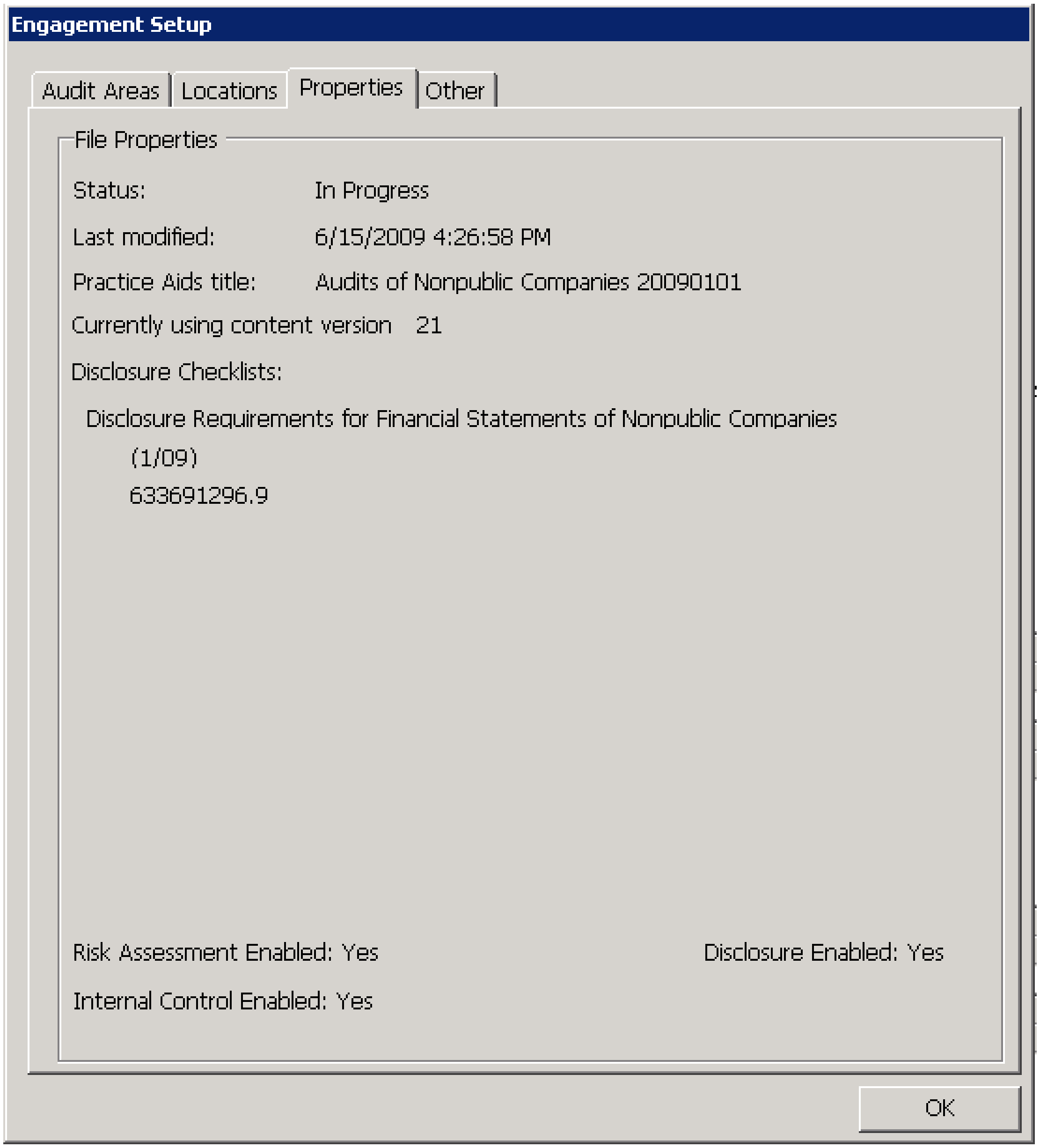
When the user selects a title that offers a selection of checklists, the "Select the disclosure checklist type you want to you in this engagement" question will be displayed, along with a list of checklists from which to choose. The user may select only one checklist.

To assist the user in selecting a checklist a "Help me decide" link will be displayed to the right of the checklist. Clicking on this link will display information about the checklist.

Editing an Engagement Setup and Viewing Engagement Properties

To Edit an Engagement Setup and View the Engagement Properties:

1. With the engagement open in SMART Practice Aids, select **Engagement Setup** from the **Edit** menu to open the Engagement Setup screen:



Status: In Progress
Last modified: 6/15/2009 4:26:58 PM
Practice Aids title: Audits of Nonpublic Companies 20090101
Currently using content version 21
Disclosure Checklists:
Disclosure Requirements for Financial Statements of Nonpublic Companies
(1/09)
633691296.9
Risk Assessment Enabled: Yes
Disclosure Enabled: Yes
Internal Control Enabled: Yes

The **Properties** tab contains general information about the engagement such as status, the date and time the file was last modified and what modules are enabled.

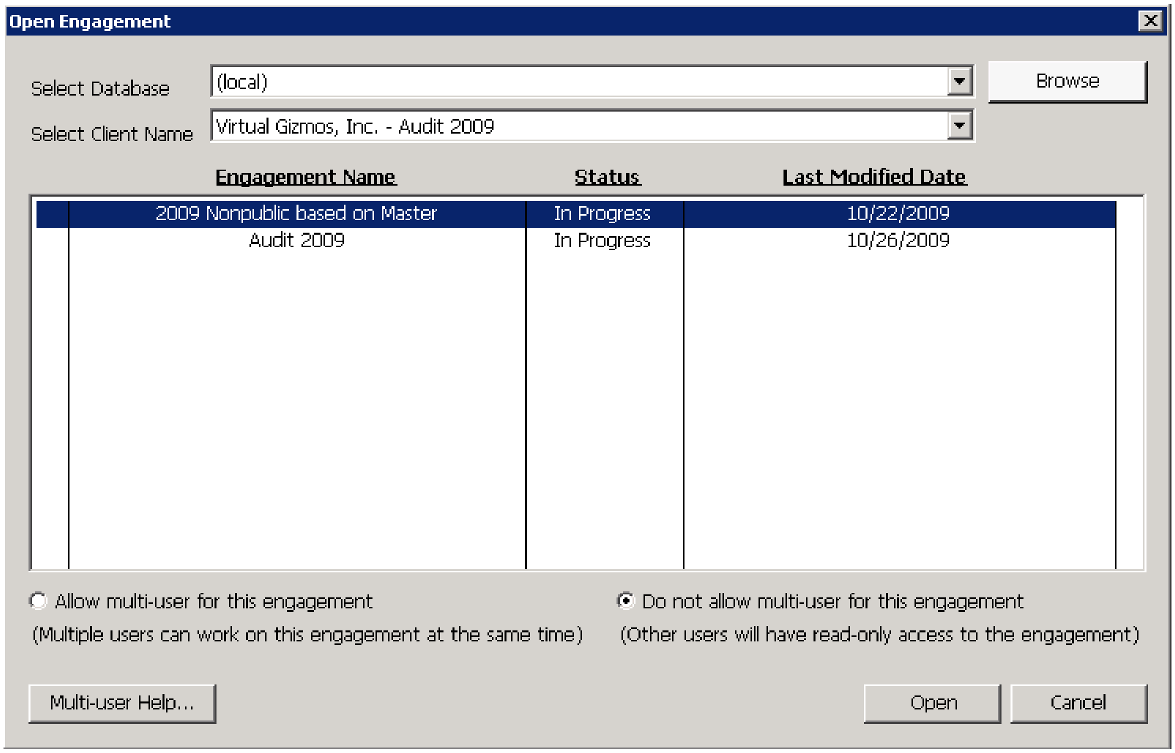
The **Other** tab contains fields so that you can modify the **Client Name** and **Engagement Name** for the engagement.

2. Use the **Audit Areas** tab (available in the Risk Assessment module only) to select the audit areas to include in the enagagement by selecting the **Include?** check box next to each title.
3. Use the **Locations** tab (available in the Internal Disclosure module only) to edit or change the locations for an Internal Control enabled engagement.
4. Click **OK** to close the Engagement Setup pane.

Opening a Saved Engagement

To open a saved engagement:

1. Click **Open** from the **File** menu.



Select Database: (local)
Select Client Name: Virtual Gizmos, Inc. - Audit 2009

Engagement Name	Status	Last Modified Date
2009 Nonpublic based on Master	In Progress	10/22/2009
Audit 2009	In Progress	10/26/2009

○ Allow multi-user for this engagement
(Multiple users can work on this engagement at the same time)

● Do not allow multi-user for this engagement
(Other users will have read-only access to the engagement)

2. On the **Open Engagement** dialog screen, select the database, client name, and engagement name you want to open.
3. Click **Open**.

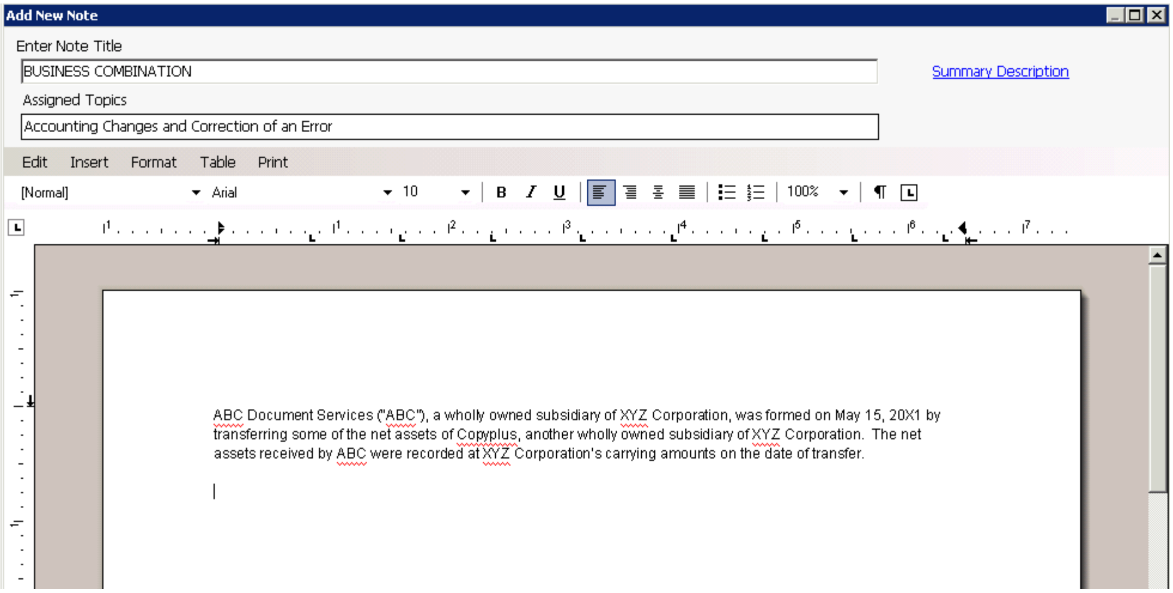
Note: See the About Multi-User topic for more information on the multi-user options on the **Open** dialog screen. The multi-user options are not available in an engagement that is only using the Disclosure module.

Using Spell Check

SMART Practice Aids provides a spell check feature for engagement content such as disclosure notes and topics.

To use the spell check feature:

1. Open the content you want to spell check so that it is displayed in the Edit window.



Enter Note Title: BUSINESS COMBINATION

Assigned Topics: Accounting Changes and Correction of an Error

ABC Document Services ("ABC"), a wholly owned subsidiary of XYZ Corporation, was formed on May 15, 20X1 by transferring some of the net assets of Copyplus, another wholly owned subsidiary of XYZ Corporation. The net assets received by ABC were recorded at XYZ Corporation's carrying amounts on the date of transfer.

2. From the **Tools** menu, select **Spelling and Grammar** (or click **F7**).
3. Use the **Spelling and Grammar** dialog screen to review and correct any misspellings.

Note: When typing on an edit dialog screen, any misspelled words will be automatically indicated by a red, wavy underline. Right-click on a misspelled word to view a list of possible spellings. You can also select **Ignore All** to make the spell checker ignore the selected word. Select **Add to Dictionary** to add a word to the spell check dictionary.

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THOMSON REUTERS

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1.2 "Checkpoint Learning Suite of Products." All references to "Checkpoint Learning Suite of Products" will mean the Reqwired® applications and services, MicroMash training products and services, and PASS Online courses.

1.3 "Data." All references to "Data" will mean all of the information stored and contained in the Licensed Information. Except for the limited license granted to You in this Agreement, all Data provided by TRTA and/or its other information suppliers in all languages, formats, and media throughout the world will continue to be the exclusive copyrighted property of TRTA and its various information suppliers.

1.4 "Information Products." All references to "Information Products" will include Checkpoint® products and the Checkpoint Learning Suite of Products.

1.5 "Licensed Information." All references to "Licensed Information" will mean any combination of the Information Products, the Software Products, and the product's Data and Program licensed under this Agreement. This may also be used to refer to print products.

1.6 "Order Form." All references to "Order Form" will mean the document signed in conjunction with this License Agreement that, in part, details the individual product components which make up the Licensed Information, plus pricing.

1.7 "Program." All references to "Program" will mean all of the programs, control information, and related software contained in the products, including those provided by TRTA.

1.8 "DocsEngine Service." All references to "DocsEngine Service" will mean access to the AccuDraft DocsEngine website that provides for the gathering of Data using a browser interface and the production of documents from that Data. The DocsEngine Service also includes, if available, Data encryption, Data and document transmission, and Data and document storage.

1.9 "Software Products." All references to "Software Products" will include Checkpoint Tools, PPC's SMART Practice Aids™, PPC's Practice Aids™, PPC's Workpapers™, PPC's Interactive Disclosure Libraries™, PPC's Engagement Letter Generator®, and the AccuDraft DocsEngine website.

1.10 "You," "Your" and **"Licensee**." All references to "You," "Your" and "Licensee" will mean the customer noted on the Order Form.

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3. Term of License Agreement.

3.1 The term will be for an initial period of one (1) year from its commencement date, unless otherwise stated on the Order Form, and will automatically renew thereafter for subsequent terms of one (1) year each unless and until either party gives the other party prior written notice of termination before the end of the then-current term. As long as You comply with the terms of this Agreement, TRTA grants You a non-exclusive license to use the product Data for the purposes described in the product documentation.

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3.2.1 Your non-exclusive license will begin immediately upon delivery of the Information Product. Delivery will have occurred when TRTA has delivered possession of the Information Product to a common carrier, F.O.B. TRTA shipping facility, or for web-based products, when the Internet access password has been sent and the license period has commenced.

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These materials are sent on approval and thus may be returned or rejected to TRTA at no cost to You using the prepaid return shipping label, in accordance with TRTA's then-current returns policies.

3.2.3 For Reqwired Products:

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3.2.3.2 The purpose of the license granted in this Section 3.2.3 is to allow for the mobility and use of data associated with users of Reqwired products who become unlinked from Licensee's account. TRTA uses the license to permit users, once they become unlinked from Licensee's account, to view, modify, and delete data entered into their accounts on the TRTA site while linked to Licensee's account. TRTA may also use this license to purge records not associated with Licensee's account should such records remain idle for a period of time. TRTA may also use this license to analyze such information in order to identify trends among Licensees and users and to facilitate improvement and enhancement of the Reqwired Product. TRTA limits its use of the license granted in this Section 3.2.3 to the purposes described herein.

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3.3.3 You may make an archival copy of the Software Product for the sole purpose of backing up the Software Product, so long as You reproduce and include the copyright notice on the backup copy. The Software Product is licensed only to You.

3.3.4 Upgrades For DocsEngine Services: From time to time TRTA may upgrade the DocsEngine website. TRTA has the right to determine if such upgrades will be included as part of Your DocsEngine Services. To use a DocsEngine Service identified as an upgrade, You may be required to pay an additional fee for the upgrade.

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4.1 TRTA may terminate this Agreement and Your right to receive any further Licensed Information if TRTA determines, at any time, that the provisions of this Agreement have been violated, provided that TRTA gives You prior written notice and the thirty (30) day opportunity to cure. If termination occurs, TRTA may recover, in addition to any rights and remedies, the sum of (i) all unpaid charges outstanding, (ii) the applicable charges through the end of the term of the Agreement, and (iii) reasonable attorneys' fees.

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4.3 For Software Products: You may terminate this Agreement as it relates to Your license to the Software Products at any time by discontinuing all use of the Software Products, returning the Software Product and any copies to TRTA, and deleting and removing any and all copies of the Software Product from any and all computer hard drives and storage devices where it has been placed. Termination in no way entitles You to a refund.

5. Computer Equipment & Software. You are solely responsible for selecting, purchasing, installing, and maintaining the equipment, software, and telecommunications needed to access any part of the Licensed Information. Your failure to do so does not relieve You of Your payment obligations to TRTA.

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12. Hold Harmless/Indemnification.

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12.2 TRTA shall defend, indemnify and hold You harmless at TRTA's expense in any suit, claim or proceeding brought against You alleging that Your use of any Licensed Information delivered to You hereunder directly infringes a United States patent, copyright, trademark, trade secret, or other third party proprietary right, provided TRTA is (i) promptly notified, (ii) given the assistance required at TRTA's expense, and (iii) permitted to retain legal counsel of TRTA's choice and to direct the defense. TRTA also agrees to pay any damages and costs awarded against You by final judgment of a court of last resort in any such suit or any agreed settlement amount on account of any such alleged infringement, but TRTA will have no liability for settlements or costs incurred without its consent. Should Your use of any such Licensed Information be enjoined, or in the event that TRTA desires to minimize its liability hereunder, TRTA will, at its option and expense, (i) substitute fully equivalent non-infringing Licensed Information for the infringing item; (ii) modify the infringing item so that it no longer infringes but remains substantially equivalent; or (iii) obtain for Licensee the right to continue use of such item. If none of the foregoing is feasible, TRTA will terminate Your access to the Licensed Information and refund to You the applicable fees paid by You for the infringing item(s). THE FOREGOING STATES THE ENTIRE LIABILITY OF TRTA AND YOUR SOLE REMEDY FOR INFRINGEMENT OR FOR ANY BREACH OF WARRANTY OF NON-INFRINGEMENT, EXPRESS OR IMPLIED. THIS INDEMNITY WILL NOT APPLY TO ANY ALLEGED INFRINGEMENT BASED UPON A COMBINATION OF OTHER SOFTWARE OR INFORMATION WITH THE LICENSED INFORMATION WHERE THE LICENSED INFORMATION WOULD NOT HAVE OTHERWISE INFRINGED ON ITS OWN.

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13.1 Confidentiality Obligations. During this Agreement negotiation process and subsequent term of this Agreement and thereafter, except as specifically provided herein and/or to the extent reasonably necessary to perform its obligations or exercise or enforce its rights hereunder, neither party shall provide or disclose to any third party, or itself use, unless authorized in writing to do so by the other party or properly directed or ordered to do so by public authority, any information or matter that (i) constitutes or concerns this Agreement negotiation process and/or terms and conditions of this Agreement, including pricing, (ii) is provided to it by the other party hereunder or as a result hereof, or (iii) regards any dealings or negotiations with the other party related to this Agreement.

13.2 Limitation on Confidentiality. Except with respect to information or matter constituting or concerning the terms and conditions of this Agreement or regarding any dealings or negotiations between the parties hereunder, the parties will have no confidentiality obligation under Section 13.1 hereof with respect to any information or matter specified therein that (i) is already known to them, (ii) is rightfully disclosed to them by a third party that is not acting as an agent or representative for the other party, (iii) is independently developed by or for them, (iv) is publicly known, or (v) is generally utilized by unaffiliated third parties engaged in the same business or businesses as the parties. Any party claiming an exception to Section 13.1 hereof under this Section 13.2 will have the burden of proving the basis for the exception.

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13.4 For Reqwired Products: TRTA agrees that it will not disclose any information regarding Licensee's users except to Licensee, the respective user, as permitted by that user, or to TRTA's subsidiaries or affiliates who need such information in connection with the performance of TRTA's obligations under this Agreement with respect to the Reqwired Products. Notwithstanding the foregoing, from time to time TRTA may retain third-party contractors to perform services for it or on its behalf. Information regarding Licensee's users may be disclosed to those contractors, but only pursuant to a contractual requirement that they abide by the provisions of this Section and not re-disclose that information to any other third party except at TRTA's direction and only to perform the contracted service.

14. Miscellaneous.

14.1 TRTA retains all rights not expressly granted to You in this Agreement. The software, material, content, and related documentation in the Licensed Information are protected by copyright laws and international copyright treaties, as well as other intellectual property laws and treaties. Nothing in this Agreement constitutes a waiver of TRTA's rights under the applicable copyright law. This license is non-exclusive. In the event that You terminate this Agreement, You agree to erase all software. TRTA will not be responsible for performance problems due to circumstances beyond its reasonable control.

14.2 This Agreement, including the information on Your Order Form, constitutes the entire contract between You and TRTA. All prior agreements and all oral or collateral representations, agreements, and understandings are superseded by this Agreement. If any of the provisions within the License Agreement and Order Form are contradictory or inconsistent, then the provisions of this License Agreement will control unless the Order Form indicates otherwise.

14.3 Except as expressly provided above, this Agreement, or any part thereof, cannot be changed, waived, or discharged other than by a statement in writing signed by You and TRTA.

14.4 If a court of competent jurisdiction declares any section of this Agreement to be invalid, unlawful or unenforceable as drafted, such section will be amended and construed in a manner designed to effectuate the purposes of the section to the fullest extent permitted by law. If such section can not be so amended and construed, it shall be severed, and the remaining sections will remain unimpaired and in full force and effect to the fullest extent permitted by law.

14.5 TRTA may assign or transfer its rights in this Agreement. You may not sublicense, assign, or transfer Your interests in this Agreement.

14.6 Notices under this Agreement will be considered to have been given when mailed by first class mail, postage paid, to Thomson Reuters (Tax & Accounting) Inc., P.O. Box 966, Fort Worth, TX 76101-0966 and to You at Your address as indicated on Your Order Form. Such addresses may be changed by notice as stipulated in this Agreement.

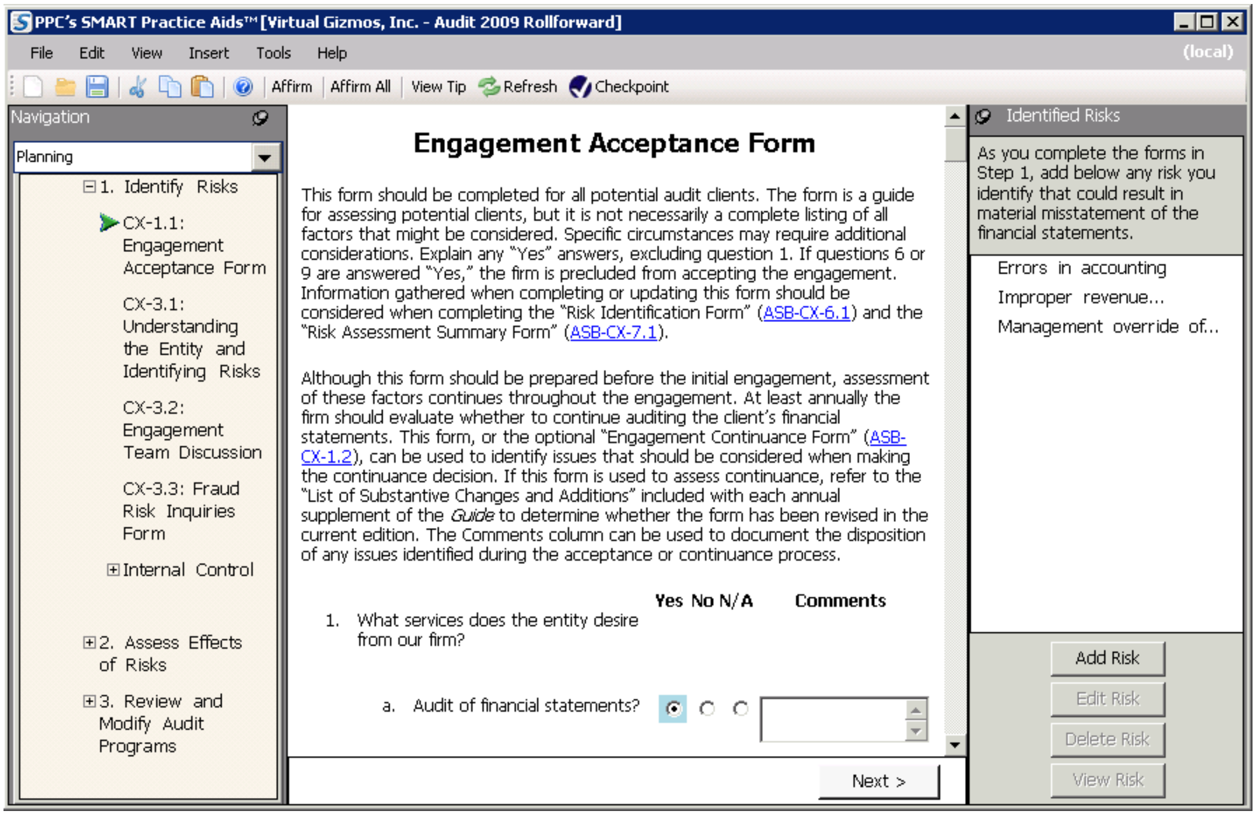
14.7 This Agreement will be governed and construed in accordance with the laws of the State of New York. You expressly agree that all actions taken in connection with this Agreement and/or TRTA will be initiated in the State of New York.

15. Government Licensees. This Licensed Information and related documentation are provided to the federal government and its agencies with restricted rights. The use, duplication, or disclosure by the government is subject to the restrictions set forth in subparagraph (c)(1)(ii) of the rights in technical data and computer software clause at DFARS 252.227-7013 or subparagraphs (c)(1) or (2) of the commercial computer software-restricted rights at 48 CFR 52.227-19, as applicable.

Menu Bar and Navigation

General Navigation

PPC's SMART Practice Aids™ uses an easy-to-navigate three pane design.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 Rollforward]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Planning
1. Identify Risks
CX-1.1: Engagement Acceptance Form
CX-3.1: Understanding the Entity and Identifying Risks
CX-3.2: Engagement Team Discussion
CX-3.3: Fraud Risk Inquiries Form
Internal Control
2. Assess Effects of Risks
3. Review and Modify Audit Programs
Identified Risks
Next >
Add Risk
Edit Risk
Delete Risk
View Risk

Engagement Acceptance Form

This form should be completed for all potential audit clients. The form is a guide for assessing potential clients, but it is not necessarily a complete listing of all factors that might be considered. Specific circumstances may require additional considerations. Explain any "Yes" answers, excluding question 1. If questions 6 or 9 are answered "Yes," the firm is precluded from accepting the engagement. Information gathered when completing or updating this form should be considered when completing the "Risk Identification Form" (ASB-CX-6.1) and the "Risk Assessment Summary Form" (ASB-CX-7.1).

Although this form should be prepared before the initial engagement, assessment of these factors continues throughout the engagement. At least annually the firm should evaluate whether to continue auditing the client's financial statements. This form, or the optional "Engagement Continuance Form" (ASB-CX-1.2), can be used to identify issues that should be considered when making the continuance decision. If this form is used to assess continuance, refer to the "List of Substantive Changes and Additions" included with each annual supplement of the *Guide* to determine whether the form has been revised in the current edition. The Comments column can be used to document the disposition of any issues identified during the acceptance or continuance process.

	Yes	No	N/A	Comments
1. What services does the entity desire from our firm?				
a. Audit of financial statements?	●	○	○	

As you complete the forms in Step 1, add below any risk you identify that could result in material misstatement of the financial statements.

Errors in accounting
Improper revenue...
Management override of...

Navigation Pane

The Navigation pane is on the left side of the main application window. It displays all of the steps in the engagement process and each form, procedure, and sub-step. Click a heading in this pane to navigate to a new section or step. Use the drop-down menu to select the Generation feature or view the disclosure checklist for the engagement.

Content Pane

The center pane displays the current form, procedure, risk, or program. Use the Content pane to make changes to your engagement plan and input risks, procedures and planning information.

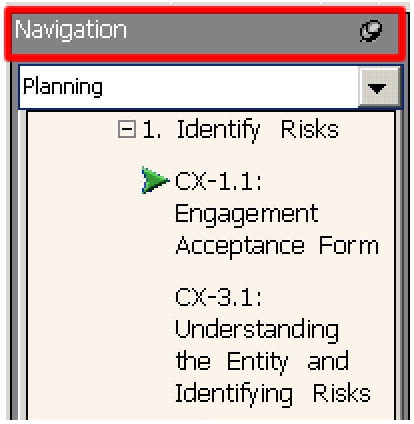
Right Pane

The right pane is variable and displays different information depending on the area, engagement step, and SMART module being used.

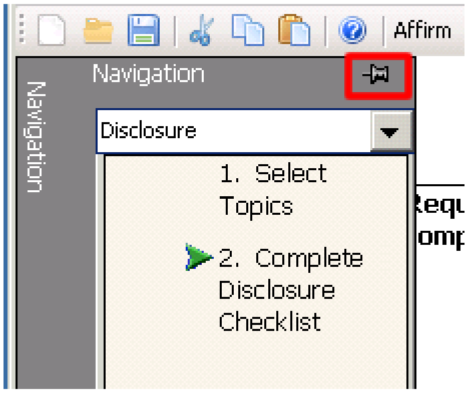
- While completing Step 1 - Identify Risks, use the right pane to add or edit risks for each audit area.
- The right pane is disabled for Step 2 - Risk Assessment.
- In Step 3 - Review and Modify Audit Programs, use the right pane to navigate and add additional audit procedures to your audit programs.
- The right pane is disabled for the Generation action (selected from the Navigation drop-down menu). **Note**: On older titles, the Generation functionality is accessed from Step 4 - Generate Planning Forms and Audit Programs in the left (Navigation) pane.
- When viewing a disclosure checklist, the right pane displays additional libraries of disclosure notes

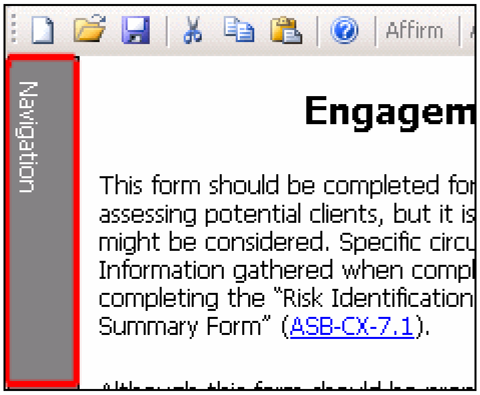
Pinning and Unpinning Panes

You can hide and display the **Navigation** pane and right pane using the "pin" icons.


Navigation
Planning
1. Identify Risks
CX-1.1: Engagement Acceptance Form
CX-3.1: Understanding the Entity and Identifying Risks

Click the pin icon to *unpin* the pane. When you move the cursor off the pane it will collapse to the side of the window.


Affirm
Navigation
Navigation
Disclosure
1. Select Topics
2. Complete Disclosure Checklist
equ
omp


Affirm
Navigation

Engagem

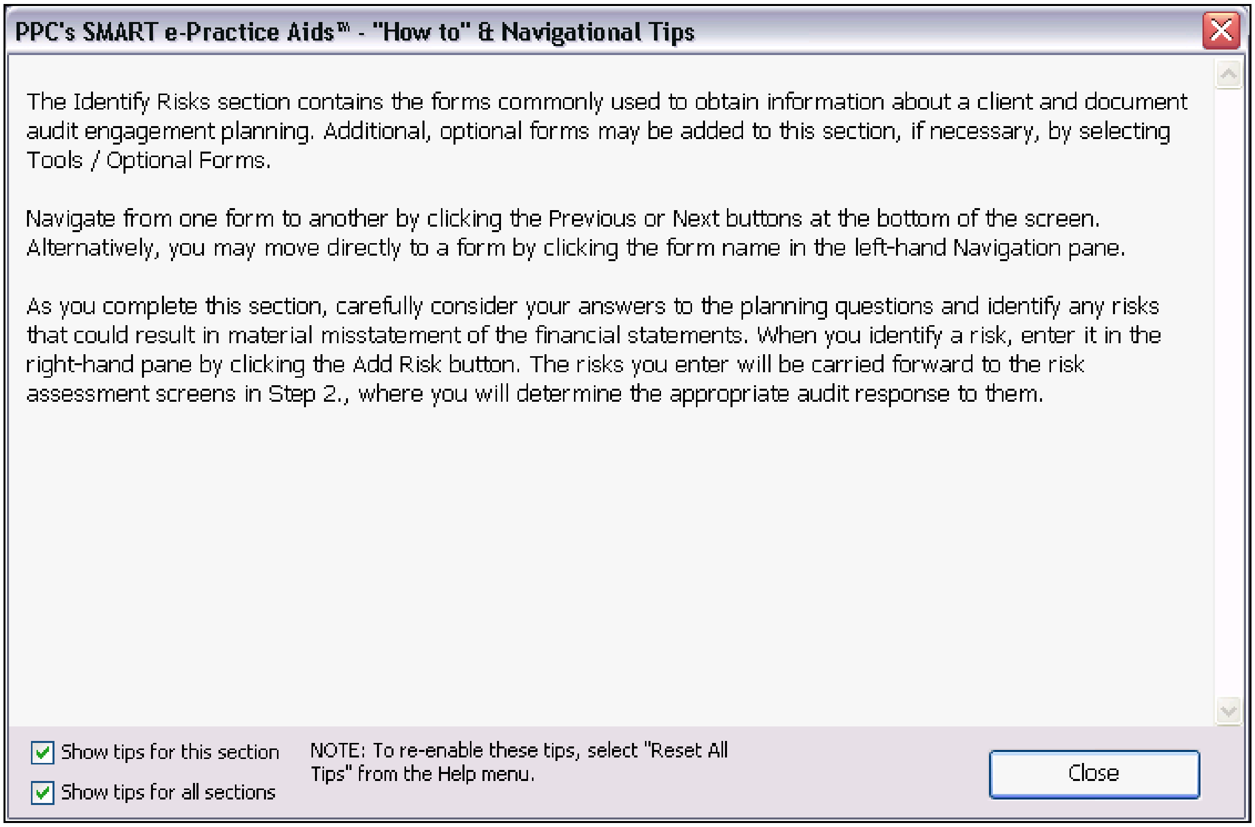
This form should be completed fo
assessing potential clients, but it is
might be considered. Specific circu
Information gathered when compl
completing the "Risk Identification
Summary Form" (ASB-CX-7.1).

To display the pane, roll your mouse cursor over the grey bar and the pane will expand. Click the pin icon to "pin" the pane in the open position. This feature is also available in the right pane.

Use this action to give yourself more room to work in the center pane while completing a form or assessment. You can then display the side panes as needed for navigation.

"How to" & Navigational Tips

When you first open a form, the **"How to" & Navigational Tips** window opens, with helpful information specific to the section in which you're working.



The Identify Risks section contains the forms commonly used to obtain information about a client and document audit engagement planning. Additional, optional forms may be added to this section, if necessary, by selecting Tools / Optional Forms.

Navigate from one form to another by clicking the Previous or Next buttons at the bottom of the screen. Alternatively, you may move directly to a form by clicking the form name in the left-hand Navigation pane.

As you complete this section, carefully consider your answers to the planning questions and identify any risks that could result in material misstatement of the financial statements. When you identify a risk, enter it in the right-hand pane by clicking the Add Risk button. The risks you enter will be carried forward to the risk assessment screens in Step 2., where you will determine the appropriate audit response to them.

☑ Show tips for this section

☑ Show tips for all sections

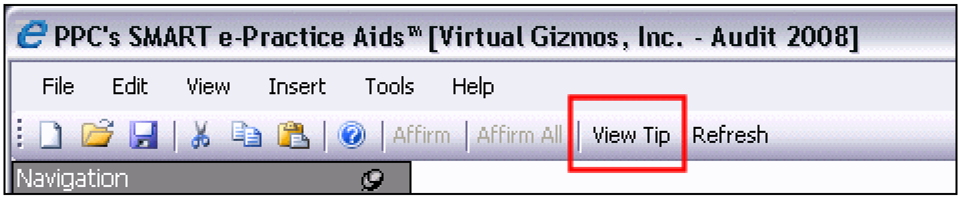
NOTE: To re-enable these tips, select "Reset All Tips" from the Help menu.

The **Show tips...** options at the bottom of the window let you control when the window displays.

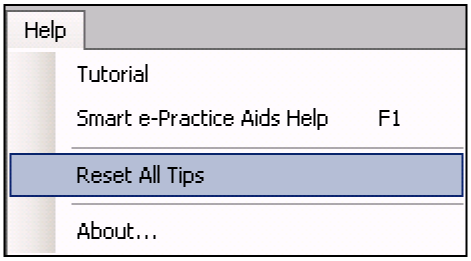
If you clear the **Show tips for this section** check box, the tip information that is currently displayed will no longer appear during the current or future work sessions. Tips that appear in other sections are not affected.

If you clear the **Show tips for all sections** check box, this feature is disabled throughout all sections during the current or future work sessions. No tips will appear.

You can display the tips at any time for any section in SMART Practice Aids. Clicking **View Tip** on the tool bar opens the **"How to & Navigational Tips** window for the section you're currently viewing.


PPC's SMART e-Practice Aids™ [Virtual Gizmos, Inc. - Audit 2008]
File
Edit
View
Insert
Tools
Help
Affirm
Affirm All
View Tip
Refresh
Navigation

To re-enable the tips for all sections, select **Reset All Tips** from the **Help** menu:


Help
Tutorial
Smart e-Practice Aids Help F1
Reset All Tips
About...

File

These options are available from the **File** menu on the main menu bar.

Name	Description	Shortcut
New	Create a new engagement (Client or Master).	**Alt + F + N**
Open	Open an existing engagement.	**Alt + F + O**
Close	Close the open engagement.	**Alt + F + C**
Save	Save the current engagement.	**Alt + F + S**
Save as	Save the current engagement and specify a filename.	**Alt + F + A**
Delete	Delete a client or an engagement.	**Alt + F + D**
Backup	Create a backup of an engagement.	**Alt + F + B**
Restore	Restore an engagement from a backup.	**Alt + F + R**
Finalize	Finalize an engagement and change the engagement to a read-only status.	**Alt + F + F**
Reset to In Progress	Reset an engagement with a "Finalized" status to "In-Progress and allow user modifications.	**Alt + F + I**
Rollforward	Create a new engagement based on a prior period engagement.	**Alt + F + W**
Exit	Exit the program.	**Alt + F + X**

Users who install **SMART Practice Aids - Internal Control** will see the following additional option on the **File** menu:

Enable Internal Control	Activates SMART Practice Aids - Internal Control for the engagement.	**Alt + F + E**

Users who install **SMART Practice Aids - Disclosure** will see the following additional option on the **File** menu:

Update Disclosure Checklist	Checks for updates to the current Disclosure Checklist	**N/A**
Maintain Firm Library	Launches the Firm Library application	**N/A**

Edit

These options are available from the **Edit** menu on the main menu bar.

Name	Description	Shortcut
Copy	Copy the selected text.	**Alt + E + C**
Paste	Paste the selected text.	**Alt + E + P**
Modify...	Edit a procedure, practical consideration, control, test procedure, objective, or exception.	**Alt + E + F**
Delete	Delete a custom procedure, category, control, test procedure, objective, or exception.	**Alt + E + D**
Reset Procedure	Reset a procedure to its original format and content.	**Alt + E + R**
Edit Planning Form Title/File Name	Edit the name/file name of the selected form. (2007 and later titles)	**Alt + E + F**
Engagement Setup	Define general engagement options such as the included audit areas and file properties (engagement name, client name).	**Alt + E + E**

Users who install **SMART Practice Aids - Internal Control** will see the following additional options on the **Edit** menu:

Assign Test Procedures	Assign test procedures for a control.	**N/A**
Reset Control	Reset a control to its original format and content.	**N/A**

Users who install **SMART Practice Aids - Disclosure** will see the following additional options on the **Edit** menu:

Reset Disclosure Item...	Reset a disclosure item to its original format and text.	**N/A**

View

These options are available from the **View** menu on the main menu bar.

Name	Description	Shortcut
Practical Considerations	Toggle the display of Practical Considerations within the included audit procedures and planning forms. Practical Considerations are designated by blue text.	**Alt + V + P**
Identified Risks	View the list of identified risks for the active audit area.	**Alt + V + R**
Show Modified Step Flag	Toggle the display of the modified step flag within the audit procedures. Click the flag icon to view the original PPC procedure text and the procedure as currently modified. In the case of an engagement that has been rolled forward, click the flag icon to view the procedure used in the prior period, the original PPC procedure for the current period, and the procedure as currently modified. In either case, you have the option to select the version you want to use in the current engagement.	**Alt + V + M**
Show Prior Period Selected Steps Flag	Toggle the display of a prior period selected steps flag icon. This flag displays in the right pane of the audit procedures review screen. It designates steps that were selected in the prior period. This feature is only available for engagements which have been rolled forward.	**Alt + V + S**

Note: SMART Practice Aids applies your View menu settings to the entire engagement for that session.

Users who install **SMART Practice Aids - Internal Control** will see the following additional options on the **View** menu:

<table>
<tr>
<td>Item</td>
<td>The Item sub-menu contains these actions:
<table>
<tr><th>Name</th><th>Description</th><th>Shortcut</th></tr>
<tr><td>Objective Attributes</td><td>Opens a new window that displays information about a selected objective.</td><td></td></tr>
<tr><td>Control Attributes</td><td>Opens a new window that displays information about a selected control.</td><td></td></tr>
<tr><td>Exceptions</td><td>Opens a new window that displays information about a selected exception.</td><td></td></tr>
</table>
</td>
<td></td>
</tr>
</table>

Users who install **SMART Practice Aids - Disclosure** will see the following additional options on the View menu:

<table>
<tr>
<td>Item</td>
<td>The Item sub-menu contains these actions:
<table>
<tr><th>Name</th><th>Description</th><th>Shortcut</th></tr>
<tr><td>Disclosure Note</td><td>Opens a new windows that displays information about a selected Disclosure Note.</td><td></td></tr>
</table>
</td>
<td></td>
</tr>
</table>

Insert

These options are available from the **Insert** menu on the main menu bar.

Name	Description	Shortcut
Procedure Above	Insert a custom audit procedure above the highlighted text. Use this to define your own audit procedures and objectives. Highlight a procedure or partial text in the center pane to activate this option.	**Alt + I + P**
Procedure Below	Insert a custom audit procedure below the highlighted text. Use this to define your own audit procedures and objectives. Highlight a procedure or partial text in the center pane to activate this option.	**Alt + I + R**
Category Above	Insert a new procedure category above the highlighted text. Use this to add custom procedure categories into your audit plan. Highlight a procedure or partial text in the center pane to activate this option.	**Alt + I + C**
Category Below	Insert a new procedure category below the highlighted text. Use this to add custom procedure categories into your audit plan. Highlight a procedure or partial text in the center pane to activate this option.	**Alt + I + A**
Add Forms…	Add multiple copies of forms to an engagement. (2007 and later titles)	**Alt + I + F**
Remove Form	Remove a form from an engagement. (2007 and later titles)	**Alt + I + E**

Users who install **SMART Practice Aids - Internal Control** will see the following additional options on the **Insert** menu:

Add Objective	Specify a new objective to be added to a list of process level controls or general computer controls.	
Add Control	Specify a new control to be added to a list of controls.	
Add Exception	Specify a new exception to be added to the Exception Summary form.	

Users who install **SMART Practice Aids - Disclosure** will see the following additional options on the **Insert** menu:

Add New Note	Add a new note to the selected disclosure topic.	N/A
Topic Above	Add a new topic above the selected disclosure topic.	N/A
Topic Below	Add a new topic below the selected disclosure topic.	N/A
Topic Child	Add a child topic to the selected disclosure topic.	N/A
Requirement Above	Add a new disclosure requirement above the selected requirement.	N/A
Requirement Below	Add a new disclosure requirement below the selected requirement.	N/A
Requirement Child	Add a child disclosure requirement to the selected requirement.	N/A

Tools

These options are available from the **Tools** menu on the main menu bar.

<table>
<tr><th>Name</th><th>Description</th><th>Shortcut</th></tr>
<tr><td>Add Risk</td><td>Add a new risk to the current form. (Available when working in the 1. Identify Risks section and 2. Assess Effects of Risks.)</td><td>Alt + T + A</td></tr>
<tr><td>Optional Forms</td><td>Add optional forms to your engagement. The new forms will be visible in the 1. Identify Risks section of the Navigation pane. (2006 titles only)</td><td>Alt + T + F</td></tr>
<tr><td>Transfer Engagement</td><td>Transfer an existing engagement to another database.</td><td>Alt + T + T</td></tr>
<tr><td>Receive Engagement</td><td>Import an existing engagement into your database.</td><td>Alt + T + R</td></tr>
<tr><td>Delete Transfer Files</td><td>Select and delete files that have been transferred to another database.</td><td>Alt + T + D</td></tr>
<tr><td>Delete Backup Files</td><td>Select and delete backup files that have been created using the File | Backup action.</td><td>Alt + T + D + D</td></tr>
<tr><td>Affirm</td><td>Confirm a prior period assertion for the current period.</td><td>Alt + T + M</td></tr>
<tr><td>Affirm All</td><td>Confirm all prior period assertions for the current period.</td><td>Alt + T + L</td></tr>
<tr><td>Update SMART Engagement</td><td>Update an audit program within the current engagement to include user's changes to the generated version of the same audit program document.</td><td></td></tr>
<tr><td>Options</td><td>The Options sub-menu contains these actions:
<table>
<tr><th>Name</th><th>Description</th><th>Shortcut</th></tr>
<tr><td>File Locations</td><td>Define default file locations for engagement backups, transferred engagements, and generated Practice Aids.</td><td>Alt + T + O + F</td></tr>
<tr><td>Content Settings</td><td>Set the location of reference materials such as PPC Guidance and Checkpoint.</td><td>Alt + T + O + S</td></tr>
</table>
</td><td>Alt + T + O</td></tr>
</table>

Point to Different Database	Change the database for your PPC's SMART Practice Aids client.	**Alt + T + O + P**
Point to Firm Library Database	Set the database to use for loading your firm libraries. (If you have the Disclosure module installed, this option will be available.)	**N/A**
Application Settings	Change your user name; set multi-user options.	**Alt + T + O + A**

Help

These options are available from the **Help** menu on the main menu bar.

Name	Description	Shortcut
Smart Practice Aids Help	Access the online help system.	**Alt + H + H**
Quick Tour (display tutorial)	Launch the SMART Practice Aids multimedia tutorial.	**Alt + H + T**
Documentation	Access the SMART Practice Aids Documentation launch page on the R&G Workflow & Guidance Knowledgebase.	**Alt + H + D**
Support on the Web	Access the SMART Practice Aids Product Support page on the Research & Guidance Customer Help Center Web site.	**Alt + H + S**
Frequently Asked Questions	Access the SMART Practice Aids - Frequently Asked Questions page on the Research & Guidance Customer Help Center Web site.	**Alt + H + F**
Reset All Tips	Re-enable the "How to" and Navigational Tips if they have been disabled.	**Alt + H + R**
About...	View the Smart Practice Aid version and license information.	**Alt + H + A**

Multi-User Controls

About Multi-User

SMART Practice Aids' **Multi-User** features provide the means for more than one user to work on different parts of an engagement while protecting against conflicts such as those created by users attempting to edit the same input screens.

When you first open SMART Practice Aids, you are asked to provide a username, which is used in facilitating a multi-user engagement. If necessary, you can later change your username by selecting an option from the **Tools** menu.

When **Multi-User** is active, each form is *locked*, until one of the users chooses to edit the form. The user must respond to a prompt that asks "Would you like to Edit this form?" When leaving the form, the user is prompted to save changes and can specify whether to allow other users to edit the changed form.

Users can elect whether to activate **Multi-User** when opening an engagement. An option is also available from the **Tools** menu that lets the user turn **Multi-User** on or off for an engagement that is already open.

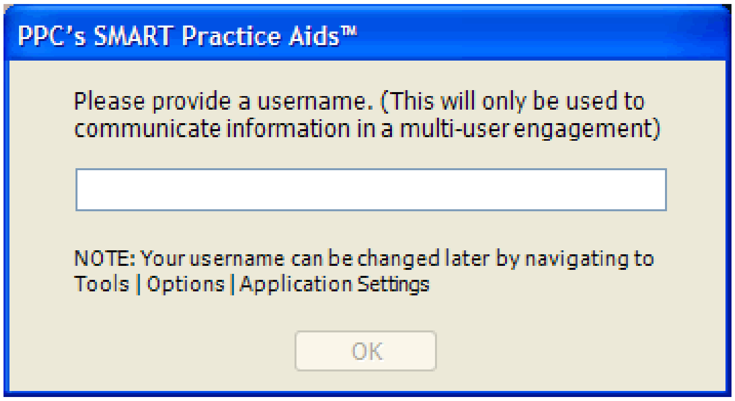
For best results in establishing a multi-user environment, users should be pointed to a shared database. For instructions on installing a shared database, visit the SMART Practice Aids **Product Support** information at http://support.rg.thomson.com/smartepractice and download the **PPC's SMART Practice Aids Getting Started Kit**.

Multi-user in the Disclosure Module and Firm Library Application

Multiple users are not available in engagements using only the Disclosure module. Only one user can have this type of engagement open for editing at any given time. The same also applies to users working in a firm library using the Firm Library application. Only one user can have a firm library open for editing at any given time.

Providing a Username

When you first open SMART Practice Aids, you are prompted to provide a username.



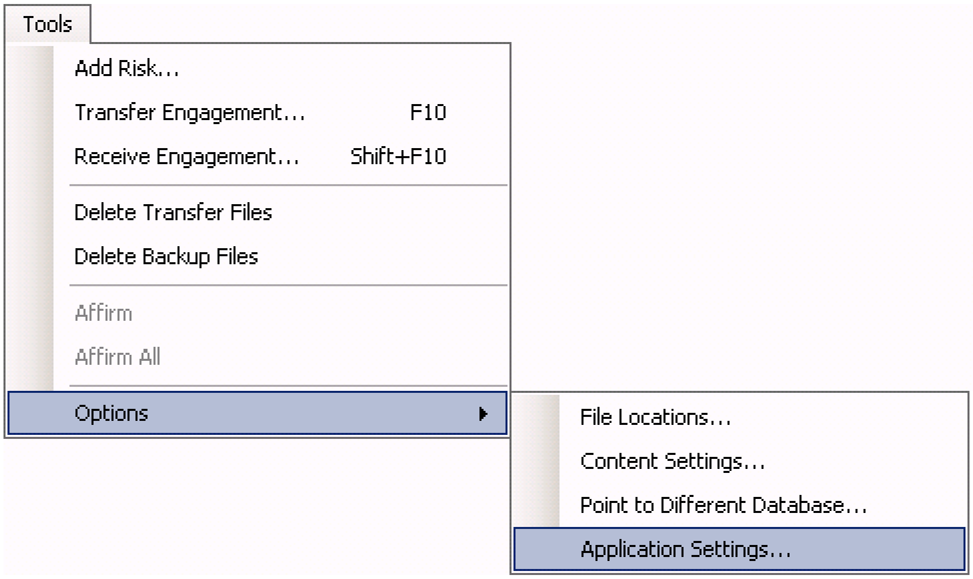
Please provide a username. (This will only be used to communicate information in a multi-user engagement)

NOTE: Your username can be changed later by navigating to Tools | Options | Application Settings

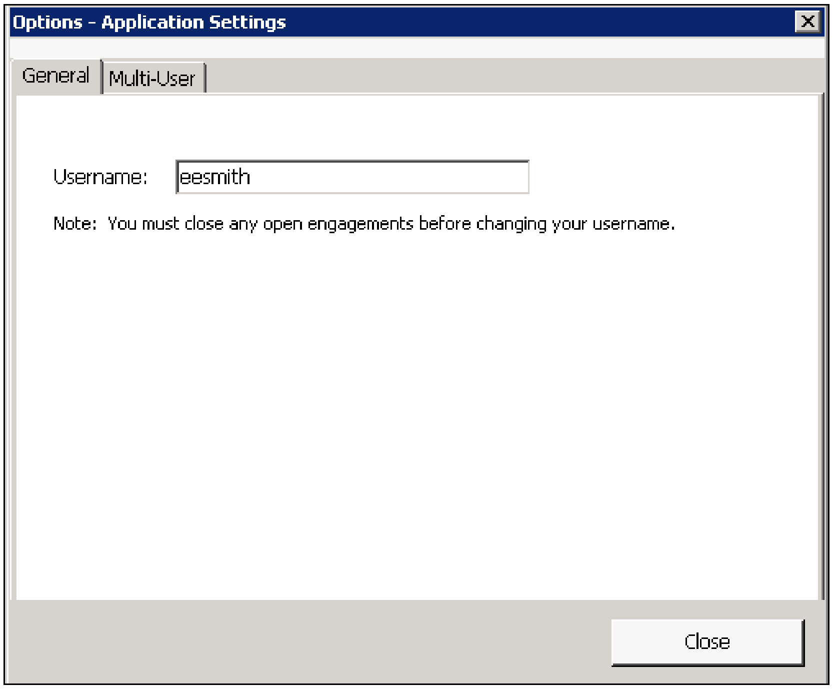
Type a username of your own choosing and click **OK**. Note that your username will not be used for any purpose other than to communicate information in a multi-user engagement.

Note: To avoid confusion, make sure your username is unique and not likely to be selected by other users in your engagement.

As the information above the **OK** button indicates, you can change your username by selecting **Options** from the **Tool** menu and then clicking the **Application Settings** option. Make sure that all engagements are closed before performing this task.


Tools
Add Risk...
Transfer Engagement... F10
Receive Engagement... Shift+F10
Delete Transfer Files
Delete Backup Files
Affirm
Affirm All
Options
File Locations...
Content Settings...
Point to Different Database...
Application Settings...

On the **General** tab of the **Options - Application Settings** window, you can specify a new username by overtyping the username you previously specified.


Options - Application Settings
General
Multi-User
Close

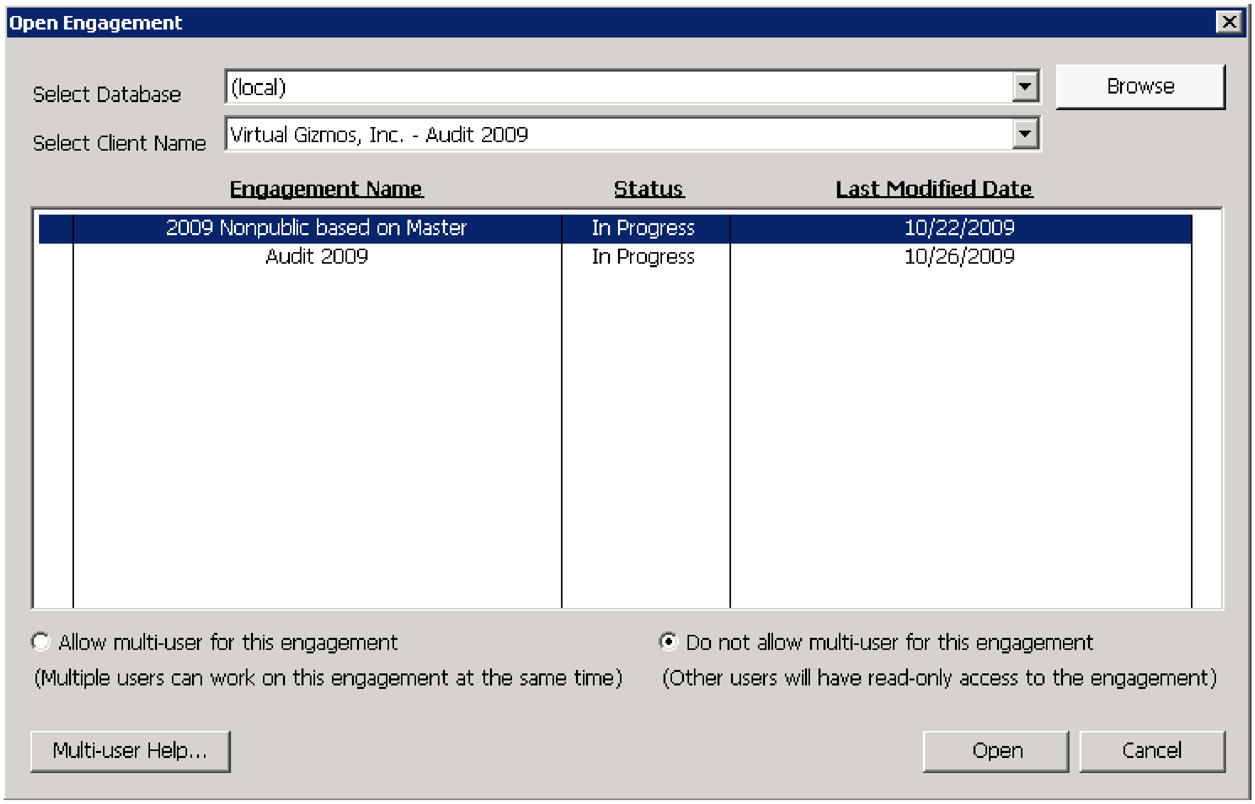
Username: eesmith

Note: You must close any open engagements before changing your username.

Allowing Multi-User

You have the option, when opening an existing engagement, to allow multiple users to work on the engagement at the same time. Otherwise, other users who have access to the engagement will only be able to open the engagement in read-only mode.

When you select **Open** from the **File** menu or click the **Open** button on the tool bar, the **Open Engagement** window opens.



Select Database (local)

Select Client Name Virtual Gizmos, Inc. - Audit 2009

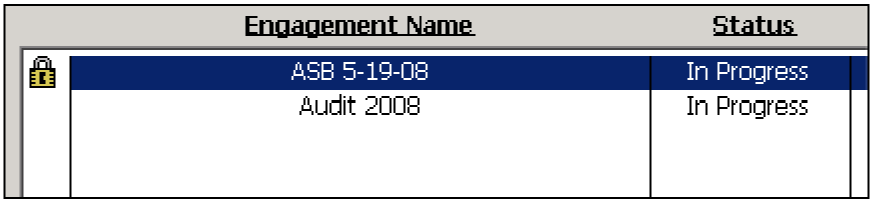
Engagement Name	Status	Last Modified Date
2009 Nonpublic based on Master	In Progress	10/22/2009
Audit 2009	In Progress	10/26/2009

○ Allow multi-user for this engagement
(Multiple users can work on this engagement at the same time)

● Do not allow multi-user for this engagement
(Other users will have read-only access to the engagement)

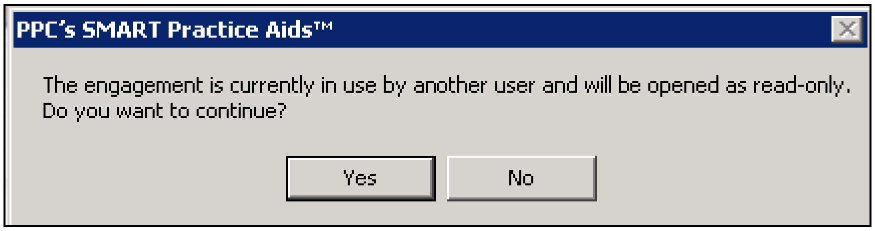
Choose from the options below the Engagement list. Select **Allow multi-user for this engagement** to allow multiple users to edit parts of the engagement at the same time. Select **Do not allow multi-user for this engagement** to restrict all other users to read-only access. **Do not allow multi-user for this engagement** is the default selection.

If an engagement is already in use with **Do not allow multi-user for this engagement** selected, a *lock* symbol appears on the left of the engagement listed in the **Open Engagement** window.



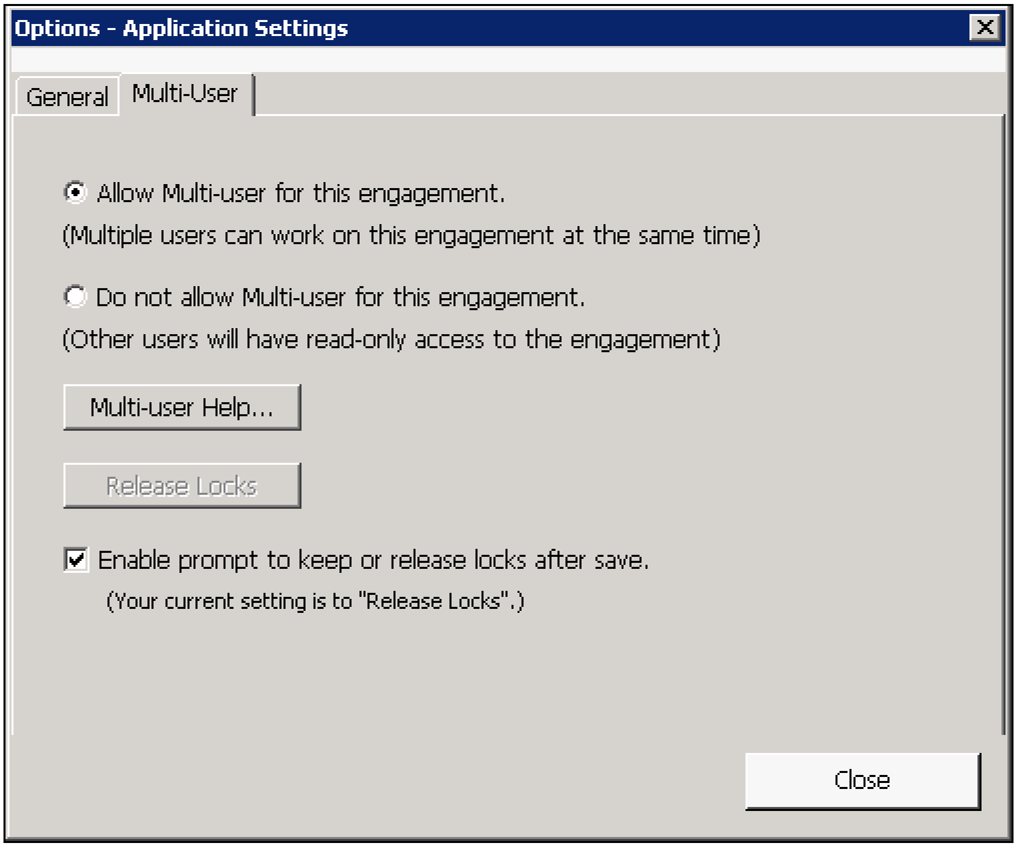
	Engagement Name	Status
🔒	ASB 5-19-08	In Progress
	Audit 2008	In Progress

If you attempt to open the "locked" engagement, a message informs you that you can only open the engagement as read-only.


PPC's SMART Practice Aids™
Yes
No

The engagement is currently in use by another user and will be opened as read-only.
Do you want to continue?

You can change the multi-user option for an open engagement by clicking **Options** on the **Tools** menu and selecting **Application Settings**. On the **Multi-User** tab of the **Options - Application Settings** dialog box, select the multi-user option to which you want to reset.


Options - Application Settings
General
Multi-User
Multi-user Help...
Release Locks
Close

● Allow Multi-user for this engagement.
(Multiple users can work on this engagement at the same time)

○ Do not allow Multi-user for this engagement.
(Other users will have read-only access to the engagement)

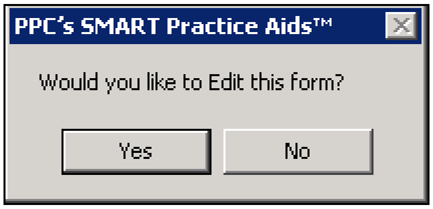
☑ Enable prompt to keep or release locks after save.
(Your current setting is to "Release Locks".)

When switching from the **Do not allow...** option to the **Allow...** option, you must first save the engagement.

Editing a Form

When you use SMART Practice Aids with Multi-user allowed, controls are in place to prevent conflicts between users.

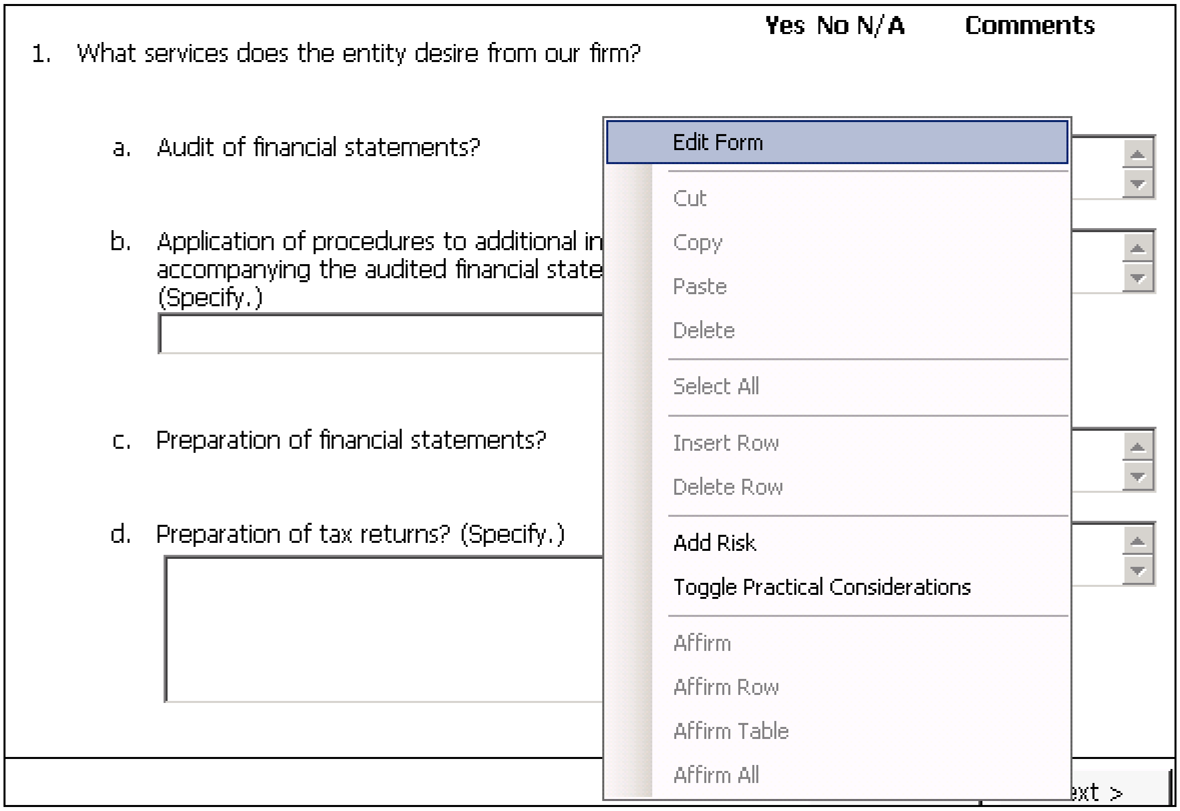
When you first attempt to enter or edit information on a data entry screen, the following prompt appears:


PPC's SMART Practice Aids™
Yes
No

Would you like to Edit this form?

Selecting **Yes** places a lock on the form. No other users are able to edit the form until you release the lock.

You can bypass the above prompt by clicking on the data entry screen with your right mouse button and selecting **Edit Form**.


Yes No N/A
Comments
Edit Form
Cut
Copy
Paste
Delete
Select All
Insert Row
Delete Row
Add Risk
Toggle Practical Considerations
Affirm
Affirm Row
Affirm Table
Affirm All
ext >

1. What services does the entity desire from our firm?

a. Audit of financial statements?

b. Application of procedures to additional in accompanying the audited financial state (Specify.)

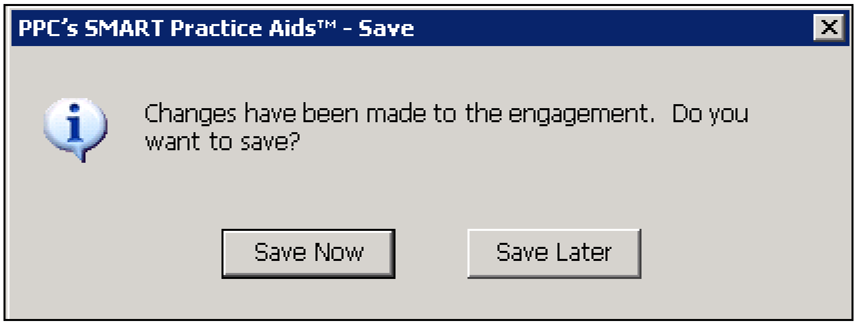
c. Preparation of financial statements?

d. Preparation of tax returns? (Specify.)

Selecting **Edit Form** places a lock on the form. No other users are able to edit the form until you release the lock.

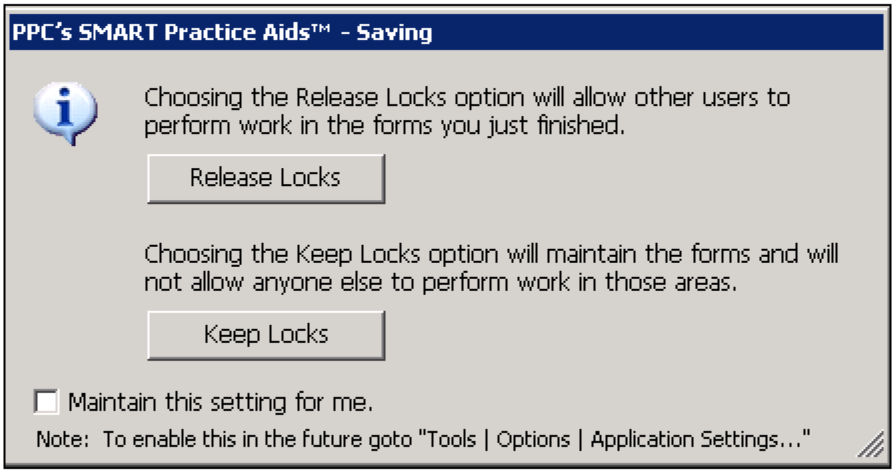
Note: While a lock generally applies to an entire form, there may be situations where not all items on a form are locked, due to data being shared between two or more forms.

The option to release locks appears whenever you attempt to save the engagement. You can save your work at any time by selecting **Save** or **Save As** from the **File** menu or by clicking the **Save** tool. If you attempt to access another form without first saving, you are prompted to "Save Now" or "Save Later."



Changes have been made to the engagement. Do you want to save?

When you elect to save the engagement, the **Saving** dialog box appears, giving you the option to specify whether to unlock the form.



Choosing the Release Locks option will allow other users to perform work in the forms you just finished.

Choosing the Keep Locks option will maintain the forms and will not allow anyone else to perform work in those areas.

☐ Maintain this setting for me.

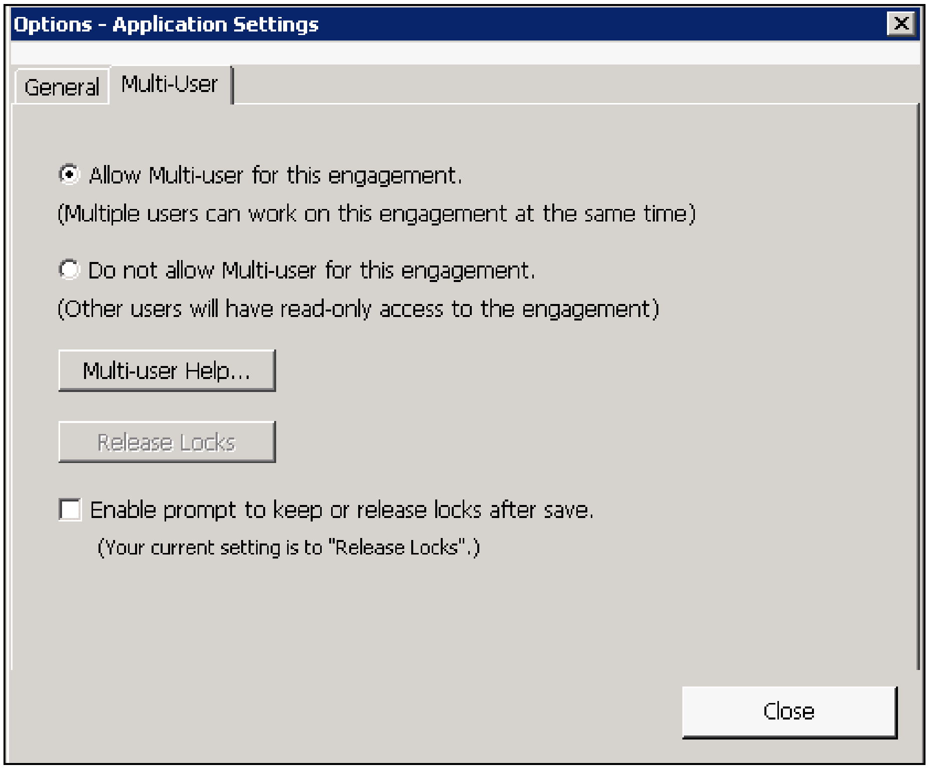
Note: To enable this in the future goto "Tools | Options | Application Settings..."

Click **Release Locks** to allow other users to edit the form. If you want to perform edits on the form in the future, you will have to elect to edit the form again, as explained at the beginning of this topic.

Click **Keep Locks** to keep other users from editing the form. You alone will continue to have the ability to edit the form.

Select **Maintain this setting for me** if you want to continuing using **Release Locks** or **Keep Locks** as your selection while you continue editing and saving forms. This will automate the setting you select and prevent this prompt from appearing whenever you save a form.

To disable the **Maintain this setting for me** option, click **Options** on the **Tools** menu and select **Application Settings**. On the **Multi-User** tab, select **Enable prompt to keep or release locks after save** and click **Close**.


Options - Application Settings
General
Multi-User
Multi-user Help...
Release Locks
Close

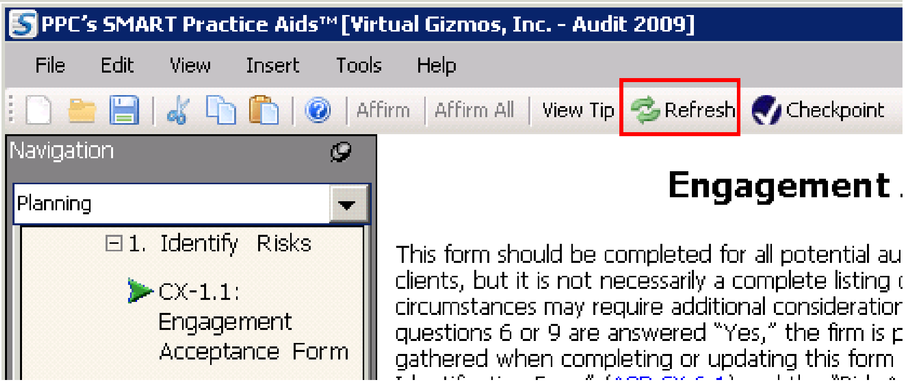
● Allow Multi-user for this engagement.
(Multiple users can work on this engagement at the same time)

○ Do not allow Multi-user for this engagement.
(Other users will have read-only access to the engagement)

☐ Enable prompt to keep or release locks after save.
(Your current setting is to "Release Locks".)

Your current setting is indicated below the option. After selecting the **Enable prompt...** option, you will again be prompted to **Release Locks** or **Keep Locks** whenever you save the engagement. Once you release locks for a form, another user can open and edit the form.

Use the **Refresh** button to update your copy of the engagement with changes from all other users in your multi-user environment.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009]
File
Edit
View
Insert
Tools
Help
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Planning
1. Identify Risks
CX-1.1: Engagement Acceptance Form
Engagement

This form should be completed for all potential au
clients, but it is not necessarily a complete listing
circumstances may require additional consideratior
questions 6 or 9 are answered "Yes," the firm is p
gathered when completing or updating this form

Clicking **Refresh** lets you edit an engagement on one machine and then allow someone on another machine to see your changes. **Refresh** updates the engagement with the most current saved information from each user.

Multi-User Messages

The following list describes **Multi-User** related messages you may encounter:

Icon	Message	Scenario
ℹ	Multi-user must be enabled since others are currently working in the engagement.	User attempts to get an engagement-level lock (during **Create New**, or **Open Engagement**) but is unsuccessful because other locks in the engagement prevent the user from getting the requested lock.
ℹ	This is currently locked for editing by *[User ID].*	User attempts to edit or delete an item (or form) that is locked explicitly by another user.
ℹ	This item is currently locked for editing by someone else.	User attempts to edit something that is locked by another user.
ℹ	This form cannot be edited at this time. *[User ID]* is making changes affecting the overall engagement structure. Please try again after *[User ID]* has exited the engagement or saved his or her work and released forms for editing by others.	User attempts to get a lock on something in the engagement but is unsuccessful because the entire engagement is temporarily locked to process engagement-level changes.
⚠	**WARNING**: Choosing this option will prevent other users from saving further changes to the engagement until the engagement is opened again. Continue to release all locks in the engagement?	User selects to perform a lock override and release all locks in the engagement.
ℹ	Some items on this form are locked for editing by someone else and cannot be edited. Select the **Refresh** button in the toolbar to get the latest changes to the engagement.	User is able to get a form-level lock, but some shared items could not be locked.
❓	Other users are working in this engagement and changes have been made that haven't been saved. Continue with **Save As**?	User performs a **Save As** of an engagement while locks exist in the engagement by other users.
ℹ	This function cannot be performed while others are working in the engagement. Please try again after other users have exited the engagement or saved their work and released their forms for editing by others.	User attempts to get an engagement-level lock (during **Rollforward**, **Backup**, **Transfer**, **Finalize**, **Delete**) but is unsuccessful because other locks in the engagement prevent the user from getting the requested lock.

ℹ	Some responses on this form could not be affirmed because they are locked for editing by someone else in the engagement.	User has selected the **Affirm All** option, but some items on the form are locked by other users and cannot be affirmed.
ℹ	The item you were viewing was removed from the engagement by another user.	User is viewing a form and selects **Refresh** or the **Edit** option, but a different user has deleted or removed the item from the engagement.

Engagement Rollforward

Types of Rollforward

Engagement Rollforward allows you to:

- Create a new engagement based on a prior-period engagement.
- Bring forward settings and customization from the prior-period engagement.
- Optionally bring forward planning form responses, identified risks, risk assessments, and audit approaches from the prior-period engagement.
- View significant PPC changes to planning form questions and audit procedures.
- View differences between current-period audit procedures and procedures used in the prior period.

The SMART Practice Aids Rollforward feature provides two different ways to create a new client engagement and transfer prior-period engagement answers and customizations into it—rollforward to a new client engagement or merge with a master engagement.

Rollforward the Client Engagement to a New Client Engagement

Considered the “typical” rollforward method, this option creates a new engagement based on an equal or newer version of the Tools title used to create the original engagement, then transfers the selected prior-period engagement data into it.

Merge the Client Engagement with a Master Engagement

This option is useful for firms that want their auditors to begin with the current master engagement (created and maintained by the firm) but want the new engagement to include responses and other data from the prior-period engagement. It allows firms to effectively use master engagements without losing documentation that was created in the prior period client engagement. When this option is chosen, the selected master engagement and prior-period client engagement are merged as follows to form the new client engagement:

- **Planning forms** — Planning forms present in either the master engagement or prior-period client engagement will be included in the new engagement. If a planning form is present in both the master and prior-period engagement, the title of the form will be as it appears in the master engagement unless you modified the form’s title in the prior-period engagement. In that event, the form’s title will be the prior-period engagement’s modified form title.

- **Planning form responses** — Any planning form responses contained in the master engagement will appear in the new engagement. However, if you choose the option to roll forward planning form responses from the prior-period engagement, the master engagement responses will be replaced by the prior-period engagement responses.
- **Identified risks** — Identified risks from the master engagement will appear in the new engagement. If you choose the option to roll forward identified risks from the prior-period engagement, those risks also will appear.
- **Included audit areas** — Audit areas selected for inclusion in either the master or prior-period engagement will be selected for inclusion in the new engagement. If you modified the name of an audit area in the prior period, the modified name will be used in the new engagement.
- **Responses to setup questions** — Engagement setup questions, such as "Is the engagement a DOL limited-scope audit?" and "Do OMB Circular A-133 (Single Audit) requirements apply to this engagement?," vary by title. Generally, the setup question responses for the prior-period client engagement and the master engagement must match or the merge will not continue. An exception is that the "Is this an initial audit?" setup question responses may differ.

  Best Practice Tip: If you want to maintain master engagements and use the Merge with Master Engagement rollforward feature, create separate master engagements for each type of audit your firm's clients may need. For example, create a defined benefit plan master that is not a DOL limited-scope audit and another defined benefit plan master that is. Then rollforward the prior-period engagement by merging with the appropriate master engagement.
- **Risk assessments and audit programs** — You must specify for each audit area how risk assessments and audit programs in the new engagement will be determined.

Best Practice Tip: Typically, you would use the Merge with a Master rollforward feature only if you intend to use the Master Engagement's risk assessments and audit programs for one or more audit areas.

No data related to *SMART Practice Aids™—Internal Control or SMART Practice Aids™—Disclosure* is retained in a master engagement. Consequently, data related to those modules, if present in the prior-period engagement, will carry forward to the new engagement following the same rules for rollforward of a client engagement to a new client engagement (i.e., the "typical" rollforward).

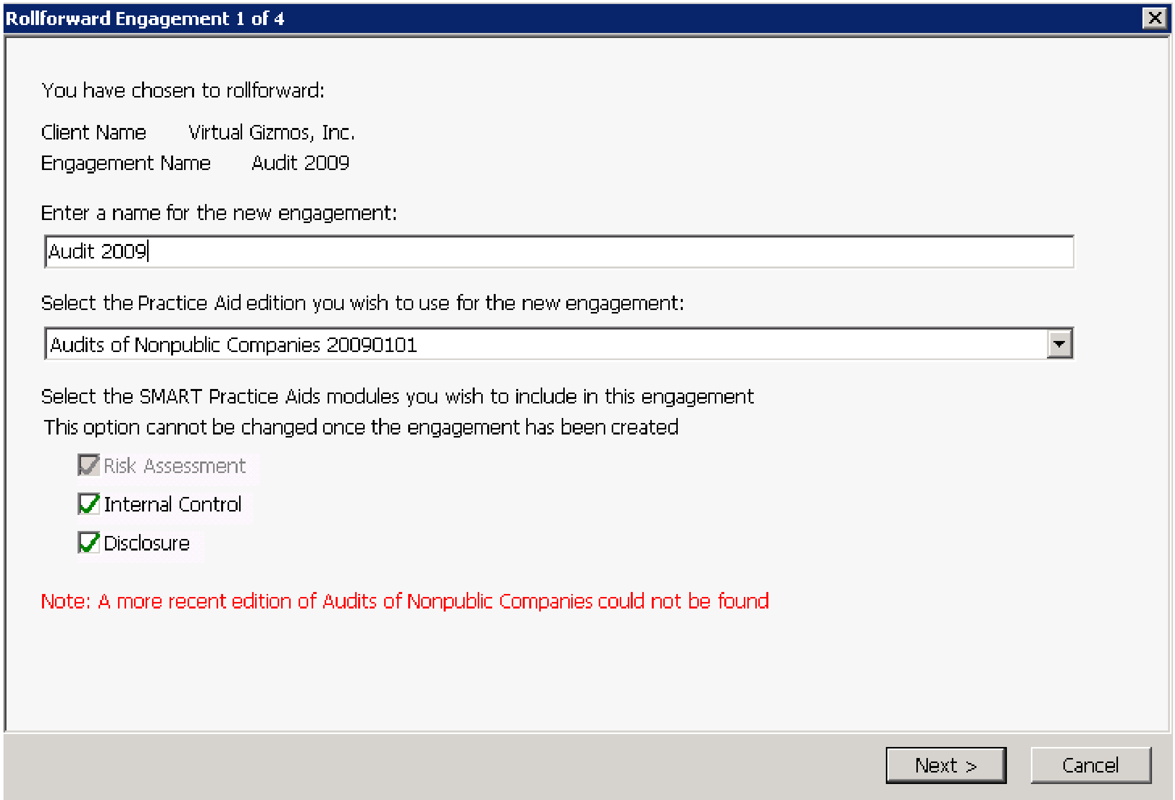
Rollforward a Client Engagement to a New Client Engagement

Engagement Rollforward allows you to:

- Create a new engagement based on a prior period engagement.
- Bring forward settings and customization from the prior period engagement.
- Optionally bring forward planning form responses, identified risks, risk assessments, and audit approaches from the prior period engagement.
- View significant PPC changes to planning form questions and audit procedures.
- View differences between current period audit procedures and procedures used in the prior period.

To rollforward a client engagement:

1. Open engagement to be rolled forward.
2. Select **Rollforward** from the **File** menu.
3. On the Engagement Rollforward dialog screen, select **Rollforward this Client Engagement to a new Client Engagement** and click **Next**.
4. Select a name for the new engagement.



You have chosen to rollforward:

Client Name Virtual Gizmos, Inc.
Engagement Name Audit 2009

Enter a name for the new engagement:
Audit 2009

Select the Practice Aid edition you wish to use for the new engagement:
Audits of Nonpublic Companies 20090101

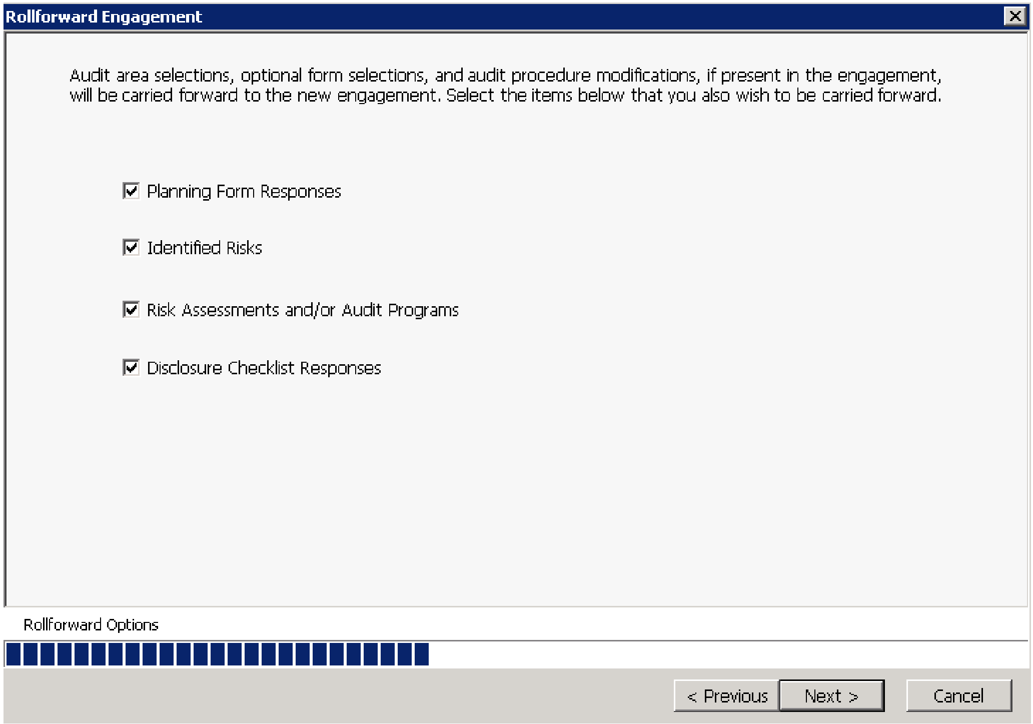
Select the SMART Practice Aids modules you wish to include in this engagement
This option cannot be changed once the engagement has been created

☑ Risk Assessment
☑ Internal Control
☑ Disclosure

Note: A more recent edition of Audits of Nonpublic Companies could not be found

5. Select the Practice Aid edition to use. (See tip below on using an equal or newer version of the title.)

6. Select which SMART Practice Aids modules you want to include in the engagement by selecting the check boxes.
7. Select optional items desired to be rolled forward.



Audit area selections, optional form selections, and audit procedure modifications, if present in the engagement, will be carried forward to the new engagement. Select the items below that you also wish to be carried forward.

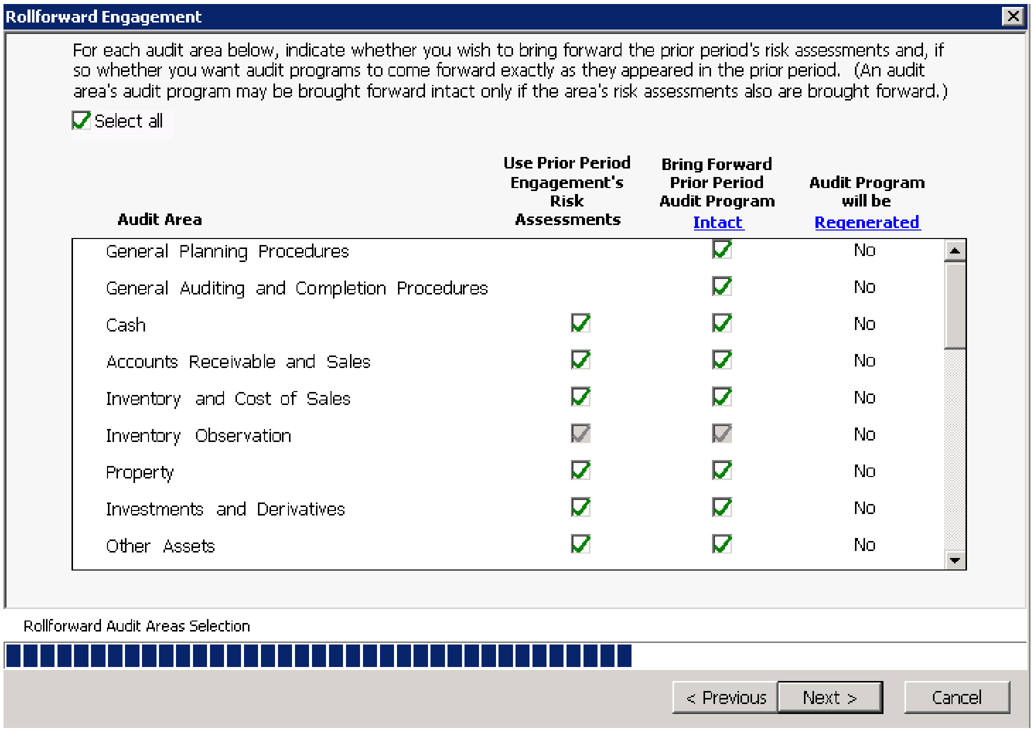
☑ Planning Form Responses

☑ Identified Risks

☑ Risk Assessments and/or Audit Programs

☑ Disclosure Checklist Responses

8. If you choose to carry forward risk assessments or audit programs, indicate how you want risk assessments or audit programs for each audit area to carry forward.

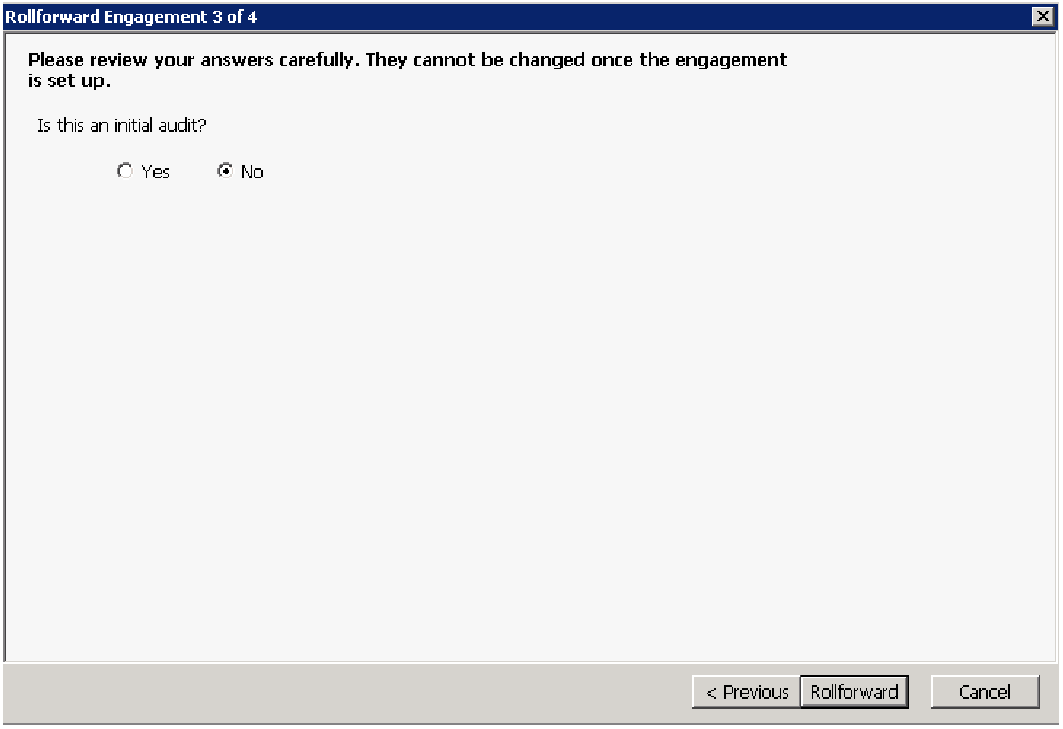


For each audit area below, indicate whether you wish to bring forward the prior period's risk assessments and, if so whether you want audit programs to come forward exactly as they appeared in the prior period. (An audit area's audit program may be brought forward intact only if the area's risk assessments also are brought forward.)

☑ Select all

Audit Area	Use Prior Period Engagement's Risk Assessments	Bring Forward Prior Period Audit Program Intact	Audit Program will be Regenerated
General Planning Procedures		☑	No
General Auditing and Completion Procedures		☑	No
Cash	☑	☑	No
Accounts Receivable and Sales	☑	☑	No
Inventory and Cost of Sales	☑	☑	No
Inventory Observation	☑	☑	No
Property	☑	☑	No
Investments and Derivatives	☑	☑	No
Other Assets	☑	☑	No

9. Review default engagement setup question answers (based on originating engagement) and change as needed (see tip below regarding setup question responses).

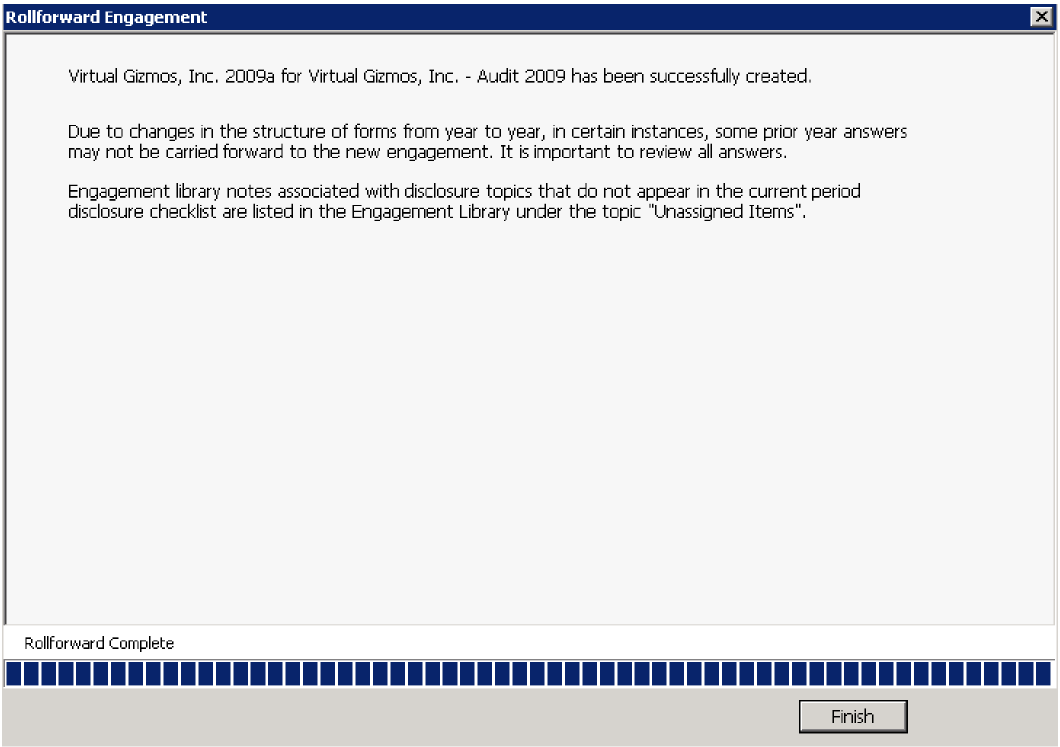


Please review your answers carefully. They cannot be changed once the engagement is set up.

Is this an initial audit?

○ Yes ● No

You will receive a confirmation message once the rolllforward has completed.



Virtual Gizmos, Inc. 2009a for Virtual Gizmos, Inc. - Audit 2009 has been successfully created.

Due to changes in the structure of forms from year to year, in certain instances, some prior year answers may not be carried forward to the new engagement. It is important to review all answers.

Engagement library notes associated with disclosure topics that do not appear in the current period disclosure checklist are listed in the Engagement Library under the topic "Unassigned Items".

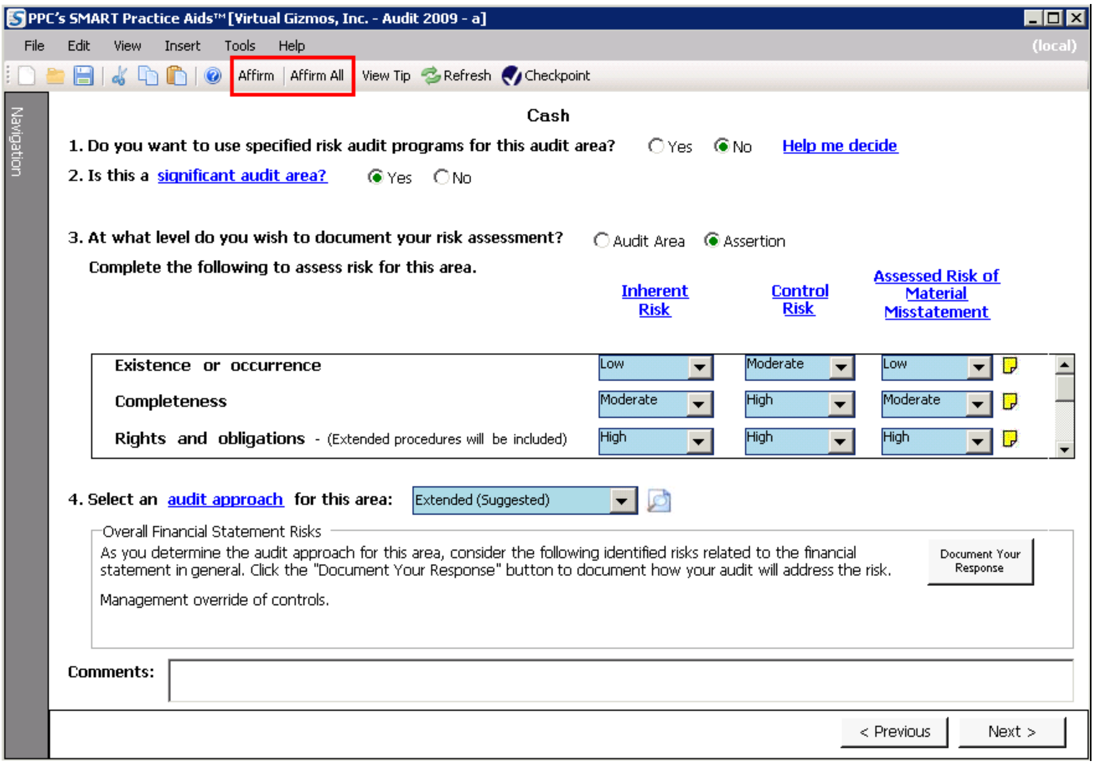
Rollforward Complete

Engagement Rollforward Best Practices/Tips

- Start with finalized engagement from prior period.
- You can only rollforward an engagement using an equal or newer version of the Tools title used to create the original engagement.

Once the new engagement is created:

- If rolling forward an engagement created with old assertions that will now be using the new assertions, review the assertions associated with the Identified risks rolled forward and update as needed.
- Update prior period information rolled forward (shown with highlighting). By editing, highlighting will be removed.
- Use the **Tools>Affirm** or **Tools>Affirm All** menu functions (also available on the right click shortcut menu or as buttons on the tool bar, as shown below) to remove highlighting of prior period information that is still applicable for the current period.



Cash

1. Do you want to use specified risk audit programs for this audit area? ○ Yes ● No Help me decide

2. Is this a significant audit area? ● Yes ○ No

3. At what level do you wish to document your risk assessment? ○ Audit Area ● Assertion

Complete the following to assess risk for this area.

	Inherent Risk	Control Risk	Assessed Risk of Material Misstatement
Existence or occurrence	Low	Moderate	Low
Completeness	Moderate	High	Moderate
Rights and obligations - (Extended procedures will be included)	High	High	High

4. Select an audit approach for this area: Extended (Suggested)

Overall Financial Statement Risks

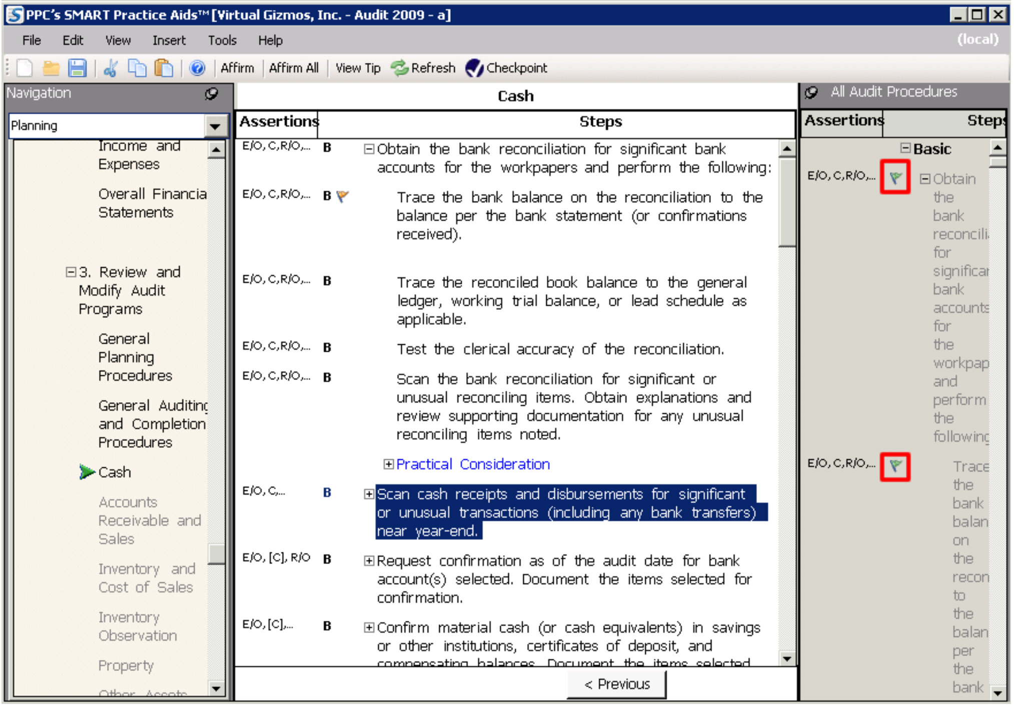
As you determine the audit approach for this area, consider the following identified risks related to the financial statement in general. Click the "Document Your Response" button to document how your audit will address the risk.

Management override of controls.

Comments:

- A diagnostic lists any responses not yet affirmed.
- Audit procedures are selected based on risk assessments and audit approach selected (or rolled forward) for the applicable audit area.

- For procedures selected in the prior period, look for an icon under **All Audit Procedures** (right pane), which you will see whenever you are viewing the audit program.

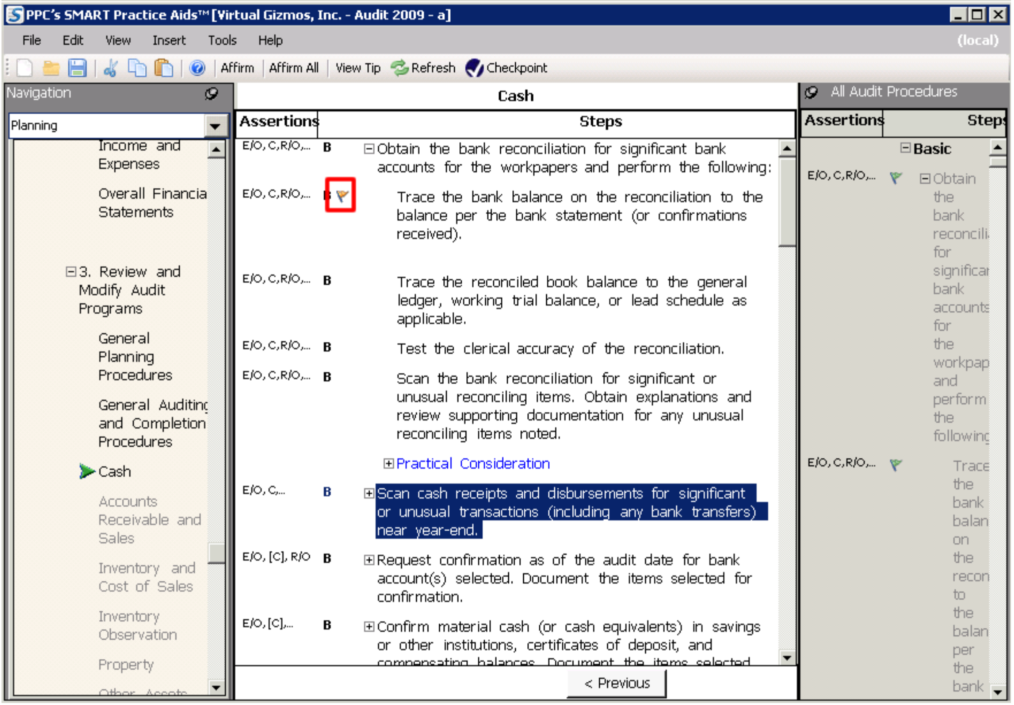

PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 - a]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Planning
Income and Expenses
Overall Financia Statements
⊟3. Review and Modify Audit Programs
General Planning Procedures
General Auditing and Completion Procedures
Cash
Accounts Receivable and Sales
Inventory and Cost of Sales
Inventory Observation
Property
Other Assets
All Audit Procedures
< Previous

Cash

Assertions		Steps
E/O, C, R/O,...	B	⊟Obtain the bank reconciliation for significant bank accounts for the workpapers and perform the following:
E/O, C, R/O,...	B	Trace the bank balance on the reconciliation to the balance per the bank statement (or confirmations received).
E/O, C, R/O,...	B	Trace the reconciled book balance to the general ledger, working trial balance, or lead schedule as applicable.
E/O, C, R/O,...	B	Test the clerical accuracy of the reconciliation.
E/O, C, R/O,...	B	Scan the bank reconciliation for significant or unusual reconciling items. Obtain explanations and review supporting documentation for any unusual reconciling items noted.
		⊞Practical Consideration
E/O, C,...	B	⊞Scan cash receipts and disbursements for significant or unusual transactions (including any bank transfers) near year-end.
E/O, [C], R/O	B	⊞Request confirmation as of the audit date for bank account(s) selected. Document the items selected for confirmation.
E/O, [C],...	B	⊞Confirm material cash (or cash equivalents) in savings or other institutions, certificates of deposit, and compensating balances. Document the items selected

Assertions	Steps
	⊟Basic
E/O, C, R/O,...	⊟Obtain the bank reconcili for significar bank accounts for the workpap and perform the following
E/O, C, R/O,...	Trace the bank balan on the recon to the balan per the bank

- Responses to engagement setup questions can not be changed in the new engagement once the rollforward is completed.
- After Rollforward, the appearance of a flag next to a question on a planning form indicates that the question has changed.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 - a]
File
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View
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All Audit Procedures
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Cash

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Assertions	Steps
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E/O, C, R/O,...	⊟Obtain the bank reconcili for significar bank accounts for the workpap and perform the following
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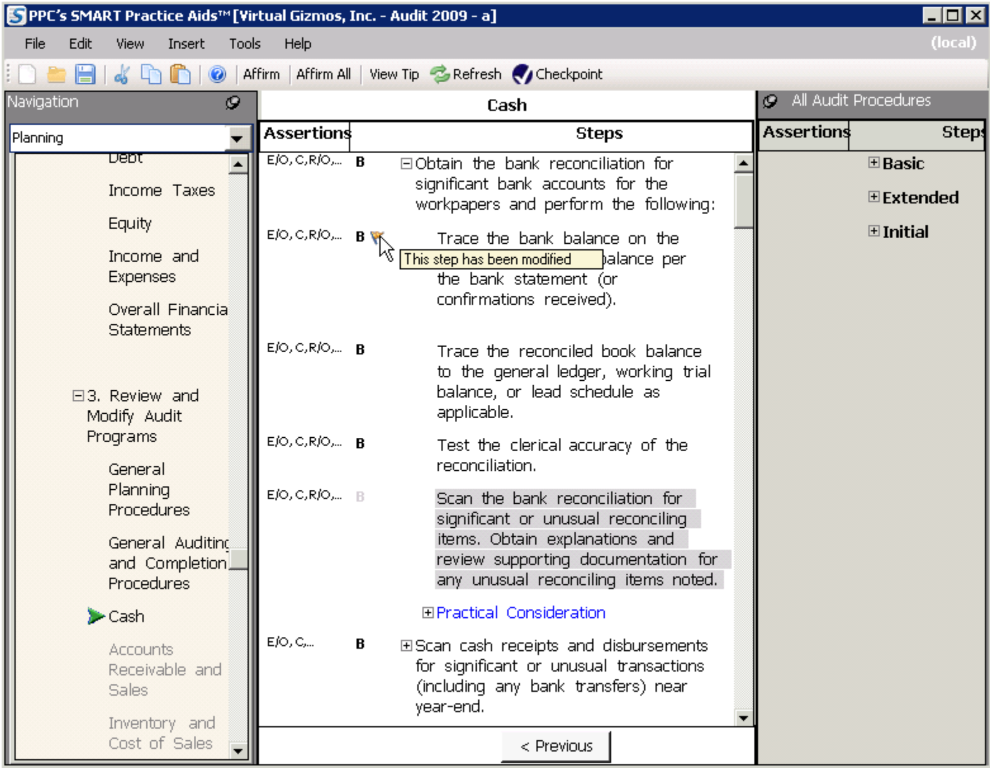
- Similarly, the appearance of a flag next to a procedure step in the center pane of an audit program indicates that the step has changed. Rolling your mouse pointer over the flag displays informational text:


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 - a]
File
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Equity
Income and Expenses
Overall Financial Statements
3. Review and Modify Audit Programs
General Planning Procedures
General Auditing and Completion Procedures
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Accounts Receivable and Sales
Inventory and Cost of Sales
All Audit Procedures
Assertions
Steps
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Extended
Initial
< Previous

Cash

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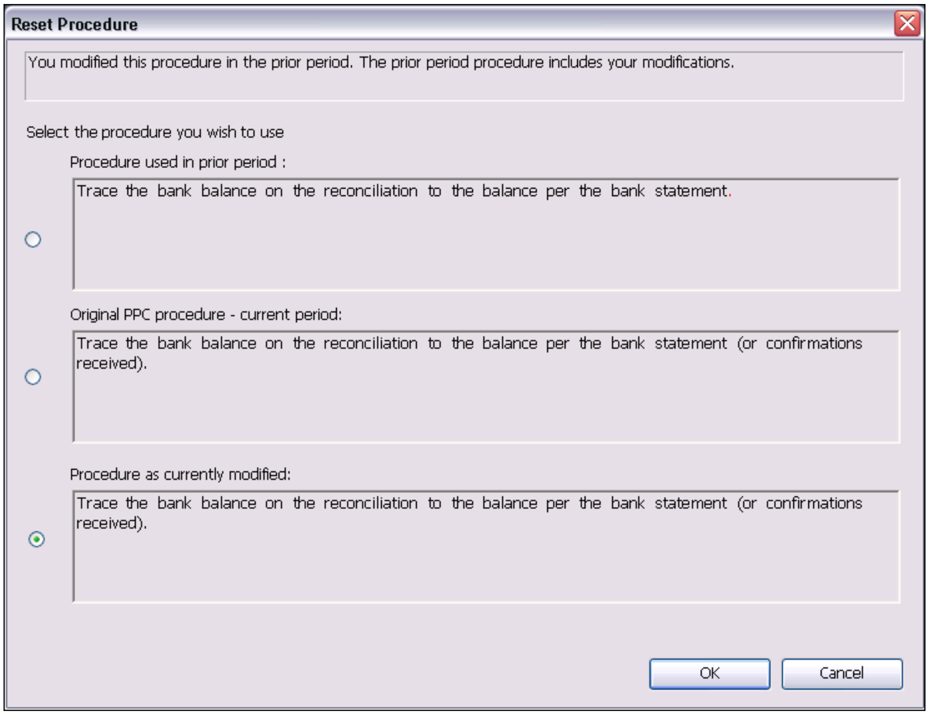
E/O, C, R/O,...	B	Scan the bank reconciliation for significant or unusual reconciling items. Obtain explanations and review supporting documentation for any unusual reconciling items noted.
		Practical Consideration
E/O, C,...	B	Scan cash receipts and disbursements for significant or unusual transactions (including any bank transfers) near year-end.

This step has been modified

Clicking the flag opens the **Reset Procedure** window, where you can compare versions of the procedure step and select the one you want to use.


Reset Procedure
OK
Cancel

You modified this procedure in the prior period. The prior period procedure includes your modifications.

Select the procedure you wish to use

○ Procedure used in prior period :
Trace the bank balance on the reconciliation to the balance per the bank statement.

○ Original PPC procedure - current period:
Trace the bank balance on the reconciliation to the balance per the bank statement (or confirmations received).

● Procedure as currently modified:
Trace the bank balance on the reconciliation to the balance per the bank statement (or confirmations received).

Disclosure Notes and “Unassigned” Topics

Note: It is possible for a disclosure note's assigned topic to be removed as the result of rolling forward an engagement or updating a checklist to a later version. When this occurs, the disclosure notes assigned to the removed topic under a topic labeled “Unassigned.” You should resolve this by assigning these notes to other related topics or deleting them from the disclosure note library.

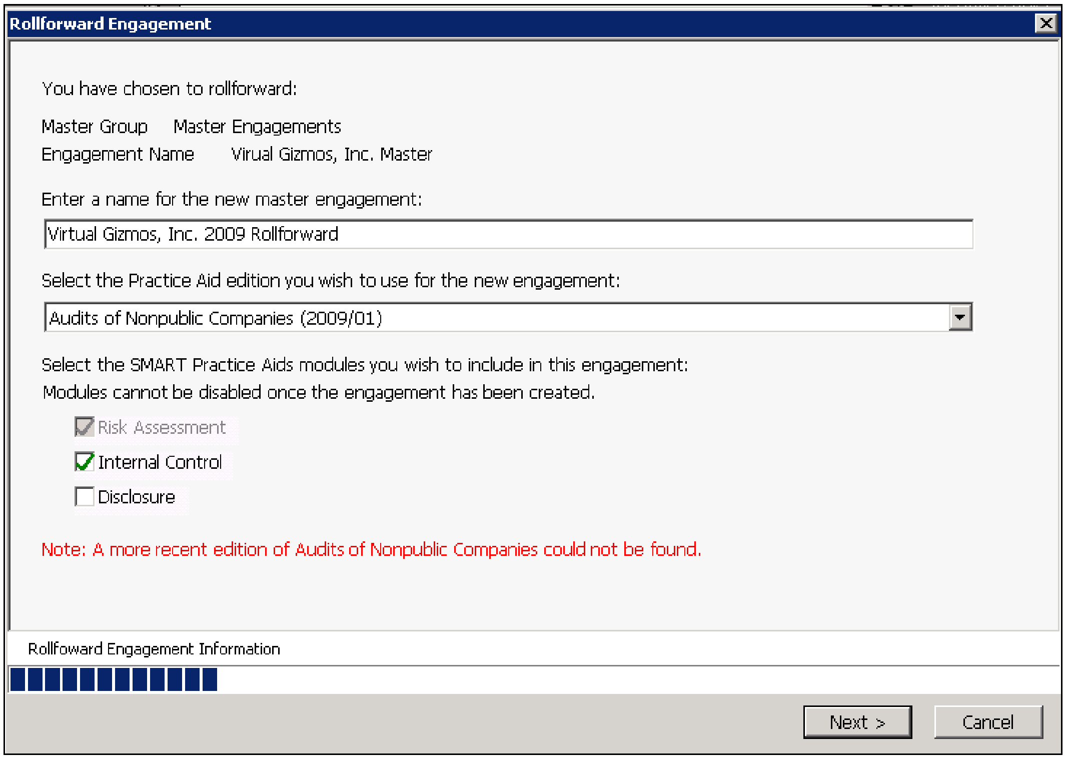
Rollforward a Master Engagement to a New Master Engagement

Engagement Rollforward allows you to:

- Create a new master engagement based on a prior period master engagement.
- Bring forward settings and customization from the prior period master engagement.
- Optionally bring forward planning form responses, identified risks, risk assessments, and audit approaches from the prior period master engagement.
- View significant PPC changes to planning form questions and audit procedures.
- View differences between current period audit procedures and procedures used in the prior period.

To rollforward a Master engagement:

1. Open engagement to be rolled forward.
2. Select **Rollforward...** from the **File** menu.
3. Select a name for the new master engagement.



You have chosen to rollforward:

Master Group   Master Engagements
Engagement Name   Virual Gizmos, Inc. Master

Enter a name for the new master engagement:

Virtual Gizmos, Inc. 2009 Rollforward

Select the Practice Aid edition you wish to use for the new engagement:

Audits of Nonpublic Companies (2009/01)

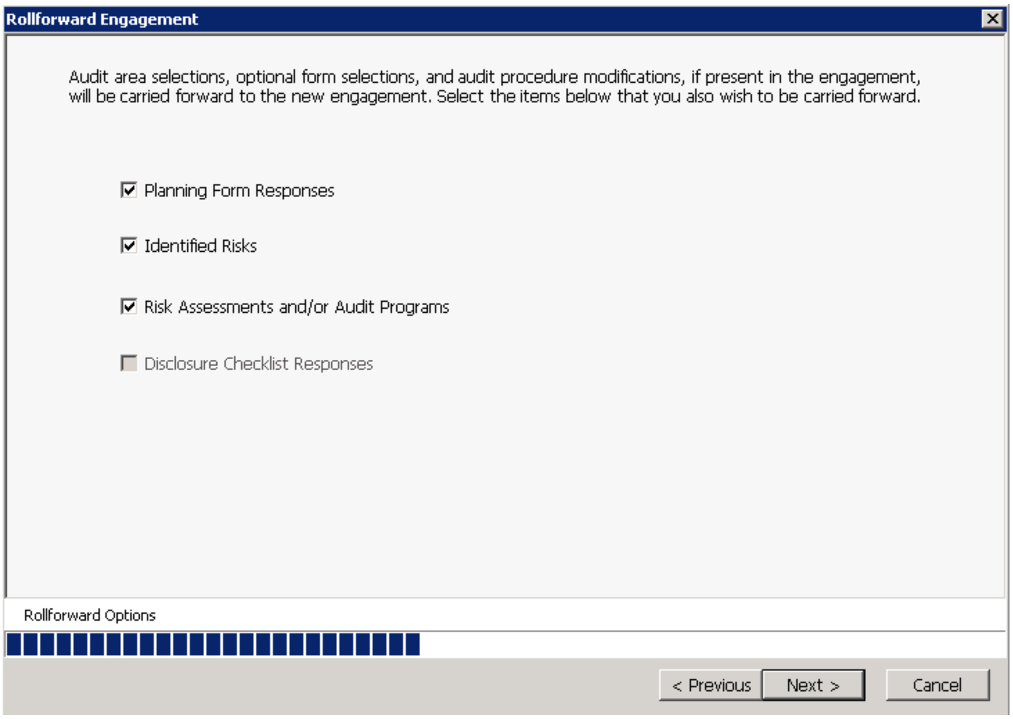
Select the SMART Practice Aids modules you wish to include in this engagement:
Modules cannot be disabled once the engagement has been created.

☑ Risk Assessment
☑ Internal Control
☐ Disclosure

Note: A more recent edition of Audits of Nonpublic Companies could not be found.

Rollfoward Engagement Information

4. Select optional items desired to be rolled forward and click **Next**.



Audit area selections, optional form selections, and audit procedure modifications, if present in the engagement, will be carried forward to the new engagement. Select the items below that you also wish to be carried forward.

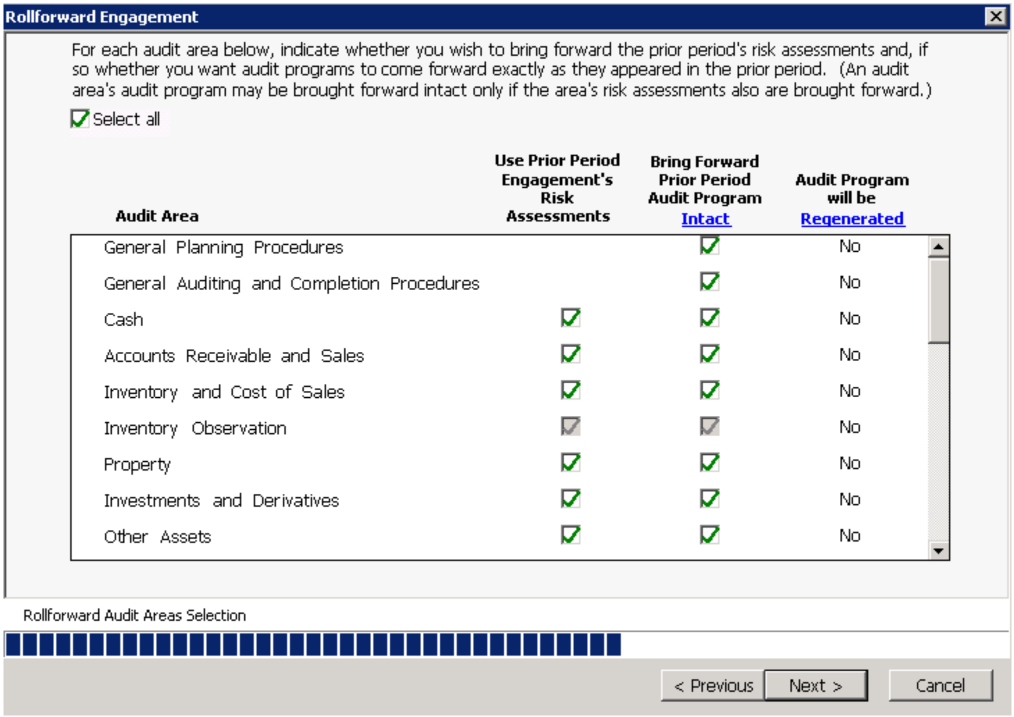
☑ Planning Form Responses

☑ Identified Risks

☑ Risk Assessments and/or Audit Programs

☐ Disclosure Checklist Responses

5. Select the Audit Area risk assessments you want to bring forward from the prior period. If you choose to bring forward prior period risk assessments for an audit area, also indicate whether you want to bring forward the prior period audit program exactly as it appeared in the prior period. Then click **Next**.

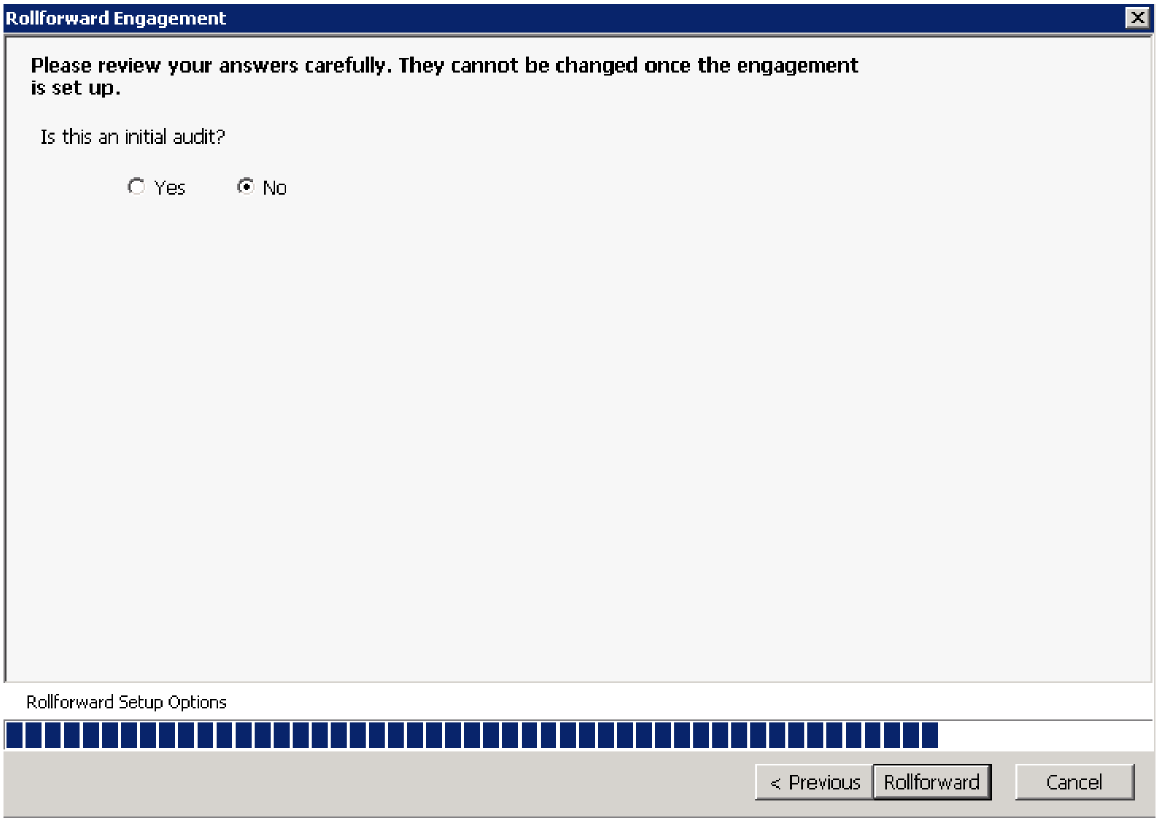


For each audit area below, indicate whether you wish to bring forward the prior period's risk assessments and, if so whether you want audit programs to come forward exactly as they appeared in the prior period. (An audit area's audit program may be brought forward intact only if the area's risk assessments also are brought forward.)

☑ Select all

Audit Area	Use Prior Period Engagement's Risk Assessments	Bring Forward Prior Period Audit Program Intact	Audit Program will be Regenerated
General Planning Procedures		☑	No
General Auditing and Completion Procedures		☑	No
Cash	☑	☑	No
Accounts Receivable and Sales	☑	☑	No
Inventory and Cost of Sales	☑	☑	No
Inventory Observation	☑	☑	No
Property	☑	☑	No
Investments and Derivatives	☑	☑	No
Other Assets	☑	☑	No

6. Review default engagement setup question answers (based on originating engagement) and change as needed. Click **Rollforward** to complete the process and rollforward the master engagement.



Rollforward Engagement

Please review your answers carefully. They cannot be changed once the engagement is set up.

Is this an initial audit?

○ Yes ● No

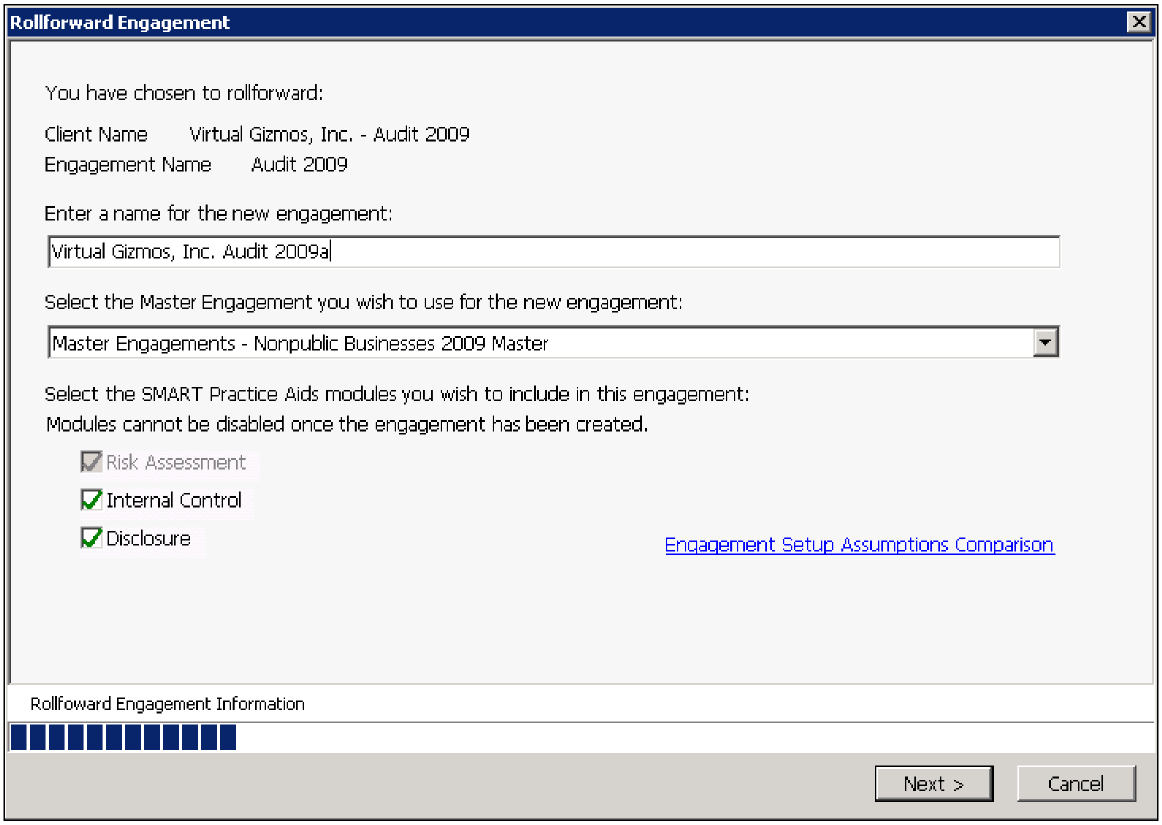
Rollforward Setup Options
< Previous
Rollforward
Cancel

Merge a Client Engagement with a Master Engagement

This option is useful for firms that want their auditors to always begin with the current master engagement (created and maintained by the firm) but want the new engagement to include responses and other data from the prior-period engagement.

To merge a client engagement with a master engagement:

1. Open engagement to be rolled forward.
2. Select **Rollforward** from the **File** menu.
3. On the Engagement Rollforward dialog screen, select **Merge this Client Engagement with a selected Master Engagement** and click **Next**.
4. Select a name for the new engagement and the Master engagement you want to merge with. Click **Next**.



You have chosen to rollforward:

Client Name Virtual Gizmos, Inc. - Audit 2009
Engagement Name Audit 2009

Enter a name for the new engagement:

Virtual Gizmos, Inc. Audit 2009a

Select the Master Engagement you wish to use for the new engagement:

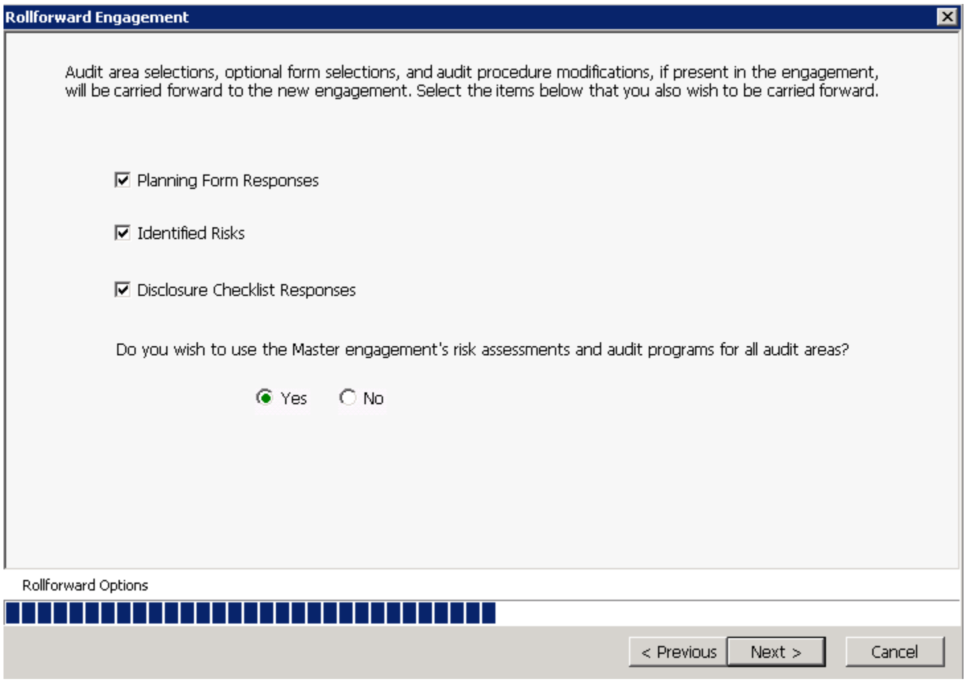
Master Engagements - Nonpublic Businesses 2009 Master

Select the SMART Practice Aids modules you wish to include in this engagement:
Modules cannot be disabled once the engagement has been created.

☑ Risk Assessment
☑ Internal Control
☑ Disclosure

Engagement Setup Assumptions Comparison
Rollfoward Engagement Information
Next >
Cancel

5. Select the optional items you want to carry forward and whether you want to use the Master engagement's risk assessments and audit programs for all audit areas.


Rollforward Engagement

Audit area selections, optional form selections, and audit procedure modifications, if present in the engagement, will be carried forward to the new engagement. Select the items below that you also wish to be carried forward.

☑ Planning Form Responses

☑ Identified Risks

☑ Disclosure Checklist Responses

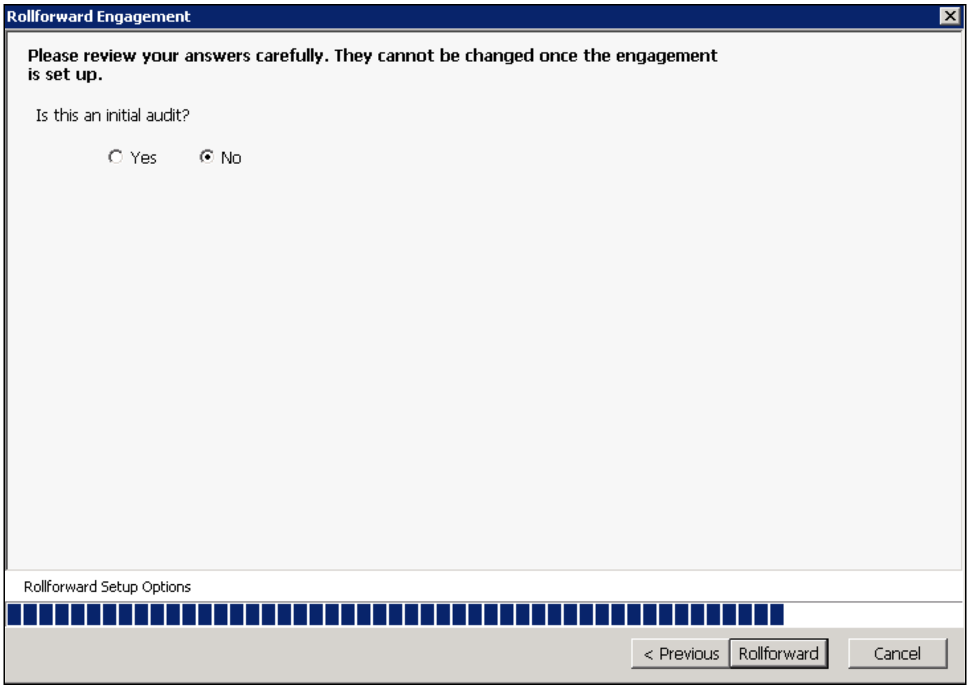
Do you wish to use the Master engagement's risk assessments and audit programs for all audit areas?

● Yes ○ No

Rollforward Options
< Previous
Next >
Cancel

If you select **Yes** on the '*Do you want to use the Master engagement's risk assessments and audit programs for all audit areas?*' option:

6. Review default engagement setup question answers (based on originating engagement) and change as needed. Click **Rollforward** to complete the process and rollforward the engagement.


Rollforward Engagement

Please review your answers carefully. They cannot be changed once the engagement is set up.

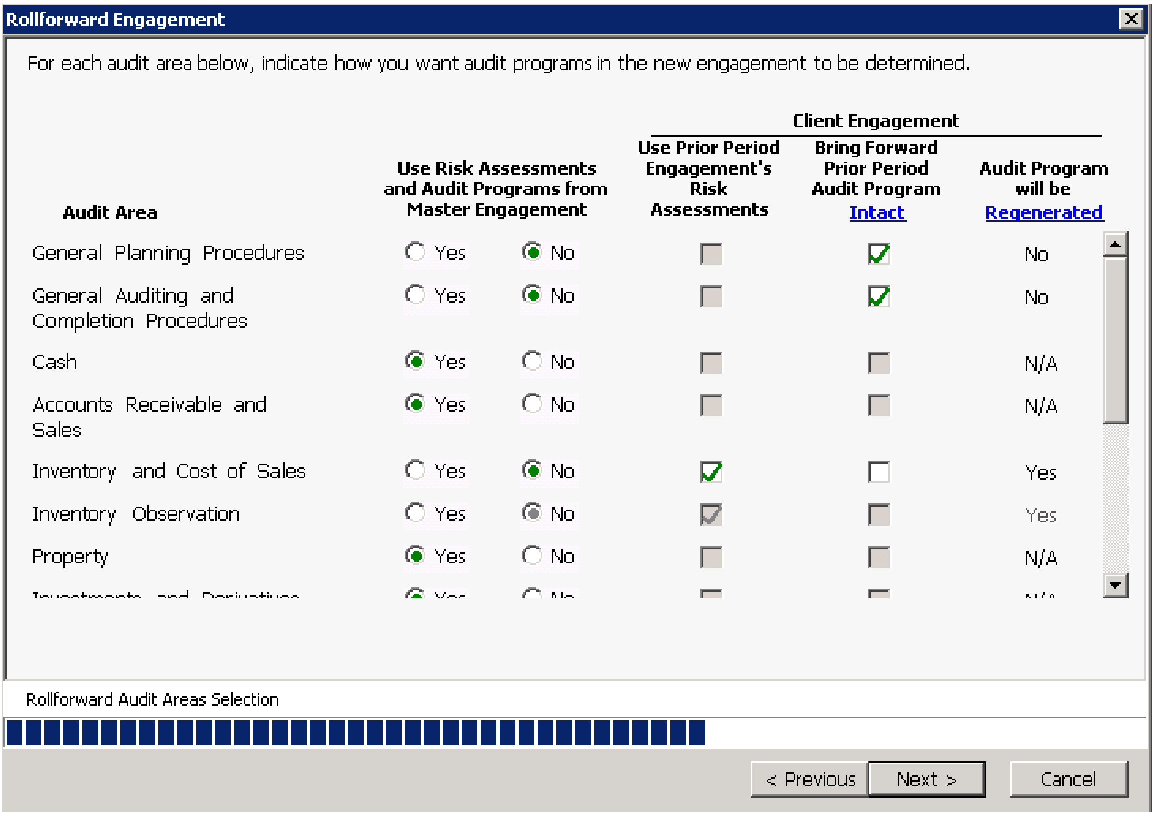
Is this an initial audit?

○ Yes ● No

Rollforward Setup Options
< Previous
Rollforward
Cancel

If you select **No** on the '*Do you want to use the Master engagement's risk assessments and audit programs for all audit areas?*' option:

7. For each audit area, select how you want the audit programs in the new engagement to be determined and then click **Next**.



For each audit area below, indicate how you want audit programs in the new engagement to be determined.

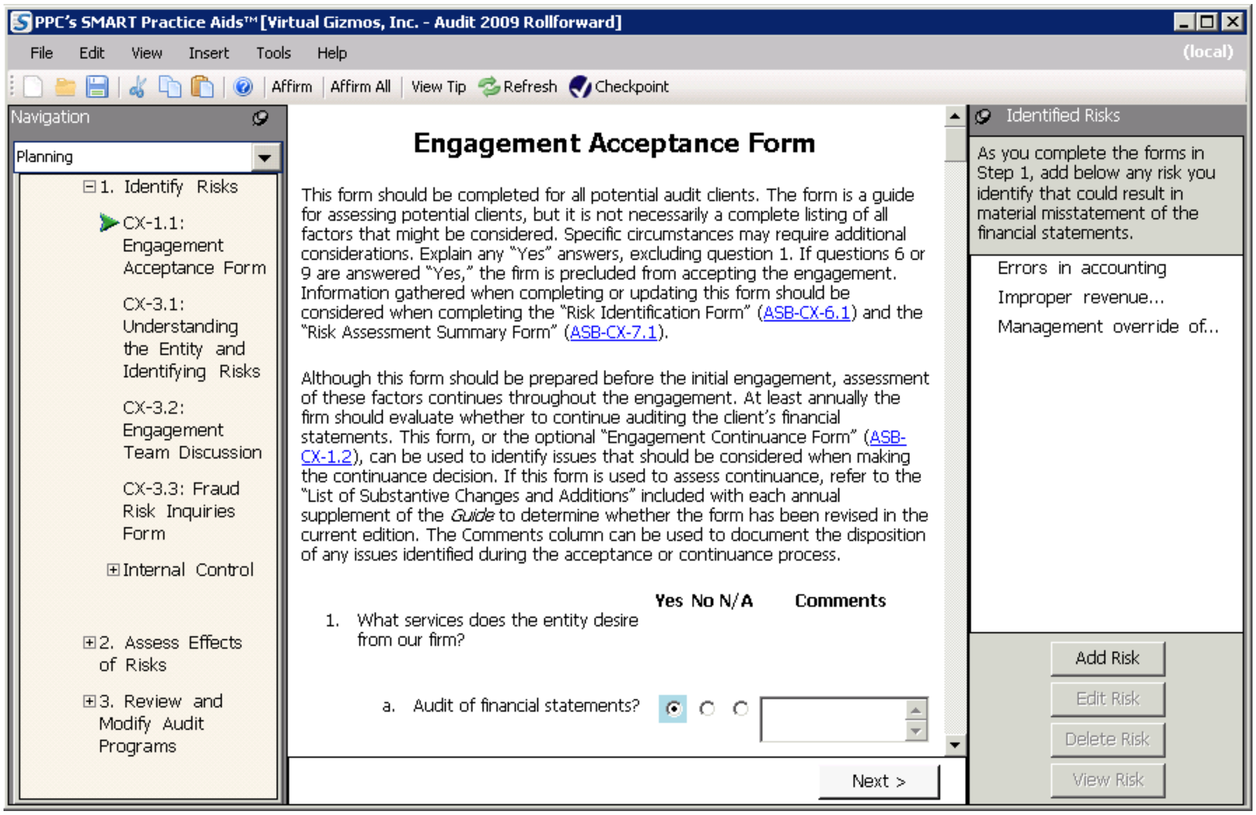
Audit Area	Use Risk Assessments and Audit Programs from Master Engagement		Client Engagement		
			Use Prior Period Engagement's Risk Assessments	Bring Forward Prior Period Audit Program Intact	Audit Program will be Regenerated
General Planning Procedures	○ Yes	● No	☐	☑	No
General Auditing and Completion Procedures	○ Yes	● No	☐	☑	No
Cash	● Yes	○ No	☐	☐	N/A
Accounts Receivable and Sales	● Yes	○ No	☐	☐	N/A
Inventory and Cost of Sales	○ Yes	● No	☑	☐	Yes
Inventory Observation	○ Yes	● No	☑	☐	Yes
Property	● Yes	○ No	☐	☐	N/A
Investments and Derivatives	● Yes	○ No	☐	☐	N/A

You will be prompted to review default engagement setup question answers and change as needed. Click **Rollforward** to complete the process and rollforward the engagement.

Using SMART Practice Aids - Risk Assessment

Step 1 - Identify Risks

The first step in completing the engagement is to identify risks. Answer the questions in the planning forms.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Planning
1. Identify Risks
CX-1.1: Engagement Acceptance Form
CX-3.1: Understanding the Entity and Identifying Risks
CX-3.2: Engagement Team Discussion
CX-3.3: Fraud Risk Inquiries Form
Internal Control
2. Assess Effects of Risks
3. Review and Modify Audit Programs
Identified Risks
Add Risk
Edit Risk
Delete Risk
View Risk
Next >

Engagement Acceptance Form

This form should be completed for all potential audit clients. The form is a guide for assessing potential clients, but it is not necessarily a complete listing of all factors that might be considered. Specific circumstances may require additional considerations. Explain any "Yes" answers, excluding question 1. If questions 6 or 9 are answered "Yes," the firm is precluded from accepting the engagement. Information gathered when completing or updating this form should be considered when completing the "Risk Identification Form" (ASB-CX-6.1) and the "Risk Assessment Summary Form" (ASB-CX-7.1).

Although this form should be prepared before the initial engagement, assessment of these factors continues throughout the engagement. At least annually the firm should evaluate whether to continue auditing the client's financial statements. This form, or the optional "Engagement Continuance Form" (ASB-CX-1.2), can be used to identify issues that should be considered when making the continuance decision. If this form is used to assess continuance, refer to the "List of Substantive Changes and Additions" included with each annual supplement of the *Guide* to determine whether the form has been revised in the current edition. The Comments column can be used to document the disposition of any issues identified during the acceptance or continuance process.

	Yes	No	N/A	Comments
1. What services does the entity desire from our firm?				
a. Audit of financial statements?	●	○	○	

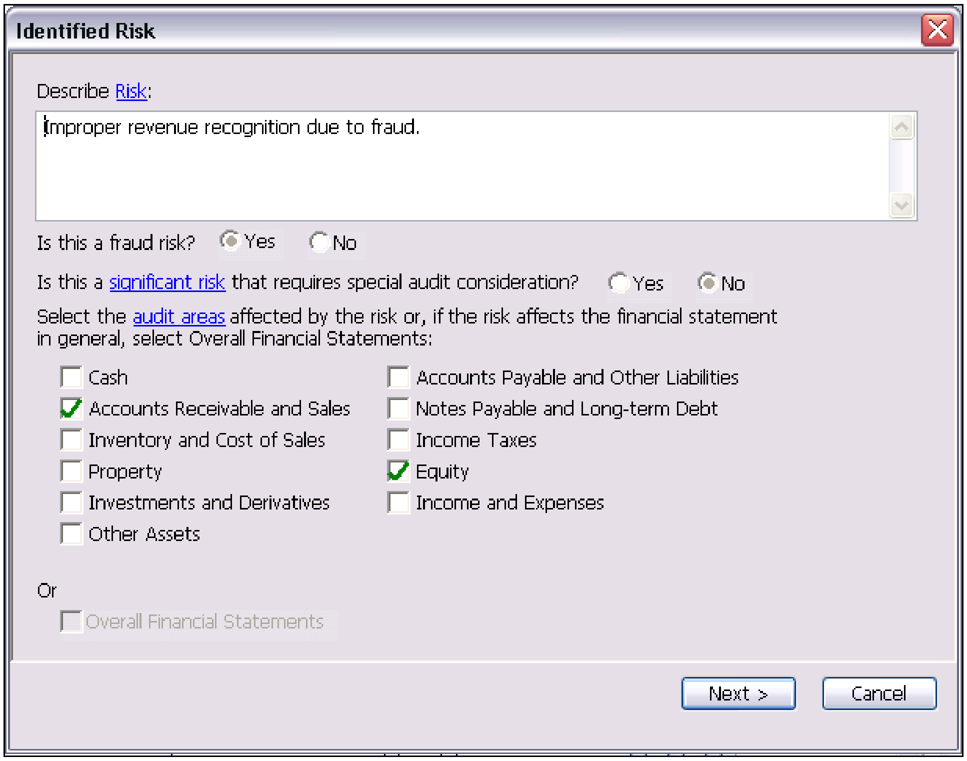
As you complete the forms in Step 1, add below any risk you identify that could result in material misstatement of the financial statements.

Errors in accounting
Improper revenue...
Management override of...

Adding Identified Risks

As you complete the planning forms, add to the engagement any risks that could result in material misstatement of the financial statements by clicking the **Add Risk** button in the Identified Risks pane.

1. Enter information about the identified risk on the **Identified Risk** dialog screen.



Describe Risk:

Improper revenue recognition due to fraud.

Is this a fraud risk? ● Yes ○ No

Is this a significant risk that requires special audit consideration? ○ Yes ● No

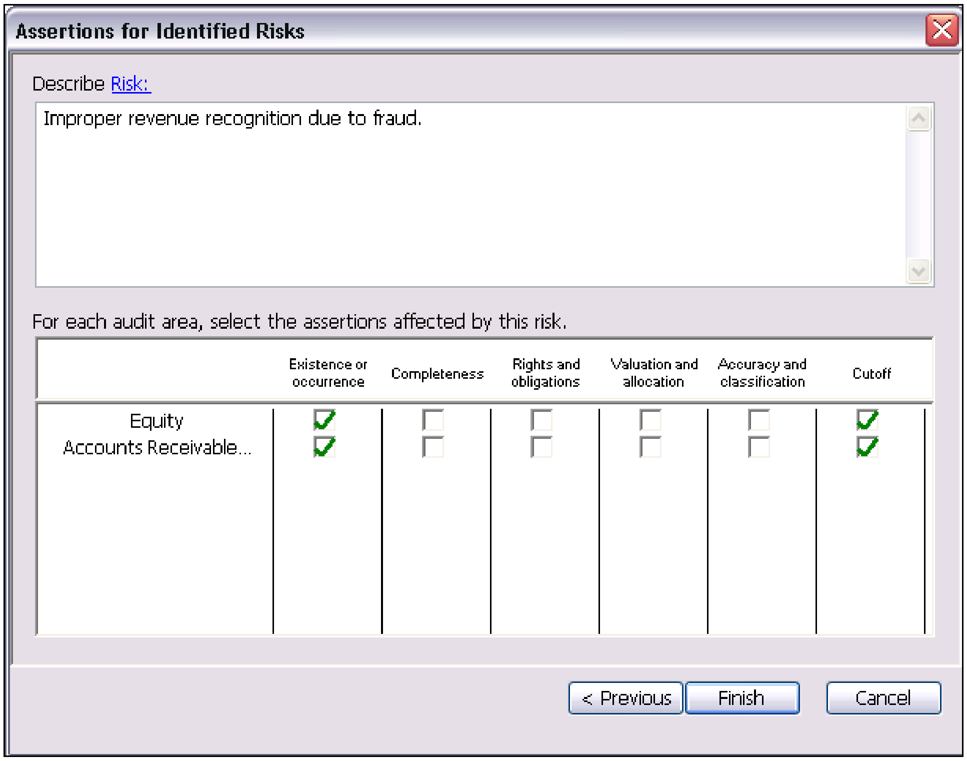
Select the audit areas affected by the risk or, if the risk affects the financial statement in general, select Overall Financial Statements:

- ☐ Cash
- ☑ Accounts Receivable and Sales
- ☐ Inventory and Cost of Sales
- ☐ Property
- ☐ Investments and Derivatives
- ☐ Other Assets
- ☐ Accounts Payable and Other Liabilities
- ☐ Notes Payable and Long-term Debt
- ☐ Income Taxes
- ☑ Equity
- ☐ Income and Expenses

Or

☐ Overall Financial Statements

2. Click **Next.**



Describe Risk:

Improper revenue recognition due to fraud.

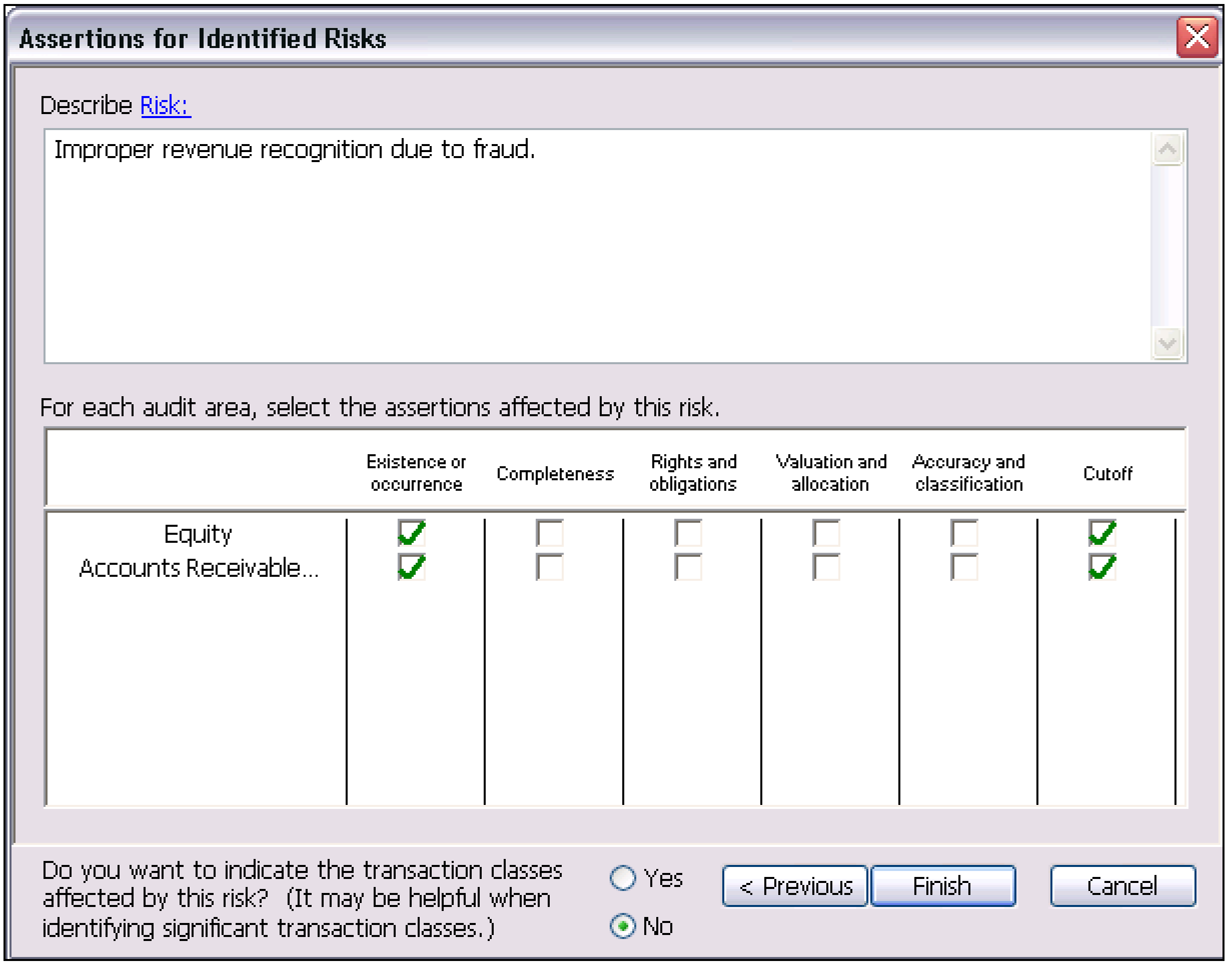
For each audit area, select the assertions affected by this risk.

	Existence or occurrence	Completeness	Rights and obligations	Valuation and allocation	Accuracy and classification	Cutoff
Equity	☑	☐	☐	☐	☐	☑
Accounts Receivable...	☑	☐	☐	☐	☐	☑

3. Select any assertions affected by the risk for each audit area.

   Note: If using PPC's Guide to PCAOB Audits, the assertions presented come from section AU 326 of the PCAOB interim auditing standards rather than from SAS No. 106, Audit Evidence.

Users who have enabled **SMART Practice Aids - Internal Control** for the engagement will see an additional option below the assertions list:



Assertions for Identified Risks

Describe Risk:

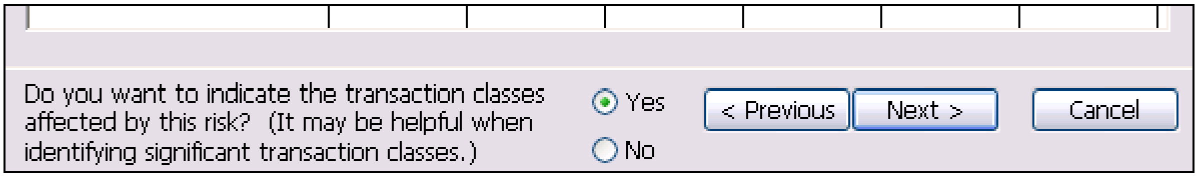
Improper revenue recognition due to fraud.

For each audit area, select the assertions affected by this risk.

	Existence or occurrence	Completeness	Rights and obligations	Valuation and allocation	Accuracy and classification	Cutoff
Equity	☑	☐	☐	☐	☐	☑
Accounts Receivable...	☑	☐	☐	☐	☐	☑

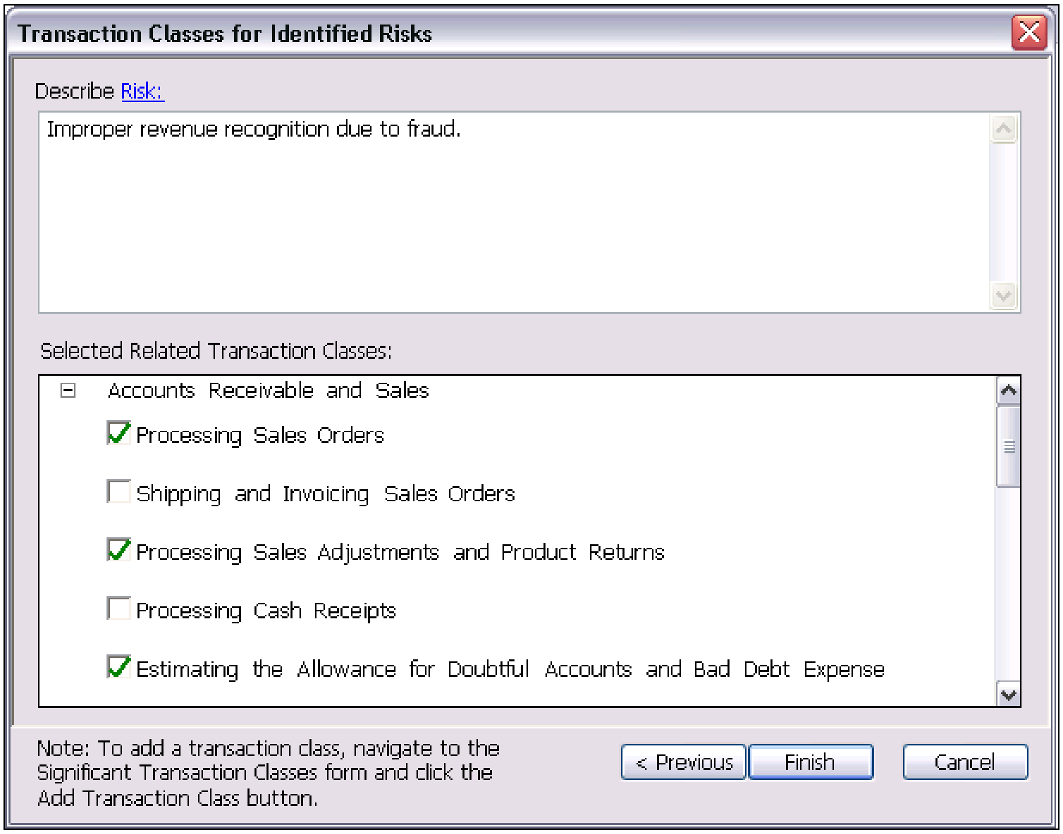
Do you want to indicate the transaction classes affected by this risk? (It may be helpful when identifying significant transaction classes.) ○ Yes ● No

If you select **Yes**, the **Finish** button is replaced by a **Next** button.



Do you want to indicate the transaction classes affected by this risk? (It may be helpful when identifying significant transaction classes.) ● Yes ○ No

4. Click **Next** to indicate the transaction classes affected by this risk.



Describe Risk:

Improper revenue recognition due to fraud.

Selected Related Transaction Classes:

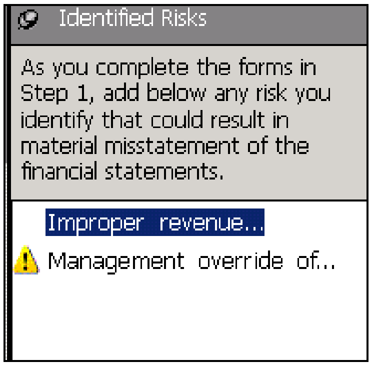
- ⊟ Accounts Receivable and Sales
  - ☑ Processing Sales Orders
  - ☐ Shipping and Invoicing Sales Orders
  - ☑ Processing Sales Adjustments and Product Returns
  - ☐ Processing Cash Receipts
  - ☑ Estimating the Allowance for Doubtful Accounts and Bad Debt Expense

Note: To add a transaction class, navigate to the Significant Transaction Classes form and click the Add Transaction Class button.

5. Select Transaction Classes from the list. Click **Finish** when you complete your selections.

You can add transaction classes in the **Significant Transaction Classes** form listed under **Control Activities** in the **Internal Control** area of the navigation pane.

The risks you have identified appear in the **Identified Risks** area in the right pane.



As you complete the forms in Step 1, add below any risk you identify that could result in material misstatement of the financial statements.

Improper revenue...

⚠ Management override of...

Any risk for which you opted not to indicate Transaction Classes affected by the risk is indicated with a ⚠ symbol. These risks also will be indicated when you view the **Diagnostics Report** generated using the **Generation** action from the Navigation menu.

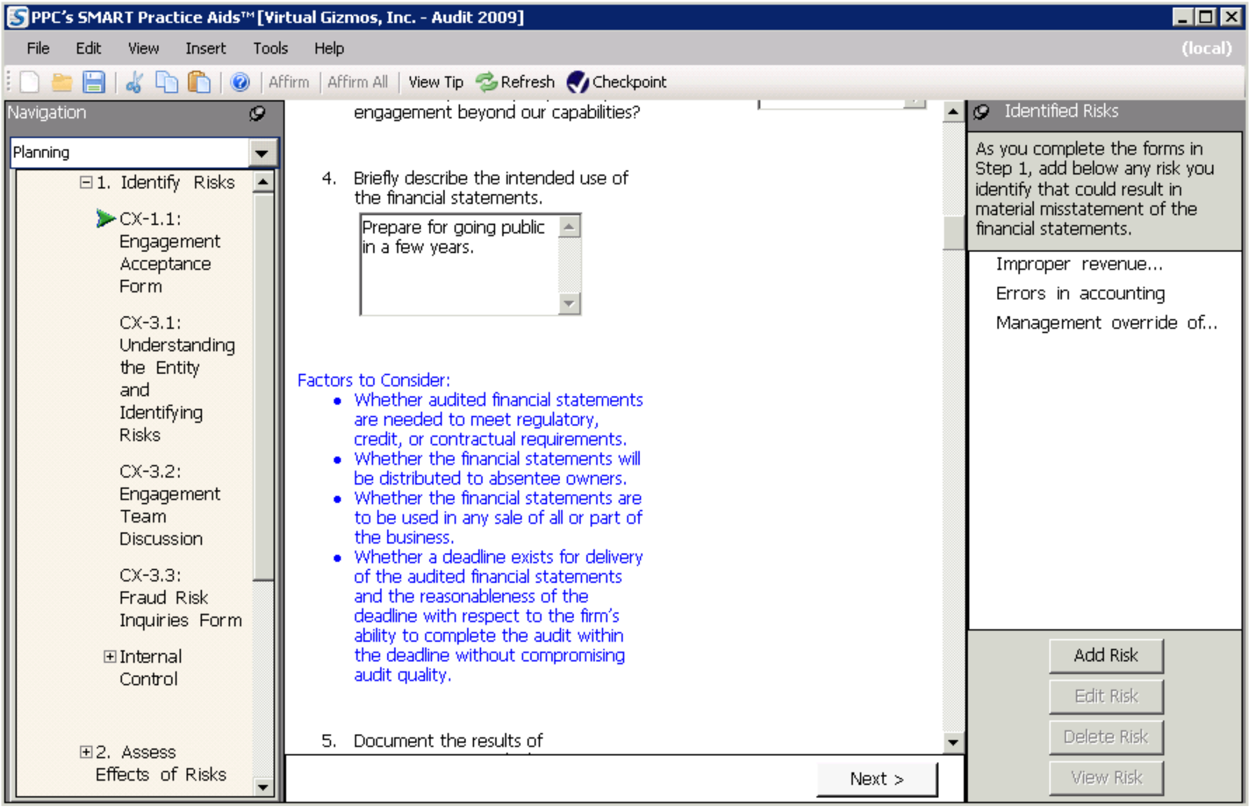
Note: For older titles, the Planning Form and Diagnostics Report generation functionality is accessed from Step 4 in the Navigation pane.

You can edit or delete any existing risks within each planning form by highlighting the risk in the Identified Risk pane and then clicking **Edit Risk** or **Delete**.

Completion Tip

Significant risks require a specific audit response and generally relate to non-routine transactions and complex or judgmental matters. If you answer Yes to this question, your audit program will include extended, substantive procedures for the assertions affected by the risk.

Each planning form contains guidance and additional factors to consider to assist in the completion of the form. This information is designated with blue text.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Affirm All
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Checkpoint
Navigation
Planning
1. Identify Risks
CX-1.1: Engagement Acceptance Form
CX-3.1: Understanding the Entity and Identifying Risks
CX-3.2: Engagement Team Discussion
CX-3.3: Fraud Risk Inquiries Form
Internal Control
2. Assess Effects of Risks
Next >
Identified Risks
Add Risk
Edit Risk
Delete Risk
View Risk

engagement beyond our capabilities?

4. Briefly describe the intended use of the financial statements.

Prepare for going public in a few years.

Factors to Consider:

- Whether audited financial statements are needed to meet regulatory, credit, or contractual requirements.
- Whether the financial statements will be distributed to absentee owners.
- Whether the financial statements are to be used in any sale of all or part of the business.
- Whether a deadline exists for delivery of the audited financial statements and the reasonableness of the deadline with respect to the firm's ability to complete the audit within the deadline without compromising audit quality.

5. Document the results of

As you complete the forms in Step 1, add below any risk you identify that could result in material misstatement of the financial statements.

Improper revenue...

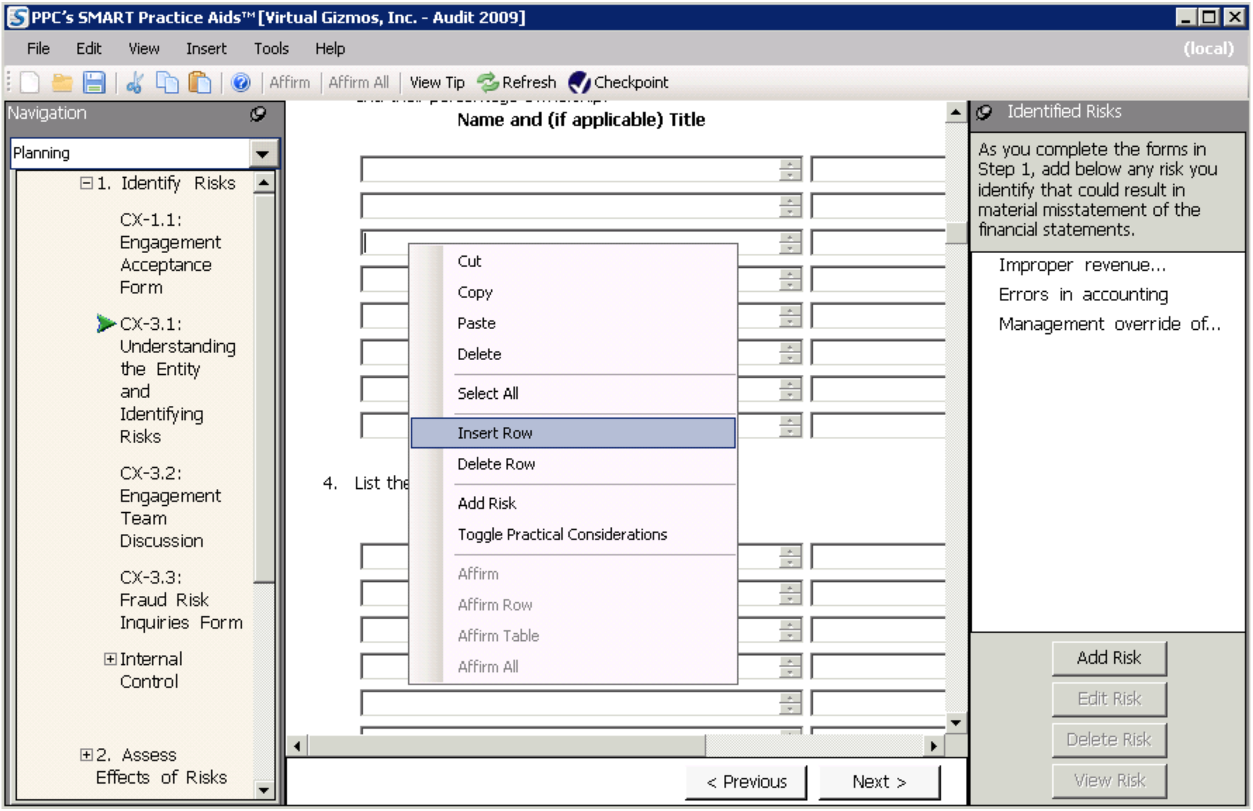
Errors in accounting

Management override of...

Click **Next** when you are ready to move to the next form, or select a form from the **Navigation** pane.

Inserting and Deleting Rows in Planning Forms

You can add and delete rows from table areas of planning forms by right-clicking inside a field in the table and selecting **Insert Row** or **Delete Row** from the right-click menu.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Planning
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CX-1.1: Engagement Acceptance Form
CX-3.1: Understanding the Entity and Identifying Risks
CX-3.2: Engagement Team Discussion
CX-3.3: Fraud Risk Inquiries Form
Internal Control
2. Assess Effects of Risks
Name and (if applicable) Title
4. List the
Cut
Copy
Paste
Delete
Select All
Insert Row
Delete Row
Add Risk
Toggle Practical Considerations
Affirm
Affirm Row
Affirm Table
Affirm All
< Previous
Next >
Identified Risks
Add Risk
Edit Risk
Delete Risk
View Risk

As you complete the forms in Step 1, add below any risk you identify that could result in material misstatement of the financial statements.

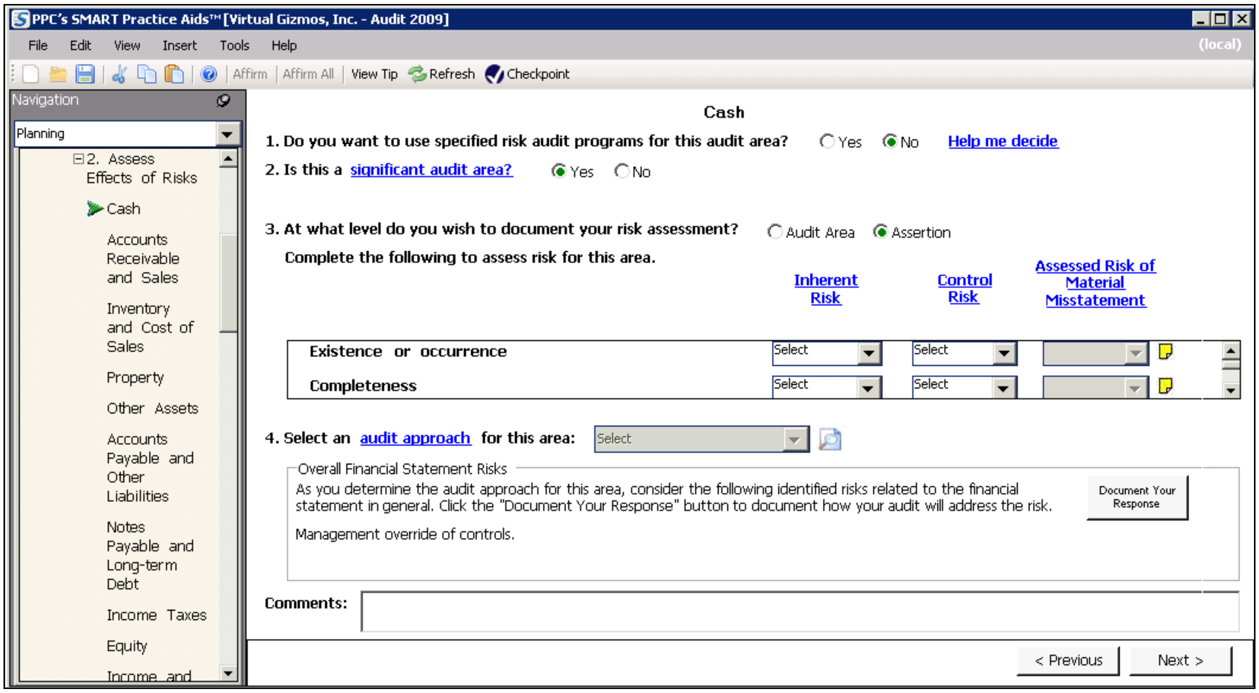
Improper revenue...
Errors in accounting
Management override of...

Step 2 - Assess Effects of Risks

The second step in completing an engagement is to assess how the risks identified when completing the planning forms in Step 1 affect the audit procedures you will perform.

Assessing Risks

Each audit area is represented by a screen that displays the identified risks organized by affected assertion.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Planning
2. Assess Effects of Risks
Cash
Accounts Receivable and Sales
Inventory and Cost of Sales
Property
Other Assets
Accounts Payable and Other Liabilities
Notes Payable and Long-term Debt
Income Taxes
Equity
Income and
Document Your Response
< Previous
Next >

Cash

1. Do you want to use specified risk audit programs for this audit area? ○ Yes ● No Help me decide

2. Is this a significant audit area? ● Yes ○ No

3. At what level do you wish to document your risk assessment? ○ Audit Area ● Assertion

Complete the following to assess risk for this area.

	Inherent Risk	Control Risk	Assessed Risk of Material Misstatement
Existence or occurrence	Select	Select	
Completeness	Select	Select	

4. Select an audit approach for this area: Select

Overall Financial Statement Risks

As you determine the audit approach for this area, consider the following identified risks related to the financial statement in general. Click the "Document Your Response" button to document how your audit will address the risk.

Management override of controls.

Comments:

To complete the risk assessment for each Audit area, follow the on-screen steps:

1. Indicate whether you want to use specified risk audit programs for the audit area. The specified risk audit program for each audit area is based on a set of underlying risk assumptions to many small nonpublic audit engagements. If you answer **Yes**, audit procedures that specifically respond to those common, underlying risk assumptions are selected from the basic and extended procedures.

   Selecting **Yes** assigns uneditable default answers to the remaining questions displayed for this audit area. You will not be able to answer Questions 2 through 5 or to edit the default answers provided.

   Before answering **Yes** to select the specified risk approach, click the **Help me decide** link to view a description of the underlying risk assumptions for the audit area.

   Note: Some Practice Aid titles or audit areas do not include the specified risk question.

If you selected **Yes** to Question 1, Questions 2 through 5 are automatically answered by default. Click **Next** to continue.

If you selected **No** to Question 1, you can proceed to Question 2 and complete the remaining questions.

2. Indicate whether the audit area is significant. A significant audit area is one that contains a significant transaction class, material account balance, or fraud or other significant risk or requires significant disclosures.

3. Indicate whether or not you plan to test controls in this audit area.

   Note: If you select **No**, the Control Risks for each assertion will be set to "High" and disabled. If performing a public company audit of internal control, you must test controls for all significant audit areas. Do not assess control risk until internal control effectiveness has been evaluated.

4. Indicate whether you want to assess risk by assertion (recommended) or by audit area in total.

   Consider identified risks and assess **Inherent Risk** and **Control Risk** for each assertion. An **Assessed Risk of Material Misstatement** is computed for you. You can override this by selecting a different risk level, but it is recommended that you use the calculated risk level.

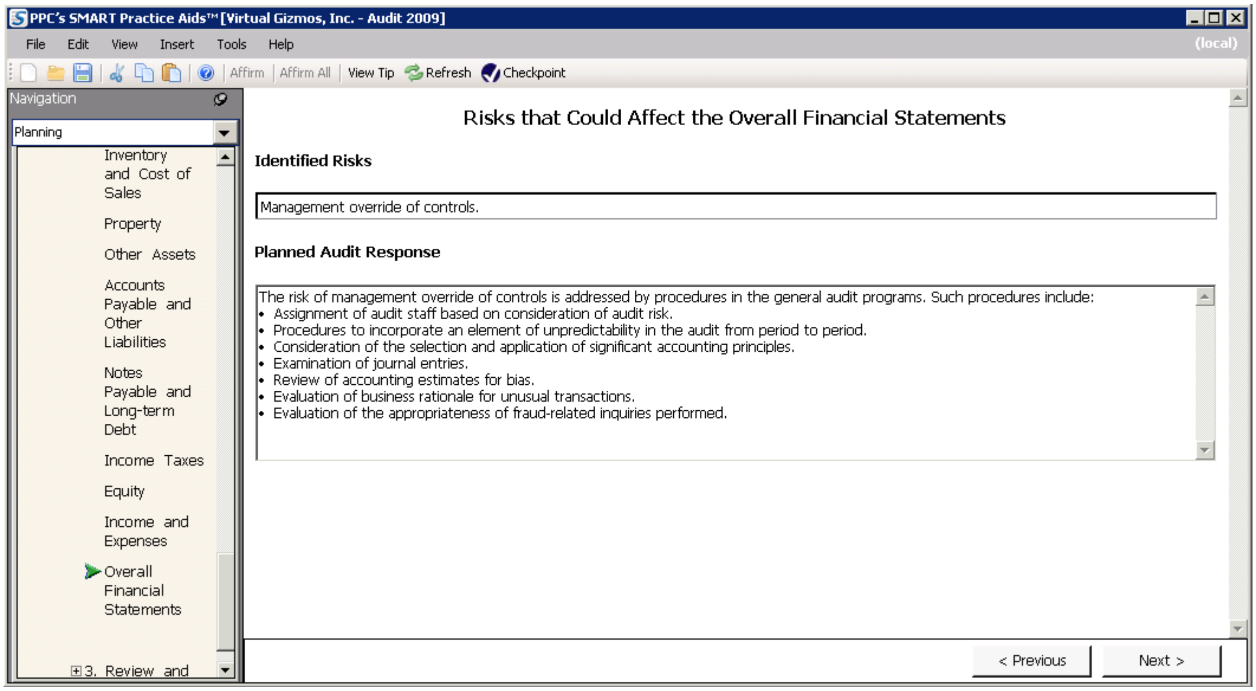
   You have the option to add a comment to any assertion. A **Comment** icon 🗒 appears to the left of the **Assessed Risk of Material Misstatement** column for each assertion. Clicking the icon opens the **Comments** dialog screen. Type a comment and click **OK**. After a comment is entered, the **Comment** icon changes appearance: 📝. You can view the text of your comment by hovering your mouse pointer over the icon.

   To edit or delete a comment, click the **Comment** icon. Apply edits as needed on the **Comments** dialog box. To delete the comment, highlight and delete all of the text entered on the **Comments** dialog box, and click **OK**. The **Comments** icon on the **Diagnostics Report** screen reverts to its original appearance: 🗒.

5. Based on your answers to questions 1. and 2. and your risk assessments, an audit approach will be suggested. Accept the suggested approach or choose a different one based on your audit judgment.

Overall Financial Statement Risks

In the **Overall Financial Statement Risks** section, review the planned audit response to identified risks and make changes if applicable.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Property
Other Assets
Accounts Payable and Other Liabilities
Notes Payable and Long-term Debt
Income Taxes
Equity
Income and Expenses
Overall Financial Statements
3. Review and
< Previous
Next >

Risks that Could Affect the Overall Financial Statements

Identified Risks

Management override of controls.

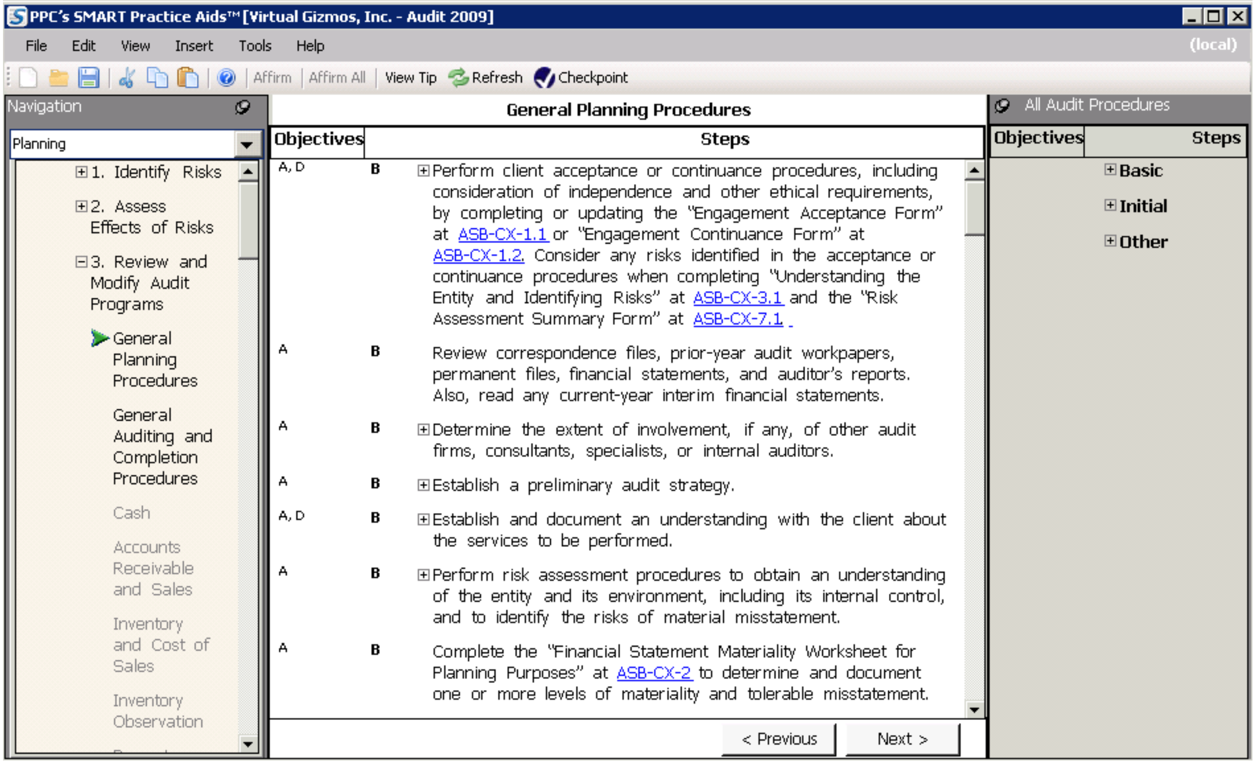
Planned Audit Response

The risk of management override of controls is addressed by procedures in the general audit programs. Such procedures include:
- Assignment of audit staff based on consideration of audit risk.
- Procedures to incorporate an element of unpredictability in the audit from period to period.
- Consideration of the selection and application of significant accounting principles.
- Examination of journal entries.
- Review of accounting estimates for bias.
- Evaluation of business rationale for unusual transactions.
- Evaluation of the appropriateness of fraud-related inquiries performed.

All risks identified as affecting the financial statement in general are listed in the **Identified Risks** field. For the risk **Management override of controls**, a response is provided, as shown above. You can edit the planned audit response text, add procedures/comments, or make changes to the text as needed.

Step 3 - Review and Modify Your Audit Programs

The third step in completing an engagement is to review suggested audit procedures for each area and modify them if necessary.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Checkpoint
Navigation
Planning
1. Identify Risks
2. Assess Effects of Risks
3. Review and Modify Audit Programs
General Planning Procedures
General Auditing and Completion Procedures
Cash
Accounts Receivable and Sales
Inventory and Cost of Sales
Inventory Observation
All Audit Procedures
Objectives
Steps
Basic
Initial
Other
< Previous
Next >

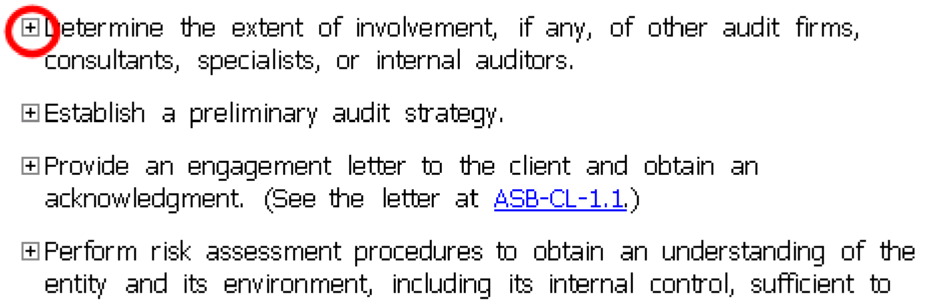
General Planning Procedures

Objectives		Steps
A, D	B	Perform client acceptance or continuance procedures, including consideration of independence and other ethical requirements, by completing or updating the "Engagement Acceptance Form" at ASB-CX-1.1 or "Engagement Continuance Form" at ASB-CX-1.2. Consider any risks identified in the acceptance or continuance procedures when completing "Understanding the Entity and Identifying Risks" at ASB-CX-3.1 and the "Risk Assessment Summary Form" at ASB-CX-7.1
A	B	Review correspondence files, prior-year audit workpapers, permanent files, financial statements, and auditor's reports. Also, read any current-year interim financial statements.
A	B	Determine the extent of involvement, if any, of other audit firms, consultants, specialists, or internal auditors.
A	B	Establish a preliminary audit strategy.
A, D	B	Establish and document an understanding with the client about the services to be performed.
A	B	Perform risk assessment procedures to obtain an understanding of the entity and its environment, including its internal control, and to identify the risks of material misstatement.
A	B	Complete the "Financial Statement Materiality Worksheet for Planning Purposes" at ASB-CX-2 to determine and document one or more levels of materiality and tolerable misstatement.

The letter codes in the center pane indicate the procedure type:

- **A** for Additional
- **B** for Basic Step
- **E** for Extended Step
- **I** for Initial Step
- **O** for Other Step

The center pane lists suggested audit procedures for the audit area. Click a "+" icon to expand a selected category or procedure section:

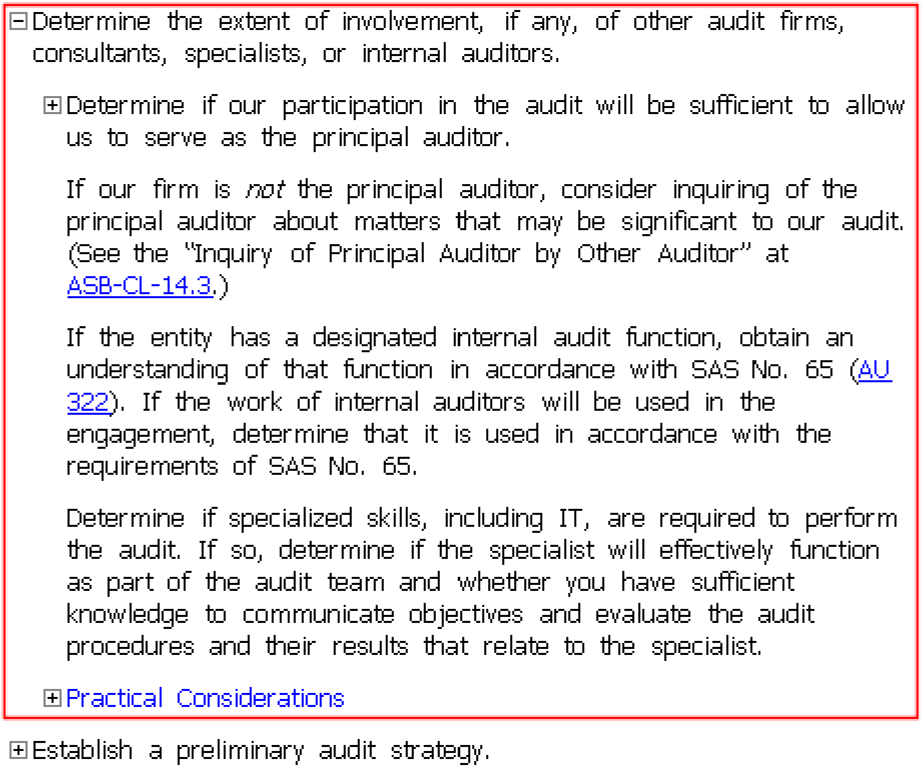


⊞ Determine the extent of involvement, if any, of other audit firms, consultants, specialists, or internal auditors.

⊞ Establish a preliminary audit strategy.

⊞ Provide an engagement letter to the client and obtain an acknowledgment. (See the letter at ASB-CL-1.1.)

⊞ Perform risk assessment procedures to obtain an understanding of the entity and its environment, including its internal control, sufficient to



⊟ Determine the extent of involvement, if any, of other audit firms, consultants, specialists, or internal auditors.

⊞ Determine if our participation in the audit will be sufficient to allow us to serve as the principal auditor.

If our firm is *not* the principal auditor, consider inquiring of the principal auditor about matters that may be significant to our audit. (See the "Inquiry of Principal Auditor by Other Auditor" at ASB-CL-14.3.)

If the entity has a designated internal audit function, obtain an understanding of that function in accordance with SAS No. 65 (AU 322). If the work of internal auditors will be used in the engagement, determine that it is used in accordance with the requirements of SAS No. 65.

Determine if specialized skills, including IT, are required to perform the audit. If so, determine if the specialist will effectively function as part of the audit team and whether you have sufficient knowledge to communicate objectives and evaluate the audit procedures and their results that relate to the specialist.

⊞ Practical Considerations

⊞ Establish a preliminary audit strategy.

The letters in the column labeled "Assertions" (or "Objectives") indicate the assertion (or objective) for which the audit procedure provides assurance. If the letter appears in a bracket (for example, [E/O]), the procedure only secondarily provides assurance about the assertion. If an asterisk (*) precedes a procedure, it is a preliminary step or follow-up step.

The right pane lists all procedures available for the audit area. Use the "+" and "-" icons to expand and collapse the different procedure sections. Procedures currently included in your audit program appear in light grey text. Other procedures available for selection appear in dark text.

If during risk assessment, you chose to perform only basic procedures for the audit area, the procedures suggested in the center pane will consist of primarily analytical procedures.

If you chose to perform extended procedures, the suggested procedures in the center pane will include primarily analytical procedures plus all extended procedures for assertions for which you indicated there is a high risk of material misstatement (or moderate risk of material misstatement if fraud or other significant risks exist).

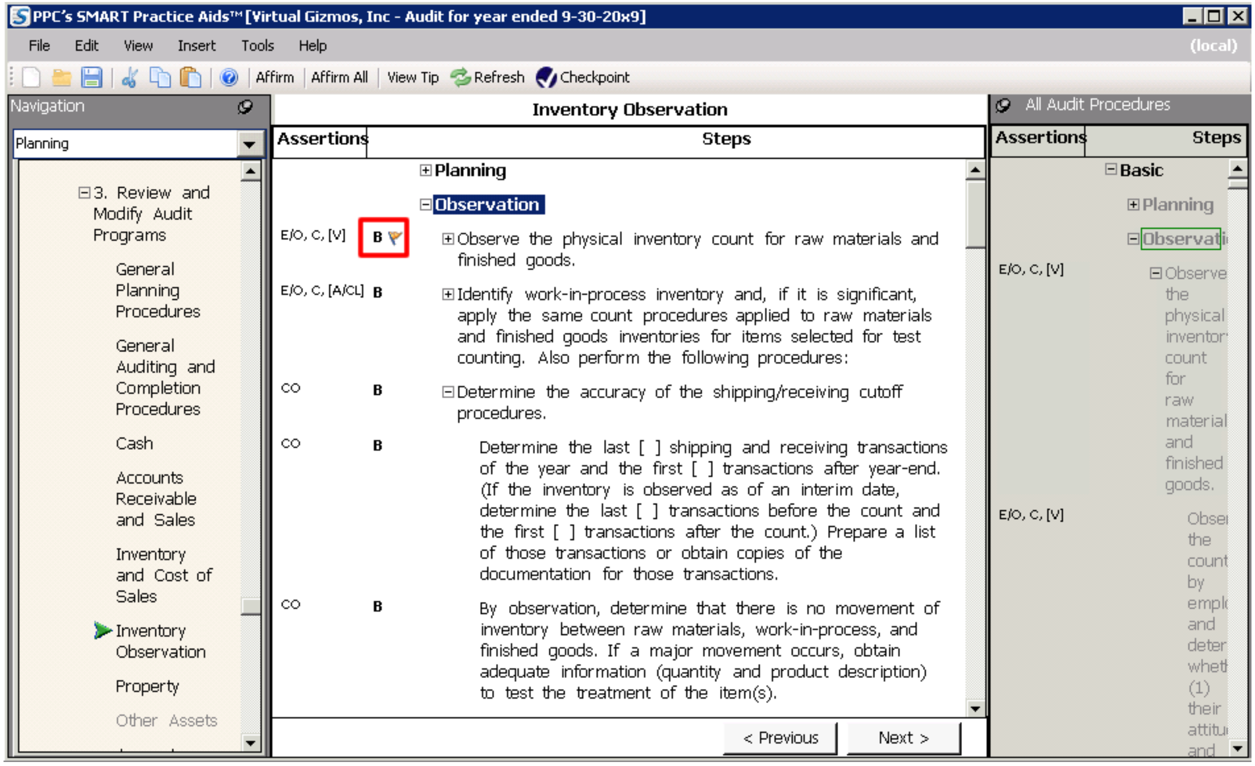
Click **Next** to review and modify audit programs for other audit areas.

Prior Period and Current Period Procedures

There are some navigational aids to help identify differences between prior period and current period audit procedures.

In the center pane a modified step flag is displayed next to each procedure that contains differences between the current period and prior period.

Note: You can toggle this icon on and off by selecting **Show Modified Step Flag** in the **View** menu.

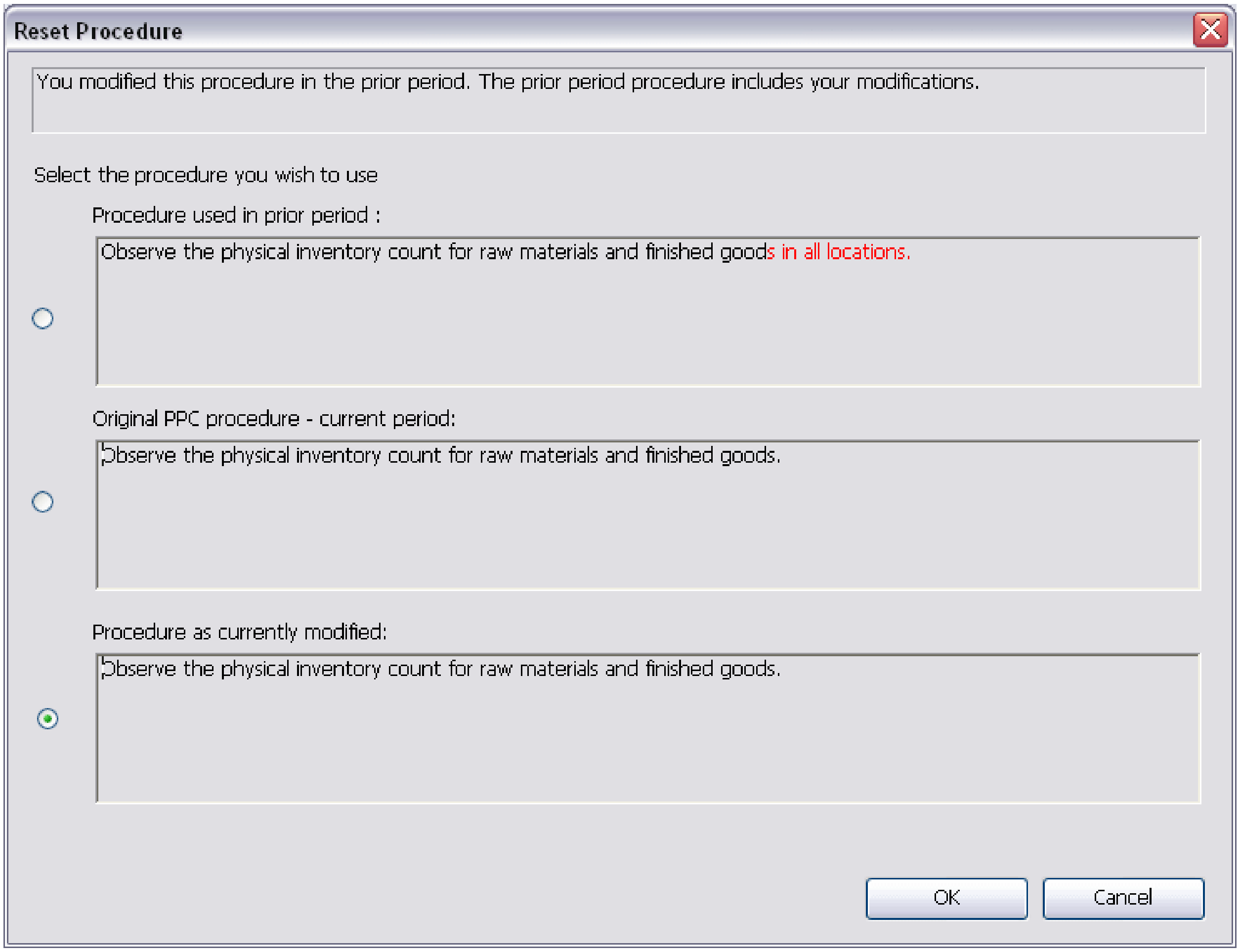

PPC's SMART Practice Aids™ [Virtual Gizmos, Inc - Audit for year ended 9-30-20x9]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Planning
3. Review and Modify Audit Programs
General Planning Procedures
General Auditing and Completion Procedures
Cash
Accounts Receivable and Sales
Inventory and Cost of Sales
Inventory Observation
Property
Other Assets
All Audit Procedures
Assertions
Steps
Basic
Planning
< Previous
Next >

Inventory Observation

Assertions		Steps
		⊞Planning
		⊟Observation
E/O, C, [V]	B	⊞Observe the physical inventory count for raw materials and finished goods.
E/O, C, [A/CL]	B	⊞Identify work-in-process inventory and, if it is significant, apply the same count procedures applied to raw materials and finished goods inventories for items selected for test counting. Also perform the following procedures:
CO	B	⊟Determine the accuracy of the shipping/receiving cutoff procedures.
CO	B	Determine the last [ ] shipping and receiving transactions of the year and the first [ ] transactions after year-end. (If the inventory is observed as of an interim date, determine the last [ ] transactions before the count and the first [ ] transactions after the count.) Prepare a list of those transactions or obtain copies of the documentation for those transactions.
CO	B	By observation, determine that there is no movement of inventory between raw materials, work-in-process, and finished goods. If a major movement occurs, obtain adequate information (quantity and product description) to test the treatment of the item(s).

Click the flag icon to display the Reset Procedure dialog screen. For comparison, the prior period, original PPC procedure - current period, and modified current period versions of the procedure text are displayed.

Select the version of the procedure text that you want to use for the current period. Click **OK** to confirm the change.



You modified this procedure in the prior period. The prior period procedure includes your modifications.

Select the procedure you wish to use

○ Procedure used in prior period :
Observe the physical inventory count for raw materials and finished goods in all locations.

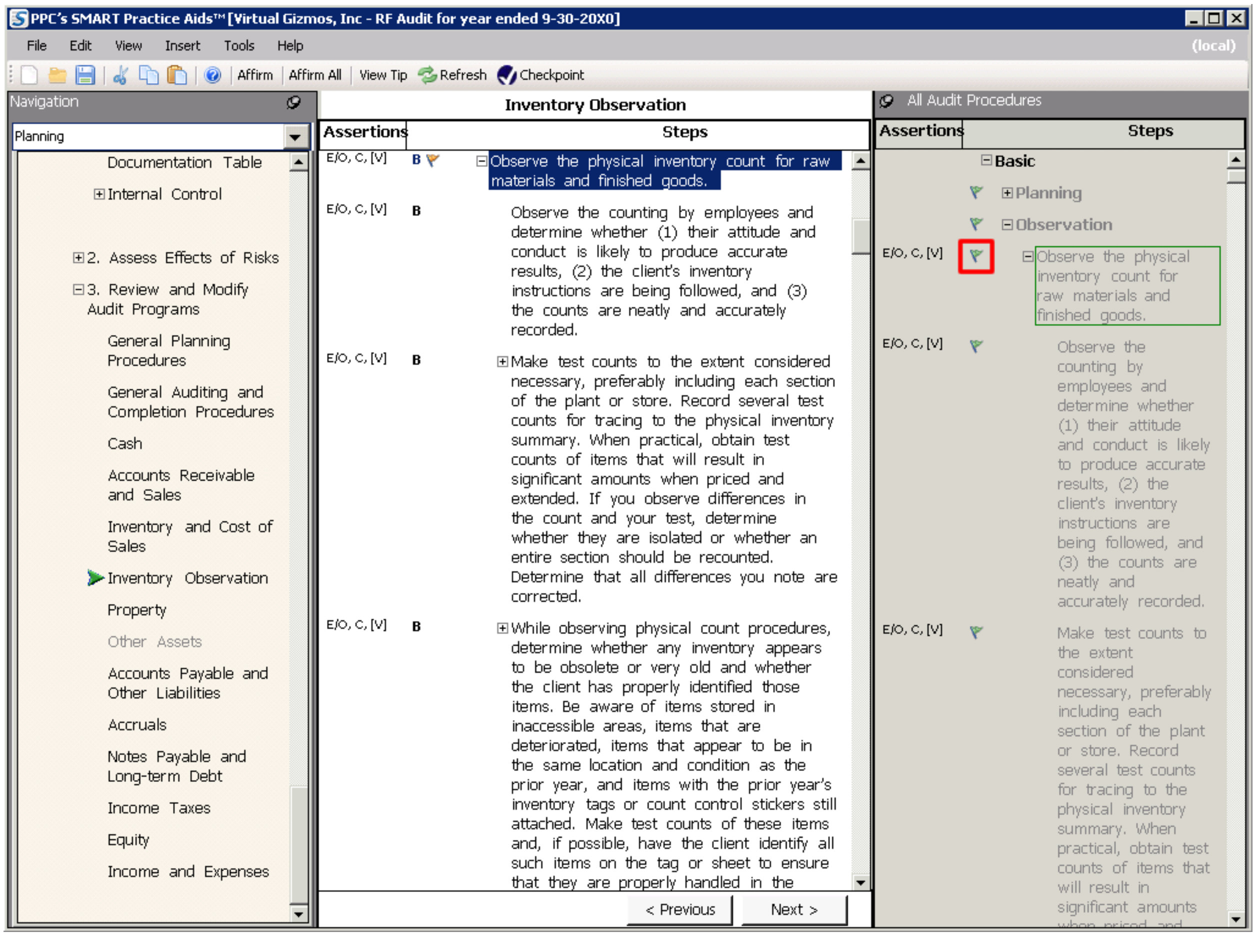
○ Original PPC procedure - current period:
Observe the physical inventory count for raw materials and finished goods.

● Procedure as currently modified:
Observe the physical inventory count for raw materials and finished goods.

Note: You can also access the Reset Procedure dialog screen from the **Edit** menu when you have a procedure highlighted in the center pane. If you are working with a non-rollforward engagement, there are only two options available on the Reset Procedure dialog screen: **Original PPC Procedure** and **Procedure as Currently Modified**.

A flag icon also displays in the right frame for each audit procedure step that was selected in the prior period.

Note: You can toggle this icon on and off by selecting **Prior Period Selected Steps Flag** in the **View** menu. The flag icons are only available in rollforward engagements. When working with a non-rollforward engagement, the **Prior Period Selected Steps Flag** option and its associated flag icons are not available.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc - RF Audit for year ended 9-30-20X0]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Planning
Documentation Table
Internal Control
2. Assess Effects of Risks
3. Review and Modify Audit Programs
General Planning Procedures
General Auditing and Completion Procedures
Cash
Accounts Receivable and Sales
Inventory and Cost of Sales
Inventory Observation
Property
Other Assets
Accounts Payable and Other Liabilities
Accruals
Notes Payable and Long-term Debt
Income Taxes
Equity
Income and Expenses
< Previous
Next >
All Audit Procedures
Basic
Planning
Observation

Inventory Observation

Assertions		Steps
E/O, C, [V]	B	Observe the physical inventory count for raw materials and finished goods.
E/O, C, [V]	B	Observe the counting by employees and determine whether (1) their attitude and conduct is likely to produce accurate results, (2) the client's inventory instructions are being followed, and (3) the counts are neatly and accurately recorded.
E/O, C, [V]	B	Make test counts to the extent considered necessary, preferably including each section of the plant or store. Record several test counts for tracing to the physical inventory summary. When practical, obtain test counts of items that will result in significant amounts when priced and extended. If you observe differences in the count and your test, determine whether they are isolated or whether an entire section should be recounted. Determine that all differences you note are corrected.
E/O, C, [V]	B	While observing physical count procedures, determine whether any inventory appears to be obsolete or very old and whether the client has properly identified those items. Be aware of items stored in inaccessible areas, items that are deteriorated, items that appear to be in the same location and condition as the prior year, and items with the prior year's inventory tags or count control stickers still attached. Make test counts of these items and, if possible, have the client identify all such items on the tag or sheet to ensure that they are properly handled in the

Assertions	Steps
E/O, C, [V]	Observe the physical inventory count for raw materials and finished goods.
E/O, C, [V]	Observe the counting by employees and determine whether (1) their attitude and conduct is likely to produce accurate results, (2) the client's inventory instructions are being followed, and (3) the counts are neatly and accurately recorded.
E/O, C, [V]	Make test counts to the extent considered necessary, preferably including each section of the plant or store. Record several test counts for tracing to the physical inventory summary. When practical, obtain test counts of items that will result in significant amounts

Note: To aid navigation, the green highlight box in the right frame will always show the location of the selected procedure text in the center pane.

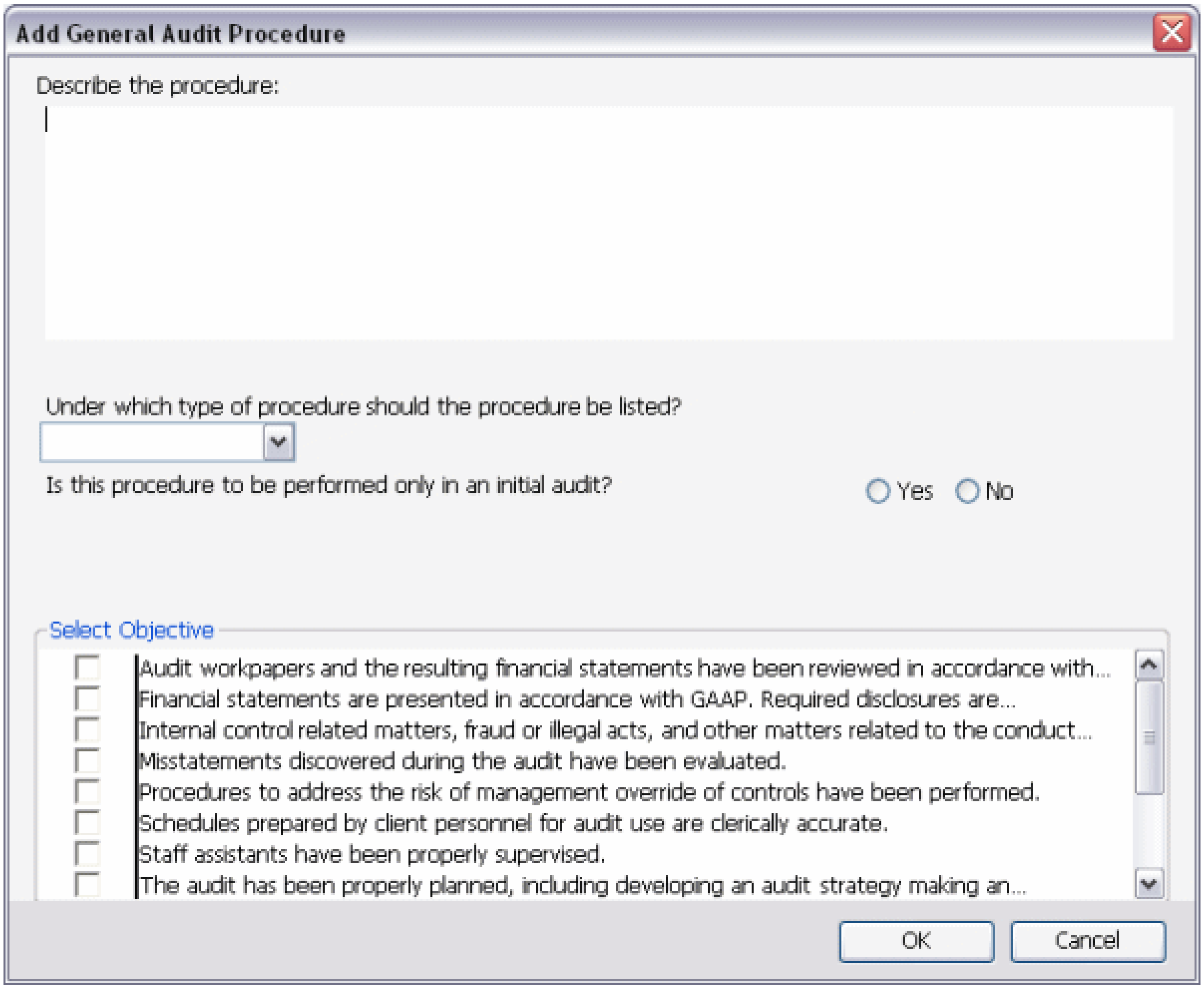
Adding and Modifying Procedures

Double-click any procedure to edit it. You can also select **Modify** from the **Edit** menu to edit a selected procedure. To assist reviewers, your changes appear in red.

Drag and drop unwanted procedures from the center pane to the right pane with your mouse to remove procedures from your audit program.

To add pre-defined procedures to your audit program, left-click a procedure in the right pane, drag it and drop it in the center pane.

Select **Insert** from the menu bar to add your own custom procedures.



Describe the procedure:

Under which type of procedure should the procedure be listed?

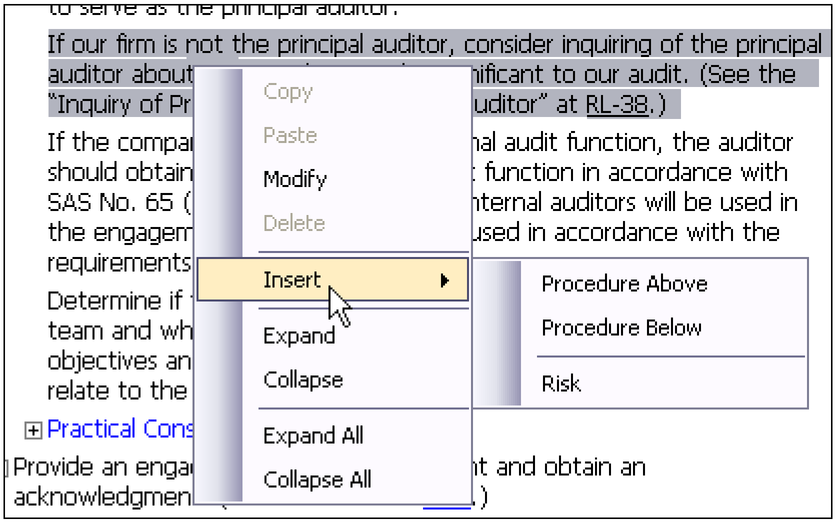
Is this procedure to be performed only in an initial audit? ○ Yes ○ No

Select Objective

☐ Audit workpapers and the resulting financial statements have been reviewed in accordance with...
☐ Financial statements are presented in accordance with GAAP. Required disclosures are...
☐ Internal control related matters, fraud or illegal acts, and other matters related to the conduct...
☐ Misstatements discovered during the audit have been evaluated.
☐ Procedures to address the risk of management override of controls have been performed.
☐ Schedules prepared by client personnel for audit use are clerically accurate.
☐ Staff assistants have been properly supervised.
☐ The audit has been properly planned, including developing an audit strategy making an...

To delete a procedure you have added, highlight the procedure in the center pane and select **Delete** from the **Edit** menu.

Note: You can also modify, delete, and insert procedures and categories by right-clicking on a selected procedure or category. Select an option from the right-click menu to execute it.



Note: Custom procedures display hierarchically in the right pane.

Steps that have been modified are marked with a Modified Step flag. Clicking the flag opens the **Reset Procedure** window that shows the original PPC procedure and the modified version of the procedure. If the engagement has been rolled forward from a prior period, the procedure as used in the prior period is also displayed. You can select which version you want to select. The Modified Step flag can be toggled between display and non-display by selecting **Show Modified Step Flag** from the **View** menu.

Adding or Deleting Categories

Procedural categories can be helpful to organize your audit plans into logical hierarchies. To add a new category:

1. Highlight the procedure or category in the center pane where you want your new category to appear.
2. Select **Category Above** or Category Below (depending on where you want it to appear) from the **Insert** menu.
3. On the **Add Category** dialog screen, enter the category name or description in the **Enter Category Text** field.
4. Select the type of procedure for the new category.
5. Click **OK**.

The new category should be visible in the center pane.

To delete a category you have added, highlight the category in the center pane and select **Delete** from the **Edit** menu.

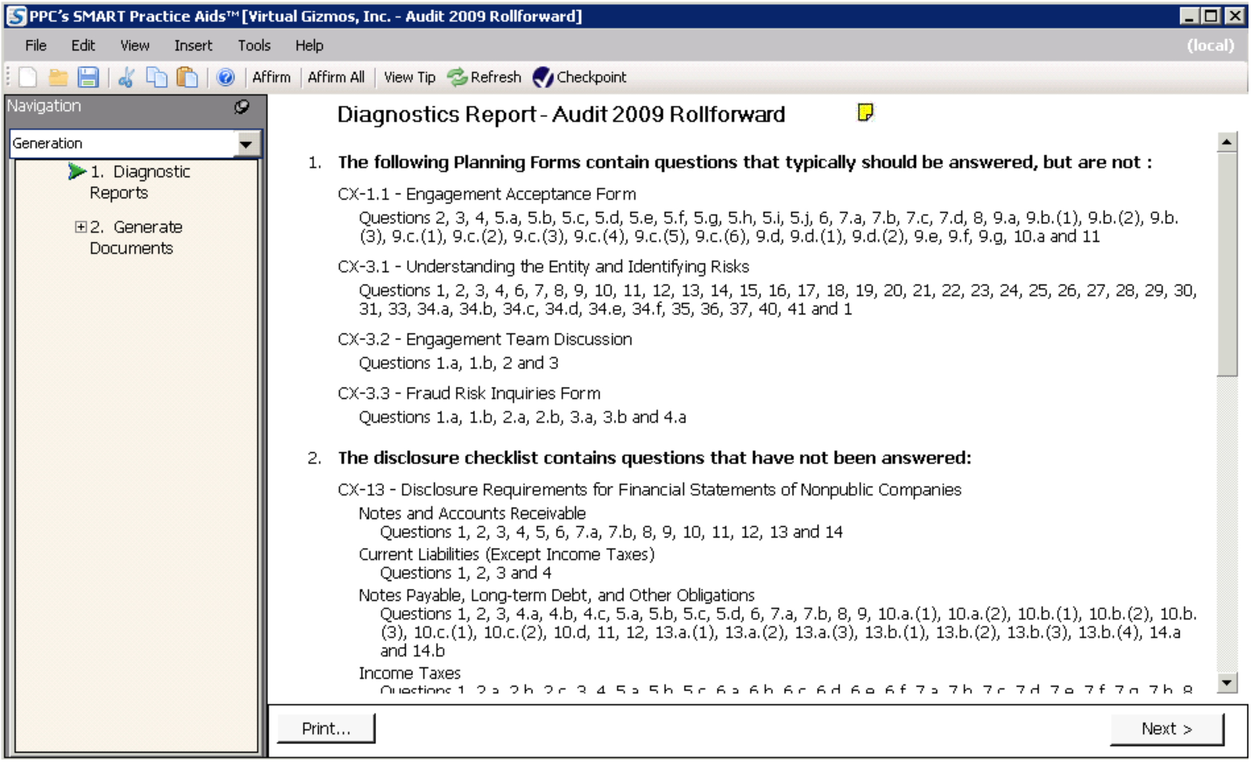
Completion Tip

You may be able to respond to risks without performing all of the suggested procedures. Review the suggested procedures and delete, modify, or add to them as necessary to ensure that, based on your professional judgment, your audit adequately responds to audit risks.

Diagnostics Report

Review the **Diagnostics Report** to discover inconsistencies or other conditions that you should consider before generating your planning forms and audit programs.

You have options to add comments to the report and to print the report.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 Rollforward]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Generation
1. Diagnostic Reports
2. Generate Documents
Print...
Next >

Diagnostics Report - Audit 2009 Rollforward

1. **The following Planning Forms contain questions that typically should be answered, but are not :**

   CX-1.1 - Engagement Acceptance Form

   Questions 2, 3, 4, 5.a, 5.b, 5.c, 5.d, 5.e, 5.f, 5.g, 5.h, 5.i, 5.j, 6, 7.a, 7.b, 7.c, 7.d, 8, 9.a, 9.b.(1), 9.b.(2), 9.b.(3), 9.c.(1), 9.c.(2), 9.c.(3), 9.c.(4), 9.c.(5), 9.c.(6), 9.d, 9.d.(1), 9.d.(2), 9.e, 9.f, 9.g, 10.a and 11

   CX-3.1 - Understanding the Entity and Identifying Risks

   Questions 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 33, 34.a, 34.b, 34.c, 34.d, 34.e, 34.f, 35, 36, 37, 40, 41 and 1

   CX-3.2 - Engagement Team Discussion

   Questions 1.a, 1.b, 2 and 3

   CX-3.3 - Fraud Risk Inquiries Form

   Questions 1.a, 1.b, 2.a, 2.b, 3.a, 3.b and 4.a

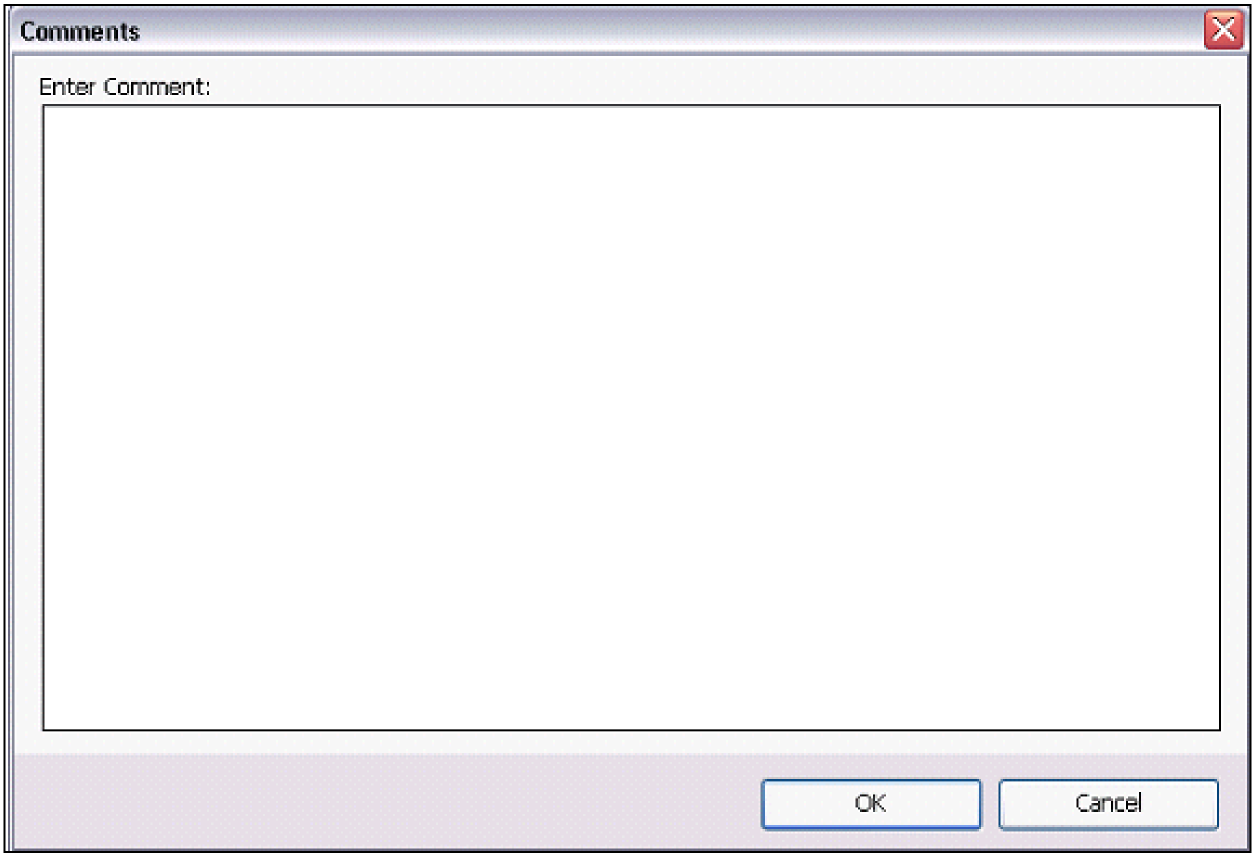
2. **The disclosure checklist contains questions that have not been answered:**

   CX-13 - Disclosure Requirements for Financial Statements of Nonpublic Companies

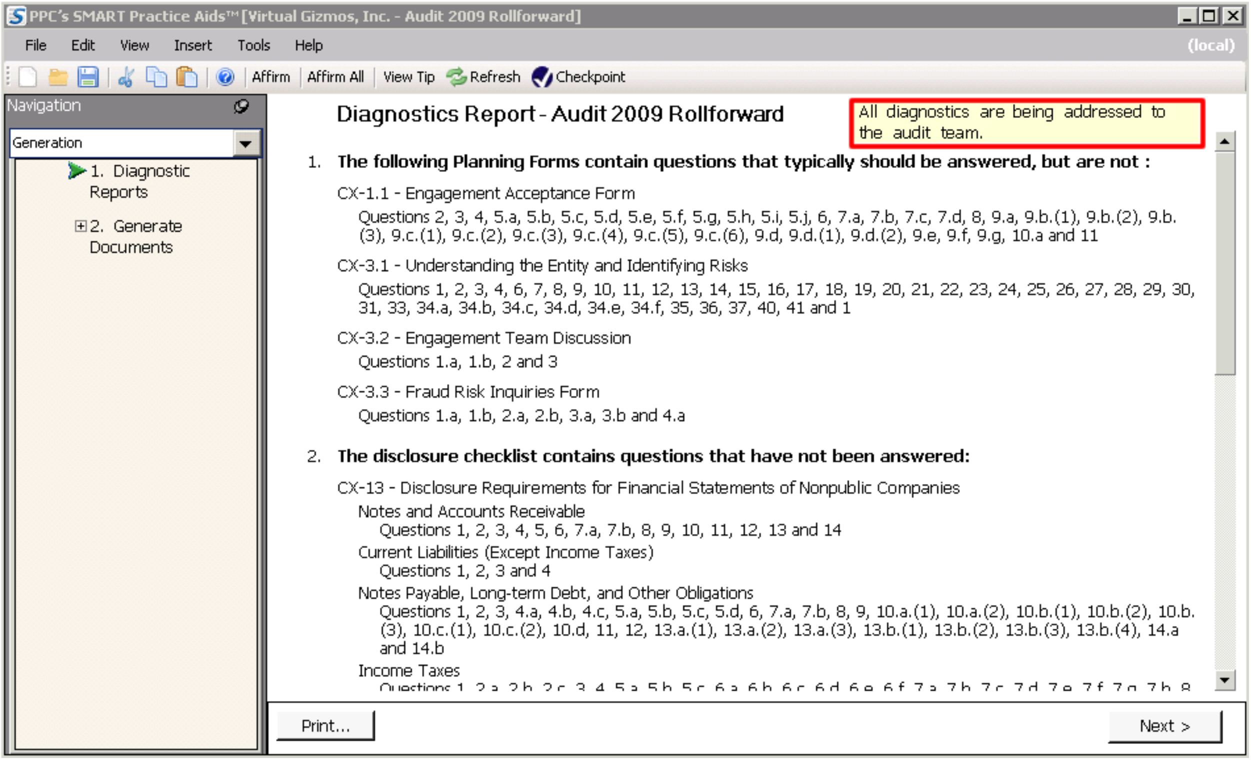
   Notes and Accounts Receivable
   Questions 1, 2, 3, 4, 5, 6, 7.a, 7.b, 8, 9, 10, 11, 12, 13 and 14
   Current Liabilities (Except Income Taxes)
   Questions 1, 2, 3 and 4
   Notes Payable, Long-term Debt, and Other Obligations
   Questions 1, 2, 3, 4.a, 4.b, 4.c, 5.a, 5.b, 5.c, 5.d, 6, 7.a, 7.b, 8, 9, 10.a.(1), 10.a.(2), 10.b.(1), 10.b.(2), 10.b.(3), 10.c.(1), 10.c.(2), 10.d, 11, 12, 13.a.(1), 13.a.(2), 13.a.(3), 13.b.(1), 13.b.(2), 13.b.(3), 13.b.(4), 14.a and 14.b
   Income Taxes

To add a comment, click the Comment icon at the top of the screen: 🗒.

The **Comments** dialog box provides one comment field for all diagnostic comments. You can enter up to 20,000 characters. Type a comment and click **OK**.


Comments
Enter Comment:
OK
Cancel

If a comment has been added, the **Comment** icon on the **Diagnostic Report** screen changes appearance: . You can view the comment by hovering your mouse pointer over the icon. The display will include the first 2000 characters of the comment. To view the full text of a message greater than 2000 characters, click the **Comment** icon to open the **Comments** dialog box.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 Rollforward]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Generation
1. Diagnostic Reports
2. Generate Documents
Print...
Next >

Diagnostics Report - Audit 2009 Rollforward

All diagnostics are being addressed to the audit team.

1. **The following Planning Forms contain questions that typically should be answered, but are not :**

CX-1.1 - Engagement Acceptance Form
Questions 2, 3, 4, 5.a, 5.b, 5.c, 5.d, 5.e, 5.f, 5.g, 5.h, 5.i, 5.j, 6, 7.a, 7.b, 7.c, 7.d, 8, 9.a, 9.b.(1), 9.b.(2), 9.b.(3), 9.c.(1), 9.c.(2), 9.c.(3), 9.c.(4), 9.c.(5), 9.c.(6), 9.d, 9.d.(1), 9.d.(2), 9.e, 9.f, 9.g, 10.a and 11

CX-3.1 - Understanding the Entity and Identifying Risks
Questions 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 33, 34.a, 34.b, 34.c, 34.d, 34.e, 34.f, 35, 36, 37, 40, 41 and 1

CX-3.2 - Engagement Team Discussion
Questions 1.a, 1.b, 2 and 3

CX-3.3 - Fraud Risk Inquiries Form
Questions 1.a, 1.b, 2.a, 2.b, 3.a, 3.b and 4.a

2. **The disclosure checklist contains questions that have not been answered:**

CX-13 - Disclosure Requirements for Financial Statements of Nonpublic Companies
Notes and Accounts Receivable
Questions 1, 2, 3, 4, 5, 6, 7.a, 7.b, 8, 9, 10, 11, 12, 13 and 14
Current Liabilities (Except Income Taxes)
Questions 1, 2, 3 and 4
Notes Payable, Long-term Debt, and Other Obligations
Questions 1, 2, 3, 4.a, 4.b, 4.c, 5.a, 5.b, 5.c, 5.d, 6, 7.a, 7.b, 8, 9, 10.a.(1), 10.a.(2), 10.b.(1), 10.b.(2), 10.b.(3), 10.c.(1), 10.c.(2), 10.d, 11, 12, 13.a.(1), 13.a.(2), 13.a.(3), 13.b.(1), 13.b.(2), 13.b.(3), 13.b.(4), 14.a and 14.b
Income Taxes
Questions 1, 2.a, 2.b, 2.c, 3, 4, 5.a, 5.b, 5.c, 6.a, 6.b, 6.c, 6.d, 6.e, 6.f, 7.a, 7.b, 7.c, 7.d, 7.e, 7.f, 7.g, 7.h, 8

To edit or delete a comment, click the **Comment** icon. Apply edits as needed on the **Comments** dialog box. To delete the comment, highlight and delete all of the text entered on the **Comments** dialog box, and click **OK**. The **Comments** icon on the **Diagnostics Report** screen reverts to its original appearance: .

To print the **Diagnostics Report**, click the **Print** button at the bottom of the screen.

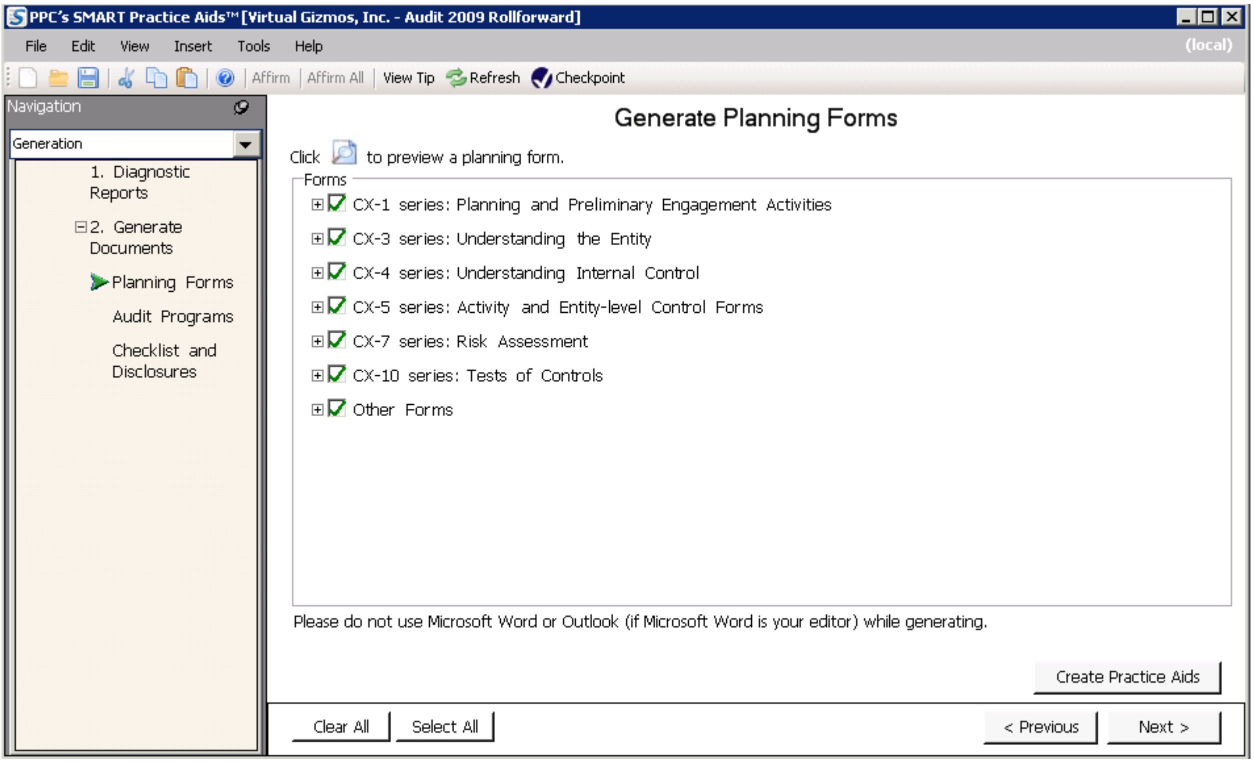
Click **Next** once you are ready to move on to create planning forms and audit programs.

Generate Documents

The final step in completing an engagement is to generate the audit planning forms and programs. The Generation feature is accessed by selecting **Generation** in the Navigation pane drop-down menu. **Note**: For older titles, the Planning Form and Diagnostics Report generation functionality is accessed from Step 4 in the Navigation pane.

Planning Forms

In the **Planning Forms** screen select the check box for each planning form you want to generate.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 Rollforward]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Generation
1. Diagnostic Reports
2. Generate Documents
Planning Forms
Audit Programs
Checklist and Disclosures
Generate Planning Forms
Forms
Create Practice Aids
Clear All
Select All
< Previous
Next >

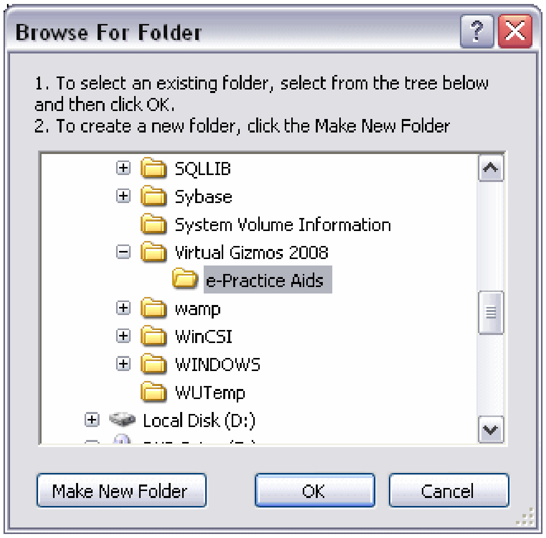
Click to preview a planning form.

Forms
- ☑ CX-1 series: Planning and Preliminary Engagement Activities
- ☑ CX-3 series: Understanding the Entity
- ☑ CX-4 series: Understanding Internal Control
- ☑ CX-5 series: Activity and Entity-level Control Forms
- ☑ CX-7 series: Risk Assessment
- ☑ CX-10 series: Tests of Controls
- ☑ Other Forms

Please do not use Microsoft Word or Outlook (if Microsoft Word is your editor) while generating.

Click **Create Practice Aids** to generate fully functional Practice Aid versions of the selected planning forms.

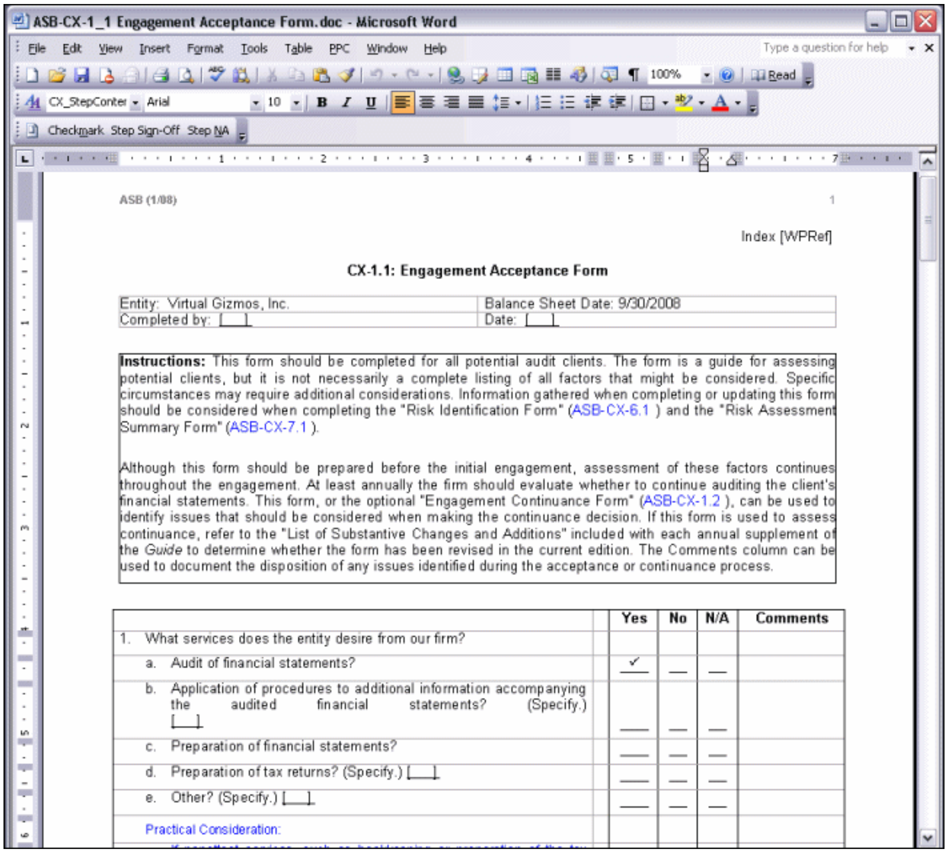
You will be prompted to save your generated Practice Aids into a local directory. Use the **Browse for Folder** window to designate the directory and click **OK** to generate and save the files.


Browse For Folder
SQLLIB
Sybase
System Volume Information
Virtual Gizmos 2008
e-Practice Aids
wamp
WinCSI
WINDOWS
WUTemp
Local Disk (D:)
Make New Folder
OK
Cancel

1. To select an existing folder, select from the tree below and then click OK.
2. To create a new folder, click the Make New Folder

If you have set a default file path in the **Tools** | **Options** | **File Locations** dialog box, that directory will be selected as the default location when you generate and save your Practice aids. You can override the default location by designating a different directory in the **Browse for Folder** window.

Once generated, the planning forms in Practice Aids format can be opened via Microsoft® Word.


ASB-CX-1_1 Engagement Acceptance Form.doc - Microsoft Word
File Edit View Insert Format Tools Table PPC Window Help
Type a question for help
100%
Read
CX_StepConter
Arial
10
Checkmark Step Sign-Off Step NA

ASB (1/08) 1

Index [WPRef]

CX-1.1: Engagement Acceptance Form

Entity: Virtual Gizmos, Inc.	Balance Sheet Date: 9/30/2008
Completed by: [ ]	Date: [ ]

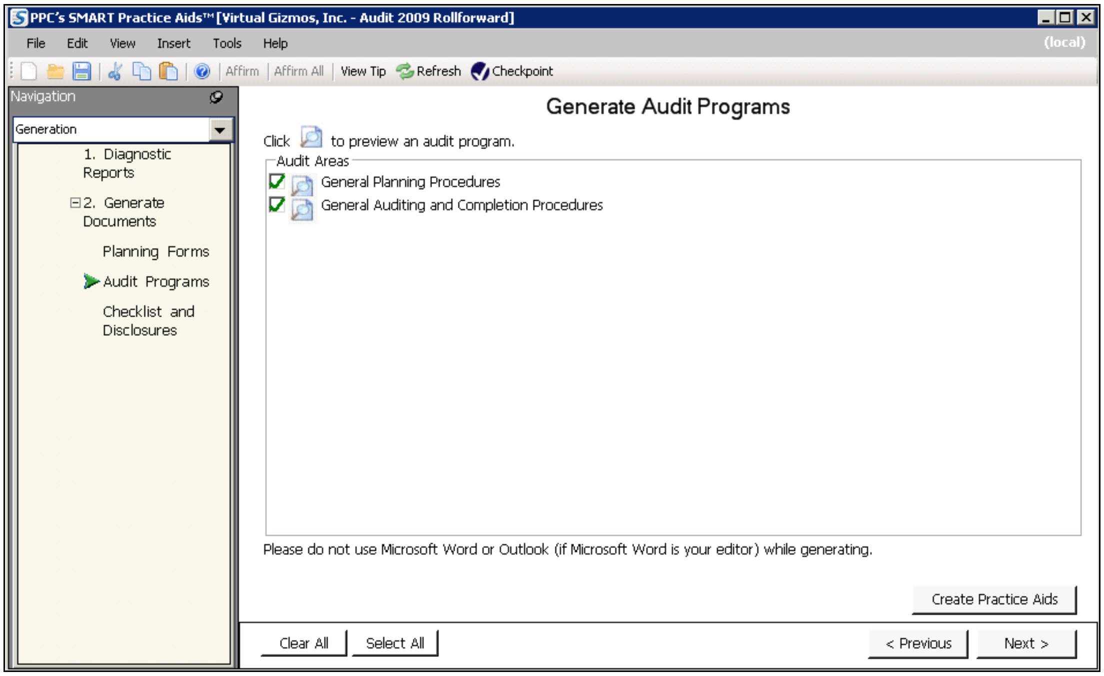
Instructions: This form should be completed for all potential audit clients. The form is a guide for assessing potential clients, but it is not necessarily a complete listing of all factors that might be considered. Specific circumstances may require additional considerations. Information gathered when completing or updating this form should be considered when completing the "Risk Identification Form" (ASB-CX-6.1) and the "Risk Assessment Summary Form" (ASB-CX-7.1).

Although this form should be prepared before the initial engagement, assessment of these factors continues throughout the engagement. At least annually the firm should evaluate whether to continue auditing the client's financial statements. This form, or the optional "Engagement Continuance Form" (ASB-CX-1.2), can be used to identify issues that should be considered when making the continuance decision. If this form is used to assess continuance, refer to the "List of Substantive Changes and Additions" included with each annual supplement of the *Guide* to determine whether the form has been revised in the current edition. The Comments column can be used to document the disposition of any issues identified during the acceptance or continuance process.

		Yes	No	N/A	Comments
1. What services does the entity desire from our firm?					
a. Audit of financial statements?		✓	___	___	
b. Application of procedures to additional information accompanying the audited financial statements? (Specify.) [ ]		___	___	___	
c. Preparation of financial statements?		___	___	___	
d. Preparation of tax returns? (Specify.) [ ]		___	___	___	
e. Other? (Specify.) [ ]		___	___	___	
Practical Consideration:					

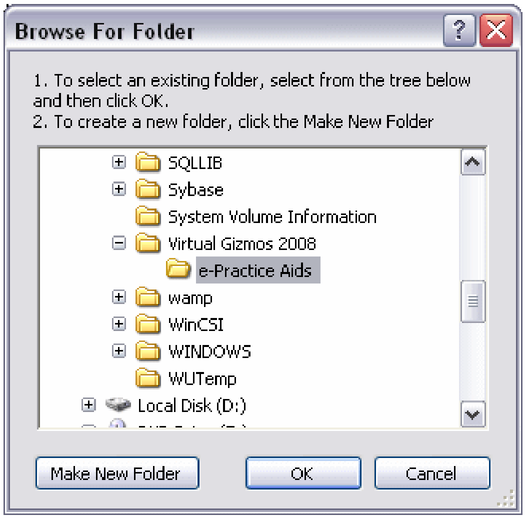
Audit Programs

In the **Audit Programs** screen select the check box for each audit program you want to generate.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 Rollforward]
File Edit View Insert Tools Help
(local)
Affirm Affirm All View Tip Refresh Checkpoint
Navigation
Generation
1. Diagnostic Reports
2. Generate Documents
Planning Forms
Audit Programs
Checklist and Disclosures
Generate Audit Programs
Click to preview an audit program.
Audit Areas
☑ General Planning Procedures
☑ General Auditing and Completion Procedures
Please do not use Microsoft Word or Outlook (if Microsoft Word is your editor) while generating.
Create Practice Aids
Clear All
Select All
< Previous
Next >

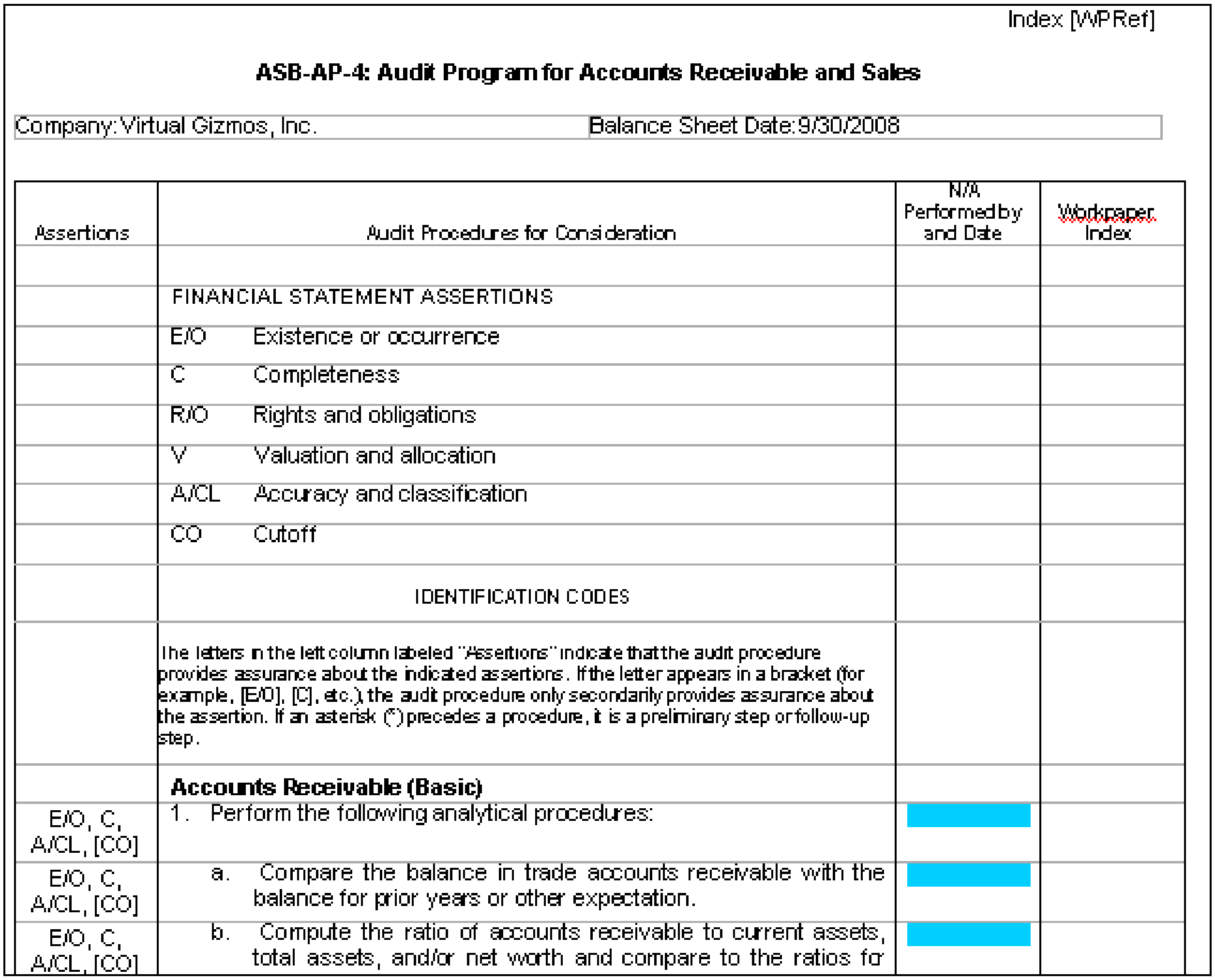
Click **Create Practice Aids** to generate fully functional Practice Aid versions of the selected audit programs.

You will be prompted to save your generated Practice Aids audit programs into a local directory. Use the **Browse for Folder** window to designate the directory and click **OK** to generate and save the files.


Browse For Folder
1. To select an existing folder, select from the tree below and then click OK.
2. To create a new folder, click the Make New Folder
SQLLIB
Sybase
System Volume Information
Virtual Gizmos 2008
e-Practice Aids
wamp
WinCSI
WINDOWS
WUTemp
Local Disk (D:)
Make New Folder
OK
Cancel

If you have set a default file path in the **Tools** | **Options** | **File Locations...** dialog box, that directory will be selected as the default location when you generate and save your Practice Aids. You can override the default location by designating a different directory in the **Browse for Folder** window.

Once generated, the audit programs in Practice Aids format can be opened via Microsoft® Word.



Index [WPRef]

ASB-AP-4: Audit Program for Accounts Receivable and Sales

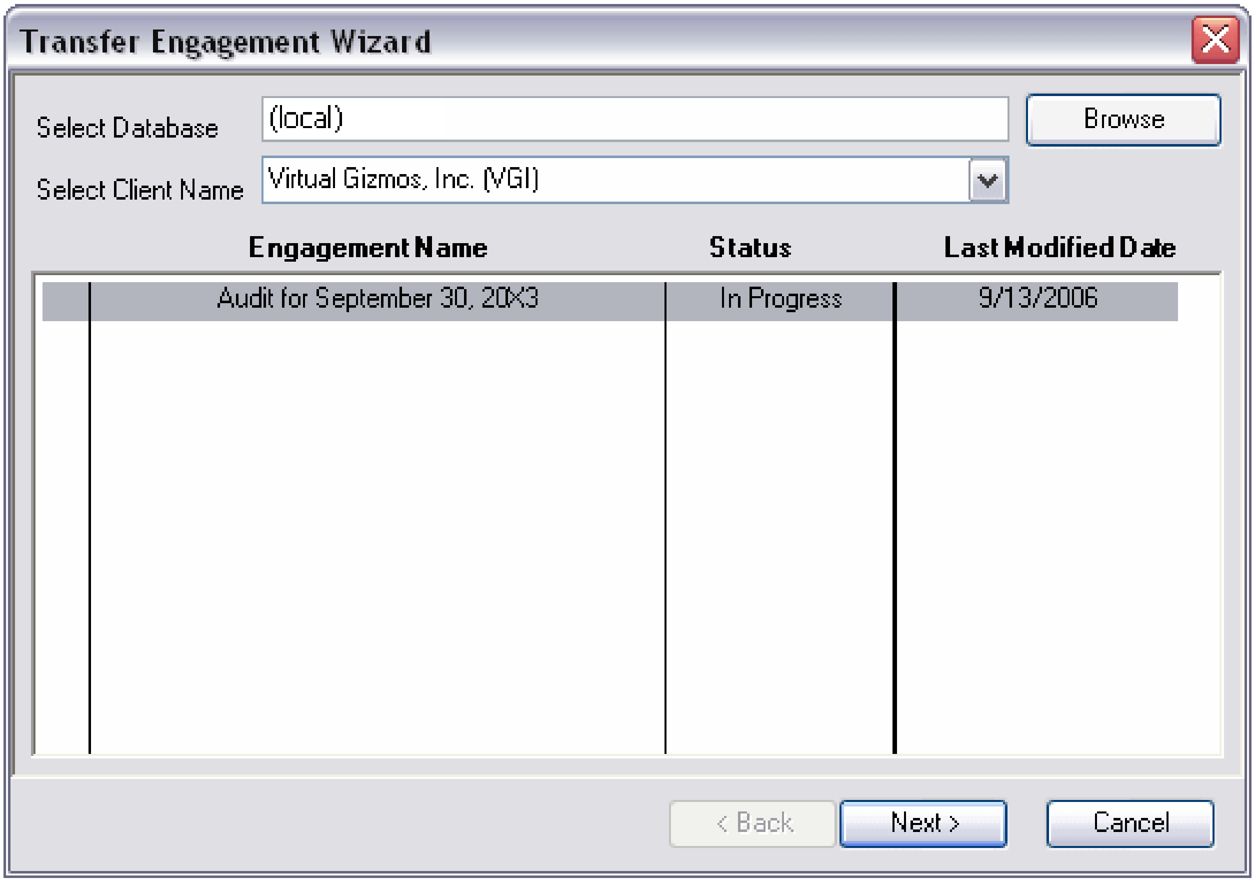
Company: Virtual Gizmos, Inc. Balance Sheet Date: 9/30/2008

Assertions	Audit Procedures for Consideration	N/A Performed by and Date	Workpaper Index
	FINANCIAL STATEMENT ASSERTIONS		
	E/O Existence or occurrence		
	C Completeness		
	R/O Rights and obligations		
	V Valuation and allocation		
	A/CL Accuracy and classification		
	CO Cutoff		
	IDENTIFICATION CODES		
	The letters in the left column labeled "Assertions" indicate that the audit procedure provides assurance about the indicated assertions. If the letter appears in a bracket (for example, [E/O], [C], etc.), the audit procedure only secondarily provides assurance about the assertion. If an asterisk (*) precedes a procedure, it is a preliminary step or follow-up step.		
	Accounts Receivable (Basic)		
E/O, C, A/CL, [CO]	1. Perform the following analytical procedures:		
E/O, C, A/CL, [CO]	a. Compare the balance in trade accounts receivable with the balance for prior years or other expectation.		
E/O, C, A/CL, [CO]	b. Compute the ratio of accounts receivable to current assets, total assets, and/or net worth and compare to the ratios for		

Transferring an Engagement

You can transfer a SMART Practice Aids engagement to other users using the **Transfer Engagement** tool. To transfer an engagement:

1. Select **Transfer Engagement...** from the **Tools** menu.
2. In the **Transfer Engagement Wizard**, select the **Database** and **Client Name** for the engagement.



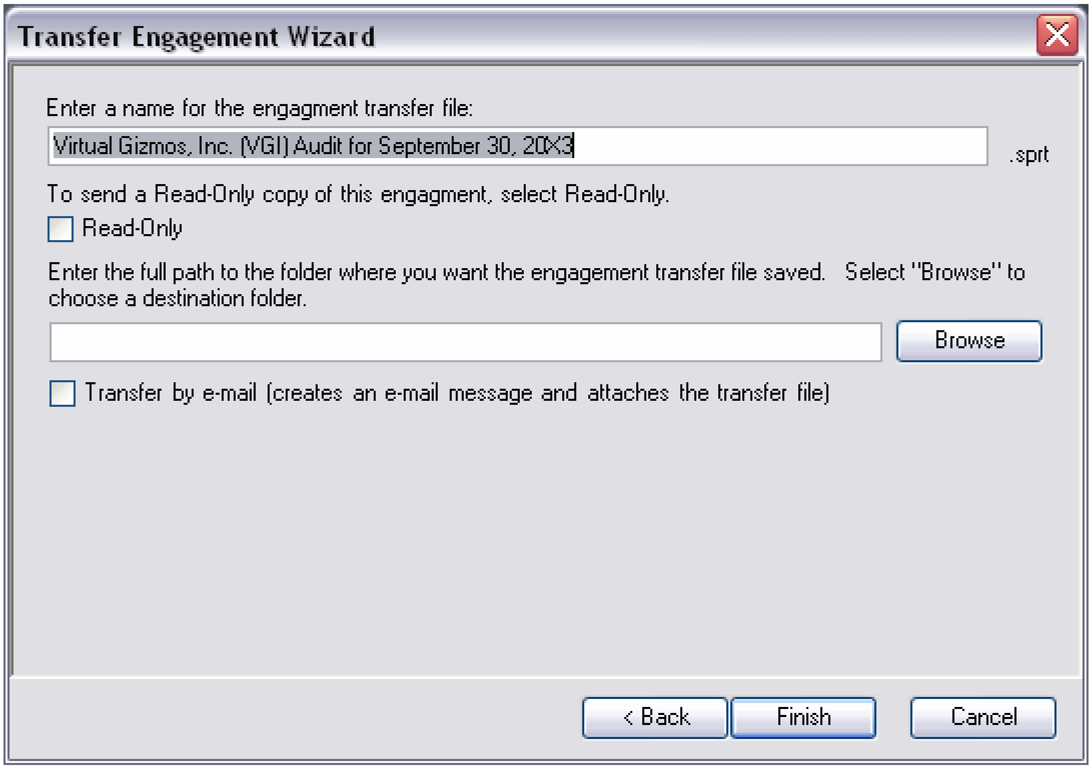
Select Database: (local)

Select Client Name: Virtual Gizmos, Inc. (VGI)

Engagement Name	Status	Last Modified Date
Audit for September 30, 20X3	In Progress	9/13/2006

3. Select the **Engagement Name** you want to transfer.
4. Click **Next**.

5. On the second screen, enter a name for the engagement transfer file.



Enter a name for the engagment transfer file:

Virtual Gizmos, Inc. (VGI) Audit for September 30, 20X3

To send a Read-Only copy of this engagment, select Read-Only.

☐ Read-Only

Enter the full path to the folder where you want the engagement transfer file saved. Select "Browse" to choose a destination folder.

☐ Transfer by e-mail (creates an e-mail message and attaches the transfer file)

Select the **Read-Only** check box to create a read-only copy of the engagement file. Other users will be able to review, but not edit the engagement. If **Read-Only** is not selected, the engagement file is "live" and may be edited by other users.

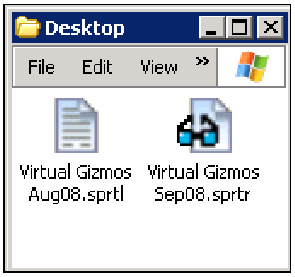
6. Enter the full path to the directory where you want to save the transfer file. Use the **Browse** button to select a destination folder.

Select the **Transfer by e-mail** check box to attach the transfer file to an e-mail message.

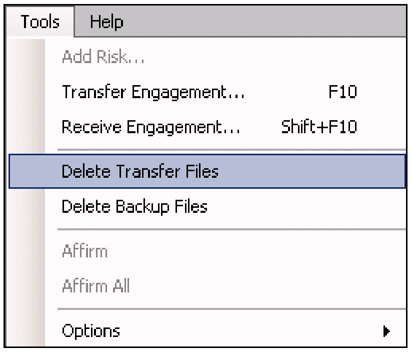
7. Click **Finish** to complete the transfer.

About Files Created with the Transfer Engagement Tool

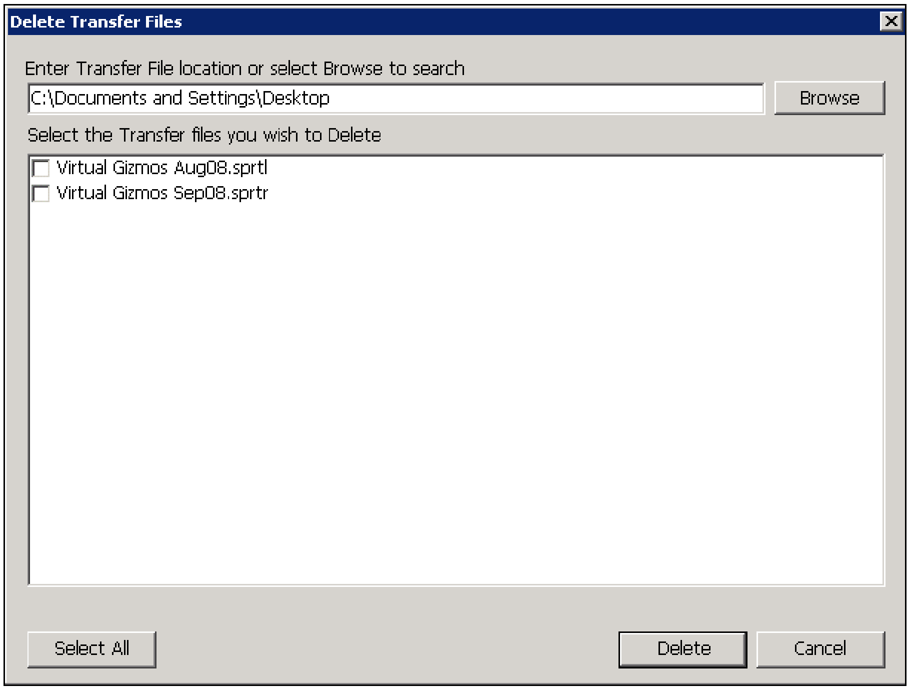
"Live" engagement files (created with **Read-Only** not selected) are distinguished from "Read Only" engagement files in two ways. Live files have a filename extension of "sprtl", while read-only files have a filename extension of "sprtr". The two file types also are represented by unique icons:


Desktop
File
Edit
View
Virtual Gizmos Aug08.sprtl
Virtual Gizmos Sep08.sprtr

You can delete a file created with the **Transfer Engagement** tool by selecting **Delete Transfer Files** from the **Tools** menu:


Tools
Help
Add Risk...
Transfer Engagement... F10
Receive Engagement... Shift+F10
Delete Transfer Files
Delete Backup Files
Affirm
Affirm All
Options

Select the files you want to delete from the **Delete Transfer Files** dialog box and click **Delete**:



Delete Transfer Files

Enter Transfer File location or select Browse to search

C:\Documents and Settings\Desktop

Select the Transfer files you wish to Delete

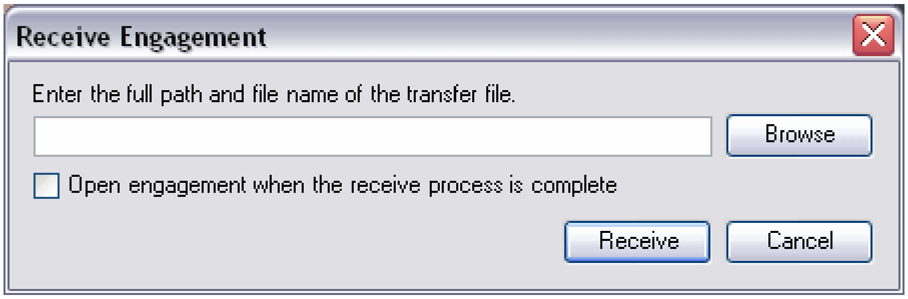
☐ Virtual Gizmos Aug08.sprtl
☐ Virtual Gizmos Sep08.sprtr

Browse
Select All
Delete
Cancel

Receiving an Engagement

You can receive a SMART Practice Aids engagement that another user has exported using the **Transfer Engagement** tool. Received engagements can be edited and reviewed in SMART Practice Aids. To receive an engagement:

1. Select **Receive Engagement** from the **Tools** menu.
2. On the **Receive Engagement** dialog screen, enter the full path to the directory where the transferred engagement file is located. Use the **Browse** button to select a folder using an Internet Explorer view.

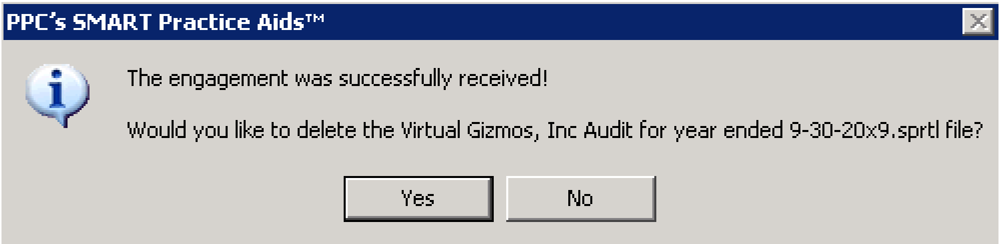


Receive Engagement

Enter the full path and file name of the transfer file.

☐ Open engagement when the receive process is complete

3. Select the **Open engagement when the receive process is complete** check box to view the engagement in SMART Practice Aids when the receive process is complete.
4. Click **Receive** to begin the receive process.
5. Once the **Receive** operation has completed, you are prompted with the option to delete the transfer file.



PPC's SMART Practice Aids™

The engagement was successfully received!

Would you like to delete the Virtual Gizmos, Inc Audit for year ended 9-30-20x9.sprtl file?

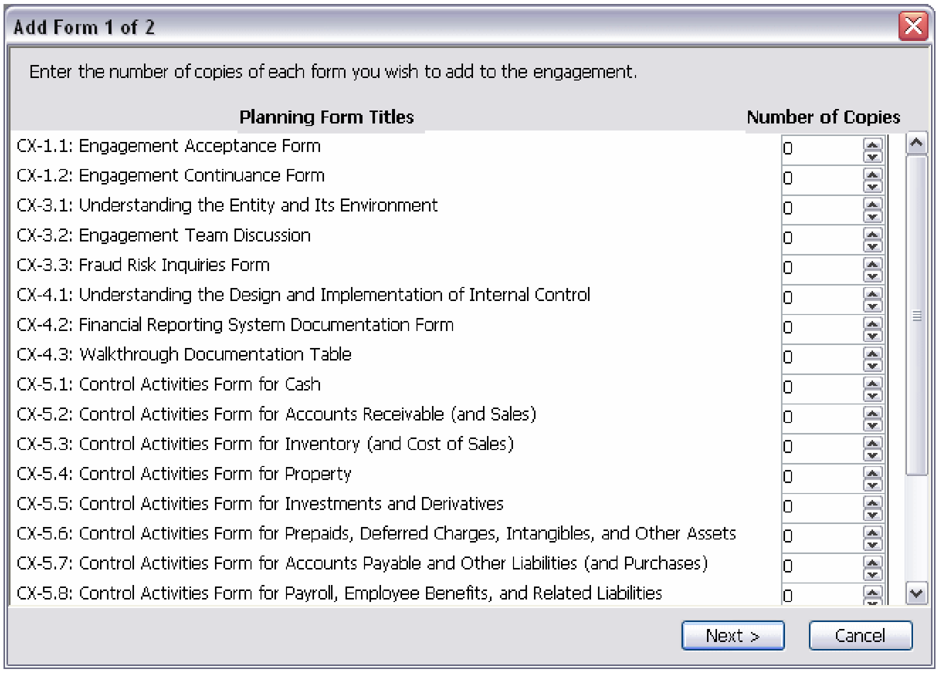
For most purposes, the transfer file is no longer needed once the engagement is successfully received. Clicking **Yes** safely cleans up the unneeded file without affecting the received engagement.

Adding and Removing Forms

You can add multiple copies of forms to an engagement.

To add forms to an engagement:

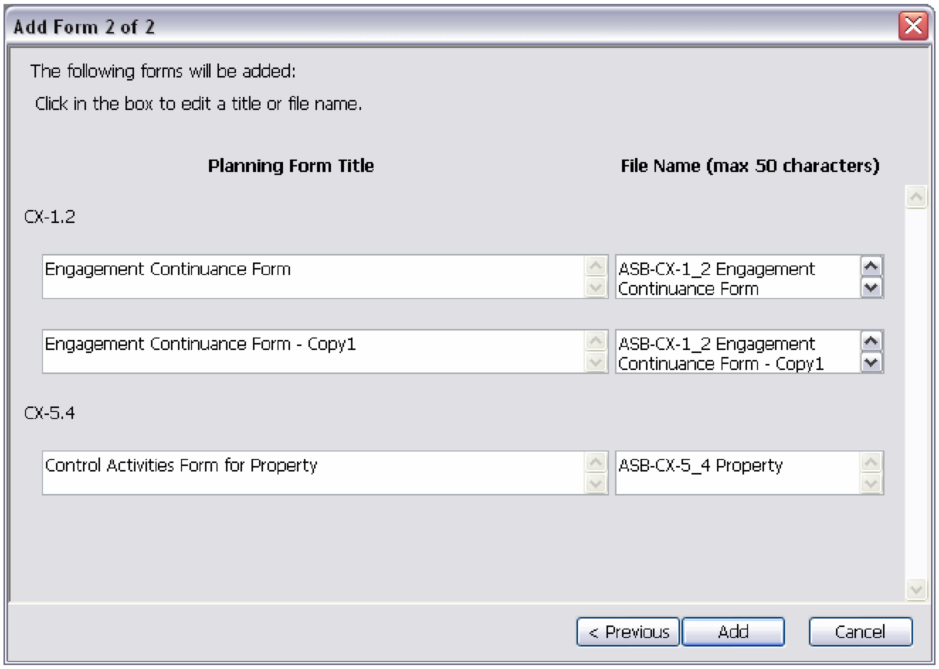
1. Select **Add Forms** from the **Insert** menu.
2. Select the number of copies for each form you want to add and click **Next**.



Enter the number of copies of each form you wish to add to the engagement.

Planning Form Titles	Number of Copies
CX-1.1: Engagement Acceptance Form	0
CX-1.2: Engagement Continuance Form	0
CX-3.1: Understanding the Entity and Its Environment	0
CX-3.2: Engagement Team Discussion	0
CX-3.3: Fraud Risk Inquiries Form	0
CX-4.1: Understanding the Design and Implementation of Internal Control	0
CX-4.2: Financial Reporting System Documentation Form	0
CX-4.3: Walkthrough Documentation Table	0
CX-5.1: Control Activities Form for Cash	0
CX-5.2: Control Activities Form for Accounts Receivable (and Sales)	0
CX-5.3: Control Activities Form for Inventory (and Cost of Sales)	0
CX-5.4: Control Activities Form for Property	0
CX-5.5: Control Activities Form for Investments and Derivatives	0
CX-5.6: Control Activities Form for Prepaids, Deferred Charges, Intangibles, and Other Assets	0
CX-5.7: Control Activities Form for Accounts Payable and Other Liabilities (and Purchases)	0
CX-5.8: Control Activities Form for Payroll, Employee Benefits, and Related Liabilities	0

3. Enter the file name for each form title and click **Add** to add the forms to your engagement.



The following forms will be added:

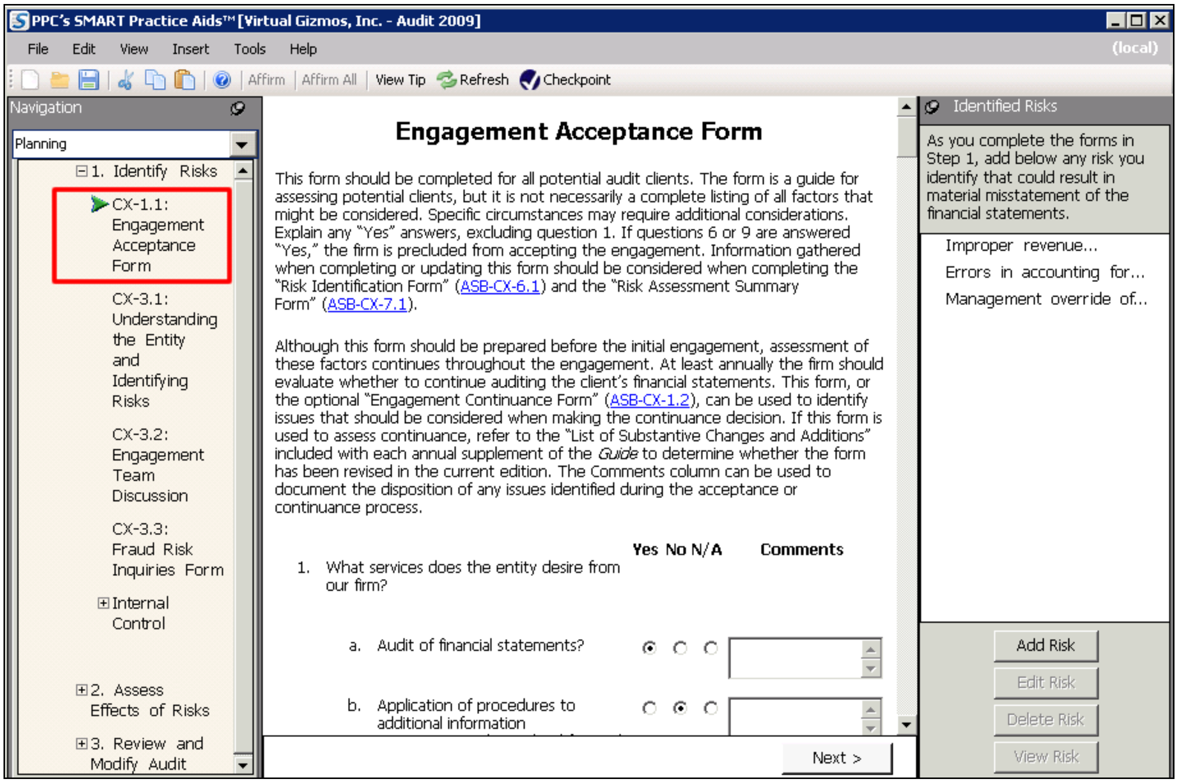
Click in the box to edit a title or file name.

Planning Form Title	File Name (max 50 characters)
CX-1.2	
Engagement Continuance Form	ASB-CX-1_2 Engagement Continuance Form
Engagement Continuance Form - Copy1	ASB-CX-1_2 Engagement Continuance Form - Copy1
CX-5.4	
Control Activities Form for Property	ASB-CX-5_4 Property

Removing Forms

To remove a form that you have added to an engagement:

1. Select the form in the Navigation pane.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Planning
1. Identify Risks
CX-1.1: Engagement Acceptance Form
CX-3.1: Understanding the Entity and Identifying Risks
CX-3.2: Engagement Team Discussion
CX-3.3: Fraud Risk Inquiries Form
Internal Control
2. Assess Effects of Risks
3. Review and Modify Audit
Identified Risks
Add Risk
Edit Risk
Delete Risk
View Risk
Next >

Engagement Acceptance Form

This form should be completed for all potential audit clients. The form is a guide for assessing potential clients, but it is not necessarily a complete listing of all factors that might be considered. Specific circumstances may require additional considerations. Explain any "Yes" answers, excluding question 1. If questions 6 or 9 are answered "Yes," the firm is precluded from accepting the engagement. Information gathered when completing or updating this form should be considered when completing the "Risk Identification Form" (ASB-CX-6.1) and the "Risk Assessment Summary Form" (ASB-CX-7.1).

Although this form should be prepared before the initial engagement, assessment of these factors continues throughout the engagement. At least annually the firm should evaluate whether to continue auditing the client's financial statements. This form, or the optional "Engagement Continuance Form" (ASB-CX-1.2), can be used to identify issues that should be considered when making the continuance decision. If this form is used to assess continuance, refer to the "List of Substantive Changes and Additions" included with each annual supplement of the *Guide* to determine whether the form has been revised in the current edition. The Comments column can be used to document the disposition of any issues identified during the acceptance or continuance process.

	Yes	No	N/A	Comments
1. What services does the entity desire from our firm?				
a. Audit of financial statements?	●	○	○	
b. Application of procedures to additional information	○	●	○	

As you complete the forms in Step 1, add below any risk you identify that could result in material misstatement of the financial statements.

Improper revenue...
Errors in accounting for...
Management override of...

2. Select **Remove Form** from the **Insert** menu.

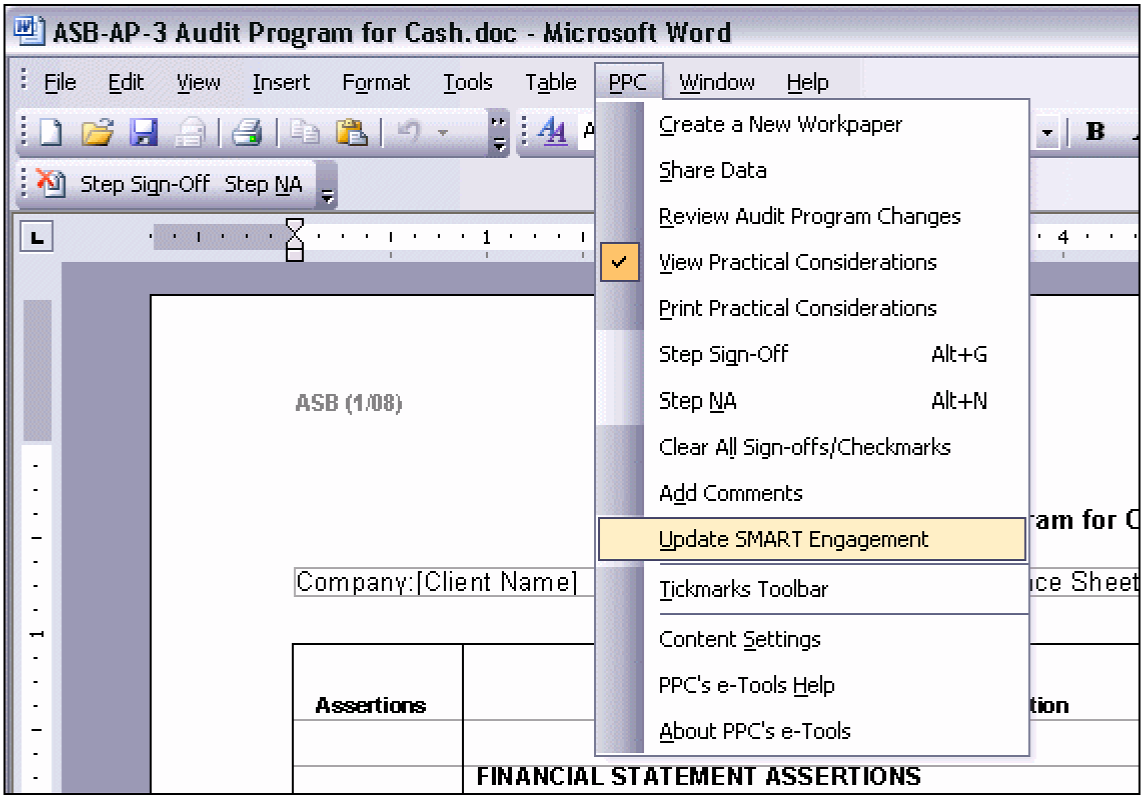
Update SMART Engagement

Use the **Update SMART Engagement** feature when you have made changes to a Practice Aid audit program document generated by SMART Practice Aids and you want the changes applied to the version within SMART Practice Aids.

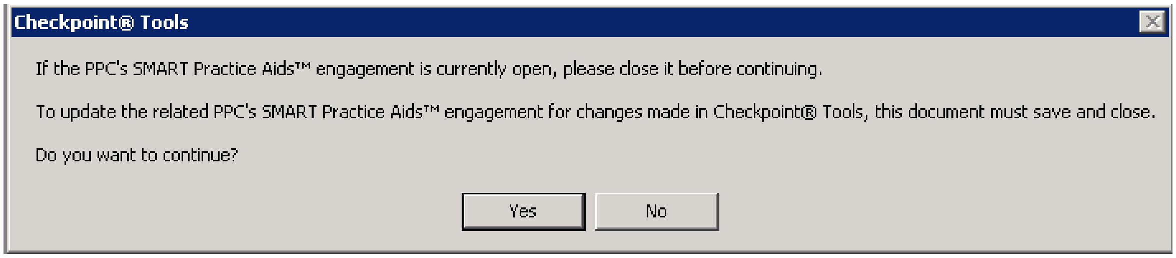
You can initiate the update from within the document in Microsoft® Word or from within SMART Practice Aids.

Updating from within Word

1. Open the audit program document in Microsoft® Word.
2. Select **Update SMART Engagement** from the **PPC** menu.


ASB-AP-3 Audit Program for Cash.doc - Microsoft Word
File
Edit
View
Insert
Format
Tools
Table
PPC
Window
Help
Step Sign-Off
Step NA
Create a New Workpaper
Share Data
Review Audit Program Changes
View Practical Considerations
Print Practical Considerations
Step Sign-Off Alt+G
Step NA Alt+N
Clear All Sign-offs/Checkmarks
Add Comments
Update SMART Engagement
Tickmarks Toolbar
Content Settings
PPC's e-Tools Help
About PPC's e-Tools
ASB (1/08)
Company:[Client Name]
Assertions
FINANCIAL STATEMENT ASSERTIONS

3. The program must save and close the document in order to proceed. Click **Yes** to continue.

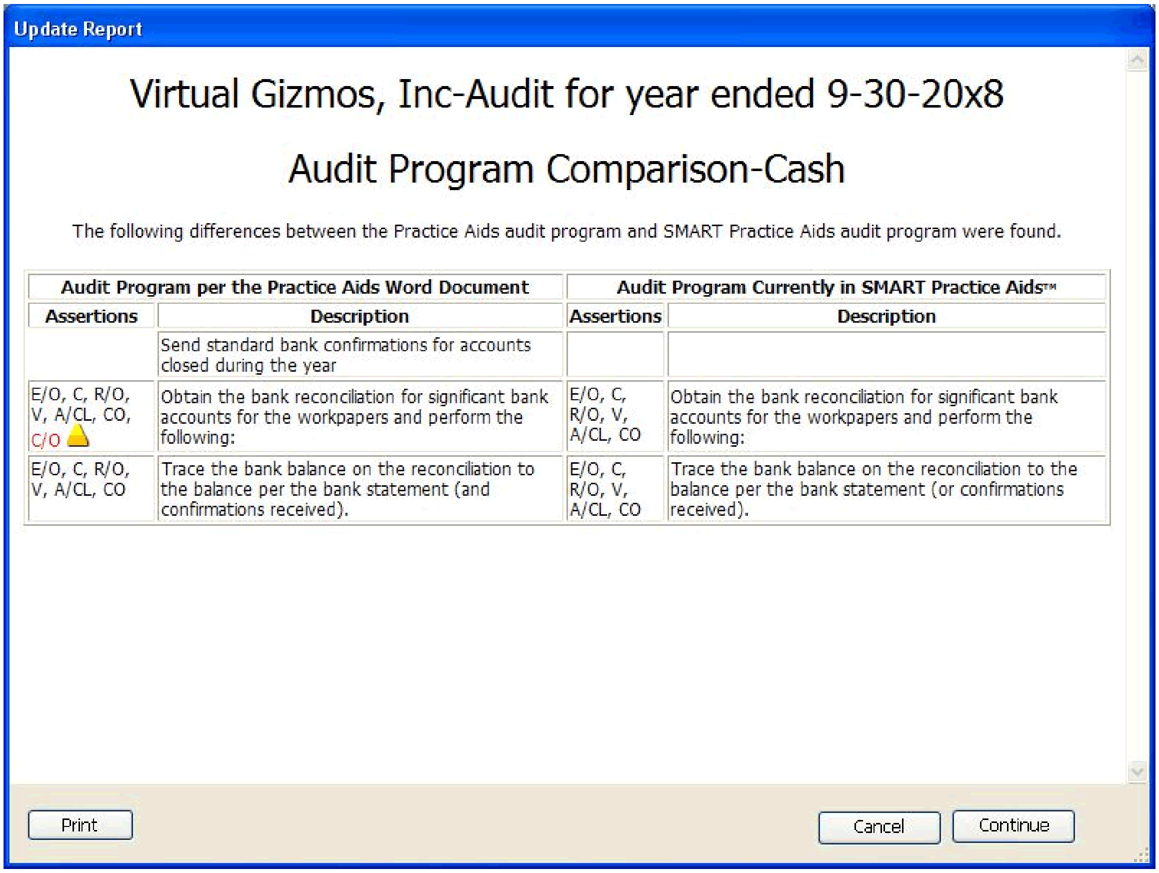

Checkpoint® Tools
Yes
No

If the PPC's SMART Practice Aids™ engagement is currently open, please close it before continuing.

To update the related PPC's SMART Practice Aids™ engagement for changes made in Checkpoint® Tools, this document must save and close.

Do you want to continue?

4. The program will then launch SMART Practice Aids and display a report that compares the audit program version in SMART Practice Aids with the changed Practice Aids version in Microsoft® Word.



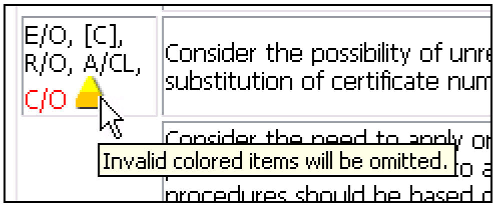
Virtual Gizmos, Inc-Audit for year ended 9-30-20x8

Audit Program Comparison-Cash

The following differences between the Practice Aids audit program and SMART Practice Aids audit program were found.

Audit Program per the Practice Aids Word Document		Audit Program Currently in SMART Practice Aids™	
Assertions	Description	Assertions	Description
	Send standard bank confirmations for accounts closed during the year		
E/O, C, R/O, V, A/CL, CO, C/O ⚠	Obtain the bank reconciliation for significant bank accounts for the workpapers and perform the following:	E/O, C, R/O, V, A/CL, CO	Obtain the bank reconciliation for significant bank accounts for the workpapers and perform the following:
E/O, C, R/O, V, A/CL, CO	Trace the bank balance on the reconciliation to the balance per the bank statement (and confirmations received).	E/O, C, R/O, V, A/CL, CO	Trace the bank balance on the reconciliation to the balance per the bank statement (or confirmations received).

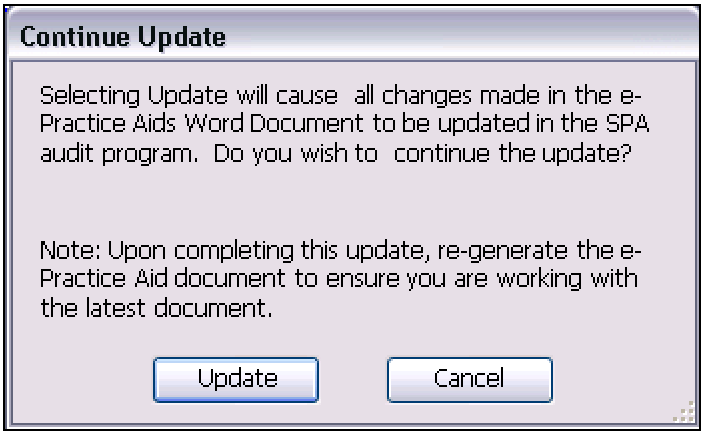
This example of the comparison report includes a procedural step that has been added to the Word document, an invalid assertion that has been added to a step, and a step that has been edited. The invalid assertion appears in red text and is indicated by a yellow icon. You can roll your mouse pointer over the icon for explanatory text:


E/O, [C], R/O, A/CL, C/O ⚠

Invalid colored items will be omitted.

5. Review the changes. Select **Print** if you want to create a hardcopy version. If you want to proceed with updating the SMART Practice Aids version, click **Continue**. Otherwise, click **Cancel**.

6. Verify your decision to update on the **Continue Update** prompt by clicking **Update**.



Continue Update

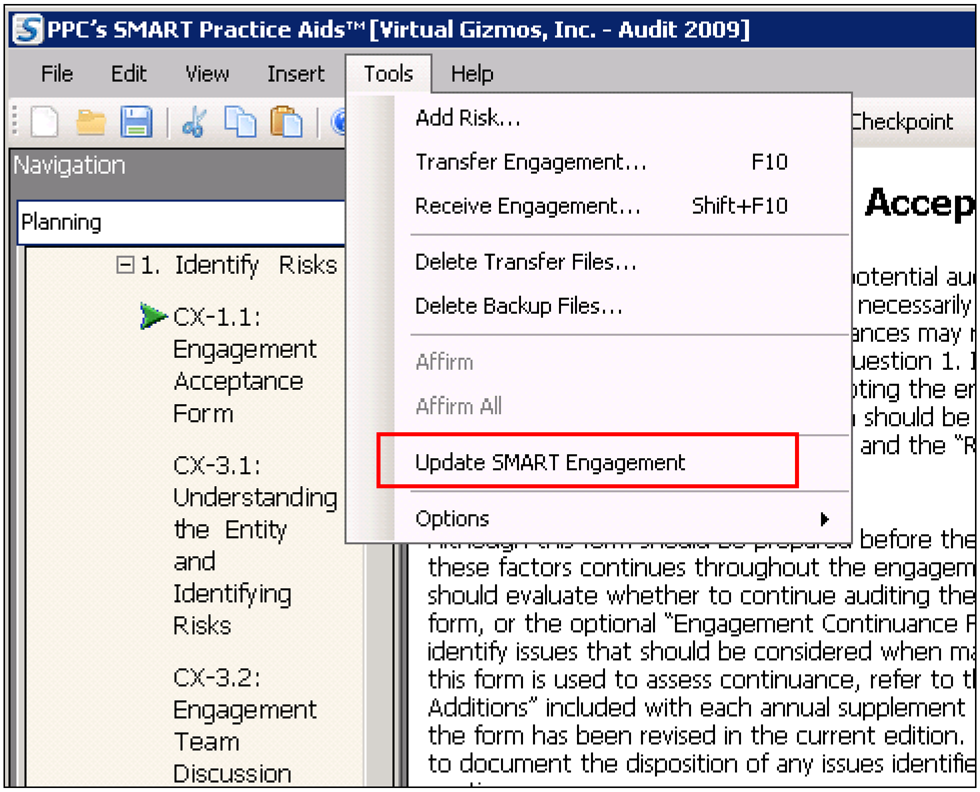
Selecting Update will cause all changes made in the e-Practice Aids Word Document to be updated in the SPA audit program. Do you wish to continue the update?

Note: Upon completing this update, re-generate the e-Practice Aid document to ensure you are working with the latest document.

Update
Cancel

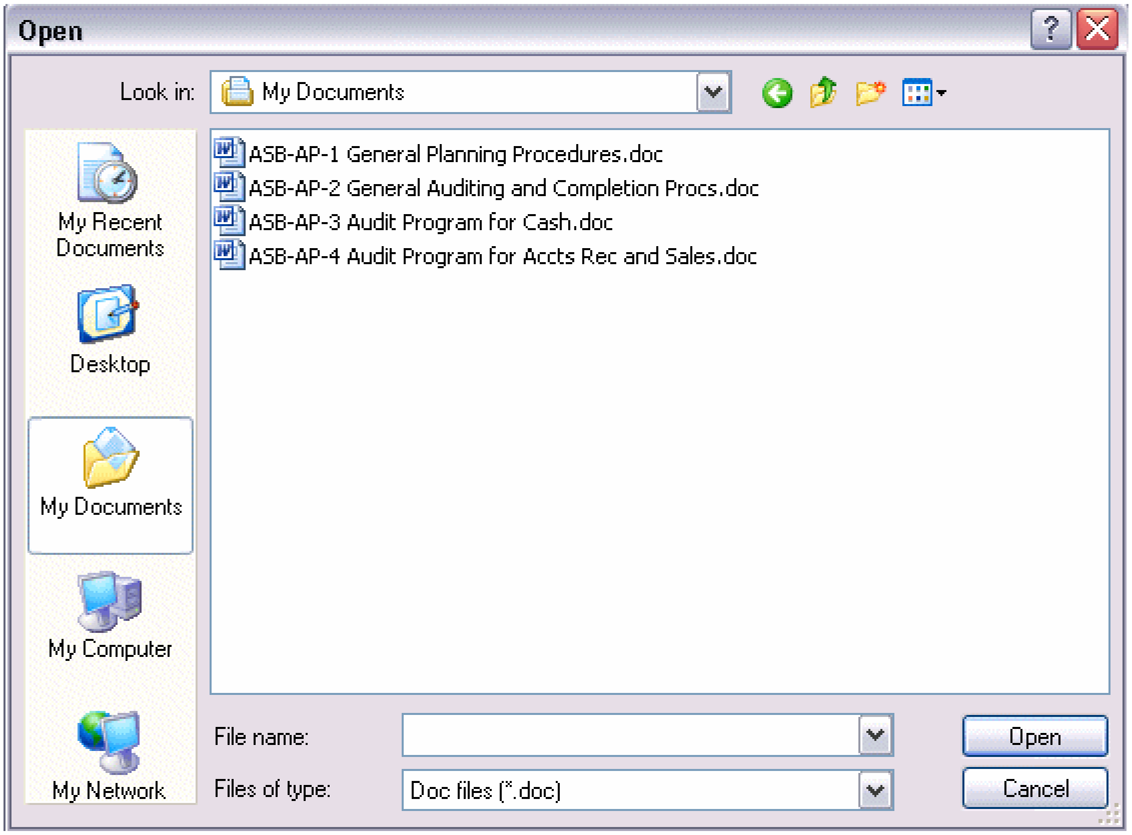
Updating from within SMART Practice Aids

1. Open the engagement from which the audit program document was generated in SMART Practice Aids.
2. Select **Update SMART Engagement** from the **Tools** menu.



PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009]
File
Edit
View
Insert
Tools
Help
Add Risk...
Transfer Engagement... F10
Receive Engagement... Shift+F10
Delete Transfer Files...
Delete Backup Files...
Affirm
Affirm All
Update SMART Engagement
Options
Checkpoint
Navigation
Planning
1. Identify Risks
CX-1.1: Engagement Acceptance Form
CX-3.1: Understanding the Entity and Identifying Risks
CX-3.2: Engagement Team Discussion
Accep

3. Locate and select the audit program document.



Look in: My Documents

ASB-AP-1 General Planning Procedures.doc
ASB-AP-2 General Auditing and Completion Procs.doc
ASB-AP-3 Audit Program for Cash.doc
ASB-AP-4 Audit Program for Accts Rec and Sales.doc

File name:

Files of type: Doc files (*.doc)

4. SMART Practice Aids will display a report that compares the audit program version in SMART Practice Aids with the changed Practice Aids version in Microsoft® Word. (See the example in Step 4 of "Updating from within Word" above.)
5. Review the changes. Select **Print** if you want to create a hardcopy version. If you want to proceed with updating the SMART Practice Aids version, click **Continue**. Otherwise, click **Cancel**.
6. Verify your decision to update on the **Continue Update** prompt by clicking **Update**.

Special considerations

Before selecting the **Update SMART Engagement** option, consider the following requirements:

- If you are using a version of Microsoft® Office earlier than 2007, you must download the Microsoft Compatibility Pack. Visit www.microsoft.com/downloads for more information.
- You must have access to the database from which the audit program document was generated.
- Multi-user locking rules will apply. For more information, see the Help topics Allowing Multi-User and Editing a Form.

What is updated

Audit program documents are arranged in "table" format, characterized by rows and columns. During the update, the system processes each row according to rules pertaining to the type of information (procedure step, practical consideration, certain headings, and so forth) comprising the row.

The following types of changes, when found in the audit program document in Microsoft® Word, are updated in the SMART Practice Aids audit program:

- New custom steps added by the user (For helpful guidelines on how to insert new steps in a way that will prevent errors during the update process, see **Tips for editing an audit program document in Microsoft® Word** at the end of this topic.)
- New headings or sub-headings added by the user within the list of steps
- Edited text of a step, including formatting changes that include boldfacing, italicizing, and underlining, changes to indention, and deleted text that leaves the row blank
- Edited text of a heading or sub-heading within the list of steps
- Deletion of a row that contained a step or practical consideration
- Valid additions or changes to assertions or objectives on custom steps
- Hyperlinks added by the user

Note: The **Update SMART Engagement** tool preserves user sign-offs and workpaper references. These do not appear online when you view the audit program but are inserted into the audit program during the next generation. However, the program only supports up to 1024 characters in either the signoff or workpaper reference column. If more than 1024 characters are entered in either of these columns, the text will be dropped during the update process and an message stating that the limit was exceeded will be displayed on the regenerated audit program.

What is not updated

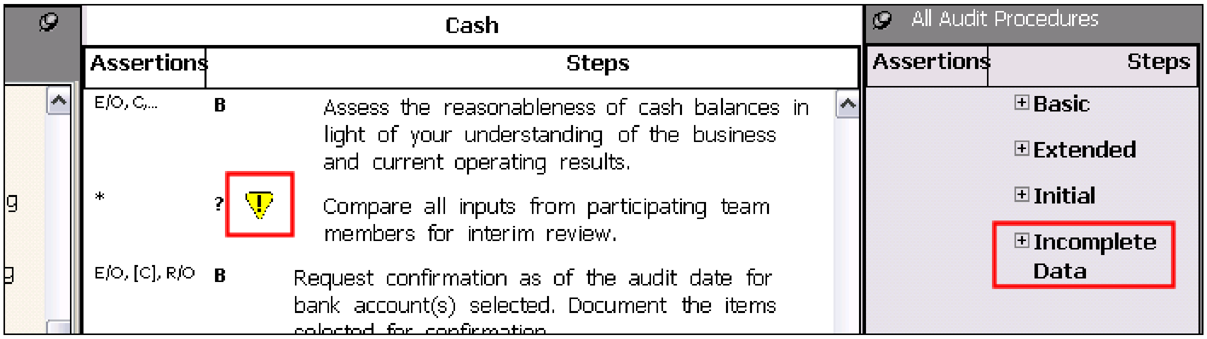
The following types of changes are not updated:

- Changes to the indentation of practical consideration text
- New custom practical considerations added by the user
- Changes to objectives or assertions on PPC-provided steps
- Images and graphics inserted by the user
- Tables altered by merging columns
- Nested table added by the user within another table

Incomplete procedures

Incomplete procedures may be identified during **Update SMART Engagement** processing. Incomplete procedures are those that are missing assertions, procedure type, or certain attributes such as "yellow book," "single audit," or "analytical."

Incomplete procedures are flagged in the audit procedures pane within SMART Practice Aids. The procedures are placed in the **All Audit Procedures** right pane under **Incomplete Data**:



Cash

Assertions		Steps
E/O, C,...	B	Assess the reasonableness of cash balances in light of your understanding of the business and current operating results.
*	?	Compare all inputs from participating team members for interim review.
E/O, [C], R/O	B	Request confirmation as of the audit date for bank account(s) selected. Document the items

You can modify an incomplete procedure in SMART Practice Aids by selecting the procedure and then selecting **Modify** from the **Edit** menu. You also can click the procedure with your right mouse button and select **Modify** from the shortcut menu.

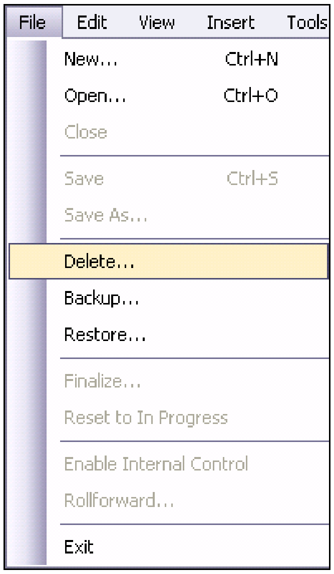
Tips for editing an audit program document in Microsoft® Word

To help you ensure a clean, error-free update of the audit program document in SMART Practice Aids, the following practices are encouraged:

- To insert a new step, select the row of another step that is directly above or below the intended position of the new step. Then select **Insert** from the **Table** menu and click either **Rows Above** or **Rows Below** to specify the location.
- This method inserts a row with the same properties as the selected row, which allows SMART Practice Aids to recognize that it is a step when you use the **Update SMART Engagement** option. Other methods, including dragging a blank line into position, may result in the system not recognizing that the row contains a step and not updating it in SMART Practice Aids.
- To insert a step that appears in the **All Audit Procedures** pane but which was not included in the audit program when it was originally generated, the best practice is to first use the **Update SMART Engagement** option in order to preserve signoffs and workpaper references. Then, in SMART Practice Aids, add the step by dragging and dropping it into the center pane. You can then generate the audit program document with the step included.

Deleting a Client

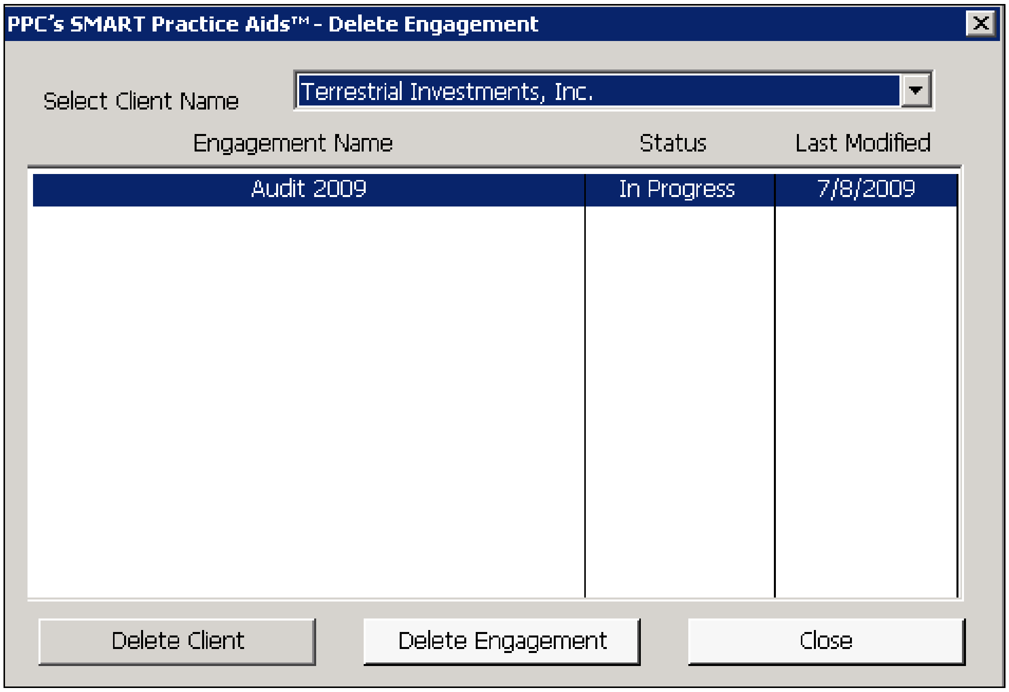
To delete a client, select **File** on the menu bar and click **Delete**.


File
Edit
View
Insert
Tools
New... Ctrl+N
Open... Ctrl+O
Close
Save Ctrl+S
Save As...
Delete...
Backup...
Restore...
Finalize...
Reset to In Progress
Enable Internal Control
Rollforward...
Exit

On the **Delete** dialog box, if the client you want to delete is not displayed in the **Select Client Name** field, click the drop-down arrow to view the client list. Select the client to be deleted.

The **Delete** dialog box provides a **Delete Client** button and a **Delete Engagement** button. You cannot delete a client if an engagement exists for that client. If you attempt to delete a client with existing engagements, you will see an error message.

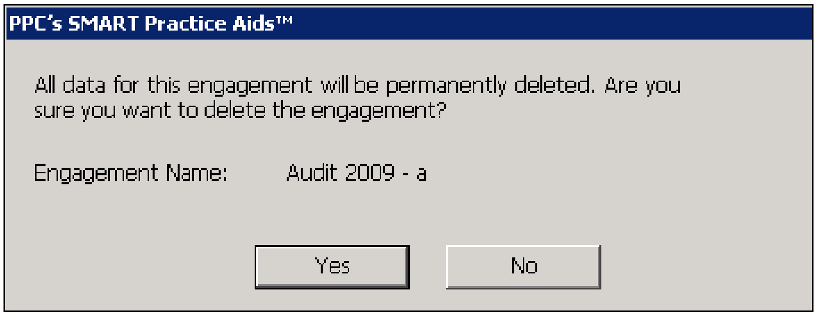
Highlight the engagement you want to delete and click **Delete Engagement**.


PPC's SMART Practice Aids™ - Delete Engagement
Delete Client
Delete Engagement
Close

Select Client Name: Terrestrial Investments, Inc.

Engagement Name	Status	Last Modified
Audit 2009	In Progress	7/8/2009

Then click **Yes** when prompted to verify the delete action.

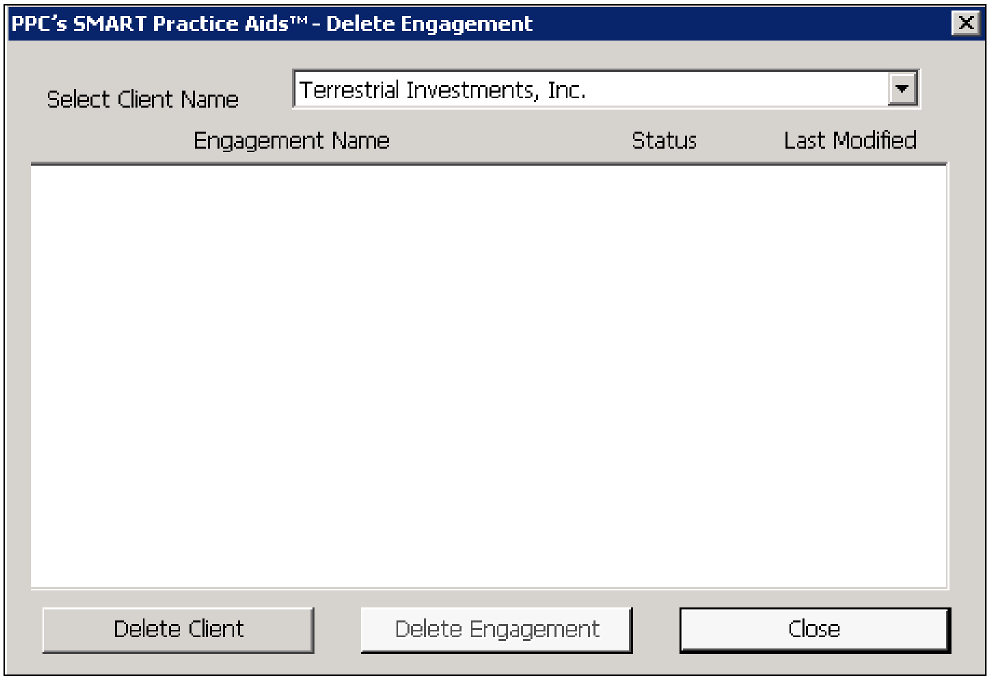


PPC's SMART Practice Aids™

All data for this engagement will be permanently deleted. Are you sure you want to delete the engagement?

Engagement Name: Audit 2009 - a

If additional engagements exist for the client, you can repeat the process of deleting one engagement at a time until all engagements are deleted.

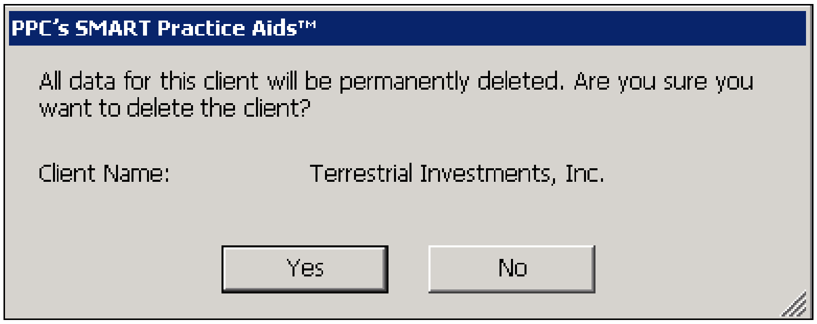


PPC's SMART Practice Aids™ - Delete Engagement

Select Client Name: Terrestrial Investments, Inc.

Engagement Name
Status
Last Modified
Delete Client
Delete Engagement
Close

You can now delete the client by clicking **Delete Client**.



PPC's SMART Practice Aids™

All data for this client will be permanently deleted. Are you sure you want to delete the client?

Client Name: Terrestrial Investments, Inc.

Click **Yes** when prompted to verify the delete action.

Using SMART Practice Aids - Internal Control

About SMART Practice Aids™ - Internal Control

Internal Control is a separately purchased add-on to SMART Practice Aids - Risk Assessment. You can use this comprehensive, fully-integrated internal control evaluation and analysis tool with SMART Practice Aids - Risk Assessment to:

- Obtain and document your understanding of internal control.
- Evaluate system design.
- Prepare internal control test plans (required, if performing a public company audit of internal control).
- Conclude on control effectiveness, if performing a public company audit of internal control.
- Assess control risk.

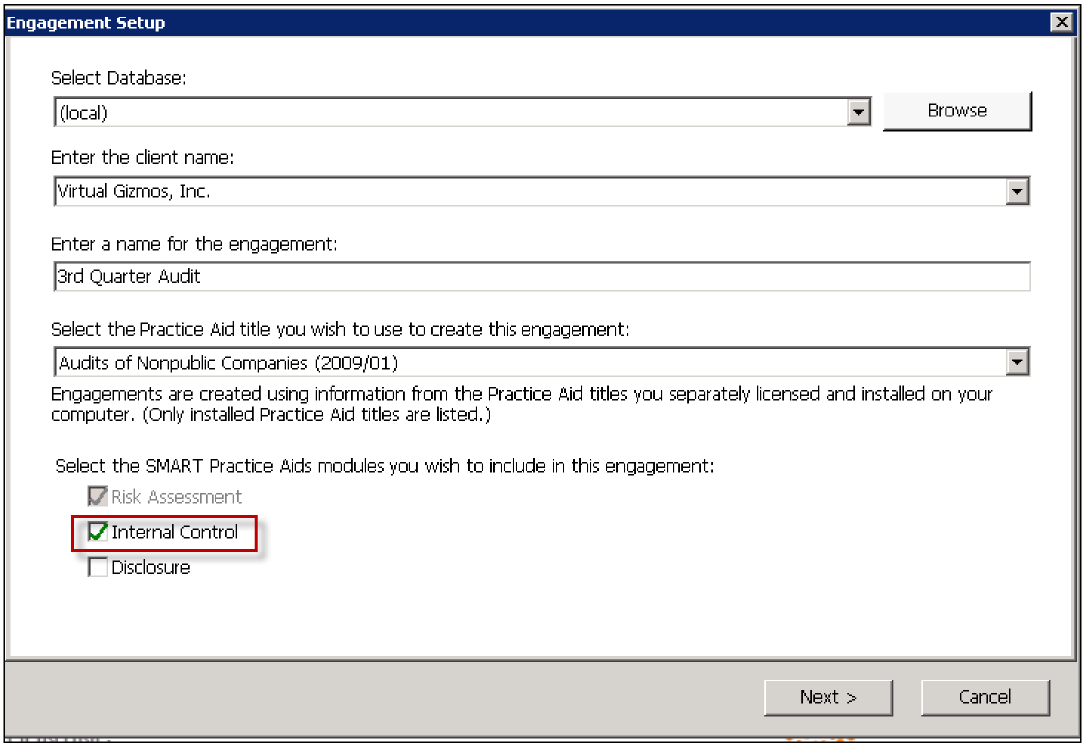
Enabling SMART Practice Aids™ - Internal Control

If **SMART Practice Aids - Internal Control** is installed, you can enable it for any engagement for which you intend to use the tool. You can enable Internal Control when you create a new engagement, and you can enable it for an existing engagement.

Once you enable SMART Practice Aids - Internal Control for an engagement, you cannot disable it.

To enable SMART Practice Aids - Internal Control for a new engagement:

1. Select **New** from the **File** menu (or click the **New** button on the tool bar).
2. Complete the **Engagement Setup** information.



Select Database: (local)

Enter the client name: Virtual Gizmos, Inc.

Enter a name for the engagement: 3rd Quarter Audit

Select the Practice Aid title you wish to use to create this engagement: Audits of Nonpublic Companies (2009/01)

Engagements are created using information from the Practice Aid titles you separately licensed and installed on your computer. (Only installed Practice Aid titles are listed.)

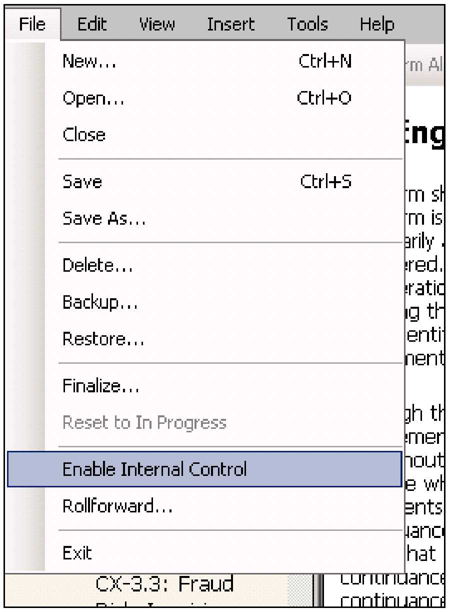
Select the SMART Practice Aids modules you wish to include in this engagement:

☑ Risk Assessment
☑ Internal Control
☐ Disclosure

3. Select the **Internal Control** check box.

To enable SMART Practice Aids - Internal Control for an existing engagement:

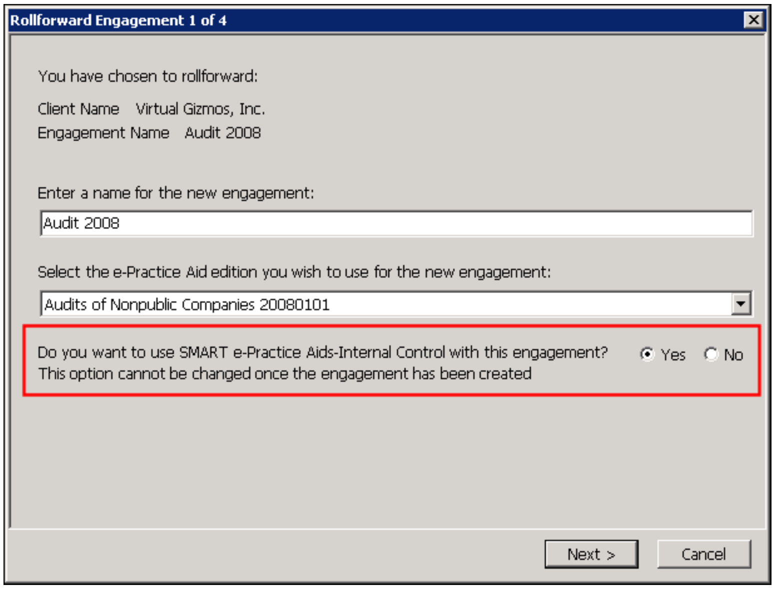
1. With the engagement open, click **File** on the menu bar.


File
Edit
View
Insert
Tools
Help
New... Ctrl+N
Open... Ctrl+O
Close
Save Ctrl+S
Save As...
Delete...
Backup...
Restore...
Finalize...
Reset to In Progress
Enable Internal Control
Rollforward...
Exit
CX-3.3: Fraud

2. Select **Enable Internal Control**.

If the **Enable Internal Control** menu option is not active, then SMART Practice Aids - Internal Control either has already been enabled for the engagement or is not available for the selected title.

When using the **Rollforward** tool to create a new engagement based on a prior period engagement, you have the option to use **SMART Practice Aids - Internal Control** with the new engagement:


Rollforward Engagement 1 of 4

You have chosen to rollforward:

Client Name Virtual Gizmos, Inc.
Engagement Name Audit 2008

Enter a name for the new engagement:
Audit 2008

Select the e-Practice Aid edition you wish to use for the new engagement:
Audits of Nonpublic Companies 20080101

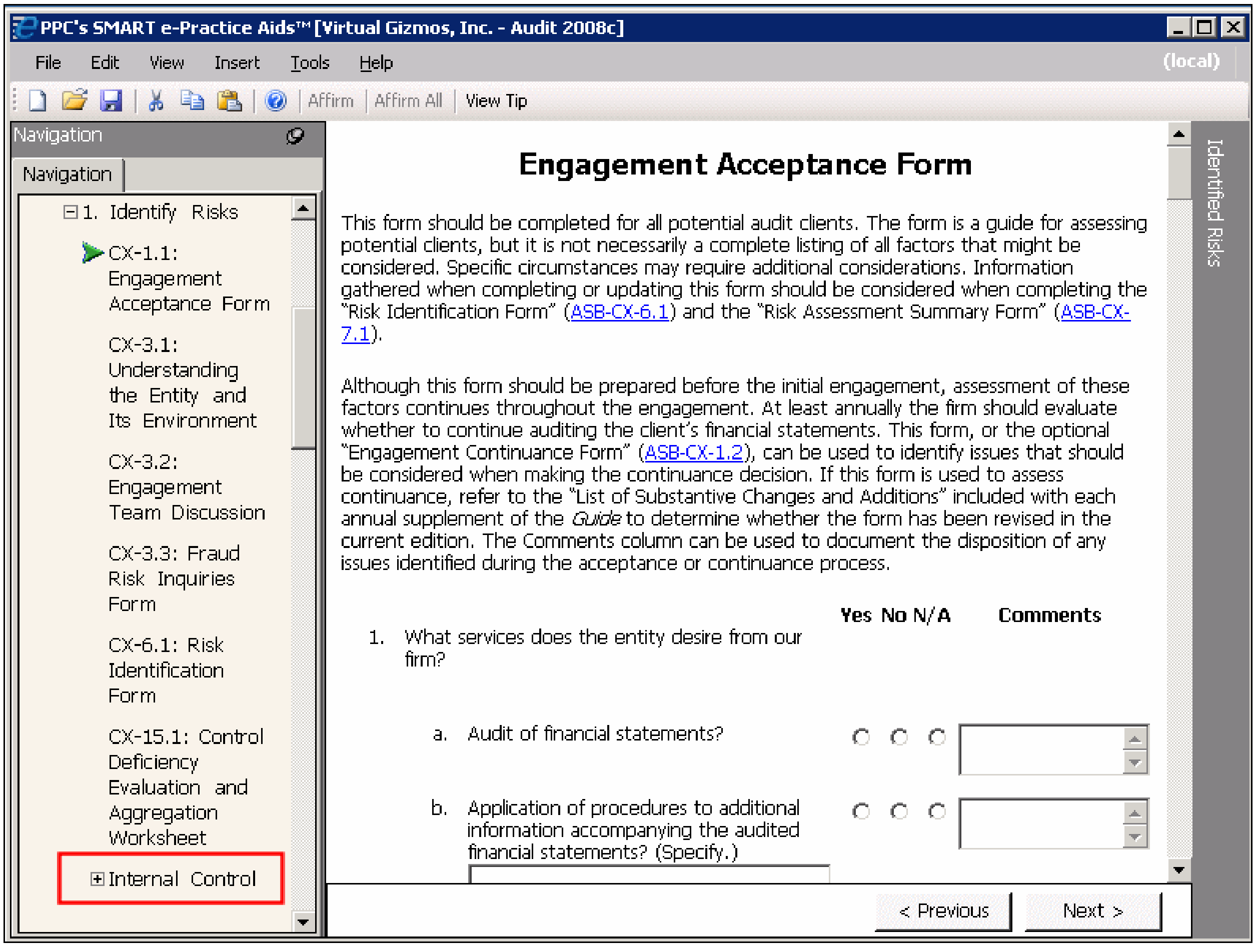
Do you want to use SMART e-Practice Aids-Internal Control with this engagement? ● Yes ○ No
This option cannot be changed once the engagement has been created

Next >
Cancel

SMART Practice Aids™ - Internal Control Navigation

Within a SMART Practice Aids engagement, Internal Control adds new elements primarily to Step 1, "Identify Risks," and Step 4, "Generate Planning Forms and Audit Programs." In addition, new options appear in several of the menus on the menu bar.

In Step 1, a new sub-step, **Internal Control**, appears:


PPC's SMART e-Practice Aids™ [Virtual Gizmos, Inc. - Audit 2008c]
File
Edit
View
Insert
Tools
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(local)
Affirm
Affirm All
View Tip
Navigation
Navigation
1. Identify Risks
CX-1.1: Engagement Acceptance Form
CX-3.1: Understanding the Entity and Its Environment
CX-3.2: Engagement Team Discussion
CX-3.3: Fraud Risk Inquiries Form
CX-6.1: Risk Identification Form
CX-15.1: Control Deficiency Evaluation and Aggregation Worksheet
Internal Control
Identified Risks
< Previous
Next >

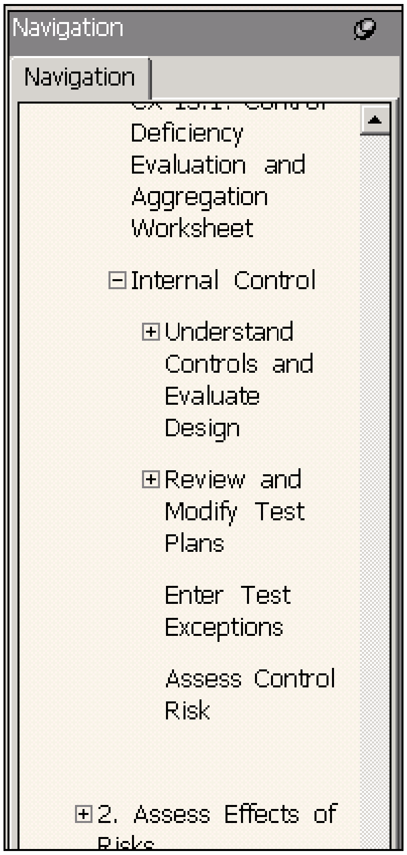
Engagement Acceptance Form

This form should be completed for all potential audit clients. The form is a guide for assessing potential clients, but it is not necessarily a complete listing of all factors that might be considered. Specific circumstances may require additional considerations. Information gathered when completing or updating this form should be considered when completing the "Risk Identification Form" (ASB-CX-6.1) and the "Risk Assessment Summary Form" (ASB-CX-7.1).

Although this form should be prepared before the initial engagement, assessment of these factors continues throughout the engagement. At least annually the firm should evaluate whether to continue auditing the client's financial statements. This form, or the optional "Engagement Continuance Form" (ASB-CX-1.2), can be used to identify issues that should be considered when making the continuance decision. If this form is used to assess continuance, refer to the "List of Substantive Changes and Additions" included with each annual supplement of the *Guide* to determine whether the form has been revised in the current edition. The Comments column can be used to document the disposition of any issues identified during the acceptance or continuance process.

	Yes	No	N/A	Comments
1. What services does the entity desire from our firm?				
a. Audit of financial statements?	○	○	○	
b. Application of procedures to additional information accompanying the audited financial statements? (Specify.)	○	○	○	

Clicking the "+" symbol next to **Internal Control** reveals its contents:


Navigation
Navigation
Deficiency Evaluation and Aggregation Worksheet
⊟ Internal Control
⊞ Understand Controls and Evaluate Design
⊞ Review and Modify Test Plans
Enter Test Exceptions
Assess Control Risk
⊞ 2. Assess Effects of

When you complete **Assess Control Risk**, the final section of **Internal Control**, you can advance to Part 2, **Assess Effects of Risks**. There are no special SMART Practice Aids - Internal Control instructions for Part 2 or Part 3. For help with these sections, see the topics Step 2 - Assess Effects of Risks and Step 3 - Review and Modify Your Audit Programs.

In Step 4, SMART Practice Aids - Internal Control provides additional planning forms in the **Generate Planning Forms** sub-step, replacing many of the optional planning forms provided with SMART Practice Aids - Risk Assessment.

For information about new menu items associated with SMART Practice Aids - Internal Control, view the **Menu Bar and Navigation** Help topic.

Understand Controls and Evaluate Design

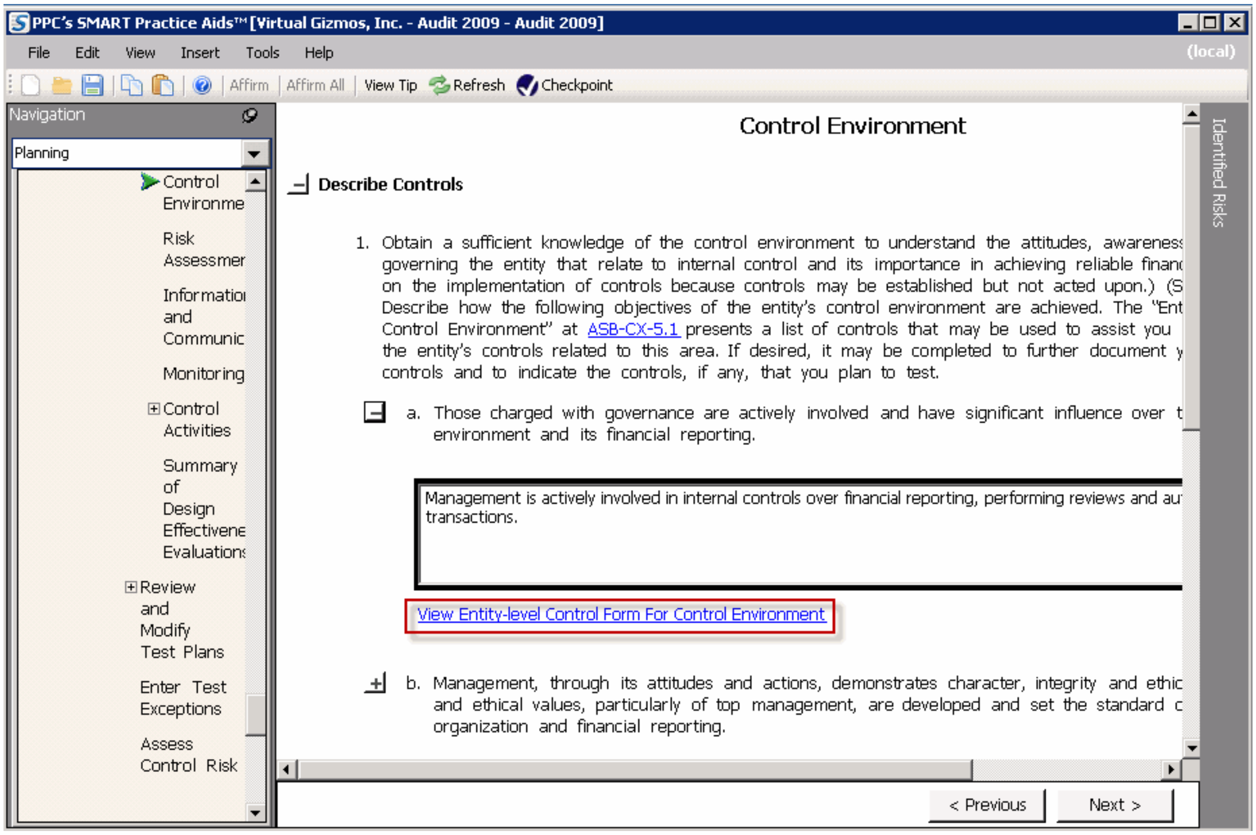
As you complete each form in Step 1 (**Identify Risks)** click **Next** to move to the next form. Following completion of the last form associated with the **Risk Assessment** module, you will move to the **Internal Control** topics, beginning with **Understand Controls and Evaluate Design**.

Understand Controls and Evaluate Design includes the following sub-topics, each one a component of Internal Control, as identified by COSO:

- **Control Environment**
- **Risk Assessment**
- **Information and Communication**
- **Monitoring**
- **Control Activities**

For each of the first four COSO components, a series of questions guides you through an analysis of how the applicable control objective has been achieved.

If you want to view a list of specific control activities related to the control objective, click **View Entity-level Control Form for Control Environment**. Note that the General Computer Controls and the Financial Close and Reporting processes are included within the control activities.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 - Audit 2009]
File
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(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Planning
Control Environme
Risk Assessmer
Informatio and Communic
Monitoring
Control Activities
Summary of Design Effectivene Evaluations
Review and Modify Test Plans
Enter Test Exceptions
Assess Control Risk
Identified Risks
< Previous
Next >

Control Environment

Describe Controls

1. Obtain a sufficient knowledge of the control environment to understand the attitudes, awarenes
governing the entity that relate to internal control and its importance in achieving reliable finan
on the implementation of controls because controls may be established but not acted upon.) (S
Describe how the following objectives of the entity's control environment are achieved. The "Ent
Control Environment" at ASB-CX-5.1 presents a list of controls that may be used to assist you
the entity's controls related to this area. If desired, it may be completed to further document y
controls and to indicate the controls, if any, that you plan to test.

a. Those charged with governance are actively involved and have significant influence over t
environment and its financial reporting.

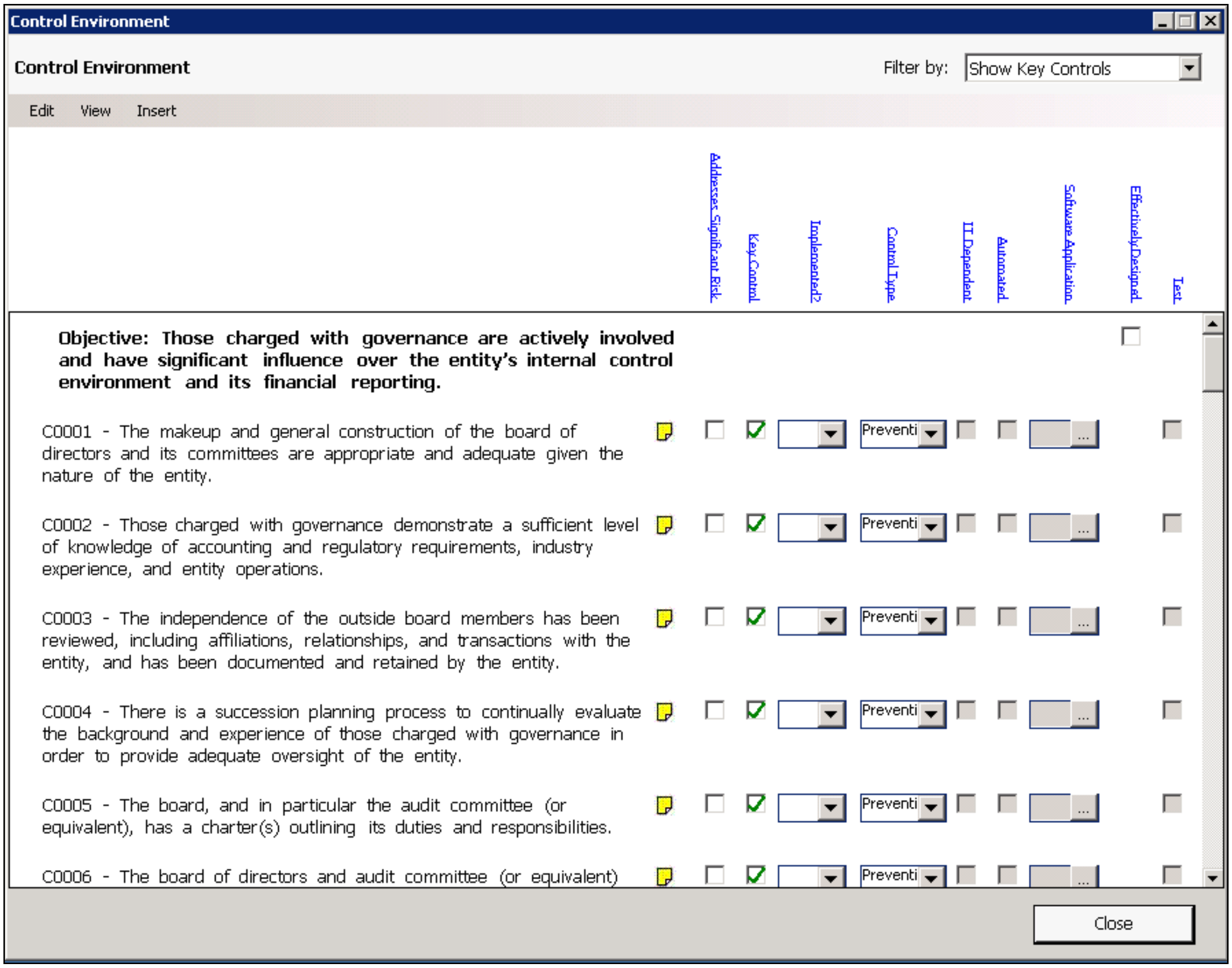
Management is actively involved in internal controls over financial reporting, performing reviews and au
transactions.

View Entity-level Control Form For Control Environment

b. Management, through its attitudes and actions, demonstrates character, integrity and ethic
and ethical values, particularly of top management, are developed and set the standard c
organization and financial reporting.

The **Control Activities Form** can be used to further document your understanding of controls and to indicate controls that you plan to test. In general, you should focus on key controls.

Note: If performing a public company audit of internal control, you must evaluate entity-level controls that are important to your conclusion about whether the company has effective internal control, including the Financial Close and Reporting and General Computer Controls processes (see Significant Transaction Classes).



Control Environment

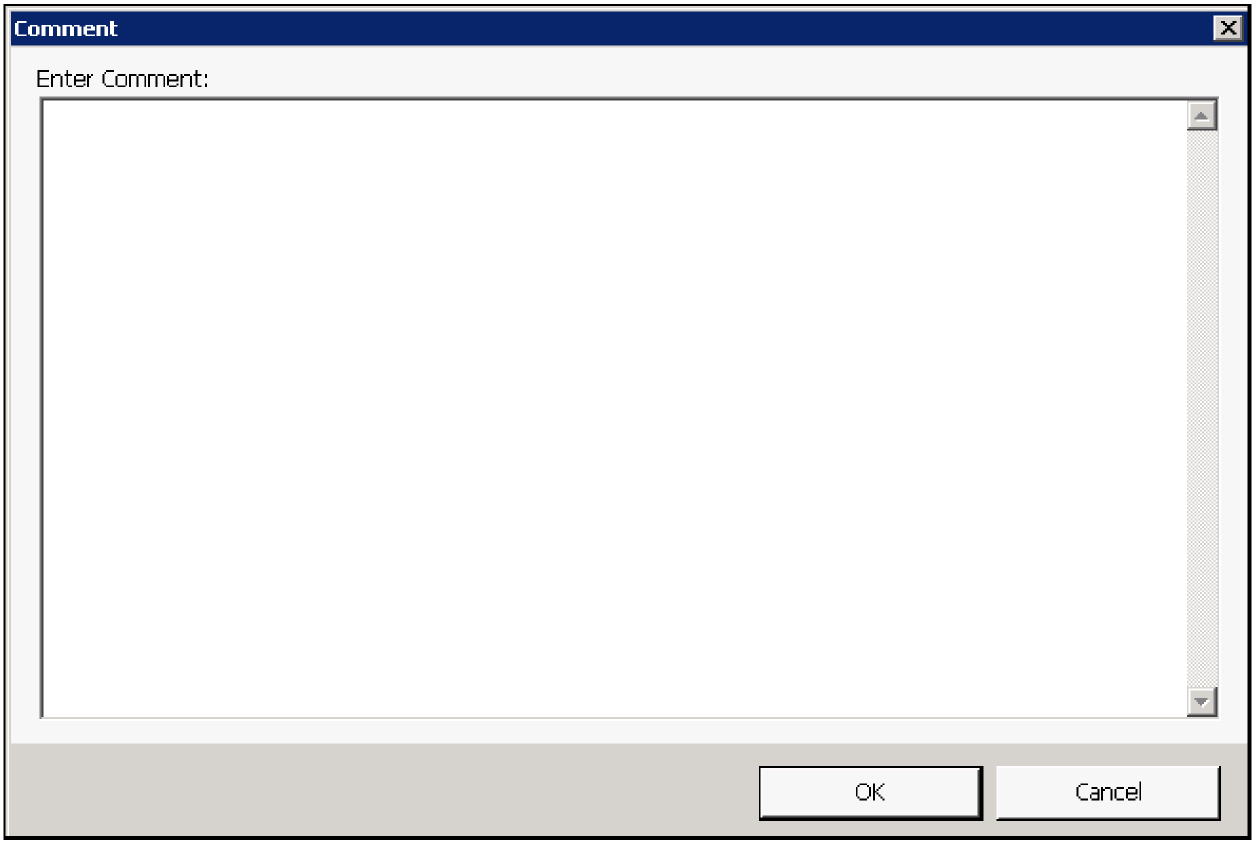
Filter by: Show Key Controls

	Addresses Significant Risk	Key Control	Implemented?	Control Type	IT Dependent	Automated	Software Application	Effectively Designed	Test
Objective: Those charged with governance are actively involved and have significant influence over the entity's internal control environment and its financial reporting.								☐	
C0001 - The makeup and general construction of the board of directors and its committees are appropriate and adequate given the nature of the entity.	☐	☑		Preventi	☐	☐			☐
C0002 - Those charged with governance demonstrate a sufficient level of knowledge of accounting and regulatory requirements, industry experience, and entity operations.	☐	☑		Preventi	☐	☐			☐
C0003 - The independence of the outside board members has been reviewed, including affiliations, relationships, and transactions with the entity, and has been documented and retained by the entity.	☐	☑		Preventi	☐	☐			☐
C0004 - There is a succession planning process to continually evaluate the background and experience of those charged with governance in order to provide adequate oversight of the entity.	☐	☑		Preventi	☐	☐			☐
C0005 - The board, and in particular the audit committee (or equivalent), has a charter(s) outlining its duties and responsibilities.	☐	☑		Preventi	☐	☐			☐
C0006 - The board of directors and audit committee (or equivalent)	☐	☑		Preventi	☐	☐			☐

Adding a Comment

Click the yellow note icon 🗒 to add a comment to the control.

Type your comment in the **Comment** dialog box and click **OK**.



Evaluate Objective?

Indicate whether you want to evaluate the control objective. A control objective states the purpose of a control in relation to risks of material misstatements in the financial statements. By considering control objectives and how they relate to risks, you may find it easier to identify relevant controls. Furthermore, you may find it easier to evaluate whether existing controls, if operating effectively, would fully achieve the objective or if deficiencies exist either in design or through non-existent controls.

Generally, you should focus on control objectives related to the assertions you identified as potentially being higher risk. In other words, focus on those that relate to the risks that caused you to identify the transaction class as significant. Then, identify the key controls for those objectives.

This question only appears on the **Control Activities Form** for **Process Level Controls** and **General Computer Controls**.

Addresses Significant Risk

Indicate whether the control addresses an identified fraud or other significant risk.

This question only appears on the **Control Activities Form** for **Process Level Controls**.

Key Control

You are not required to understand all controls and control activities that might exist in an entity. Rather, you should focus on key controls (those that are most important in achieving the control objectives you intend to evaluate). When determining which controls are key, consider factors such as:

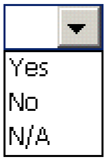
- The nature of the risks being addressed
- The characteristics of related account balances or transaction classes
- Whether the control is preventive (prevents misstatements) or detective (detects misstatements)
- Whether the control works in combination with or relies on the operation of other controls
- Whether the control is manual or automated.

Certain controls that typically are key are selected by default; however, you should evaluate them based on your individual client situations, considering the risks that caused you to identify the transaction class as significant.

Implemented?

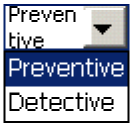
Indicate whether the control has been implemented. Note that not all controls listed must be implemented to achieve the control objective, but typically, those that you have identified as key controls should be appropriately designed and implemented. Generally, you can determine implementation using procedures such as observation or inspection in combination with inquiries. Note that inquiry alone is not sufficient to evaluate the design of a control and determine if it has been implemented.

Select **Yes**, **No**, or **N/A** from the drop-down list in the **Implemented?** column.



Control Type

For each implemented control that you intend to evaluate, indicate whether the control is preventative (prevents misstatements) or detective (detects misstatements).



IT Dependent

If you selected **Yes** for the control from the **Control has been Implemented** drop-down list, the **IT Dependent** check box is enabled. Select the check box if the control is dependent upon information technology (IT). Examples of IT dependent controls include automated system controls that prevent access to data by unauthorized users, manual reviews or reconciliations based on computer-generated reports or spreadsheets, and so forth. For IT dependent controls, you need to indicate whether it is automated and identify the underlying software application.

Automated

If you selected the **IT Dependent** check box, the **Automated** check box is enabled. Indicate whether the control requires user intervention (manual control) or is performed by the system without user intervention (automated control). Manual controls in an automated system may use information produced by the system or may be limited to monitoring the automated controls and handling exceptions. Automated controls include processes such as edit and validation routines embedded in computer programs.

The use of manual controls is often more effective when judgment and discretion are needed. For example, manual controls are generally more appropriate (1) for large, unusual, or nonrecurring transactions, (2) when monitoring the effectiveness of automated controls, (3) in changing circumstances where a control response may be needed outside of the scope of an automated control, or (4) when misstatements are difficult to anticipate, define, or predict.

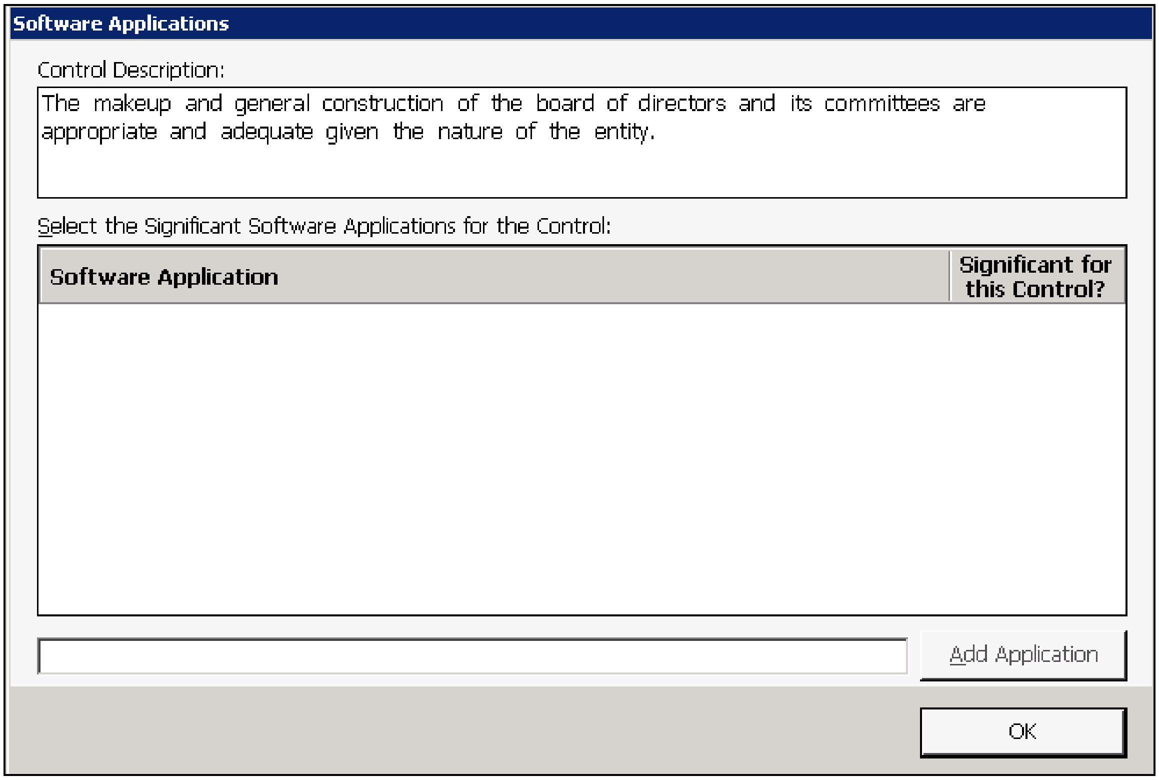
However, since manual controls are performed by humans, they may be subject to override, misinterpretation, error, or bypass. As a result, automated controls may be more suitable in (1) recurring or high-volume transactions, (2) situations where errors can be anticipated or predicted and prevented or detected by control parameters subject to automation, or (3) control activities whose nature allows the use of properly designed automated control processes.

Software Application

When evaluating the effectiveness of information technology (IT) dependent controls, it is important to also consider the design of general computer controls around the software applications upon which the IT dependent controls rely. (Evaluating the effectiveness of IT general controls is required if performing a public company audit of internal control.) For example, to assess whether a control such as management's review of sales by product is effective, you must also consider whether the general controls around the computer application that produces the sales by product report are effective and result in a reliable report.

For each IT dependent control that you intend to evaluate (for example, each IT dependent key control), indicate the computer software application upon which the control depends. This value is carried forward to the general computer controls section, where you can evaluate general computer controls over the software application.

1. To open the **Software Applications** dialog box, click the "**...**" button next to the **Software Application** field for the control you are describing.

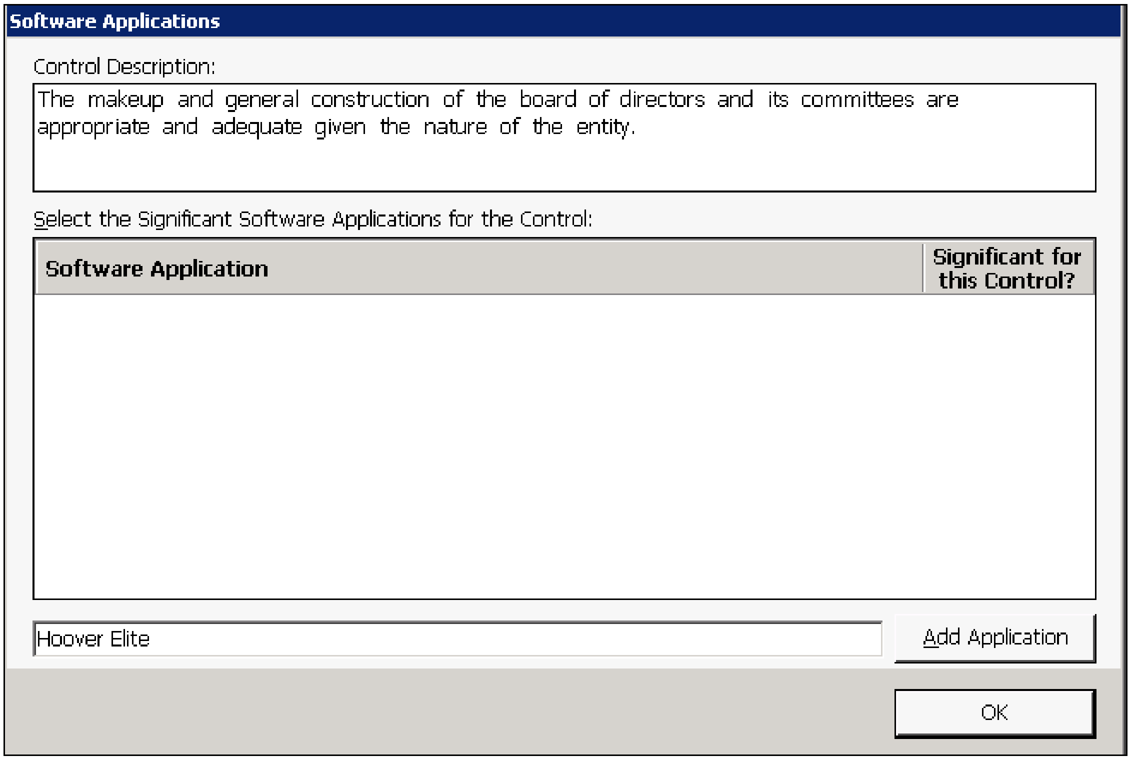


Control Description:

The makeup and general construction of the board of directors and its committees are appropriate and adequate given the nature of the entity.

Software Applications
Select the Significant Software Applications for the Control:
Software Application
Significant for this Control?
Add Application
OK

2. At the bottom of the **Software Applications** dialog box, type the name of the application in the entry field near the bottom and click **Add Application**.

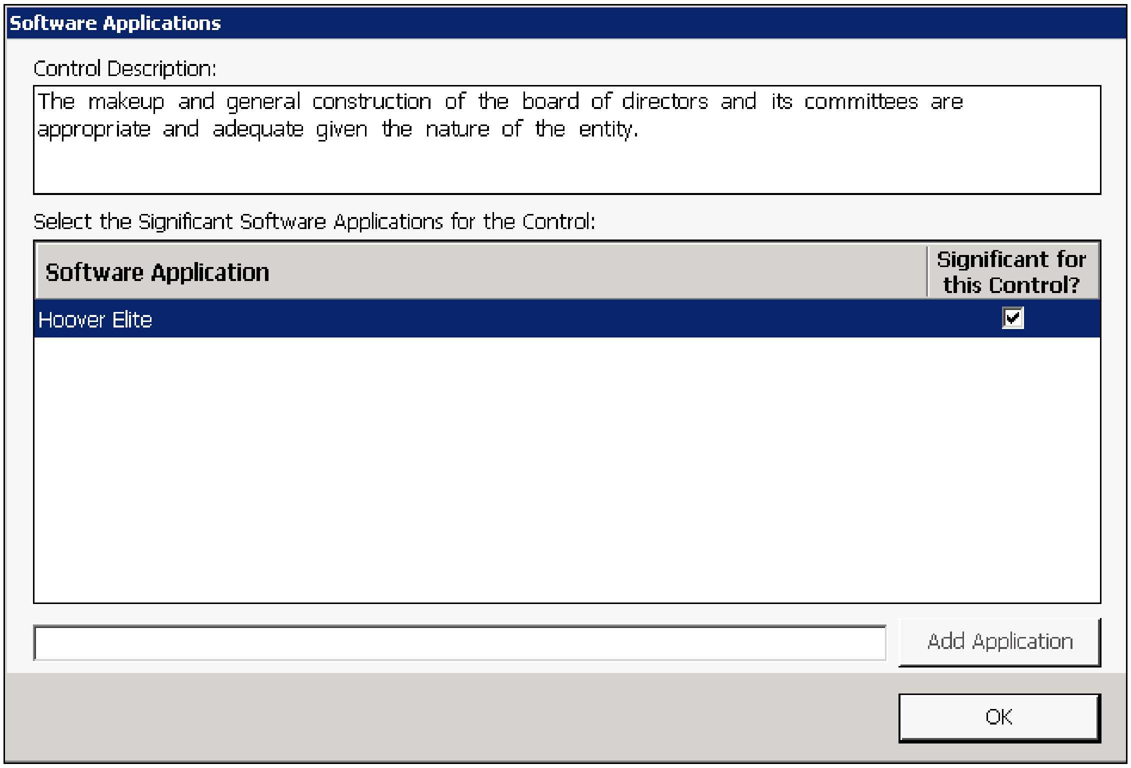

Software Applications
Software Application
Significant for this Control?
Add Application
OK

Control Description:
The makeup and general construction of the board of directors and its committees are appropriate and adequate given the nature of the entity.

Select the Significant Software Applications for the Control:

Hoover Elite

3. Select the **Significant for this Control?** check box, if applicable, and click **OK**.


Software Applications
Software Application
Significant for this Control?
Add Application
OK

Control Description:
The makeup and general construction of the board of directors and its committees are appropriate and adequate given the nature of the entity.

Select the Significant Software Applications for the Control:

Software Application	Significant for this Control?
Hoover Elite	☑

Effectively Designed?

For those control objectives that you intend to evaluate, conclude whether the control system is effectively designed to achieve the control objective.

Evaluation of design effectiveness considers whether an implemented control, individually or in combination with other implemented controls, is capable of effectively preventing or detecting and correcting errors that could result in material misstatements. That is, it considers the effectiveness of implemented controls in achieving the objective. If controls related to an objective are improperly designed, a control deficiency may exist that needs to be communicated to management and those charged with governance.

Test?

If you selected **Yes** under **Control has been Implemented**, the **Test?** column is activated. Select the check box if you plan to test the control.

Financial Statement Audit

It is necessary to test controls only if you determine that (1) doing so allows you to assess control risk for an assertion at less than high and therefore reduce the nature or extent of substantive procedures, resulting in a more effective, efficient audit, or (2) substantive procedures alone are not effective.

If you plan to test and rely on information technology (IT) dependent controls, you also should test general computer controls around the software applications upon which the IT dependent controls depend.

Test only key controls that you have determined are suitably designed and have been implemented to prevent or detect material misstatements in specific assertions. SAS No. 110 recognizes that control test results may be relied upon for three years, subject to certain conditions, so that tests of controls can be rotated using a three-year cycle. However, controls that have changed since they were last tested or controls that mitigate fraud risks or other significant risks should be retested each year. Controls that have not changed should be retested at least every third year. In addition, if a number of controls are being rotationally tested, some controls should be tested each year.

Public Company Audit of Internal Control

When performing a public company audit of internal control, in order to form a conclusion about the effectiveness of the company's internal control, you must perform sufficient tests of controls to address the assessed risk of misstatement to each relevant assertion of each significant account and disclosure.

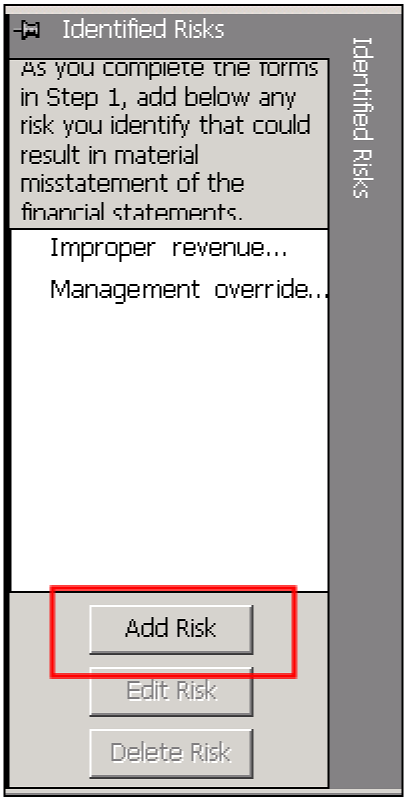
In applying a top-down approach, focus first on entity-level controls. Evaluate entity-level controls that are important to your conclusion about whether the company has effective internal control (including the financial close and reporting process; see Significant Transaction Classes). Then test other controls that are important to your conclusion about whether the company's controls sufficiently address the assessed risk of misstatement to each relevant assertion of each significant account and disclosure.

Some entity-level controls might operate at a level of precision that, without the need for other controls, sufficiently addresses the risk of misstatement to a relevant assertion. If a control sufficiently addresses the risk, you do not need to test other controls related to that risk.

Only test the operating effectiveness of controls that are effectively designed. A control that has a design flaw cannot be an effective control, no matter how well it functions; there is no point in testing operating effectiveness.

Completing the Form

As you complete the form, consider whether any risks that could result in material misstatement of the financial statements exist. If so, enter the risk in the right pane by clicking the **Add Risk** button.

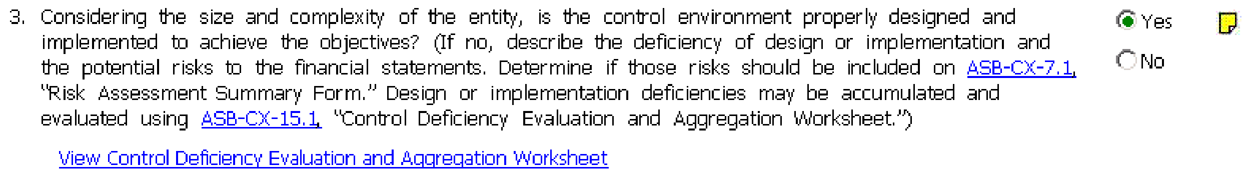


As you complete the forms in Step 1, add below any risk you identify that could result in material misstatement of the financial statements.

Improper revenue...

Management override...

A question at the end of each form prompts you to conclude whether the applicable COSO component is properly designed and implemented (or effectively designed for public companies).



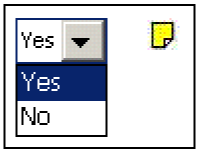
3. Considering the size and complexity of the entity, is the control environment properly designed and implemented to achieve the objectives? (If no, describe the deficiency of design or implementation and the potential risks to the financial statements. Determine if those risks should be included on ASB-CX-7.1, "Risk Assessment Summary Form." Design or implementation deficiencies may be accumulated and evaluated using ASB-CX-15.1, "Control Deficiency Evaluation and Aggregation Worksheet.") ● Yes ○ No

View Control Deficiency Evaluation and Aggregation Worksheet

For a financial statement audit, the **Control Deficiency Evaluation and Aggregation Worksheet** can be used to evaluate whether control deficiencies are significant deficiencies or material weaknesses.

For a public company audit of internal control, you can use the Control Deficiency Evaluation Form to summarize, accumulate, and evaluate deficiencies to determine whether they (alone or in combination) represent a material weakness or significant deficiency; and to form an overall conclusion on the effectiveness of internal control.

Select **Yes** or **No** from the drop-down list on the right of the question. Add comments, if applicable, by clicking the yellow icon.



Sources of Information

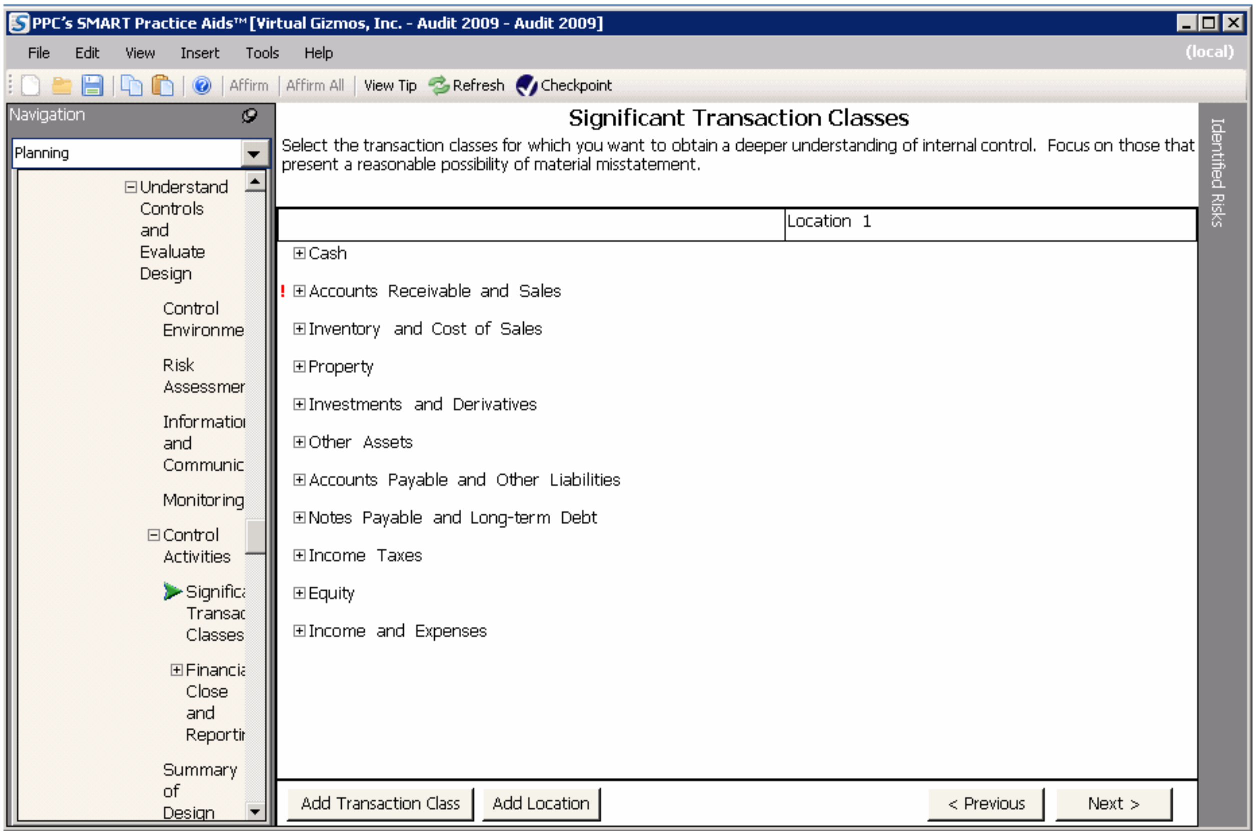
In the Sources of Information section of each of the COSO components of internal control, describe your sources and procedures for gaining your understanding of the flow of information. Ensure that your description satisfies auditing standards regarding documentation (i.e., SAS No. 103 or PCAOB Auditing Std. No. 3).

Significant Transaction Classes

Significant Transactions Classes, a sub-topic of **Control Activities**, is the first form that follows the four COSO components (**Control Environment**, **Risk Assessment**, **Information and Communication**, and **Monitoring**). This form lets you select the transaction classes for which you want to obtain an understanding of internal control and determine whether controls are properly designed and implemented (or effectively designed for public companies). Note that the Financial Close and Reporting and General Computer Controls processes are included with significant transaction classes.

Note: In performing a public company audit of internal control, PCAOB Auditing Std. No. 5 does not require the identification of significant transaction classes and processes. As a practical matter, however, you will generally need to understand them to appropriately identify and select for testing the controls that address the assessed risk of misstatement to each relevant assertion.

Click the "+" symbol next to an audit area to view its transaction classes.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 - Audit 2009]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Planning
Understand Controls and Evaluate Design
Control Environme
Risk Assessmer
Informatioi and Communic
Monitoring
Control Activities
Significa Transac Classes
Financia Close and Reportii
Summary of Design
Identified Risks
Add Transaction Class
Add Location
< Previous
Next >

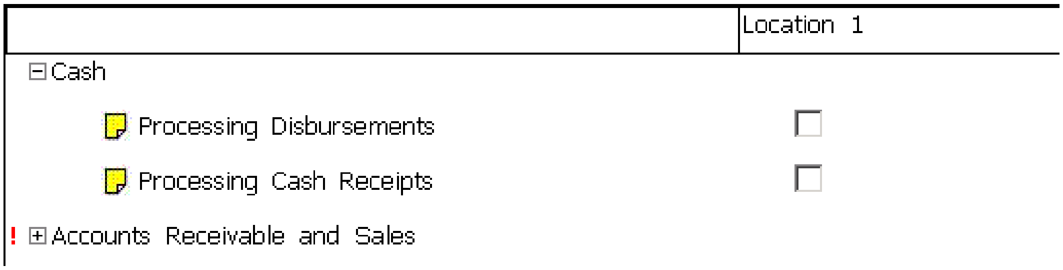
Significant Transaction Classes

Select the transaction classes for which you want to obtain a deeper understanding of internal control. Focus on those that present a reasonable possibility of material misstatement.

Location 1

⊞ Cash
! ⊞ Accounts Receivable and Sales
⊞ Inventory and Cost of Sales
⊞ Property
⊞ Investments and Derivatives
⊞ Other Assets
⊞ Accounts Payable and Other Liabilities
⊞ Notes Payable and Long-term Debt
⊞ Income Taxes
⊞ Equity
⊞ Income and Expenses

Select the check box next to each transaction class that is considered significant to the financial statements.



	Location 1
⊟ Cash	
Processing Disbursements	☐
Processing Cash Receipts	☐
! ⊞ Accounts Receivable and Sales	

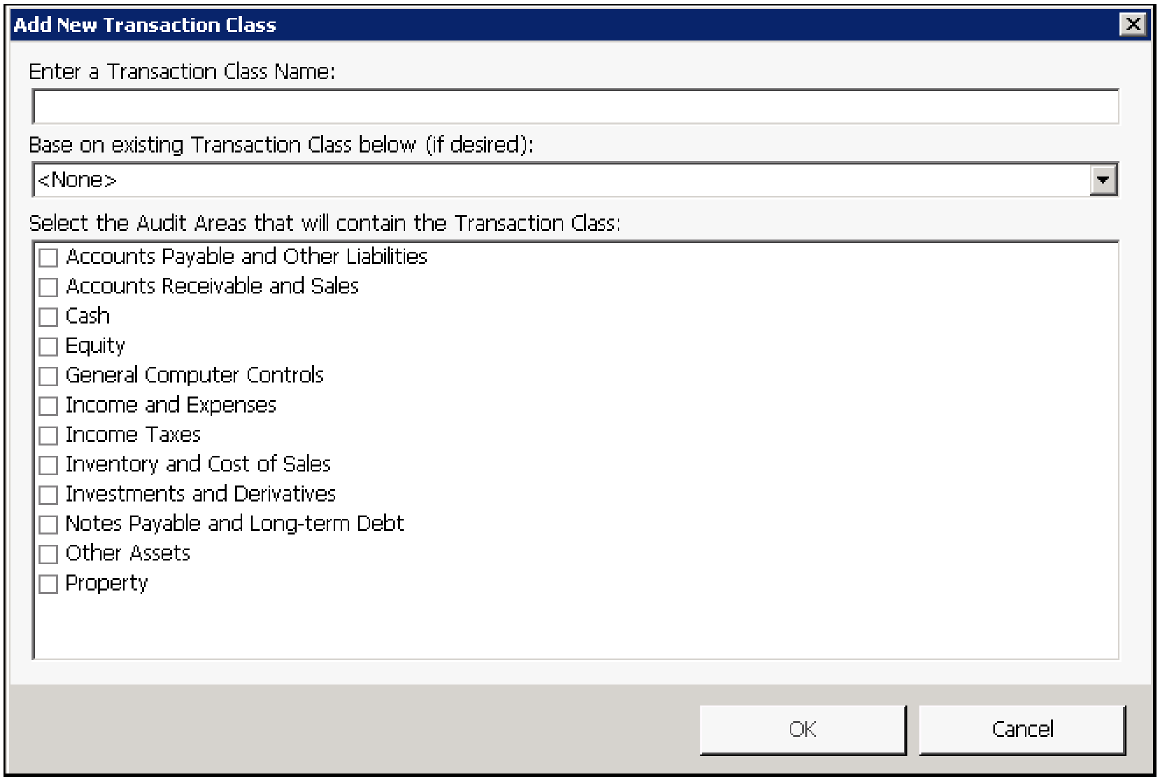
Note: A red exclamation symbol (!) appearing before an audit area indicates that a significant or fraud risk is associated with the audit area. You can click the exclamation mark to view the risk.

Add Transaction Class

If you want to use a transaction class that is not listed, click the **Add Transaction Class** button at the bottom of the form.

Add Transaction Class

On the **Add New Transaction Class** dialog box, enter the name of the new transaction class and select the applicable audit areas.



Add New Transaction Class

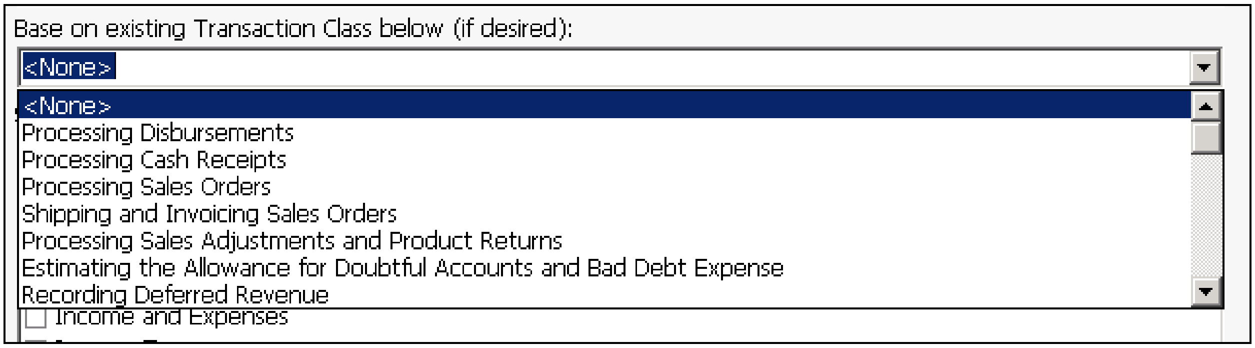
Enter a Transaction Class Name:

Base on existing Transaction Class below (if desired): <None>

Select the Audit Areas that will contain the Transaction Class:

☐ Accounts Payable and Other Liabilities
☐ Accounts Receivable and Sales
☐ Cash
☐ Equity
☐ General Computer Controls
☐ Income and Expenses
☐ Income Taxes
☐ Inventory and Cost of Sales
☐ Investments and Derivatives
☐ Notes Payable and Long-term Debt
☐ Other Assets
☐ Property

You can elect to base the new transaction class on an existing transaction class by making a selection from the drop-down list.

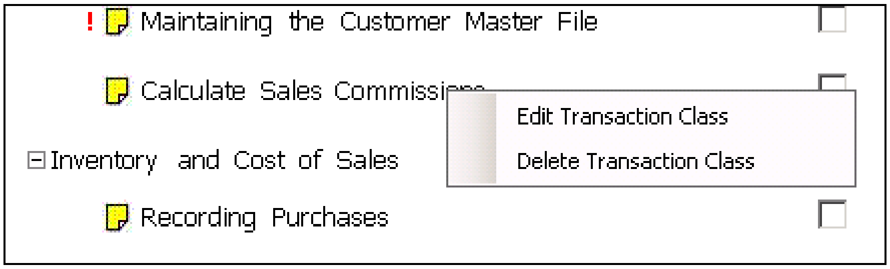


Base on existing Transaction Class below (if desired): <None>

<None>
Processing Disbursements
Processing Cash Receipts
Processing Sales Orders
Shipping and Invoicing Sales Orders
Processing Sales Adjustments and Product Returns
Estimating the Allowance for Doubtful Accounts and Bad Debt Expense
Recording Deferred Revenue
☐ Income and Expenses

If you base the new transaction class on an existing transaction class, objectives and their relationships to controls and test procedures are copied to the new transaction class.

Once the new transaction class is added, you can edit or delete it from the **Significant Transaction Classes** screen, by clicking it with your right mouse button.



! Maintaining the Customer Master File ☐
Calculate Sales Commissions ☐
Edit Transaction Class
Delete Transaction Class
⊟ Inventory and Cost of Sales
Recording Purchases ☐

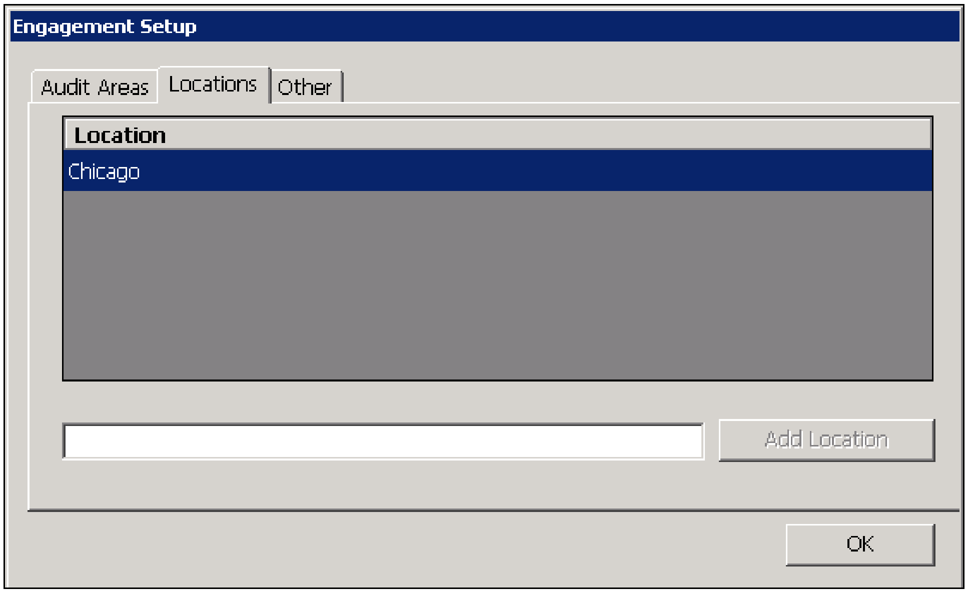
Only transaction classes that you have created with the **Add Transaction Class** feature can be deleted. However, the **Edit Transaction Class** command works with any transaction class, letting you add or omit audit areas to which the transaction class is assigned.

Add Location

Click the **Add Location** button at the bottom of the **Significant Transaction Classes** button to add one or more company locations.

Add Location

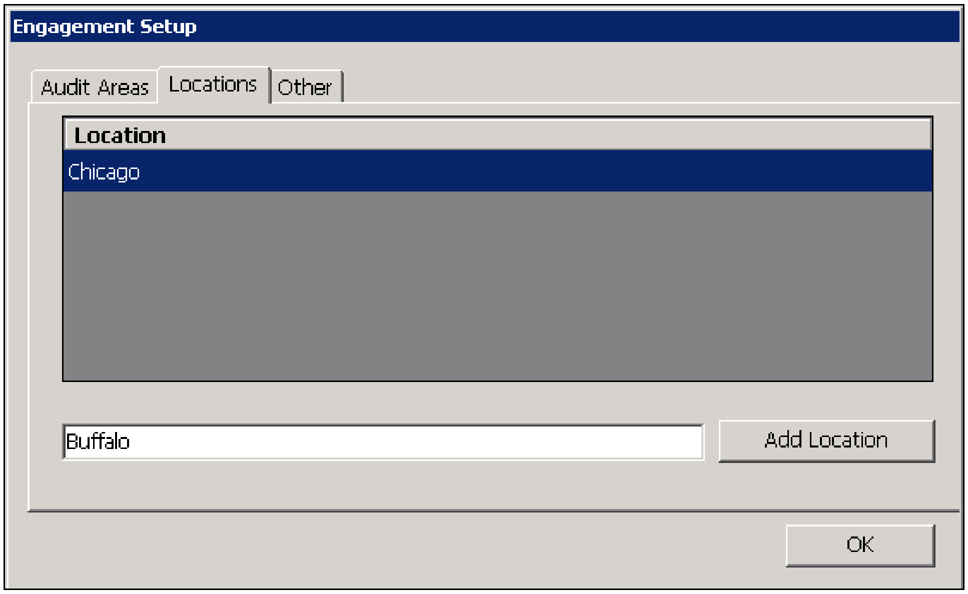
1. On the **Locations** tab of the **Engagement Setup** dialog box, type the name of the new location.


Engagement Setup
Audit Areas
Locations
Other
Add Location
OK

Location

Chicago

2. Click **Add Location**.


Engagement Setup
Audit Areas
Locations
Other
Add Location
OK

Location

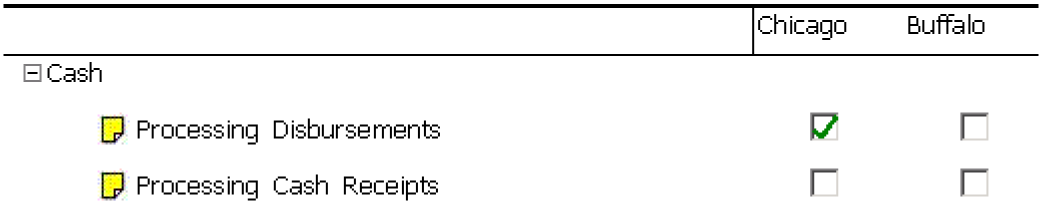
Chicago

Buffalo

3. Click **OK**.

Tip: You can also access the *Engagement Setup* dialog box from the **Edit** menu.

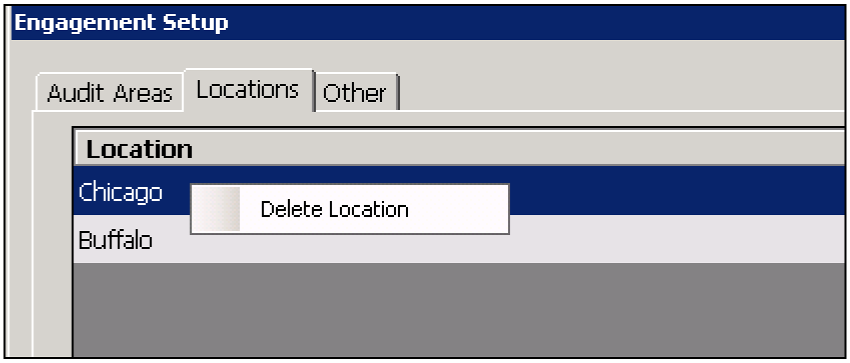
The new location provides an additional column for identifying transaction classes significant to the new location.



	Chicago	Buffalo
⊟ Cash		
Processing Disbursements	☑	☐
Processing Cash Receipts	☐	☐

To delete a location, access the **Locations** tab of the **Engagement Setup** dialog box by either clicking the **Add Transaction Class** button or by selecting **Engagement Setup** from the **Edit** menu and clicking the **Locations** tab.

With your right mouse button, click the location that you want to delete.



Click **Delete Location** to complete the deletion. SMART Practice Aids - Internal Control requires you to have at least one location; the last remaining location cannot be deleted.

You can edit the location name by clicking the name once and overtyping the new name.

During this activity, as you identify, by location, the transaction classes you consider to be significant to the financial statements, a new sub-step appears on the **Navigation** pane to correspond with each audit area containing significant transaction classes.

Applying a Risk-Based Approach

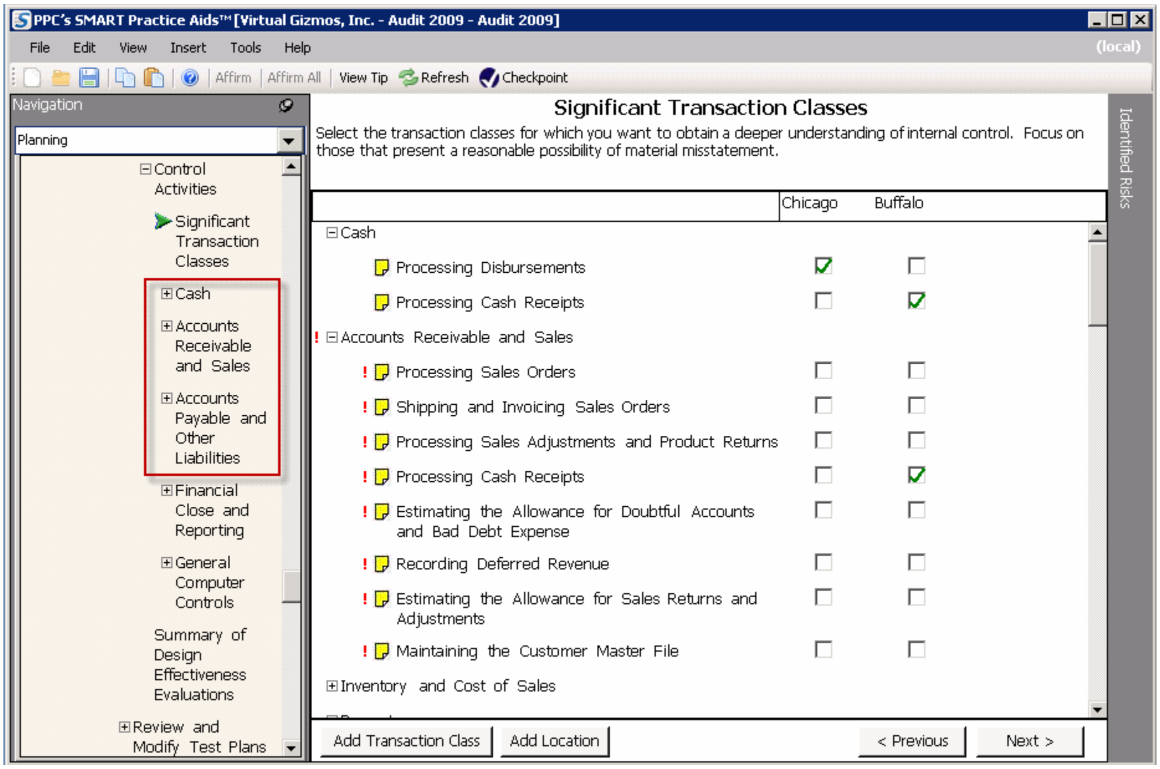
When selecting significant transaction classes, focus on those classes that present a reasonable possibility of material misstatement to the financial statements or disclosures. Evaluate qualitative and quantitative factors such as the following:

- Accounting and reporting complexities associated with the account or disclosure.
- Susceptibility to misstatement due to errors or fraud.
- Existence of related party transactions in the account.
- Volume of activity.
- Size and composition of the account.
- Nature of the account or disclosure.
- Exposure to losses in the account.
- Possibility of significant contingent liabilities arising from the activities reflected in the account or disclosure.
- Changes from the prior period in account or disclosure characteristics.

Audit Areas - Control Activities

A series of input fields are provided to describe the flow of information for each transaction class you previously selected as significant.

In the **Significant Transaction Classes** activity, you identified, by location, the transaction classes you consider to be significant to the financial statements. For each audit area containing significant transaction classes, a sub-step appears on the **Navigation** pane.

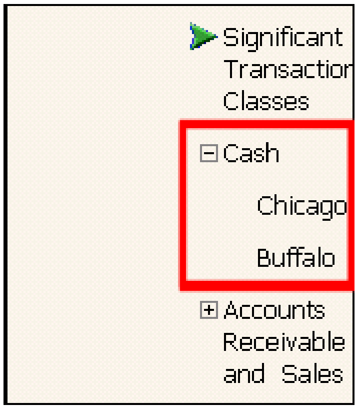

PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 - Audit 2009]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Planning
Control Activities
Significant Transaction Classes
Cash
Accounts Receivable and Sales
Accounts Payable and Other Liabilities
Financial Close and Reporting
General Computer Controls
Summary of Design Effectiveness Evaluations
Review and Modify Test Plans
Identified Risks
Add Transaction Class
Add Location
< Previous
Next >

Significant Transaction Classes

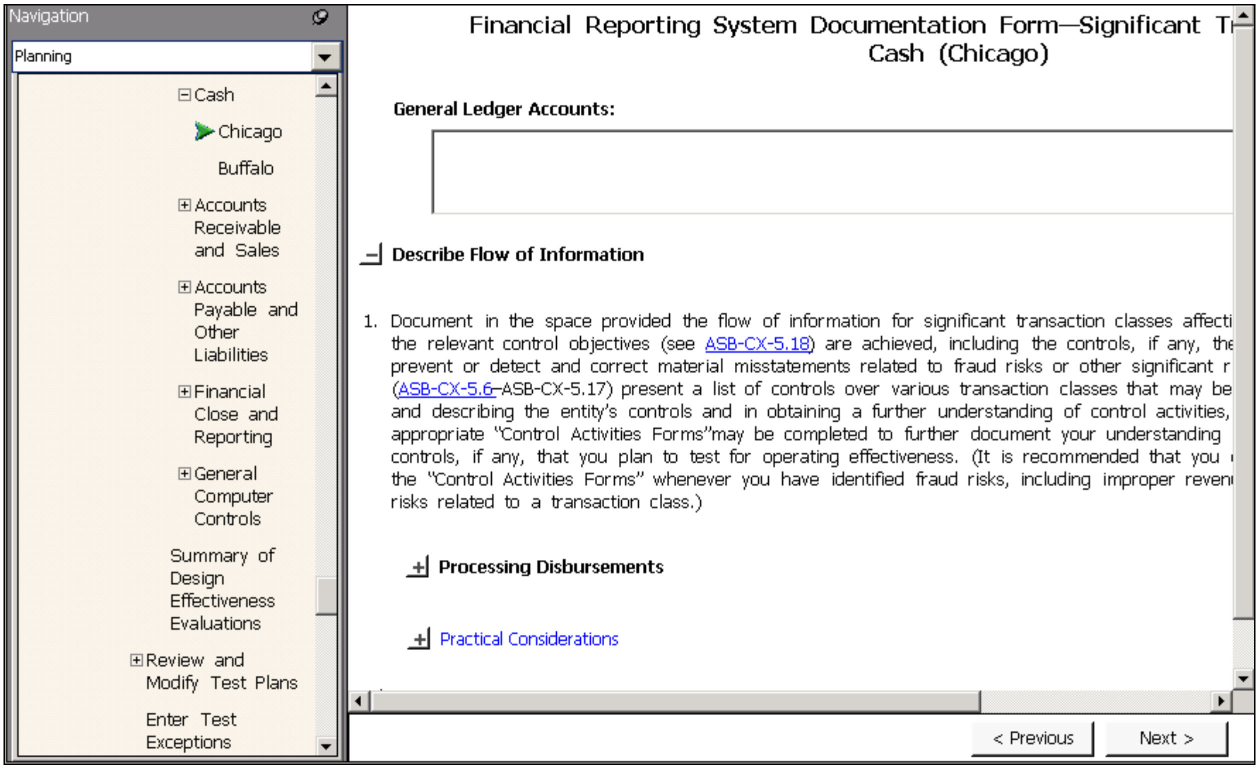
Select the transaction classes for which you want to obtain a deeper understanding of internal control. Focus on those that present a reasonable possibility of material misstatement.

	Chicago	Buffalo
⊟Cash		
Processing Disbursements	☑	☐
Processing Cash Receipts	☐	☑
! ⊟Accounts Receivable and Sales		
! Processing Sales Orders	☐	☐
! Shipping and Invoicing Sales Orders	☐	☐
! Processing Sales Adjustments and Product Returns	☐	☐
! Processing Cash Receipts	☐	☑
! Estimating the Allowance for Doubtful Accounts and Bad Debt Expense	☐	☐
! Recording Deferred Revenue	☐	☐
! Estimating the Allowance for Sales Returns and Adjustments	☐	☐
! Maintaining the Customer Master File	☐	☐
⊞Inventory and Cost of Sales		

If you expand an audit area, you see that the forms are broken down by location.


Significant Transaction Classes
Cash
Chicago
Buffalo
Accounts Receivable and Sales

For each location, within each transaction class, you can describe the flow of information or reference memos and other documentation about the flow of information.


Navigation
Planning
Cash
Chicago
Buffalo
Accounts Receivable and Sales
Accounts Payable and Other Liabilities
Financial Close and Reporting
General Computer Controls
Summary of Design Effectiveness Evaluations
Review and Modify Test Plans
Enter Test Exceptions
< Previous
Next >

Financial Reporting System Documentation Form—Significant T
Cash (Chicago)

General Ledger Accounts:

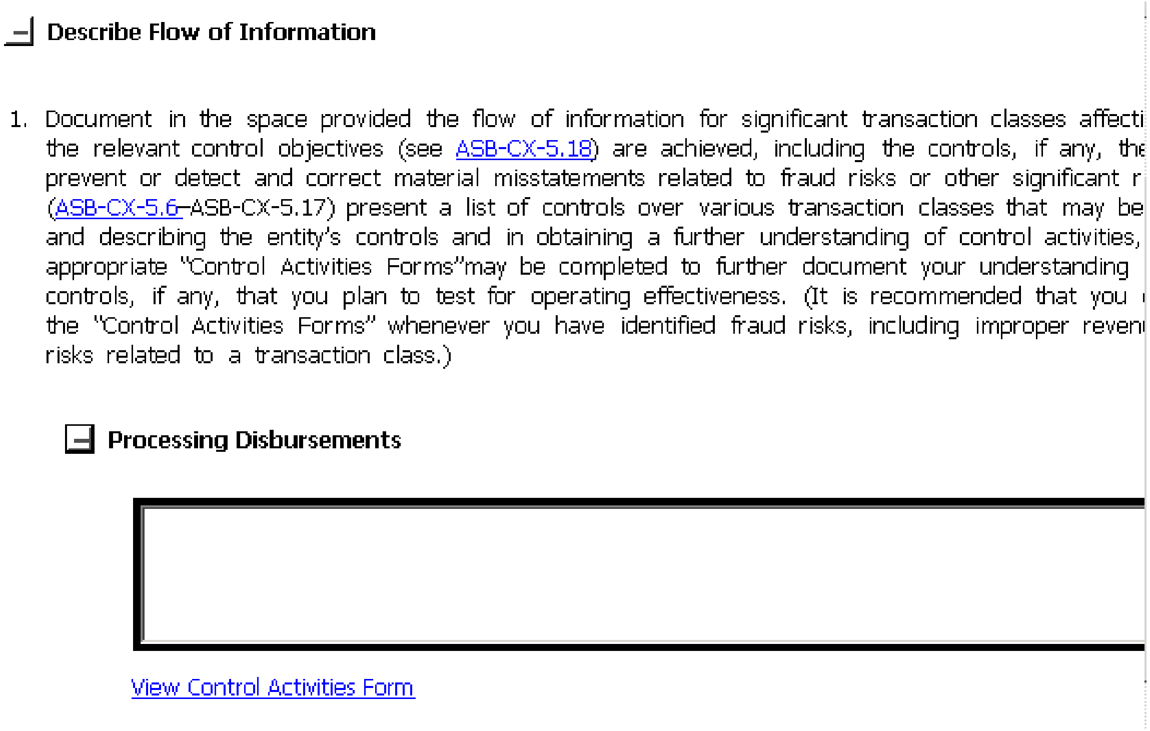
Describe Flow of Information

1. Document in the space provided the flow of information for significant transaction classes affecti the relevant control objectives (see ASB-CX-5.18) are achieved, including the controls, if any, the prevent or detect and correct material misstatements related to fraud risks or other significant r (ASB-CX-5.6–ASB-CX-5.17) present a list of controls over various transaction classes that may be and describing the entity's controls and in obtaining a further understanding of control activities, appropriate "Control Activities Forms"may be completed to further document your understanding controls, if any, that you plan to test for operating effectiveness. (It is recommended that you the "Control Activities Forms" whenever you have identified fraud risks, including improper reven risks related to a transaction class.)

Processing Disbursements

Practical Considerations

Click **View Control Activities** to view a list of specific control activities related to the transaction class.



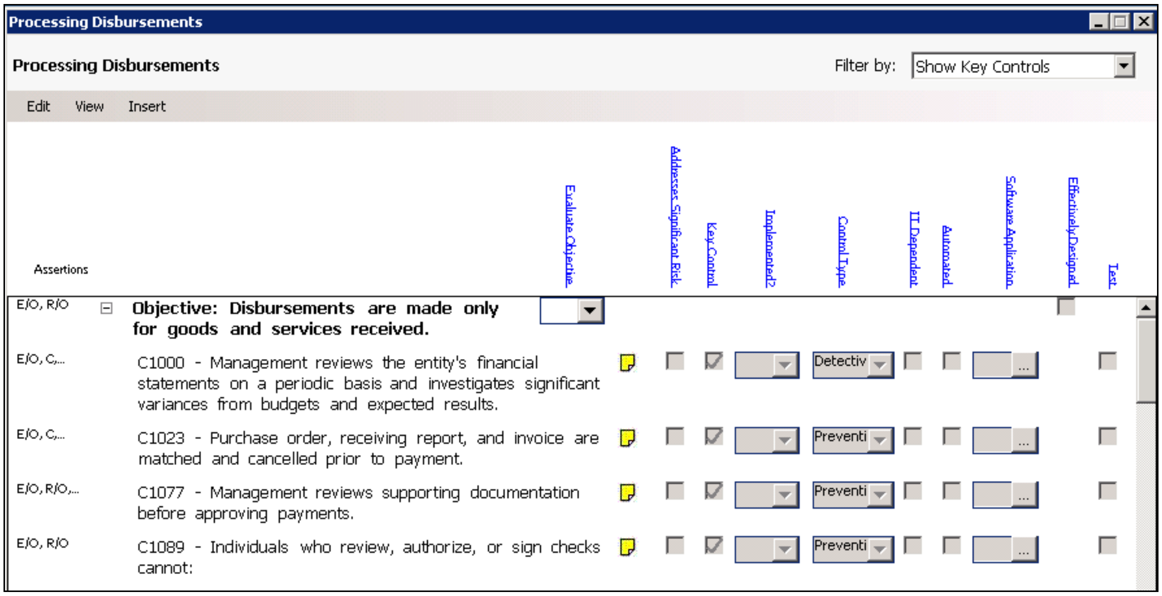
Describe Flow of Information

1. Document in the space provided the flow of information for significant transaction classes affecti the relevant control objectives (see ASB-CX-5.18) are achieved, including the controls, if any, the prevent or detect and correct material misstatements related to fraud risks or other significant r (ASB-CX-5.6–ASB-CX-5.17) present a list of controls over various transaction classes that may be and describing the entity's controls and in obtaining a further understanding of control activities, appropriate "Control Activities Forms"may be completed to further document your understanding controls, if any, that you plan to test for operating effectiveness. (It is recommended that you the "Control Activities Forms" whenever you have identified fraud risks, including improper reven risks related to a transaction class.)

Processing Disbursements

View Control Activities Form

The **Control Activities Form** can be used to further document your understanding of controls and to indicate controls that you plan to test.



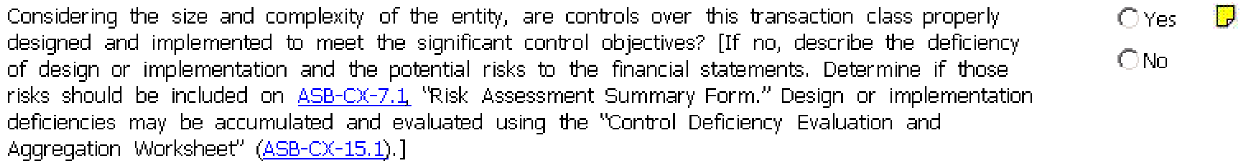
Processing Disbursements

Filter by: Show Key Controls

Assertions		Evaluate Objective	Addresses Significant Risk	Key Control	Implemented?	Control Type	IT Dependent	Automated	Software Application	Effectively Designed	Test
E/O, R/O	**Objective: Disbursements are made only for goods and services received.**									☐	
E/O, C,...	C1000 - Management reviews the entity's financial statements on a periodic basis and investigates significant variances from budgets and expected results.		☐	☑		Detectiv	☐	☐			☐
E/O, C,...	C1023 - Purchase order, receiving report, and invoice are matched and cancelled prior to payment.		☐	☑		Preventi	☐	☐			☐
E/O, R/O,...	C1077 - Management reviews supporting documentation before approving payments.		☐	☑		Preventi	☐	☐			☐
E/O, R/O	C1089 - Individuals who review, authorize, or sign checks cannot:		☐	☑		Preventi	☐	☐			☐

For more information about the **Control Activities Form**, see the Understand Controls and Evaluate Design topic.

A question following the transaction class input fields prompts you to conclude whether the controls are properly designed and implemented (or effectively designed for public companies).



Considering the size and complexity of the entity, are controls over this transaction class properly designed and implemented to meet the significant control objectives? [If no, describe the deficiency of design or implementation and the potential risks to the financial statements. Determine if those risks should be included on ASB-CX-7.1 "Risk Assessment Summary Form." Design or implementation deficiencies may be accumulated and evaluated using the "Control Deficiency Evaluation and Aggregation Worksheet" (ASB-CX-15.1).]

○ Yes

○ No

Applying a Risk-Based Approach

Generally, you should focus on objectives related to the assertions you identified as potentially being higher risk and the key controls for those objectives. Pay particular attention to controls that address risk of material misstatement due to fraud or management override. Controls that address these risks might include:

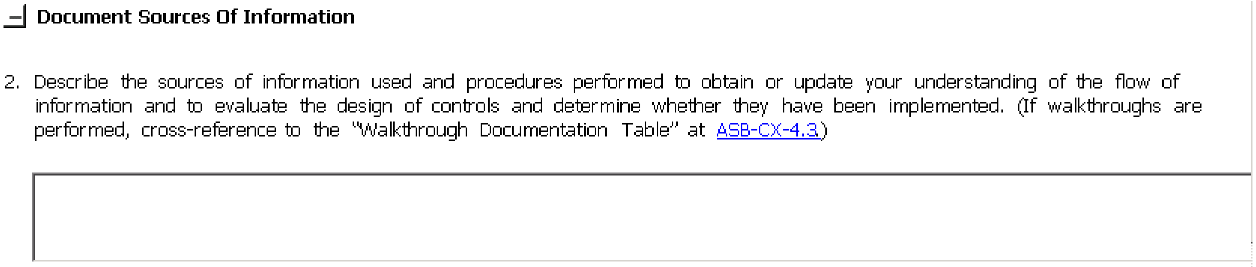
- Controls over significant, unusual transactions, particularly those that result in late or unusual journal entries
- Controls over journal entries and adjustments made in the period-end financial reporting process
- Controls over related party transactions
- Controls related to significant management estimates
- Controls that mitigate incentives for, and pressures on, management to falsify or inappropriately manage financial results.

Also, consider the sources of potential misstatement that could occur within the transaction class, including the following:

- The points within the transaction class at which a misstatement (including a misstatement due to fraud) related to the relevant assertion could arise
- The controls implemented by management to address those identified points within the transaction class
- The controls implemented by management over the prevention or timely detection of unauthorized acquisition, use, or disposition of entity assets that could result in a material misstatement of the financial statements.

Sources of Information

In the **Sources of Information** section of the **Audit Area - Control Activities**, describe your sources and procedures for gaining your understanding of the flow of information. Ensure that your description satisfies auditing standards regarding documentation (i.e., SAS No. 103 or PCAOB Auditing Std. No. 3).



Document Sources Of Information

2. Describe the sources of information used and procedures performed to obtain or update your understanding of the flow of information and to evaluate the design of controls and determine whether they have been implemented. (If walkthroughs are performed, cross-reference to the "Walkthrough Documentation Table" at ASB-CX-4.3)

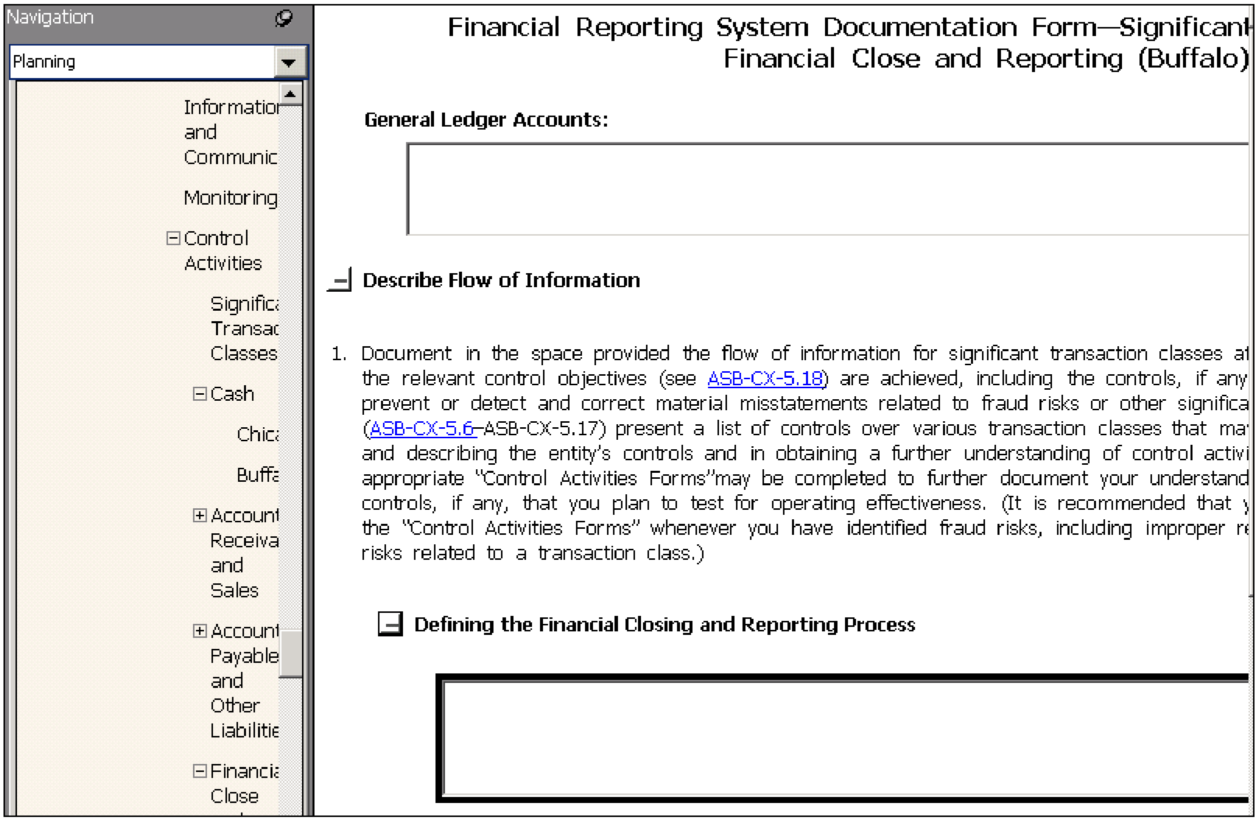
Identified Risks

As you complete the form, consider whether any risks that could result in material misstatement of the financial statements exist. If so, enter the risk in the right pane by clicking **Add Risk**.

Financial Close and Reporting - Control Activities

A series of input fields are provided to describe the flow of information for each transaction class/process. For each location, you can describe the flow of information or reference memos and other documentation about the flow of information.

Note: When performing a public company audit of internal control, ensure that you assess the matters described in paragraph 27 of PCAOB Auditing Std. No. 5.


Navigation
Planning
Informatior and Communic
Monitoring
Control Activities
Significa Transac Classes
Cash
Chic
Buffa
Account Receiva and Sales
Account Payable and Other Liabilitie
Financia Close

Financial Reporting System Documentation Form—Significant
Financial Close and Reporting (Buffalo)

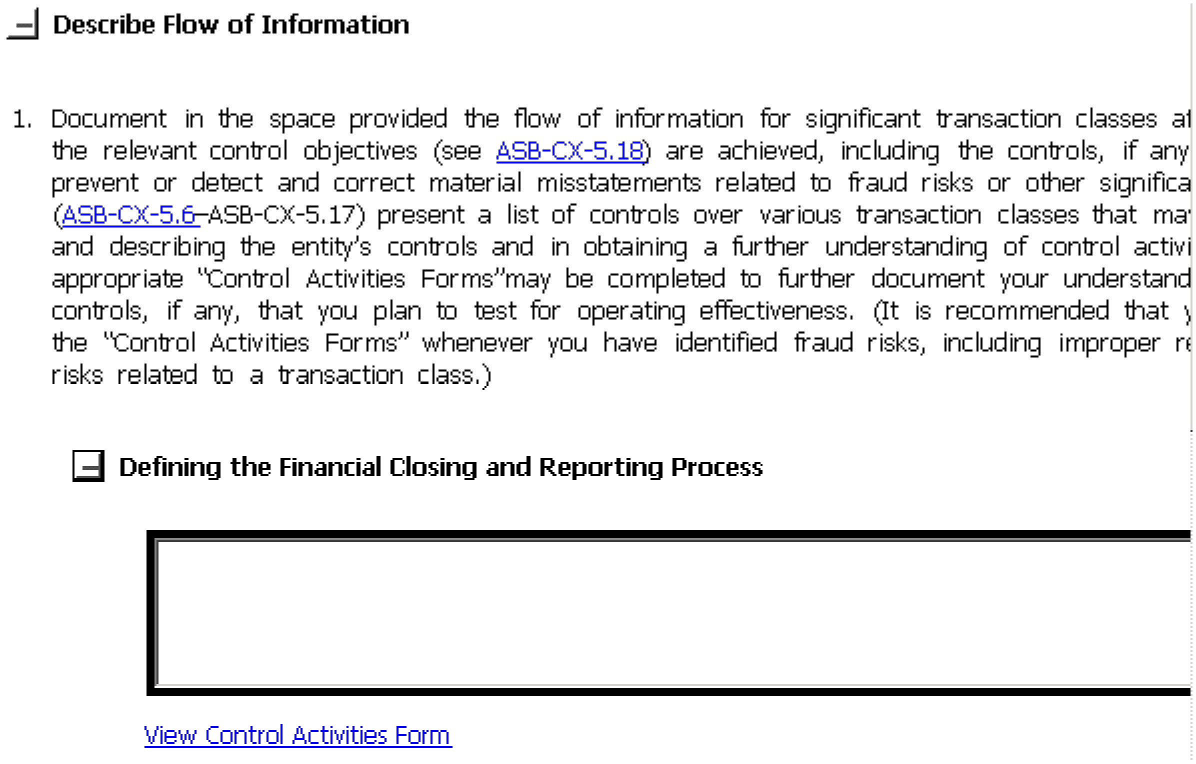
General Ledger Accounts:

Describe Flow of Information

1. Document in the space provided the flow of information for significant transaction classes at the relevant control objectives (see ASB-CX-5.18) are achieved, including the controls, if any prevent or detect and correct material misstatements related to fraud risks or other significa (ASB-CX-5.6–ASB-CX-5.17) present a list of controls over various transaction classes that ma and describing the entity's controls and in obtaining a further understanding of control activi appropriate "Control Activities Forms" may be completed to further document your understand controls, if any, that you plan to test for operating effectiveness. (It is recommended that y the "Control Activities Forms" whenever you have identified fraud risks, including improper re risks related to a transaction class.)

Defining the Financial Closing and Reporting Process

Click **View Control Activities** to view a list of specific control activities related to the transaction class/process.



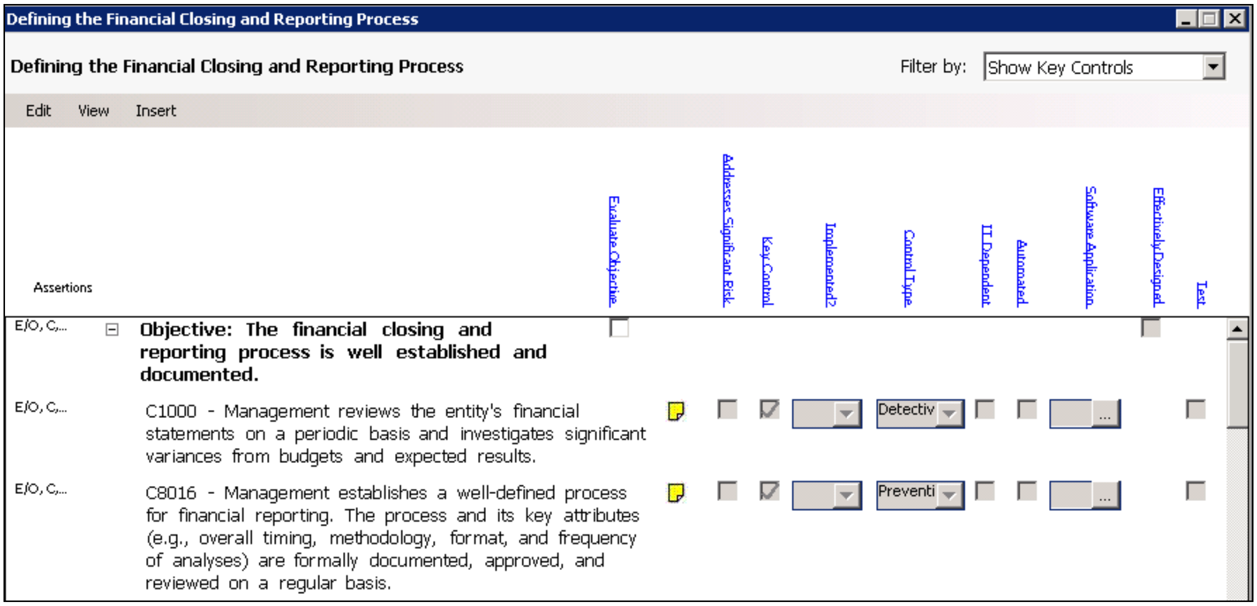
Describe Flow of Information

1. Document in the space provided the flow of information for significant transaction classes at the relevant control objectives (see ASB-CX-5.18) are achieved, including the controls, if any prevent or detect and correct material misstatements related to fraud risks or other significa (ASB-CX-5.6–ASB-CX-5.17) present a list of controls over various transaction classes that ma and describing the entity's controls and in obtaining a further understanding of control activi appropriate "Control Activities Forms" may be completed to further document your understand controls, if any, that you plan to test for operating effectiveness. (It is recommended that y the "Control Activities Forms" whenever you have identified fraud risks, including improper re risks related to a transaction class.)

Defining the Financial Closing and Reporting Process

View Control Activities Form

The **Control Activities Form** can be used to further document your understanding of controls and to indicate controls that you plan to test.



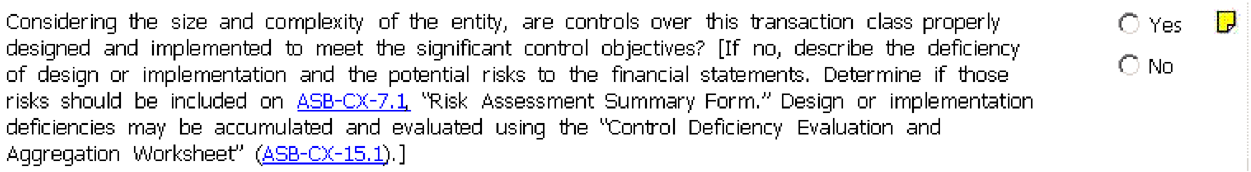
Defining the Financial Closing and Reporting Process

Filter by: Show Key Controls

Assertions		Evaluate Objective		Addresses Significant Risk	Key Control	Implemented?	Control Type	IT Dependent	Automated	Software Application	Effectively Designed	Test
E/O, C,...	⊟ **Objective: The financial closing and reporting process is well established and documented.**	☐									☐	
E/O, C,...	C1000 - Management reviews the entity's financial statements on a periodic basis and investigates significant variances from budgets and expected results.			☐	☑		Detectiv	☐	☐	...		☐
E/O, C,...	C8016 - Management establishes a well-defined process for financial reporting. The process and its key attributes (e.g., overall timing, methodology, format, and frequency of analyses) are formally documented, approved, and reviewed on a regular basis.			☐	☑		Preventi	☐	☐	...		☐

For more information about the **Control Activities Form**, see the Understand Controls and Evaluate Design topic.

A question following the transaction class/process input fields prompts you to conclude whether the controls are properly designed and implemented (or effectively designed for public companies).



Considering the size and complexity of the entity, are controls over this transaction class properly designed and implemented to meet the significant control objectives? [If no, describe the deficiency of design or implementation and the potential risks to the financial statements. Determine if those risks should be included on ASB-CX-7.1 "Risk Assessment Summary Form." Design or implementation deficiencies may be accumulated and evaluated using the "Control Deficiency Evaluation and Aggregation Worksheet" (ASB-CX-15.1).]

○ Yes

○ No

Applying a Risk-Based Approach

Generally, you should focus on objectives related to the assertions you identified as potentially being higher risk and the key controls for those objectives. Pay particular attention to controls that address risk of material misstatement due to fraud or management override. Controls that address these risks might include:

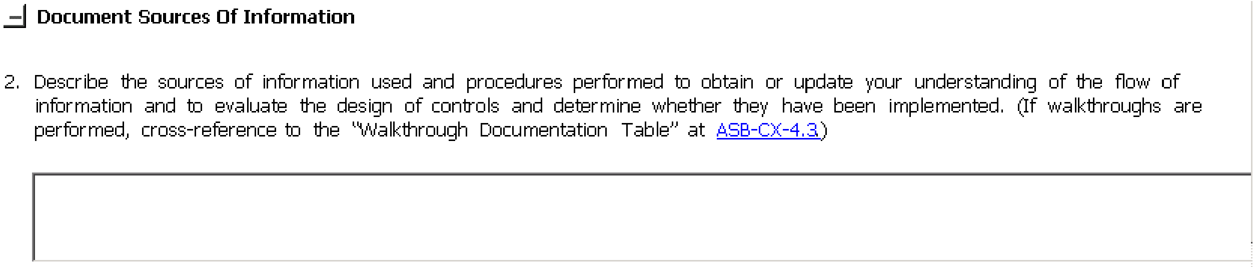
- Controls over significant, unusual transactions, particularly those that result in late or unusual journal entries
- Controls over journal entries and adjustments made in the period-end financial reporting process
- Controls over related party transactions
- Controls related to significant management estimates
- Controls that mitigate incentives for, and pressures on, management to falsify or inappropriately manage financial results.

Also, consider the sources of potential misstatement that could occur within the transaction class/process, including the following:

- The points within the transaction class/process at which a misstatement (including a misstatement due to fraud) related to the relevant assertion could arise
- The controls implemented by management to address those identified points within the transaction class/process
- The controls implemented by management over the prevention or timely detection of unauthorized acquisition, use, or disposition of entity assets that could result in a material misstatement of the financial statements.

Sources of Information

In the **Sources of Information** section of the **Financial Close and Reporting - Control Activities**, describe your sources and procedures for gaining your understanding of the flow of information. Ensure that your description satisfies auditing standards regarding documentation (i.e., SAS No. 103 or PCAOB Auditing Std. No. 3).



Document Sources Of Information

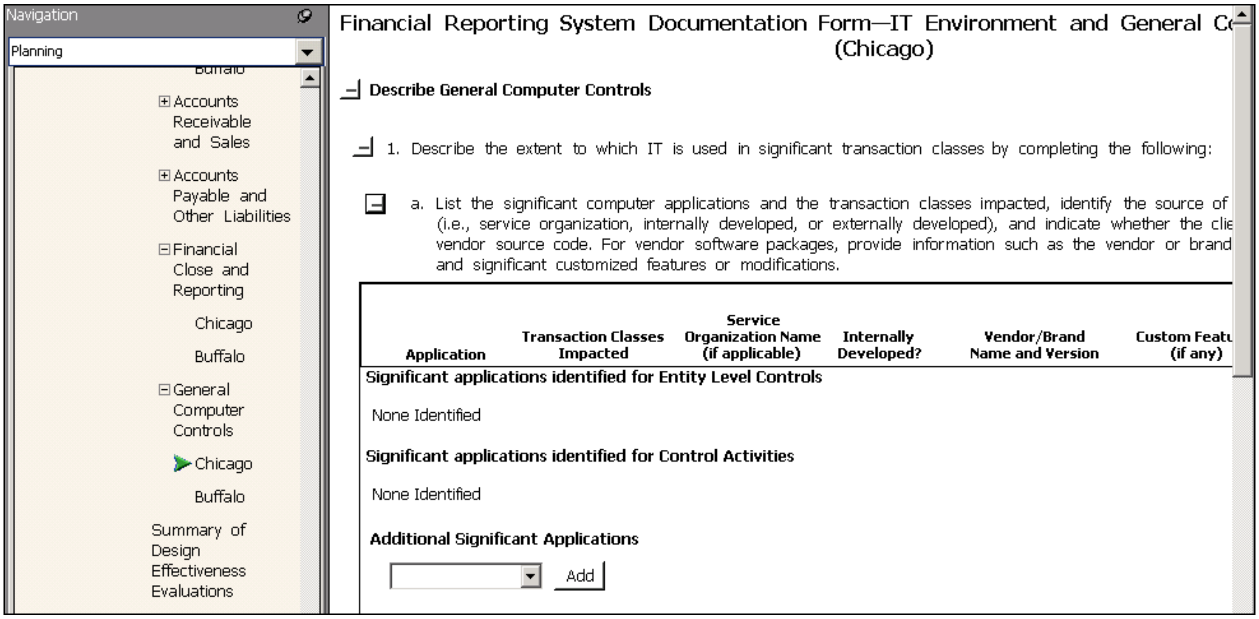
2. Describe the sources of information used and procedures performed to obtain or update your understanding of the flow of information and to evaluate the design of controls and determine whether they have been implemented. (If walkthroughs are performed, cross-reference to the "Walkthrough Documentation Table" at ASB-CX-4.3)

Identified Risks

As you complete the form, consider whether any risks that could result in material misstatement of the financial statements exist. If so, enter the risk in the right pane by clicking **Add Risk**.

General Computer Controls - Control Activities

A series of input fields are provided to describe the Information Technology (IT) environment and general computer controls for each location. The table at the top of the form lets you provide additional details about software applications.


Navigation
Planning
Buffalo
Accounts Receivable and Sales
Accounts Payable and Other Liabilities
Financial Close and Reporting
Chicago
Buffalo
General Computer Controls
Chicago
Buffalo
Summary of Design Effectiveness Evaluations
Add

Financial Reporting System Documentation Form—IT Environment and General C
(Chicago)

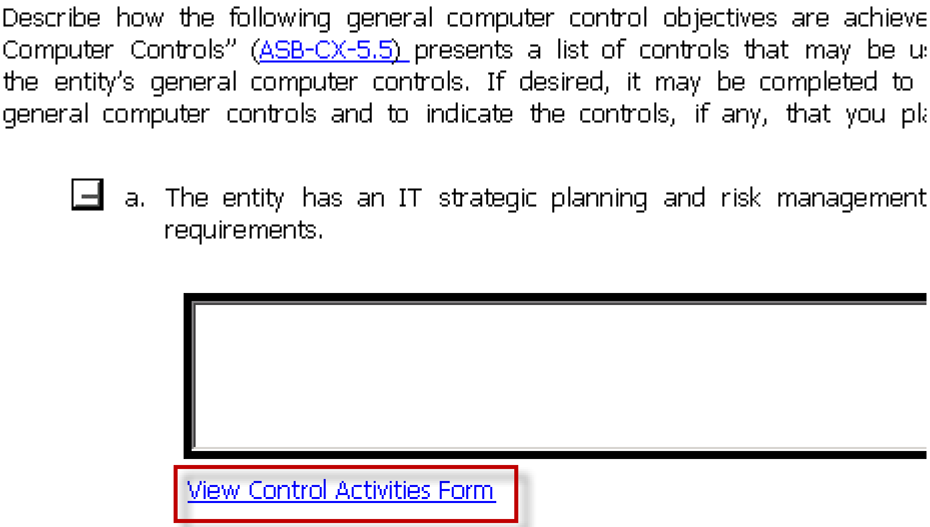
Describe General Computer Controls

1. Describe the extent to which IT is used in significant transaction classes by completing the following:

a. List the significant computer applications and the transaction classes impacted, identify the source of (i.e., service organization, internally developed, or externally developed), and indicate whether the cli vendor source code. For vendor software packages, provide information such as the vendor or brand and significant customized features or modifications.

Application	Transaction Classes Impacted	Service Organization Name (if applicable)	Internally Developed?	Vendor/Brand Name and Version	Custom Featu (if any)
Significant applications identified for Entity Level Controls					
None Identified					
Significant applications identified for Control Activities					
None Identified					
Additional Significant Applications					

Click **View Control Activities Form** to view a list of specific control activities related to the IT environment.

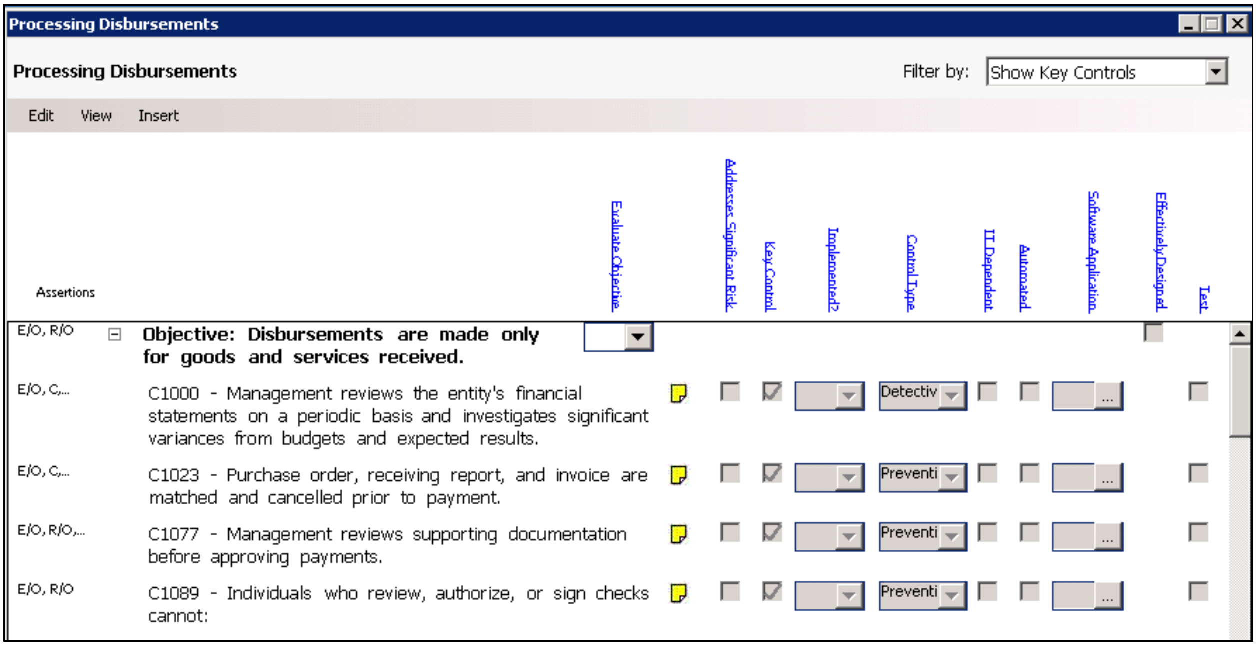


Describe how the following general computer control objectives are achieve Computer Controls" (ASB-CX-5.5) presents a list of controls that may be u the entity's general computer controls. If desired, it may be completed to general computer controls and to indicate the controls, if any, that you pl

a. The entity has an IT strategic planning and risk management requirements.

View Control Activities Form

The **Control Activities Form** can be used to further document your understanding of controls and to indicate controls that you plan to test.



Processing Disbursements

Filter by: Show Key Controls

Assertions		Evaluate Objective	Addresses Significant Risk	Key Control	Implemented?	Control Type	IT Dependent	Automated	Software Application	Effectively Designed	Test
E/O, R/O	⊟ **Objective: Disbursements are made only for goods and services received.**									☐	
E/O, C,...	C1000 - Management reviews the entity's financial statements on a periodic basis and investigates significant variances from budgets and expected results.		☐	☑		Detectiv	☐	☐	...		☐
E/O, C,...	C1023 - Purchase order, receiving report, and invoice are matched and cancelled prior to payment.		☐	☑		Preventi	☐	☐	...		☐
E/O, R/O,...	C1077 - Management reviews supporting documentation before approving payments.		☐	☑		Preventi	☐	☐	...		☐
E/O, R/O	C1089 - Individuals who review, authorize, or sign checks cannot:		☐	☑		Preventi	☐	☐	...		☐

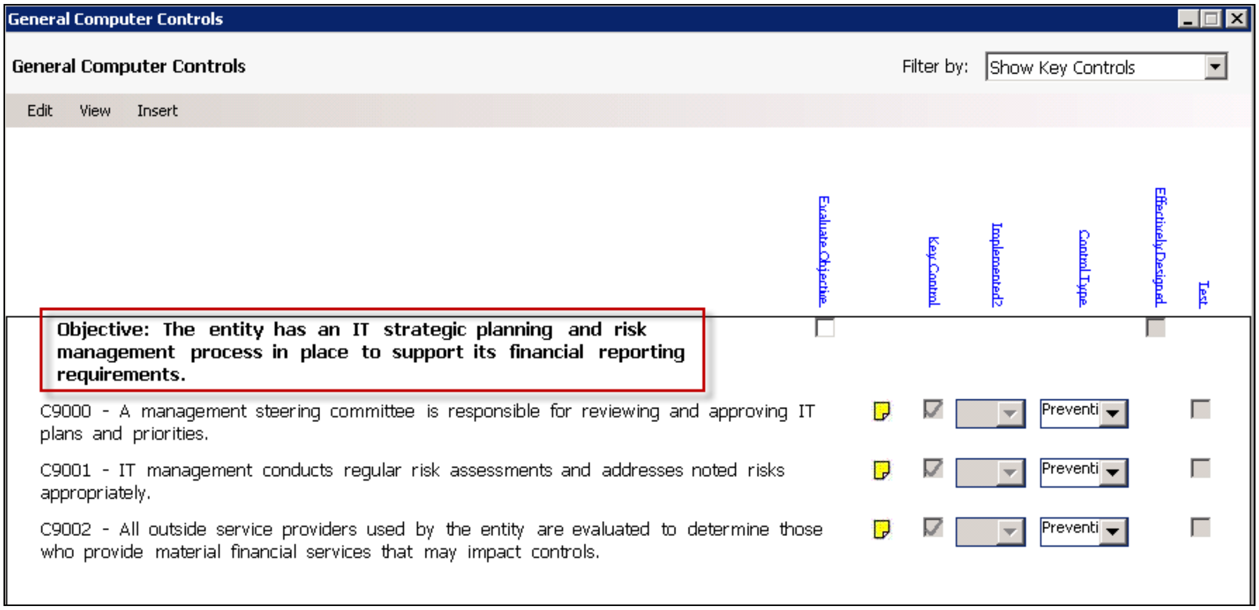
For more information about the **Control Activities Form**, see the Understand Controls and Evaluate Design topic.

Identified Risks

As you complete the form, consider whether any risks that could result in material misstatement of the financial statements exist. If so, enter the risk in the right pane by clicking **Add Risk**.

Add Objective

Control activities listed on a **Control Activities Form** are organized within **Objectives**.


General Computer Controls
General Computer Controls
Filter by: Show Key Controls
Edit
View
Insert
Evaluate Objective
Key Control
Implemented?
Control Type
Effectively Designed
Test
Preventi

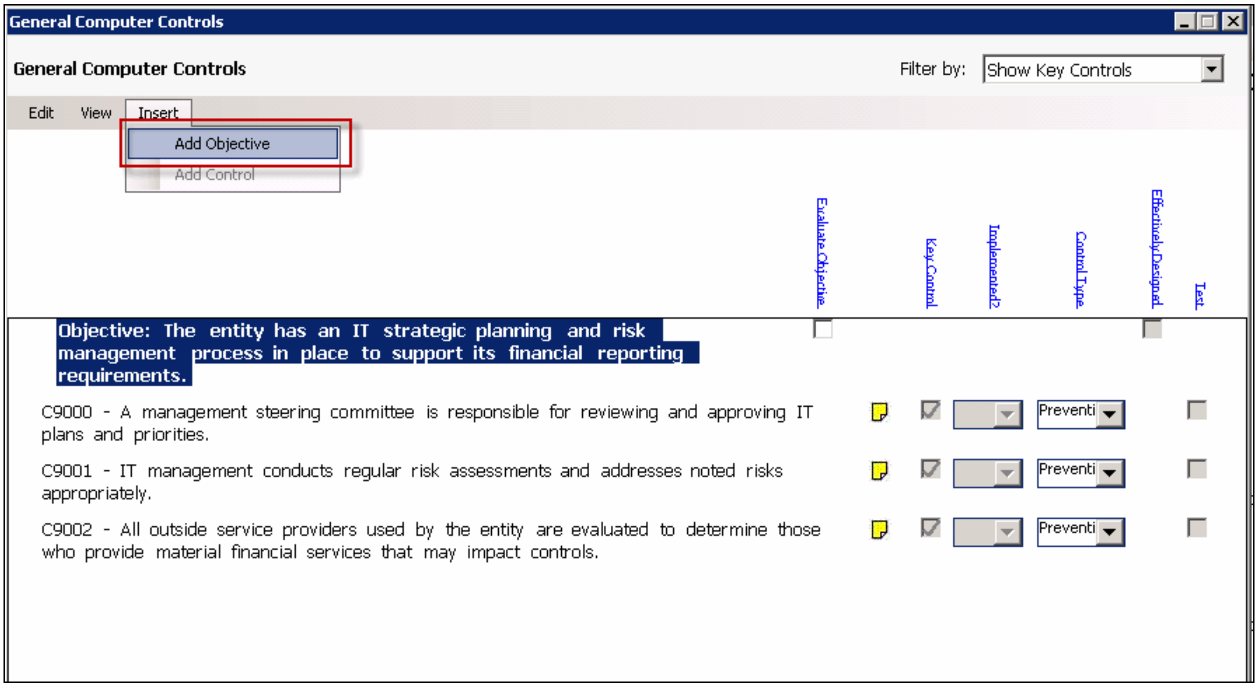
Objective: The entity has an IT strategic planning and risk management process in place to support its financial reporting requirements.

C9000 - A management steering committee is responsible for reviewing and approving IT plans and priorities.

C9001 - IT management conducts regular risk assessments and addresses noted risks appropriately.

C9002 - All outside service providers used by the entity are evaluated to determine those who provide material financial services that may impact controls.

When working on a **Control Activities Form**, you can add a new objective to the list. After clicking **View Control Activities Form**, select one of the already listed objectives. Then select **Add Objective** from the **Insert** menu.


General Computer Controls
General Computer Controls
Filter by: Show Key Controls
Edit
View
Insert
Add Objective
Add Control
Evaluate Objective
Key Control
Implemented?
Control Type
Effectively Designed
Test
Preventi

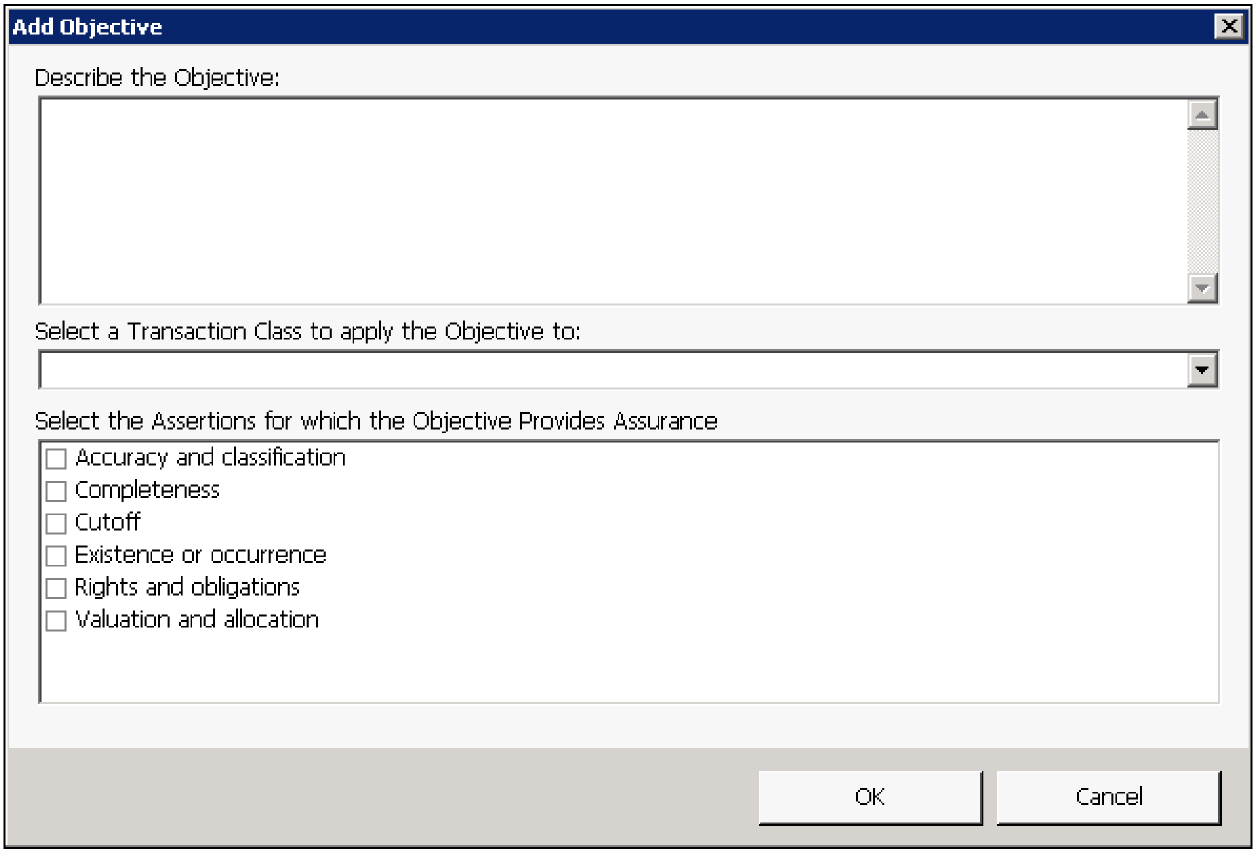
Objective: The entity has an IT strategic planning and risk management process in place to support its financial reporting requirements.

C9000 - A management steering committee is responsible for reviewing and approving IT plans and priorities.

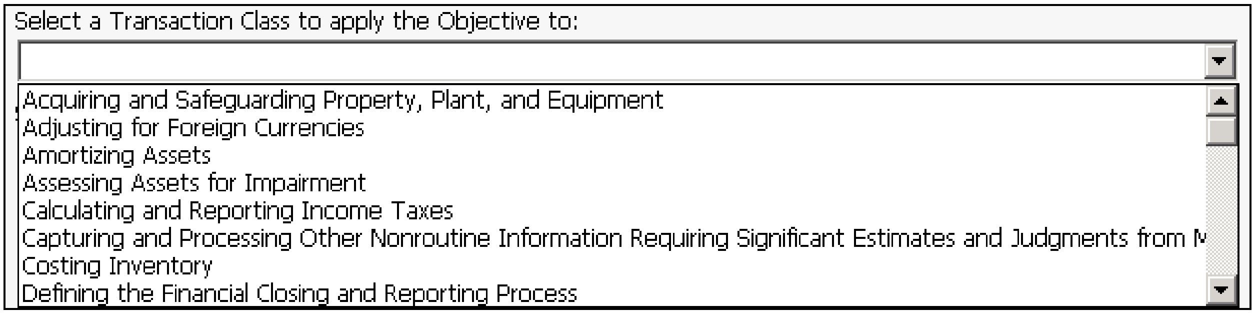
C9001 - IT management conducts regular risk assessments and addresses noted risks appropriately.

C9002 - All outside service providers used by the entity are evaluated to determine those who provide material financial services that may impact controls.

Complete the information on the **Add Objective** dialog box by describing the objective, applying the objective to a transaction class, and specifying assertions.


Add Objective
Describe the Objective:
Select a Transaction Class to apply the Objective to:
Select the Assertions for which the Objective Provides Assurance
☐ Accuracy and classification
☐ Completeness
☐ Cutoff
☐ Existence or occurrence
☐ Rights and obligations
☐ Valuation and allocation
OK
Cancel

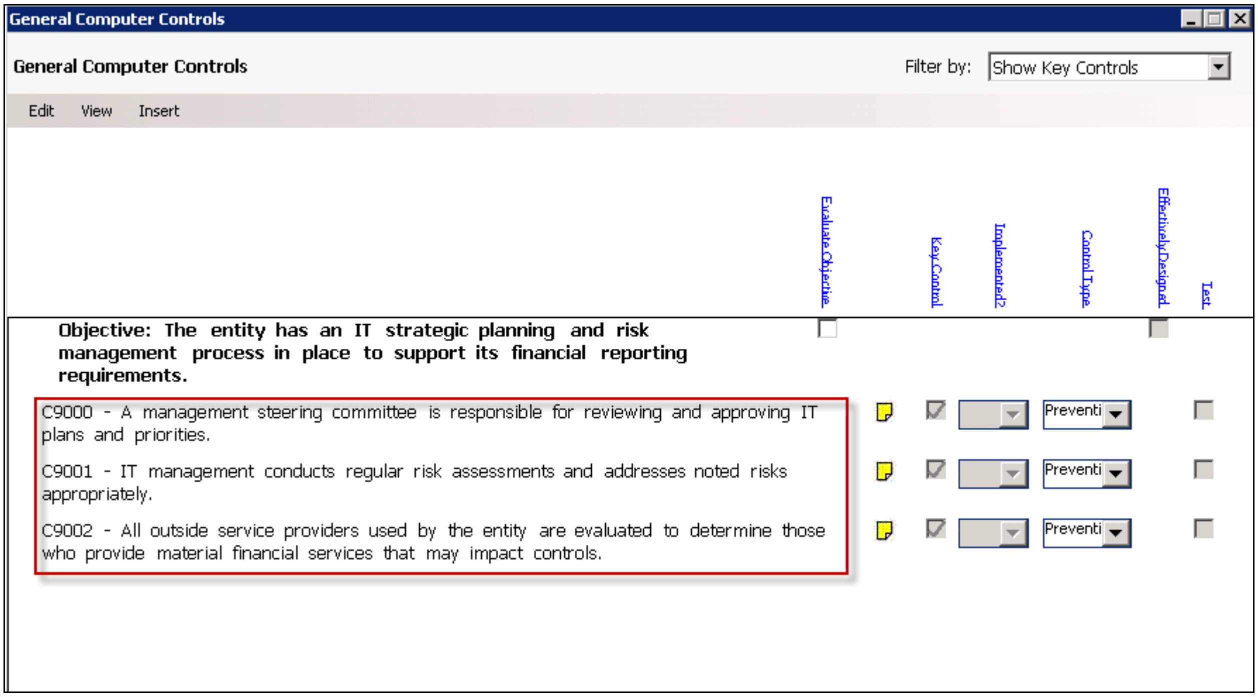
Expand the drop-down list to select a transaction class:


Select a Transaction Class to apply the Objective to:
Acquiring and Safeguarding Property, Plant, and Equipment
Adjusting for Foreign Currencies
Amortizing Assets
Assessing Assets for Impairment
Calculating and Reporting Income Taxes
Capturing and Processing Other Nonroutine Information Requiring Significant Estimates and Judgments from
Costing Inventory
Defining the Financial Closing and Reporting Process

Click **OK** to complete addition of the objective.

Add Control

Objectives listed on a **Control Activities Form** consist of **Controls**.


General Computer Controls
Edit
View
Insert
Evaluate Objective
Key Control
Implemented?
Control Type
Effectively Designed
Test

General Computer Controls

Filter by: Show Key Controls

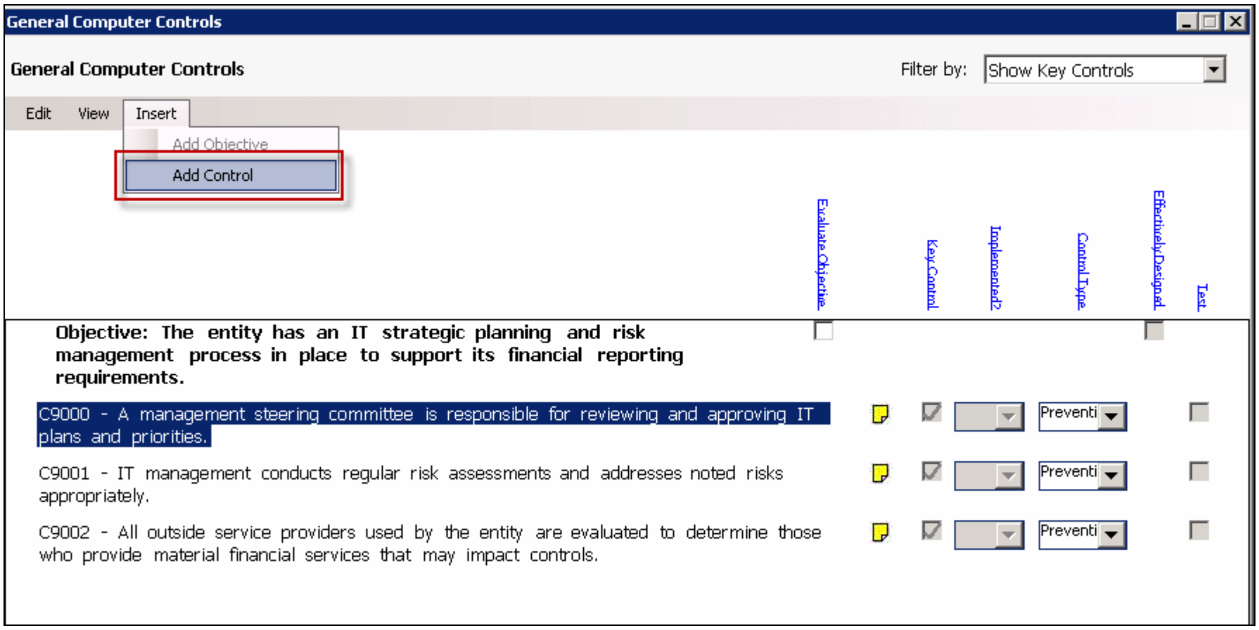
Objective: The entity has an IT strategic planning and risk management process in place to support its financial reporting requirements.

C9000 - A management steering committee is responsible for reviewing and approving IT plans and priorities. — Preventi

C9001 - IT management conducts regular risk assessments and addresses noted risks appropriately. — Preventi

C9002 - All outside service providers used by the entity are evaluated to determine those who provide material financial services that may impact controls. — Preventi

When working on a **Control Activities Form**, you can add a new control to one or more objectives. After clicking **View Control Activities Form**, select an objective. Then select **Add Control** from the **Insert** menu.


General Computer Controls
Edit
View
Insert
Add Objective
Add Control
Evaluate Objective
Key Control
Implemented?
Control Type
Effectively Designed
Test

General Computer Controls

Filter by: Show Key Controls

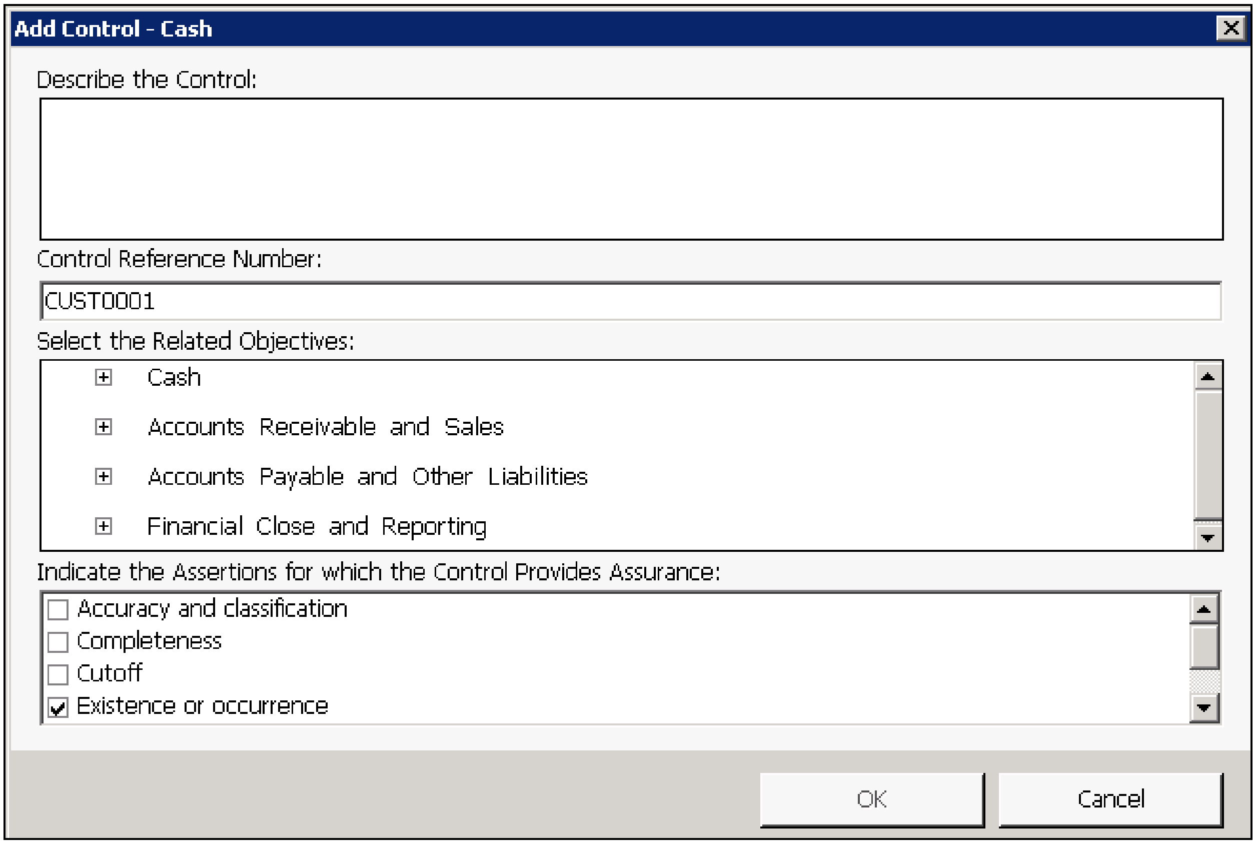
Objective: The entity has an IT strategic planning and risk management process in place to support its financial reporting requirements.

C9000 - A management steering committee is responsible for reviewing and approving IT plans and priorities. — Preventi

C9001 - IT management conducts regular risk assessments and addresses noted risks appropriately. — Preventi

C9002 - All outside service providers used by the entity are evaluated to determine those who provide material financial services that may impact controls. — Preventi

Complete the information on the **Add Control** dialog box by describing the control, assigning a control reference number, selecting the related objectives, and specifying assertions.



Add Control - Cash

Describe the Control:

Control Reference Number: CUST0001

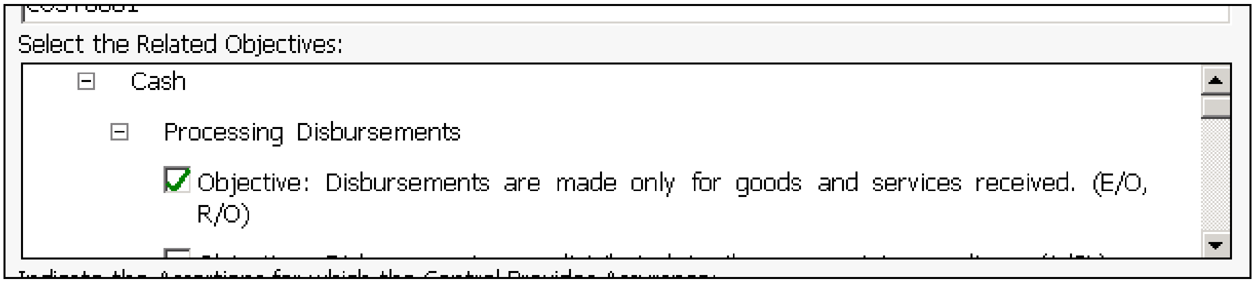
Select the Related Objectives:

- ⊞ Cash
- ⊞ Accounts Receivable and Sales
- ⊞ Accounts Payable and Other Liabilities
- ⊞ Financial Close and Reporting

Indicate the Assertions for which the Control Provides Assurance:

- ☐ Accuracy and classification
- ☐ Completeness
- ☐ Cutoff
- ☑ Existence or occurrence

In the **Select the Related Objectives** scroll box, click the "+" symbols to drill down to the **Objectives** level. The objective you highlighted before opening the **Add Control** window is already selected.



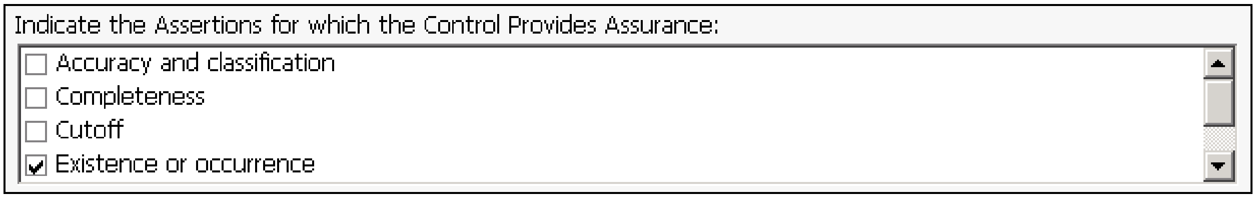
Select the Related Objectives:

- ⊟ Cash
  - ⊟ Processing Disbursements
    - ☑ Objective: Disbursements are made only for goods and services received. (E/O, R/O)

You can assign the new control to any objective listed on the **Control Activities Form** of any audit area, **Financial Close and Reporting**, and **General Computer Controls**. Select or clear check boxes to indicate your choices.

Note: If using PPC's Guide to PCAOB Audits, the assertions presented come from section AU 326 of the PCAOB interim auditing standards rather than from SAS No. 106, Audit Evidence.

In the **Indicate Assertions for which the Control Provides Assurance** scroll box, select or clear the applicable check boxes.



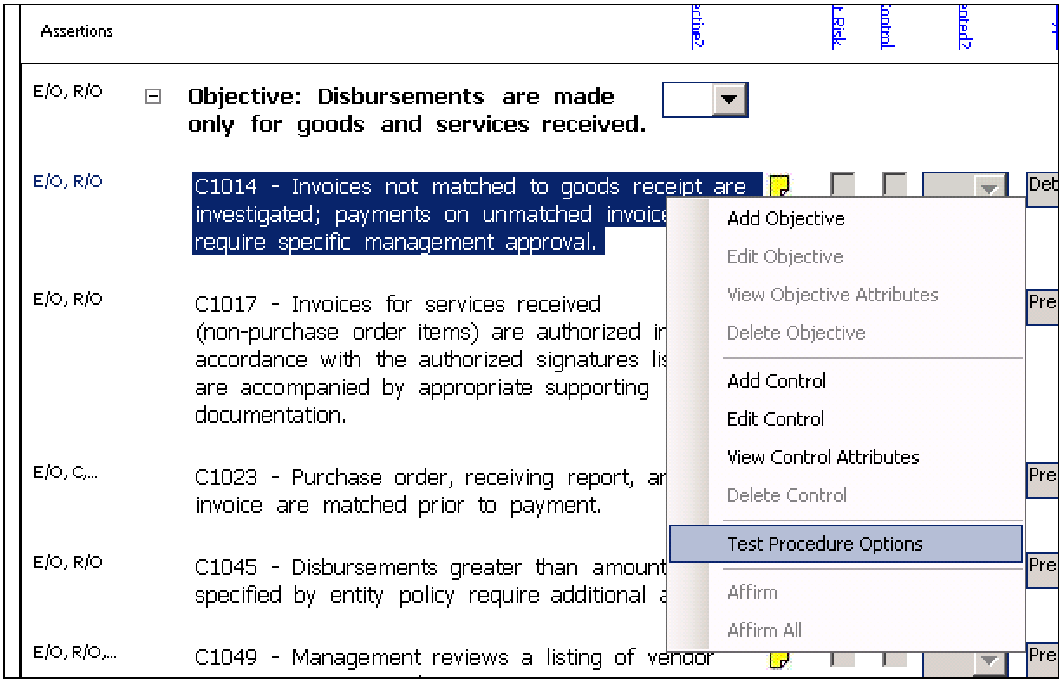
Indicate the Assertions for which the Control Provides Assurance:

☐ Accuracy and classification
☐ Completeness
☐ Cutoff
☑ Existence or occurrence

Click **OK** to complete the addition of the control.

Add Test Procedure

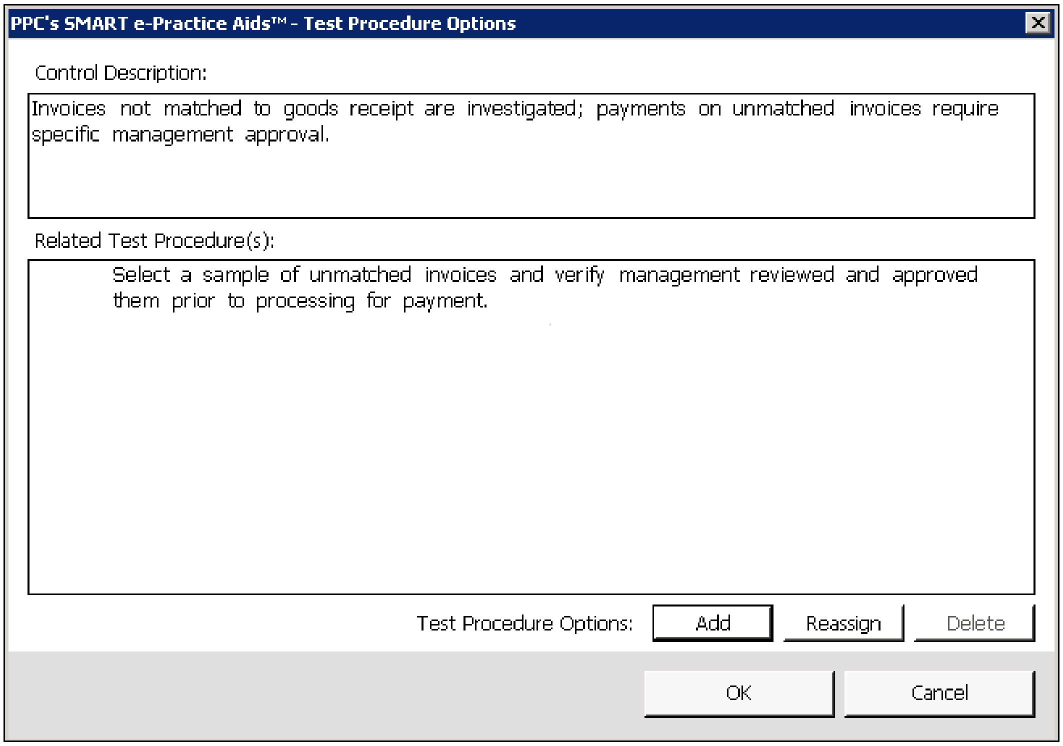
When working on a **Control Activities Form**, you can add a new test procedure to a control. After clicking **View Control Activities Form**, right-click a control and select **Test Procedure Options** from the shortcut menu.



Assertions	
E/O, R/O	Objective: Disbursements are made only for goods and services received.
E/O, R/O	C1014 - Invoices not matched to goods receipt are investigated; payments on unmatched invoice require specific management approval.
E/O, R/O	C1017 - Invoices for services received (non-purchase order items) are authorized in accordance with the authorized signatures lis are accompanied by appropriate supporting documentation.
E/O, C,...	C1023 - Purchase order, receiving report, ar invoice are matched prior to payment.
E/O, R/O	C1045 - Disbursements greater than amount specified by entity policy require additional a
E/O, R/O,...	C1049 - Management reviews a listing of vendor

Add Objective
Edit Objective
View Objective Attributes
Delete Objective
Add Control
Edit Control
View Control Attributes
Delete Control
Test Procedure Options
Affirm
Affirm All
Det
Pre
Pre
Pre
Pre

The **Test Procedure Options** window provides a list of all test procedures related to the selected control.



PPC's SMART e-Practice Aids™ - Test Procedure Options

Control Description:

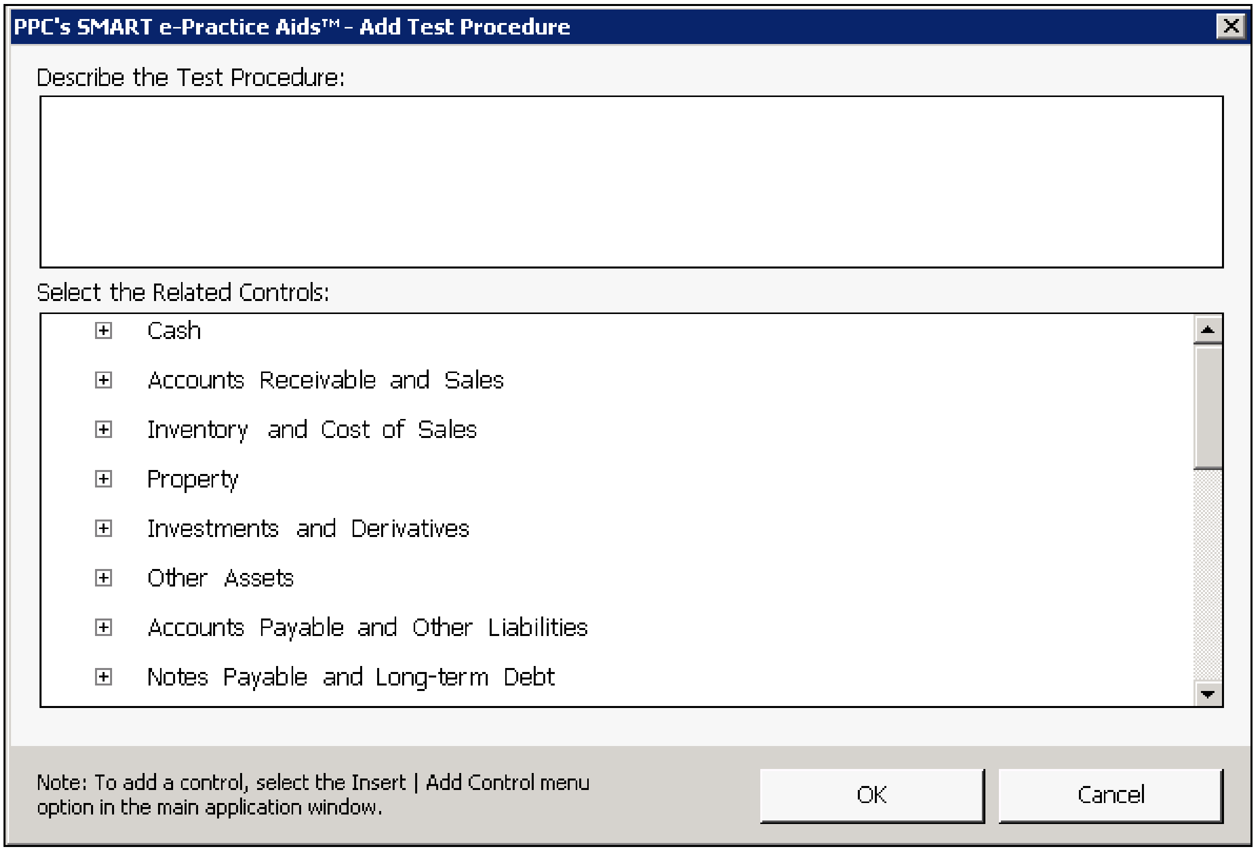
Invoices not matched to goods receipt are investigated; payments on unmatched invoices require specific management approval.

Related Test Procedure(s):

Select a sample of unmatched invoices and verify management reviewed and approved them prior to processing for payment.

Test Procedure Options:
Add
Reassign
Delete
OK
Cancel

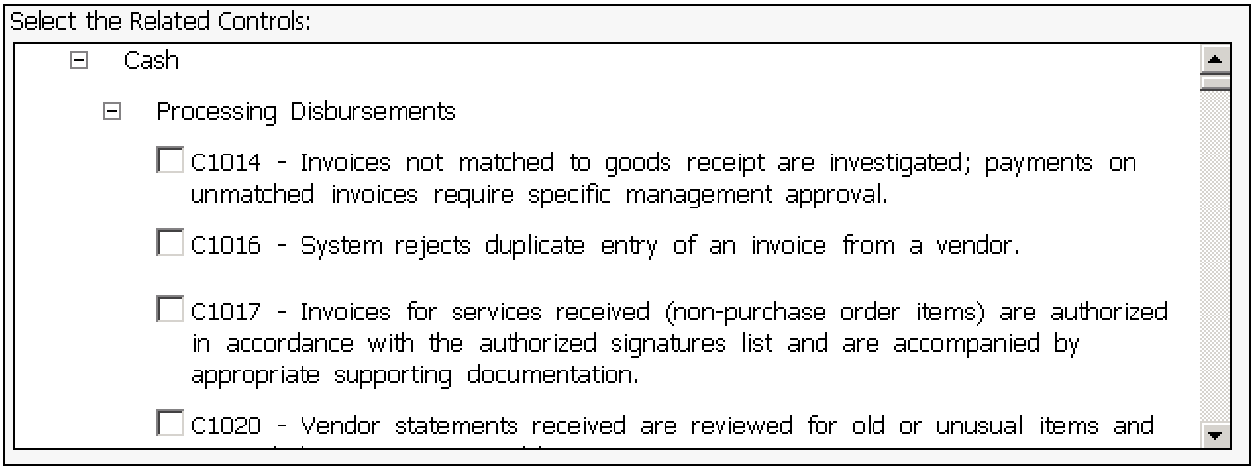
Clicking the **Add** button near the bottom opens the **Add Test Procedure** dialog box. Complete the information on the **Add Test Procedure** dialog box by describing the test procedure and selecting the related controls.


PPC's SMART e-Practice Aids™ - Add Test Procedure
Describe the Test Procedure:
Select the Related Controls:
OK
Cancel

- ⊞ Cash
- ⊞ Accounts Receivable and Sales
- ⊞ Inventory and Cost of Sales
- ⊞ Property
- ⊞ Investments and Derivatives
- ⊞ Other Assets
- ⊞ Accounts Payable and Other Liabilities
- ⊞ Notes Payable and Long-term Debt

Note: To add a control, select the Insert | Add Control menu option in the main application window.

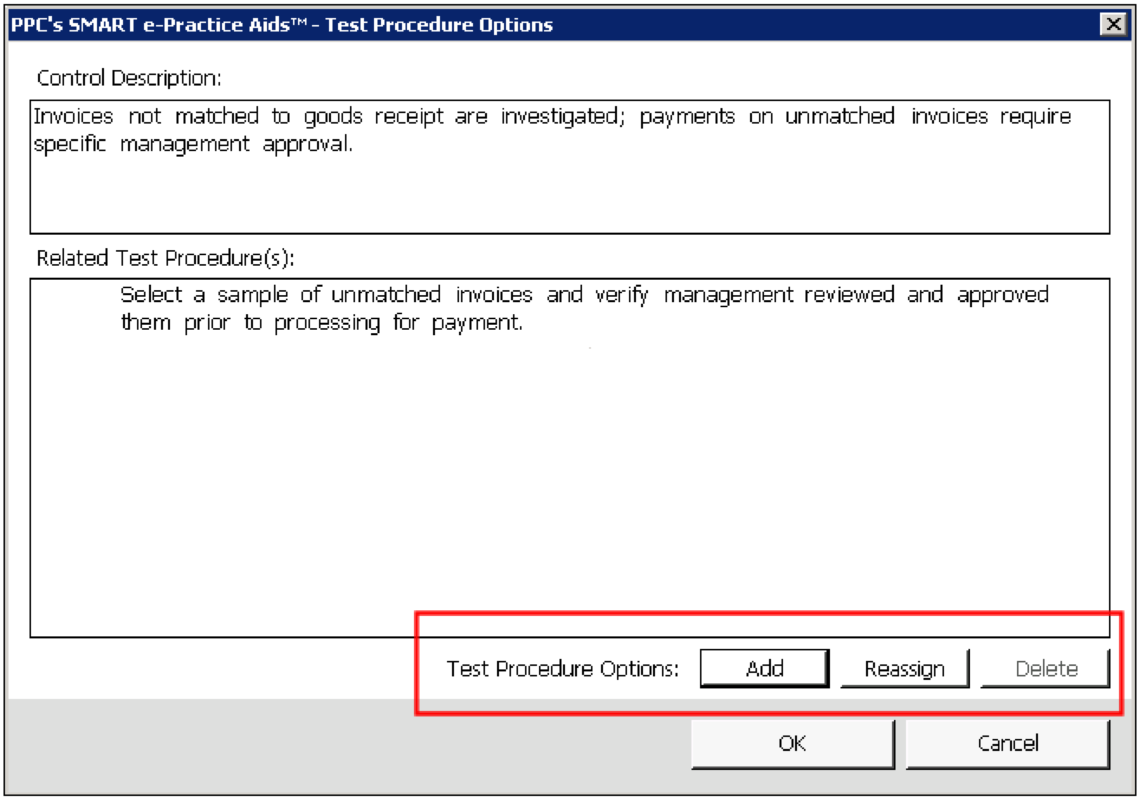
In the **Select the Related Controls** scroll box, click the "+" symbols to drill down to the **Controls** level.


Select the Related Controls:

- ⊟ Cash
  - ⊟ Processing Disbursements
    - ☐ C1014 - Invoices not matched to goods receipt are investigated; payments on unmatched invoices require specific management approval.
    - ☐ C1016 - System rejects duplicate entry of an invoice from a vendor.
    - ☐ C1017 - Invoices for services received (non-purchase order items) are authorized in accordance with the authorized signatures list and are accompanied by appropriate supporting documentation.
    - ☐ C1020 - Vendor statements received are reviewed for old or unusual items and

Select the applicable check boxes to indicate your choices. Click **OK** to complete the addition of the test procedure.

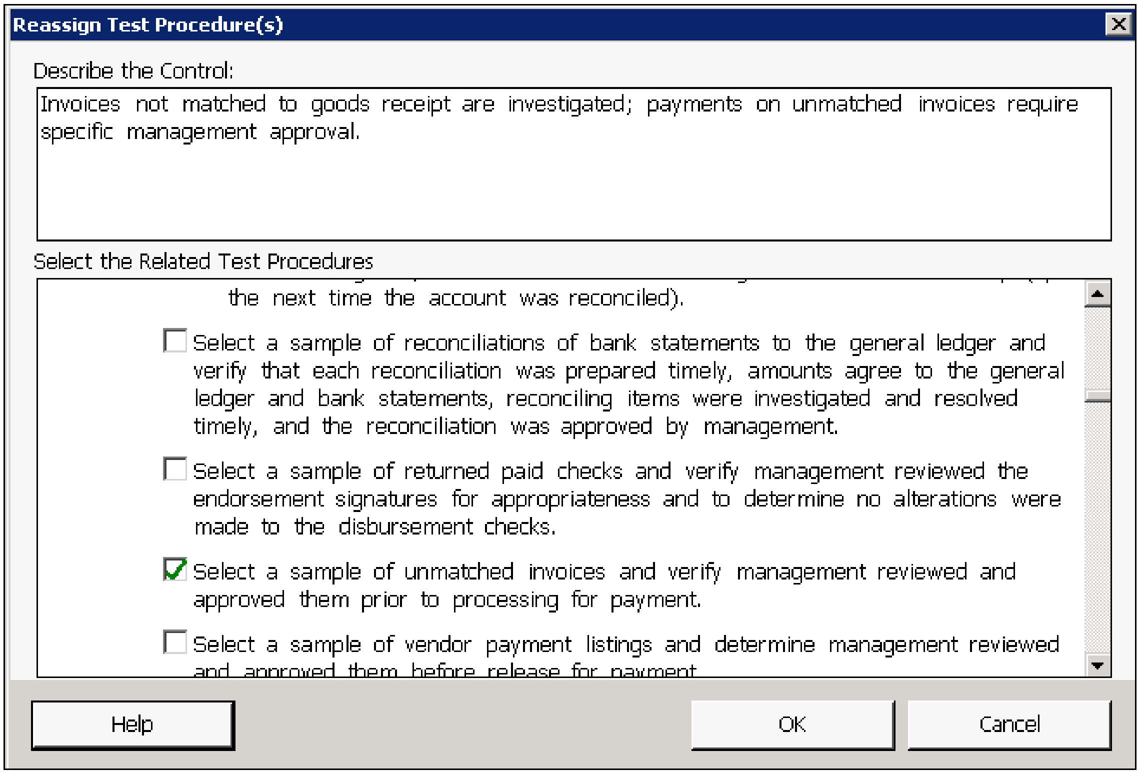
Other options on the **Test Procedure Options** dialog box include **Reassign** and **Delete**.


PPC's SMART e-Practice Aids™ - Test Procedure Options
Control Description:
Related Test Procedure(s):
Test Procedure Options:
Add
Reassign
Delete
OK
Cancel

Invoices not matched to goods receipt are investigated; payments on unmatched invoices require specific management approval.

Select a sample of unmatched invoices and verify management reviewed and approved them prior to processing for payment.

Click the **Reassign** button to assign an existing test procedure to the currently selected control.


Reassign Test Procedure(s)
Describe the Control:
Select the Related Test Procedures
Help
OK
Cancel

Invoices not matched to goods receipt are investigated; payments on unmatched invoices require specific management approval.

the next time the account was reconciled).

☐ Select a sample of reconciliations of bank statements to the general ledger and verify that each reconciliation was prepared timely, amounts agree to the general ledger and bank statements, reconciling items were investigated and resolved timely, and the reconciliation was approved by management.

☐ Select a sample of returned paid checks and verify management reviewed the endorsement signatures for appropriateness and to determine no alterations were made to the disbursement checks.

☑ Select a sample of unmatched invoices and verify management reviewed and approved them prior to processing for payment.

☐ Select a sample of vendor payment listings and determine management reviewed and approved them before release for payment.

All system-generated test procedures are listed. Select the check boxes associated with the test procedures you want to assign to the control. You also can clear check boxes associated with test procedures that you want to remove from the control.

Clicking the **Delete** button on the **Test Procedure Options** window lets you delete any test procedure that you added to the control using the **Add** button. Highlight the test procedure and click **Delete**.

You cannot delete a test procedure generated by **SMART Practice Aids**. To remove a system-generated test procedure, click the **Reassign** button and clear the applicable check box.

Click **OK** to complete any changes you've made to the test procedures list.

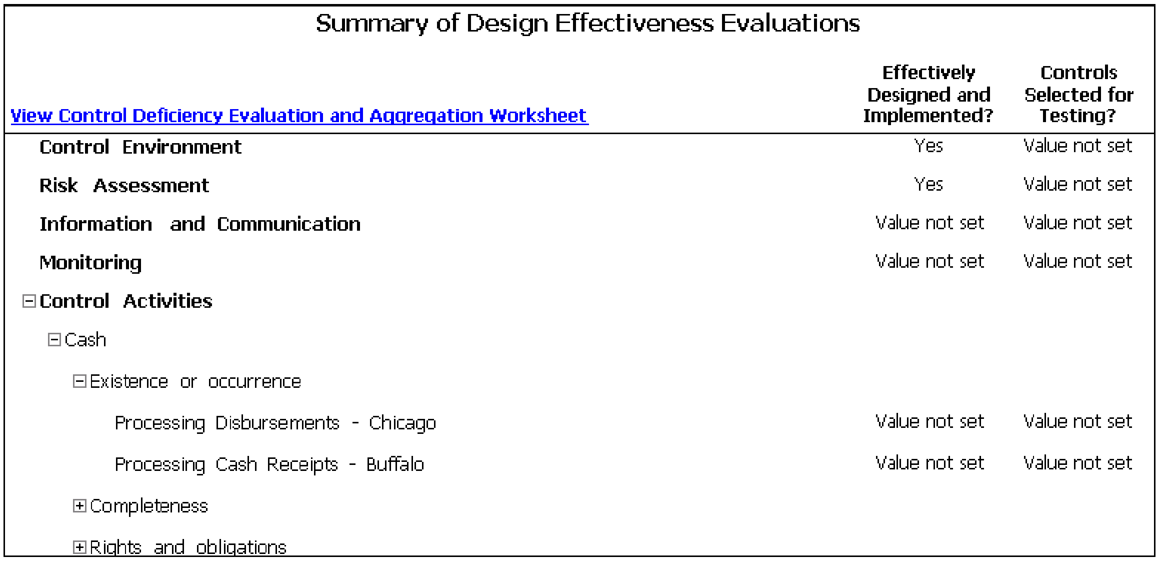
Note: When performing a public company audit of internal control, in order to form a conclusion about the effectiveness of the company’s internal control, you must perform sufficient tests of controls to address the assessed risk of misstatement to each relevant assertion of each significant account and disclosure.

In addition, when performing a public company integrated audit of internal control and the financial statements, you should test controls to simultaneously accomplish the objectives of both audits. In performing the audit of internal control, your opinion relates to the effectiveness of the company's internal control as of a point in time, and you should obtain evidence that internal control has operated effectively for a sufficient period of time, which may be less than the entire financial statement period (ordinarily a year). To assess control risk for specific assertions at less than the maximum for the financial statement audit, however, you are required to obtain evidence that the relevant controls operated effectively during the entire period upon which you plan to place reliance on those controls.

Summary of Design Effectiveness

The **Summary of Design Effectiveness** section of **Internal Control** summarizes your previous conclusions regarding design effectiveness so that you can assess whether:

- Client communications regarding design deficiencies are necessary (for nonpublic entities)
- Design deficiencies indicate identified risks that should be listed in the right pane
- Your conclusions about design effectiveness should be re-evaluated
- For a public company audit of internal control, whether you have performed sufficient tests of design effectiveness to address the assessed risk of misstatement to each relevant assertion of each significant account and disclosure.



Summary of Design Effectiveness Evaluations

View Control Deficiency Evaluation and Aggregation Worksheet	Effectively Designed and Implemented?	Controls Selected for Testing?
Control Environment	Yes	Value not set
Risk Assessment	Yes	Value not set
Information and Communication	Value not set	Value not set
Monitoring	Value not set	Value not set
⊟**Control Activities**		
⊟Cash		
⊟Existence or occurrence		
Processing Disbursements - Chicago	Value not set	Value not set
Processing Cash Receipts - Buffalo	Value not set	Value not set
⊞Completeness		
⊞Rights and obligations		

For a financial statement audit, you can use the **Control Deficiency Evaluation and Aggregation Worksheet** to accumulate deficiencies and determine whether they represent significant deficiencies or material weaknesses that must be communicated to the client.

For a public company audit of internal control, you can use the Control Deficiency Evaluation Form to summarize, accumulate, and evaluate deficiencies to determine whether they (alone or in combination) represent a material weakness or significant deficiency; and to form an overall conclusion on the effectiveness of internal control.

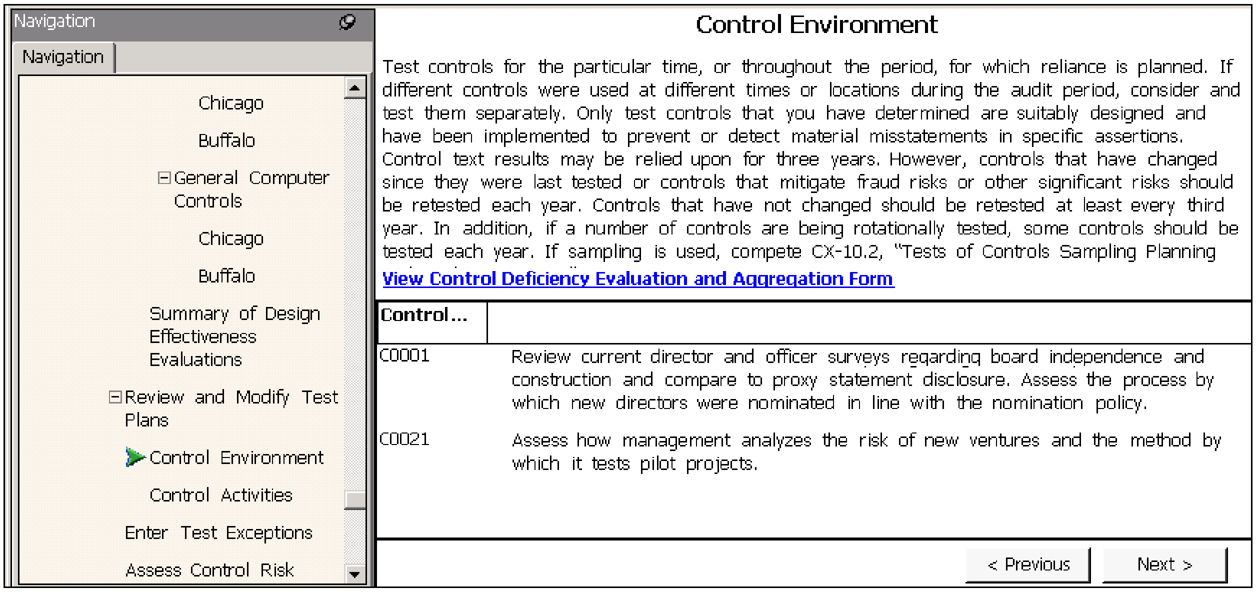
The **Summary of Design Effectiveness** also lets you view the transaction classes for which you plan to test controls. Consider whether those plans are appropriate given design conclusions reached in each area. Generally, it is not effective to test controls over transaction classes that contain design deficiencies.

It also may not be effective to test controls if design deficiencies exist in related transaction classes for a given assertion or in any of the first four COSO components (Control Environment, Risk Assessment, Information and Communication, and Monitoring).

You can print a copy of the **Summary of Design Effectiveness Evaluations** by clicking the **Print** button below the display area.

Review and Modify Test Plans

The **Review and Modify Test Plans** section of **Internal Control** presents test procedures for the controls that you previously indicated you plan to test.


Navigation
Navigation
Chicago
Buffalo
General Computer Controls
Chicago
Buffalo
Summary of Design Effectiveness Evaluations
Review and Modify Test Plans
Control Environment
Control Activities
Enter Test Exceptions
Assess Control Risk
< Previous
Next >

Control Environment

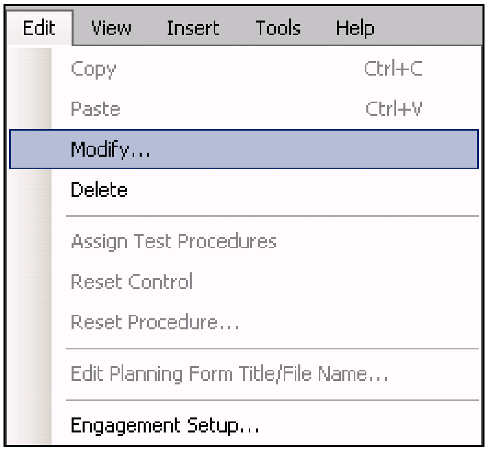
Test controls for the particular time, or throughout the period, for which reliance is planned. If different controls were used at different times or locations during the audit period, consider and test them separately. Only test controls that you have determined are suitably designed and have been implemented to prevent or detect material misstatements in specific assertions. Control text results may be relied upon for three years. However, controls that have changed since they were last tested or controls that mitigate fraud risks or other significant risks should be retested each year. Controls that have not changed should be retested at least every third year. In addition, if a number of controls are being rotationally tested, some controls should be tested each year. If sampling is used, compete CX-10.2, "Tests of Controls Sampling Planning

View Control Deficiency Evaluation and Aggregation Form

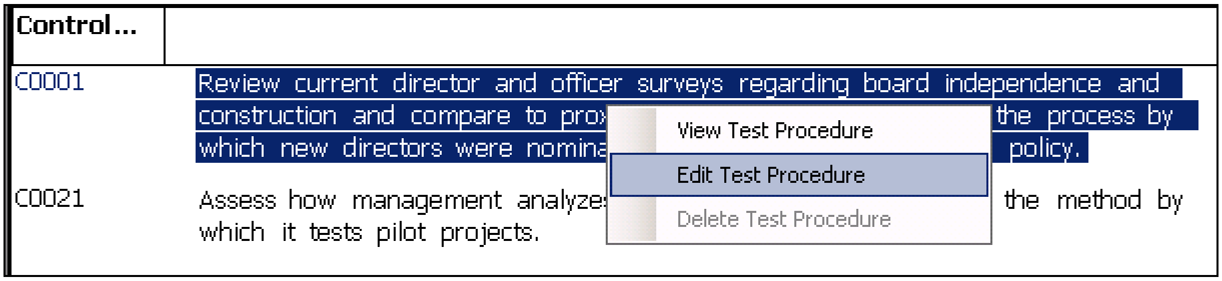
Control...	
C0001	Review current director and officer surveys regarding board independence and construction and compare to proxy statement disclosure. Assess the process by which new directors were nominated in line with the nomination policy.
C0021	Assess how management analyzes the risk of new ventures and the method by which it tests pilot projects.

Editing Test Procedures

If you need to edit a procedure, select the procedure and then choose **Modify** from the **Edit** menu.

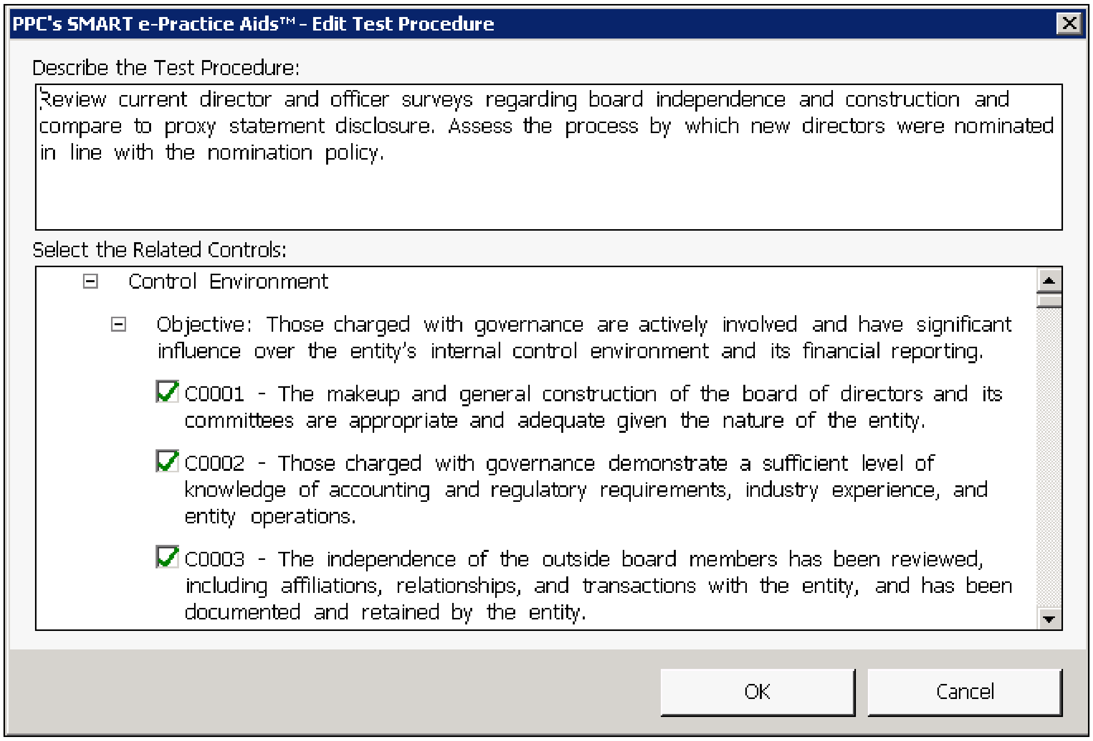

Edit
View
Insert
Tools
Help
Copy Ctrl+C
Paste Ctrl+V
Modify...
Delete
Assign Test Procedures
Reset Control
Reset Procedure...
Edit Planning Form Title/File Name...
Engagement Setup...

You also can right-click the procedure and select **Edit** from the shortcut menu.


View Test Procedure
Edit Test Procedure
Delete Test Procedure

Control...	
C0001	Review current director and officer surveys regarding board independence and construction and compare to prox the process by which new directors were nomina policy.
C0021	Assess how management analyze the method by which it tests pilot projects.

When you select **Modify** from the **Edit** menu or select **Edit** from the shortcut menu, the **Edit Test Procedure** window opens.



Describe the Test Procedure:

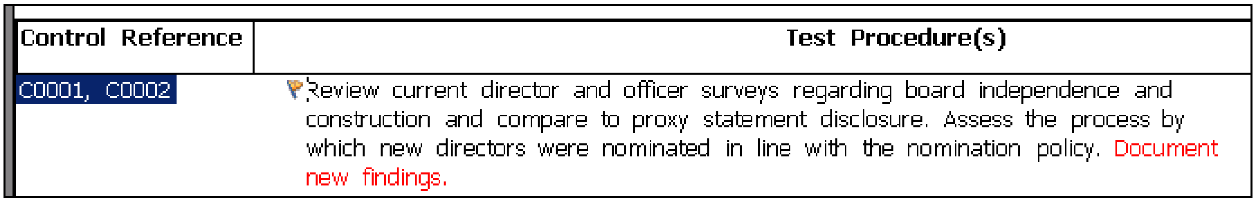
Review current director and officer surveys regarding board independence and construction and compare to proxy statement disclosure. Assess the process by which new directors were nominated in line with the nomination policy.

Select the Related Controls:

- ⊟ Control Environment
  - ⊟ Objective: Those charged with governance are actively involved and have significant influence over the entity's internal control environment and its financial reporting.
    - ☑ C0001 - The makeup and general construction of the board of directors and its committees are appropriate and adequate given the nature of the entity.
    - ☑ C0002 - Those charged with governance demonstrate a sufficient level of knowledge of accounting and regulatory requirements, industry experience, and entity operations.
    - ☑ C0003 - The independence of the outside board members has been reviewed, including affiliations, relationships, and transactions with the entity, and has been documented and retained by the entity.

You can make changes to the test procedure by clicking in the **Describe the Test Procedure** area and typing your changes. Any new text you type appears in red. You also can select or clear controls in the **Select the Related Controls** area.

You also can edit a test procedure without selecting a menu option. On the **Test Procedures** list, select the test procedure you want to edit. Then click the area where you want to apply the edit and type your change. Any new text you type appears in red. A flag appears at the beginning of the text to indicate that it has been modified.



Control Reference	Test Procedure(s)
C0001, C0002	Review current director and officer surveys regarding board independence and construction and compare to proxy statement disclosure. Assess the process by which new directors were nominated in line with the nomination policy. Document new findings.

To add or delete procedures, revisit your control testing decisions in previous sections. For more information, see Add Test Procedure.

Generating the Test Plan

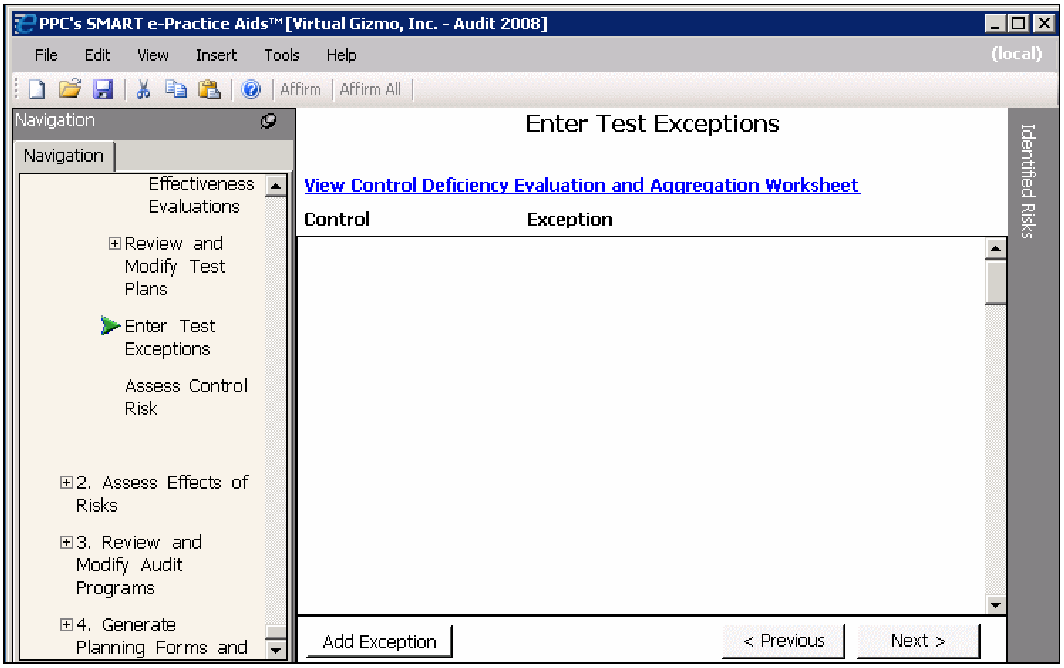
Once you have reviewed the test procedures for each area, generate the test plan in Step 4 (**Generate Planning Forms and Audit Programs**). Test procedures can be performed and documented using the generated test plan along with Practice Aids such as CX-10.2, "Tests of Controls Sampling Planning and Evaluation Form" or other control test documentation that you create.

You can enter any test exceptions in the **Enter Test Exceptions** section.

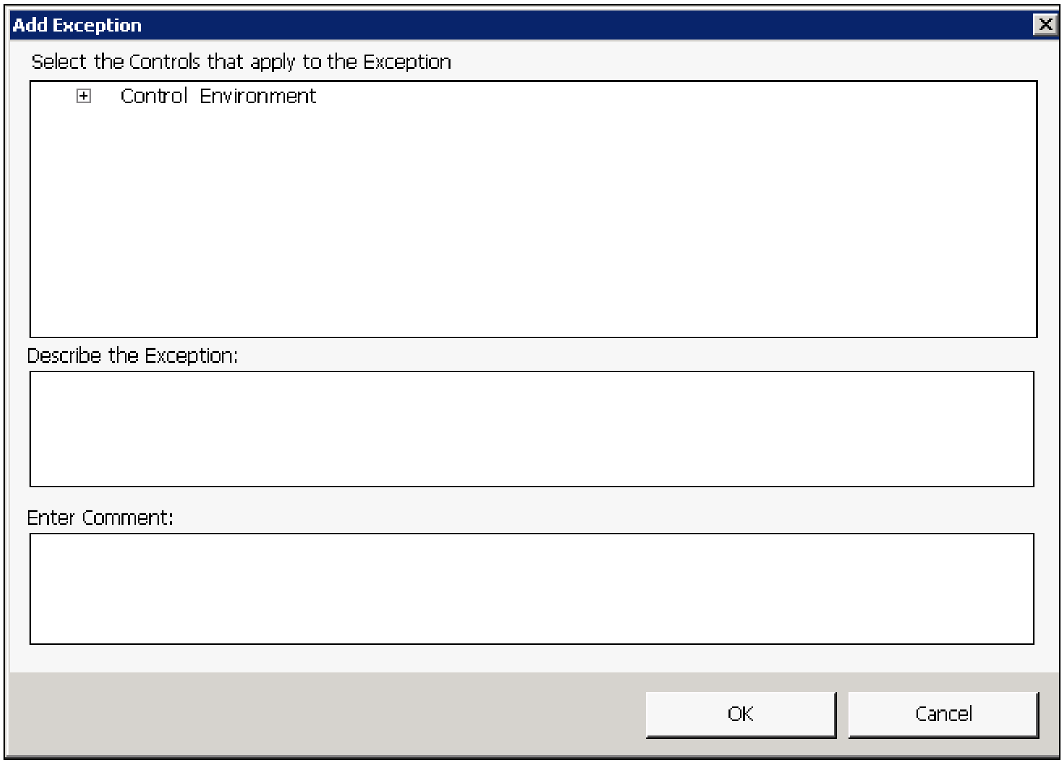
Enter Test Exceptions

If exceptions or control deficiencies are noted during control testing, enter them in the **Enter Test Exceptions** section.

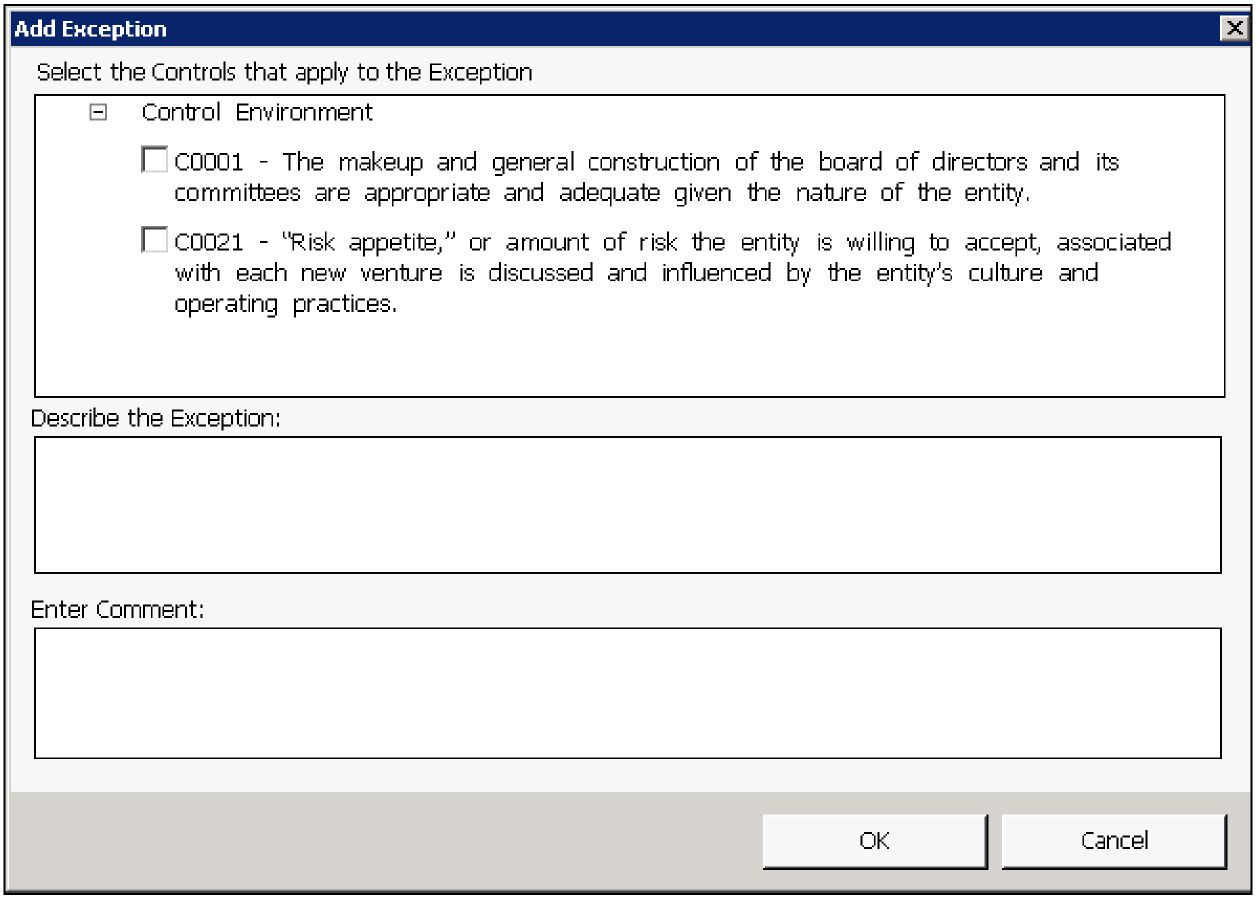
Click the **Add Exception** button at the bottom of the form.


PPC's SMART e-Practice Aids™ [Virtual Gizmo, Inc. - Audit 2008]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
Navigation
Navigation
Effectiveness Evaluations
Review and Modify Test Plans
Enter Test Exceptions
Assess Control Risk
2. Assess Effects of Risks
3. Review and Modify Audit Programs
4. Generate Planning Forms and
Enter Test Exceptions
View Control Deficiency Evaluation and Aggregation Worksheet
Control
Exception
Add Exception
< Previous
Next >
Identified Risks

Click the "+" symbol to expand the list of controls.


Add Exception
Select the Controls that apply to the Exception
Control Environment
Describe the Exception:
Enter Comment:
OK
Cancel

Select the applicable controls. Then type a description of the exception. You can also include a comment. Click **OK** to save your input.



☐ C0001 - The makeup and general construction of the board of directors and its committees are appropriate and adequate given the nature of the entity.

☐ C0021 - "Risk appetite," or amount of risk the entity is willing to accept, associated with each new venture is discussed and influenced by the entity's culture and operating practices.

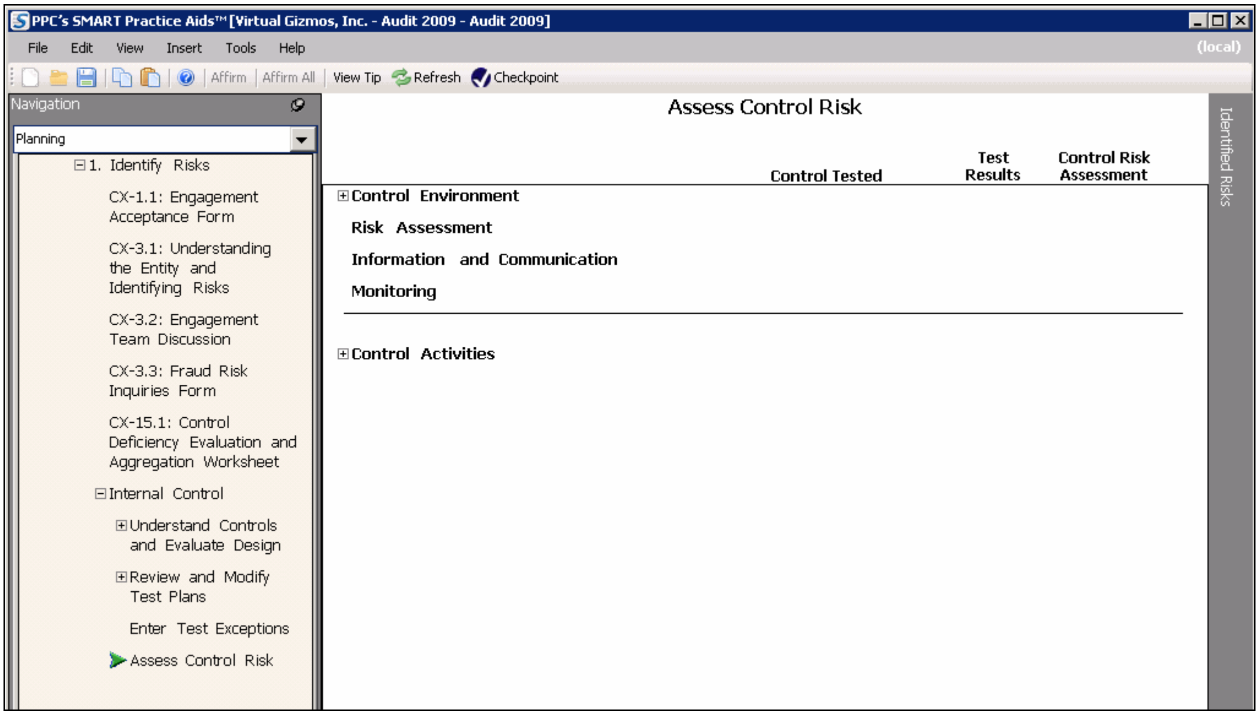
When working in the **Enter Test Exceptions** section, for a financial statement audit, you can use the **Control Deficiency Evaluation and Aggregation Worksheet** to determine whether the accumulated deficiencies represent significant deficiencies or material weaknesses that must be communicated to the client.

For a public company audit of internal control, you can use the Control Deficiency Evaluation Form to summarize, accumulate, and evaluate deficiencies to determine whether they (alone or in combination) represent a material weakness or significant deficiency; and to form an overall conclusion on the effectiveness of internal control.

The exceptions that you list in the **Enter Test Exceptions** section carry forward to the **Assess Control Risk** section.

Assess Control Risk

In the **Assess Control Risk** section of **Internal Control**, document your control risk assessments for each COSO component, audit area, and related assertions.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 - Audit 2009]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Planning
1. Identify Risks
CX-1.1: Engagement Acceptance Form
CX-3.1: Understanding the Entity and Identifying Risks
CX-3.2: Engagement Team Discussion
CX-3.3: Fraud Risk Inquiries Form
CX-15.1: Control Deficiency Evaluation and Aggregation Worksheet
Internal Control
Understand Controls and Evaluate Design
Review and Modify Test Plans
Enter Test Exceptions
Assess Control Risk
Assess Control Risk
Control Tested
Test Results
Control Risk Assessment
Control Environment
Risk Assessment
Information and Communication
Monitoring
Control Activities
Identified Risks

For those areas in which controls were tested, indicate your control risk assessment, considering the displayed test results. If sampling was applied using CX-10.2, "Tests of Controls Sampling Planning and Evaluation Form," ensure that your risk assessments are appropriate given the sample size and number of deviations noted.

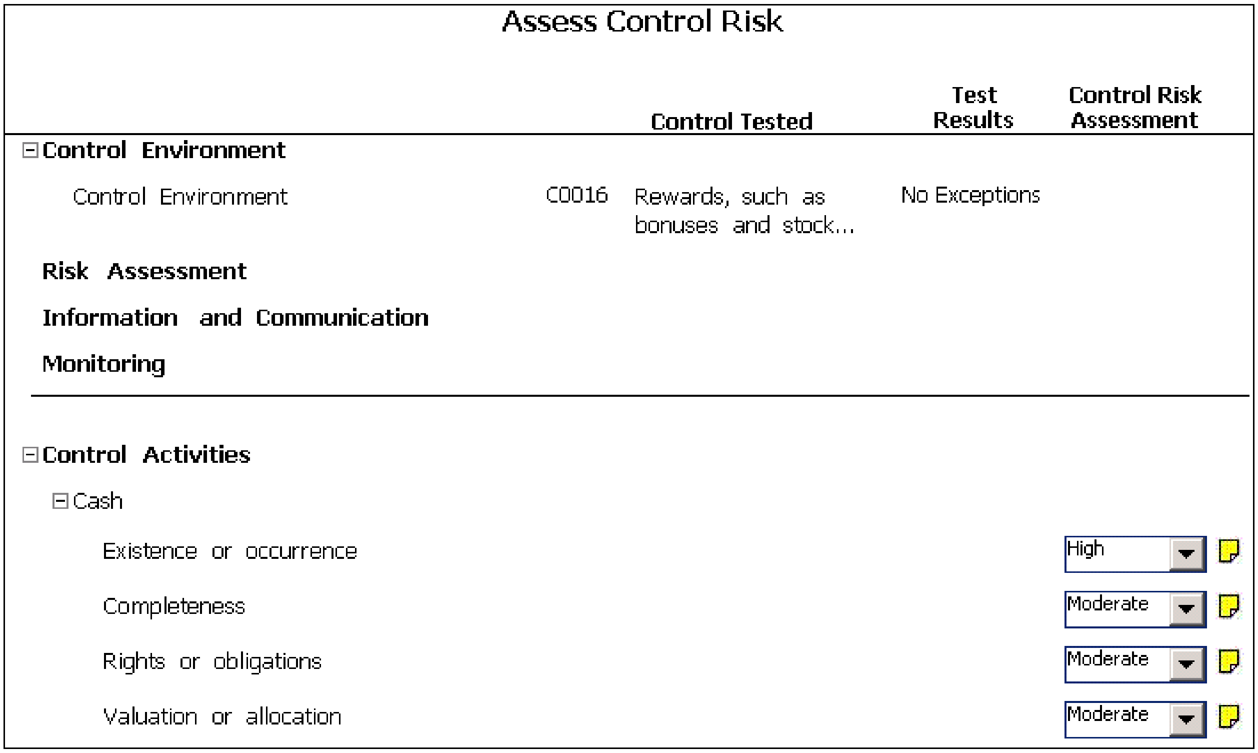
Public Company Audit of Internal Control

When performing a public company integrated audit of internal control and the financial statements, you should test controls to simultaneously accomplish the objectives of both audits. In performing the audit of internal control, and you should obtain evidence that internal control has operated effectively for a sufficient period of time, which may be less than the financial statement period (ordinarily a year).

To assess control risk for specific assertions at less than the maximum for the financial statement audit, you are required to obtain evidence that the relevant controls operated effectively *during the entire period* upon which you plan to place reliance on those controls. (However, you are not required to assess control risk at less than the maximum for all relevant assertions and may choose not to do so.)

At this point, you will have completed your control testing and will assess control risk for each assertion for purposes of your financial statement audit. You will also be able to reach a *tentative* conclusion regarding control effectiveness at CX-15 for purposes of your audit of internal control. (Your *final* conclusion regarding internal control effectiveness will be reached once you complete your substantive audit procedures.)

You should ensure that your control risk assessments (High, Moderate, Low) for your financial statement audit are consistent with your internal control audit conclusions, keeping in mind that your control risk assessments are *for the entire period under audit* and your internal control effectiveness conclusion at CX-15 is *as of a point in time*. Ordinarily, effective internal control equates to a Low control risk assessment (assuming that controls were tested for a sufficient period), and ineffective internal control equates to a High control risk assessment.



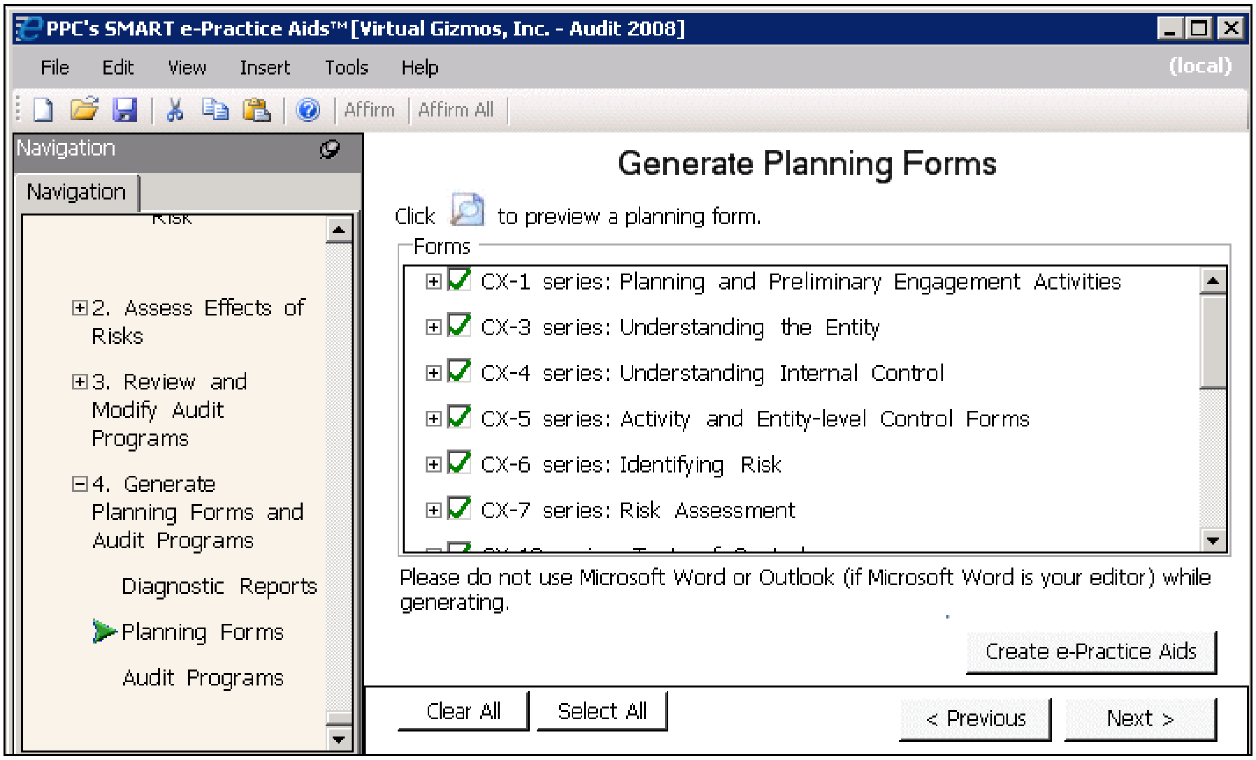
Assess Control Risk

		Control Tested	Test Results	Control Risk Assessment
⊟ **Control Environment**				
Control Environment	C0016	Rewards, such as bonuses and stock...	No Exceptions	
Risk Assessment				
Information and Communication				
Monitoring				
⊟ **Control Activities**				
⊟ Cash				
Existence or occurrence				High
Completeness				Moderate
Rights or obligations				Moderate
Valuation or allocation				Moderate

The control risk assessments that you enter in the **Assess Control Risk** section carry forward to the applicable area in Step 2, **Assess the Effects of Risks**.

Generate Planning Form

When SMART Practice Aids - Internal Control is enabled in an engagement, many of the optional planning forms that are generated by the Risk Assessment module in **Generate Planning Forms** and **Audit Programs** are replaced by planning forms generated by SMART Practice Aids - Internal Control.

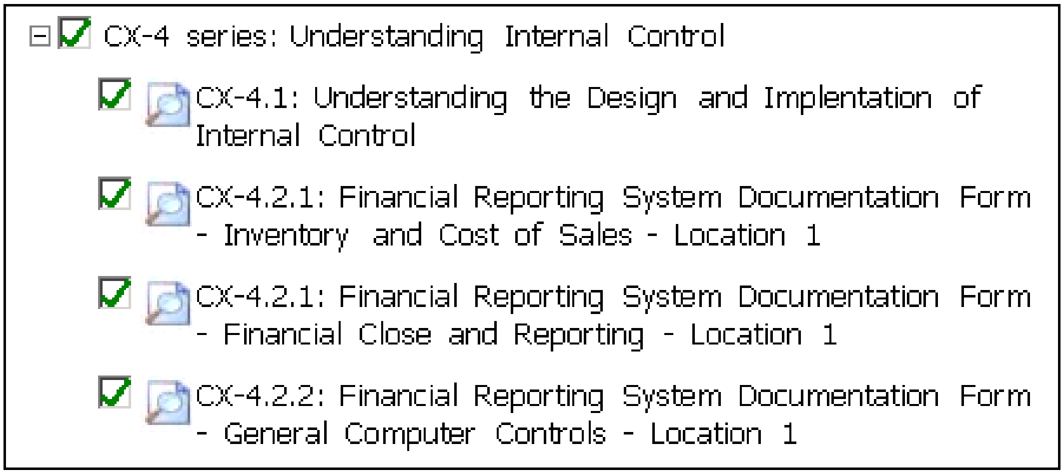

PPC's SMART e-Practice Aids™ [Virtual Gizmos, Inc. - Audit 2008]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
Navigation
Navigation
Risk
2. Assess Effects of Risks
3. Review and Modify Audit Programs
4. Generate Planning Forms and Audit Programs
Diagnostic Reports
Planning Forms
Audit Programs
Generate Planning Forms
Forms
Create e-Practice Aids
Clear All
Select All
< Previous
Next >

Click to preview a planning form.

- ☑ CX-1 series: Planning and Preliminary Engagement Activities
- ☑ CX-3 series: Understanding the Entity
- ☑ CX-4 series: Understanding Internal Control
- ☑ CX-5 series: Activity and Entity-level Control Forms
- ☑ CX-6 series: Identifying Risk
- ☑ CX-7 series: Risk Assessment

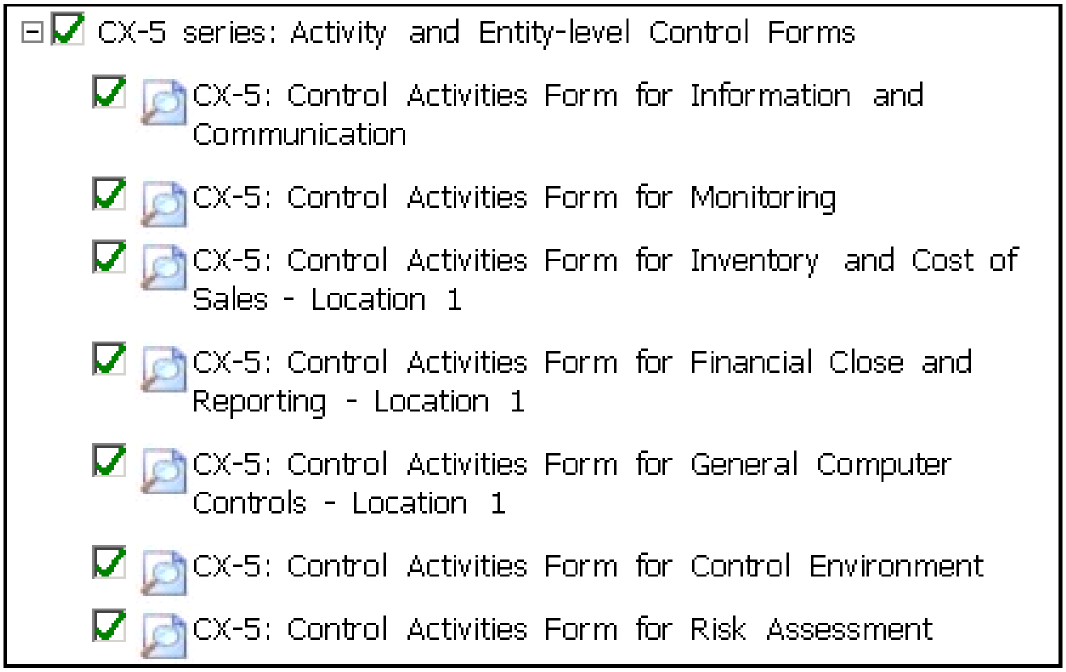
Please do not use Microsoft Word or Outlook (if Microsoft Word is your editor) while generating.

Primarily changed are the **CX-4** series…



⊟ ☑ CX-4 series: Understanding Internal Control
  - ☑ CX-4.1: Understanding the Design and Implentation of Internal Control
  - ☑ CX-4.2.1: Financial Reporting System Documentation Form - Inventory and Cost of Sales - Location 1
  - ☑ CX-4.2.1: Financial Reporting System Documentation Form - Financial Close and Reporting - Location 1
  - ☑ CX-4.2.2: Financial Reporting System Documentation Form - General Computer Controls - Location 1

…and the **CX-5** series:



⊟ ☑ CX-5 series: Activity and Entity-level Control Forms
  - ☑ CX-5: Control Activities Form for Information and Communication
  - ☑ CX-5: Control Activities Form for Monitoring
  - ☑ CX-5: Control Activities Form for Inventory and Cost of Sales - Location 1
  - ☑ CX-5: Control Activities Form for Financial Close and Reporting - Location 1
  - ☑ CX-5: Control Activities Form for General Computer Controls - Location 1
  - ☑ CX-5: Control Activities Form for Control Environment
  - ☑ CX-5: Control Activities Form for Risk Assessment

Using SMART Practice Aids - Disclosure

About SMART Practice Aids - Disclosure

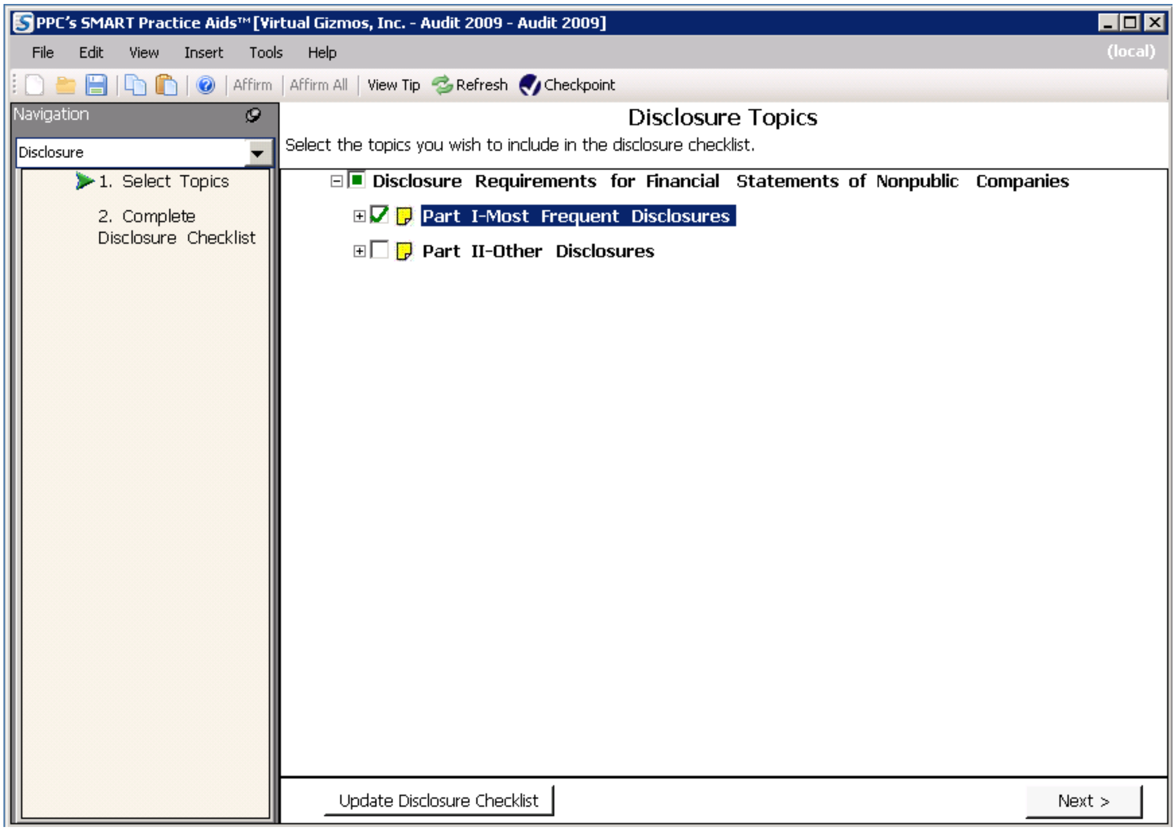
SMART Practice Aids—Disclosure optimizes financial statement disclosure preparation and review. Use this automated tool to:

- Prepare a customized checklist of applicable disclosure requirements.
- Quickly identify new or changed disclosure requirements.
- Create and save company-specific disclosures.
- Create and store firm-approved disclosures for use on any engagement.
- Research related authoritative literature on Checkpoint.

Selecting Checklist Topics

The first step in creating a disclosure checklist is selecting topics to add to the checklist.

1. Select **Disclosure** from the **Navigation** drop down menu in the left pane.
2. Select option 1 (**Select Topics**) in the left pane.
3. The hierarchical list of available disclosure topics will display in the right pane. To select a topic to be included in the checklist, simply select the check box next to the topic name. You can expand and collapse the topic list by clicking the "+" and "-" icons next to each category. **Note:** You can select an entire section of topics by clicking the check box for the parent category name.



PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 - Audit 2009]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Disclosure
1. Select Topics
2. Complete Disclosure Checklist
Update Disclosure Checklist
Next >

Disclosure Topics

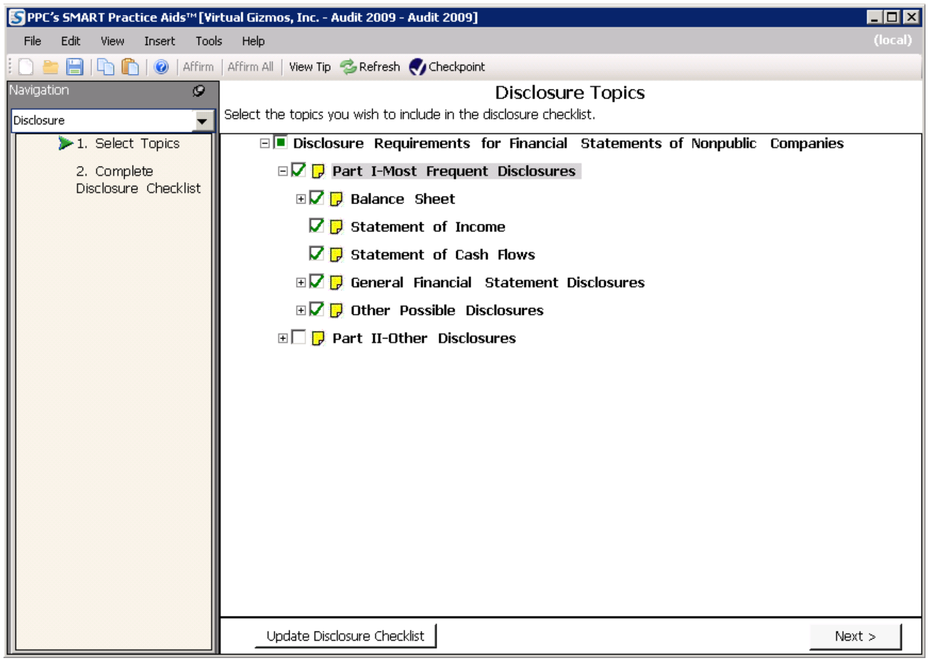
Select the topics you wish to include in the disclosure checklist.

- ⊟ ■ Disclosure Requirements for Financial Statements of Nonpublic Companies
  - ⊞ ☑ Part I-Most Frequent Disclosures
  - ⊞ ☐ Part II-Other Disclosures

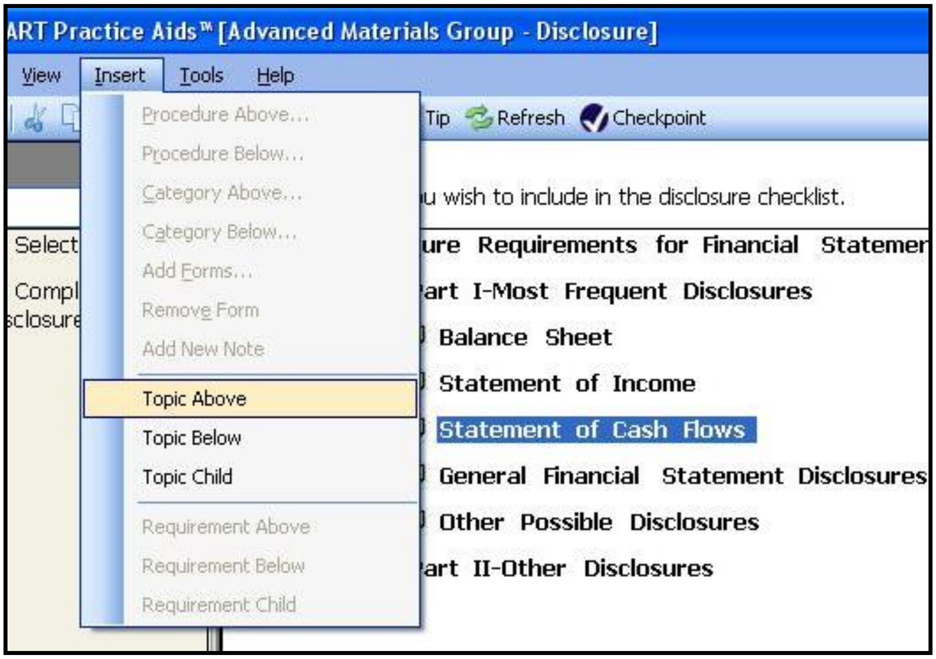
Adding and Deleting Custom Topics

To add a custom topic to a checklist:

1. Select the topic in the checklist at the point you want to insert the new topic.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 - Audit 2009]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Disclosure
1. Select Topics
2. Complete Disclosure Checklist
Disclosure Topics
Select the topics you wish to include in the disclosure checklist.
Disclosure Requirements for Financial Statements of Nonpublic Companies
Part I-Most Frequent Disclosures
Balance Sheet
Statement of Income
Statement of Cash Flows
General Financial Statement Disclosures
Other Possible Disclosures
Part II-Other Disclosures
Update Disclosure Checklist
Next >

2. Select **Topic Above** or **Topic Below** from the **Insert** menu to open the **Add Topic** dialog.


ART Practice Aids™ [Advanced Materials Group - Disclosure]
View
Insert
Tools
Help
Procedure Above...
Procedure Below...
Category Above...
Category Below...
Add Forms...
Remove Form
Add New Note
Topic Above
Topic Below
Topic Child
Requirement Above
Requirement Below
Requirement Child
Tip
Refresh
Checkpoint
u wish to include in the disclosure checklist.
Select
Compl
sclosure
ure Requirements for Financial Statemer
art I-Most Frequent Disclosures
Balance Sheet
Statement of Income
Statement of Cash Flows
General Financial Statement Disclosures
Other Possible Disclosures
art II-Other Disclosures

3. Enter the topic title and click **OK**. The new topic is visible in the checklist at the point you selected to add it.

Note: The Insert Topic menu actions are also available by right-clicking a topic in the checklist.

To delete a custom topic from a checklist:

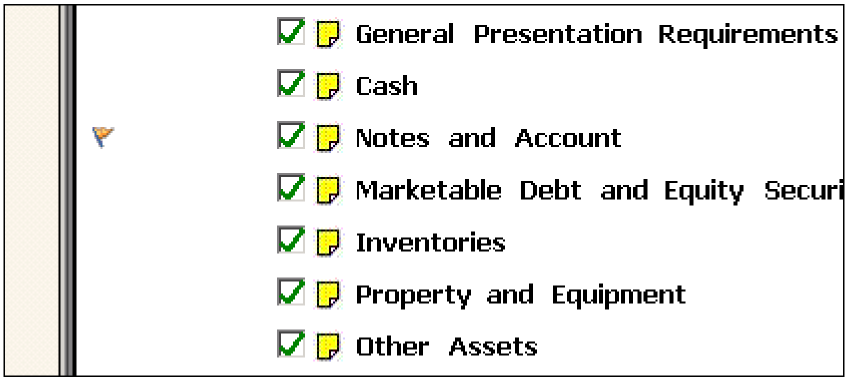
1. Select and right-click the custom topic in the checklist.
2. Select **Delete Topic** from the pop-up menu.
3. Click **OK** on the confirmation dialog screen to remove the topic from the checklist.

Editing Topics

To edit a checklist topic:

1. Select the topic you want to edit by clicking it in the checklist. (The title will be highlighted in the checklist when it is selected).
2. Click the selected topic and the title text will become an edit field.
3. Enter the new topic text. When you have finished the edit, click another topic in the checklist to save the changes.

Note: If you modify a default PPC checklist topic, the modified text will display in red and an orange flag will display in the left margin of the checklist pane to indicate the topic has been changed from it's original value. Click the orange flag to see a comparison of the original topic and new topic. You can also revert back to the original value.

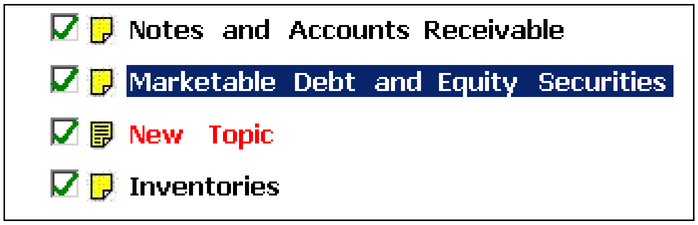


☑ General Presentation Requirements
☑ Cash
☑ Notes and Account
☑ Marketable Debt and Equity Securi
☑ Inventories
☑ Property and Equipment
☑ Other Assets

Moving topics

To move topics within a checklist, simply select the topic and drag it to the new location in the checklist.

Adding, Editing, and Deleting Topic Comments



☑ Notes and Accounts Receivable

☑ Marketable Debt and Equity Securities

☑ New Topic

☑ Inventories

Adding a Topic Comment:

1. Click the yellow page icon next to the topic title.
2. The Comment dialog screen will open. Enter the comment text in the provided field.
3. Click **OK**.
4. The yellow page icon next to the topic will change to indicate that there is a comment for that topic.

Editing a Topic Comment:

1. Click the yellow page icon next to the topic title.
2. The Comment dialog screen will open. Edit the existing comment text.
3. Click **OK**.
4. The new comment is now saved for the topic.

Deleting a Topic Comment:

1. Click the yellow page icon next to the topic title.
2. The Comment dialog screen will open. Delete the comment from the text field.
3. Click **OK**.
4. The comment has now been deleted and the yellow page icon will now be blank.

Completing and Customizing the Checklist

After you have selected the checklist topics, the next step is to complete and customize the checklist. Select option 2 - **Complete Disclosure Requirements** from the left sidebar, or click **Next** on the bottom of the center checklist pane.

Setting a Requirement's Disclosure Status

Review and complete the checklist by updating the Disclosure status for each topic and requirement. This is done by selecting one of the status options to the right of each requirement. Select **Yes** or **No** to indicate if the Disclosure was made for this requirement or select **N/A** if the requirement is not applicable.

You can mark an entire section of requirements N/A by selecting the **N/A** check box for the parent topic.

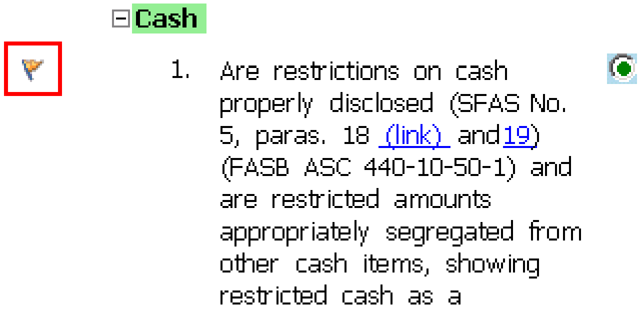
Editing a Disclosure Requirement

To edit a requirement:

1. In the checklist pane, double-click the requirement you want to modify and the title text will become an edit field. Alternatively, you can access the Edit feature by selecting a requirement and then selecting **Modify** from the **Edit** menu.
2. Enter the new requirement text. When you have finished the edit, click away from the text field to save the changes.

Note: You can also access the edit requirement feature by right-clicking on the requirement text and selecting **Edit Requirement** from the pop-up menu. Edit the text on the dialog screen and click **OK** to save the changes.

Note: If you modify a default PPC checklist requirement, the modified text will display in red and an orange flag will display in the left margin of the checklist pane to indicate the requirement has been changed from it's original value. Click the orange flag to see a comparison of the original requirement and new requirement. You can also revert back to the original value.



⊟ Cash

1. Are restrictions on cash properly disclosed (SFAS No. 5, paras. 18 (link) and 19) (FASB ASC 440-10-50-1) and are restricted amounts appropriately segregated from other cash items, showing restricted cash as a ●

Adding a Disclosure Requirement

To add a requirement:

1. Select the requirement in the checklist at the point you want to insert the new requirement.
2. Select **Requirement Above**, **Requirement Below**, or **Requirement Child** from the **Insert** menu to open the **Add Disclosure Requirement** dialog screen.

   Note: Adding a requirement via the **Child Requirement** option will create a sub-requirement under the requirement you have selected in step 1.
3. Enter the requirement text and click **OK**. You can also set the requirement status to **Yes** or **No** before saving the new requirement.

The new requirement is visible in the checklist at the point you selected to add it.

Note: The Insert Requirement menu actions are also available by right-clicking a requirement in the checklist.

Deleting a Disclosure Requirement

To delete a requirement from a checklist:

1. Select and right-click the requirement in the checklist.
2. Select **Delete Requirement** from the pop-up menu.
3. Click **OK** on the confirmation dialog screen to remove the requirement from the checklist.

Moving Requirements

To move requirements within a checklist, simply select the requirement and drag it to the new location in the checklist. An arrow icon will display next the mouse cursor indicate the new location of the requirement. Using this method you can also move requirements to new topics.

Adding, Editing and Deleting Comments

Use the same procedure for checklist topics to add, edit or delete comments in requirements.

Updating the Disclosure Checklist

Periodically you should check for an updated version of the PPC provided disclosure checklists. To update a checklist:

1. Click the **Update Disclosure Checklist** button at the bottom of the checklist pane.
2. On the **Check for Updates** dialog screen, select the **Check for disclosure checklists** option.
3. Click **Next**. If any updated versions are found, they will display on the dialog screen. You can then update the checklist requirements to reflect the new version as necessary.

Note: To ensure you are considering all disclosure requirements, use the second option on the **Check for Updates** dialog screen to review (1) a list of the latest pronouncements considered in your current checklist and (2) a list of authoritative pronouncements that may have been issued subsequent to the release of the current checklist. Disclosure requirements dictated by any subsequently issued pronouncements should be manually added to the checklist.

Viewing Firm Libraries in an Engagement

If you have a Firm Library containing disclosure notes, you can view the contents of the library while working with a checklist in the center pane. To view a Firm Library:

1. In the right pane of the interface (**Disclosure Libraries**) select the Firm Library name from the drop-down menu.
2. The contents of the Firm Library will display in the right pane. You can then expand the categories to view the disclosure notes. You can add notes from the Firm Library to the Engagement Library from this view.

Disclosure Libraries Pane Toolbar

When viewing a disclosure note library in the right pane, there are a number of actions available from the bottom toolbar. These actions are context sensitive and some will be disabled depending on if you have a note in the library selected or not.

View Note(s) - Highlight a note in the firm library and click the **View Note(s)** icon in the toolbar to display the note in the View Note pop-up window. You can page through all the notes in the library by clicking the **Previous** and **Next** buttons.

Preview Engagement Library Notes - Display a preview of all the notes in the currently displayed firm library.

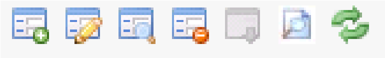
Refresh Firm Libraries - Refresh the list of firm libraries to get any available updates.

Note: The location of the firm libraries displayed in the Disclosure Libraries pane defaults to the same database where the engagement is located. This location can be changed by selecting **Point to Firm Library Database** from the **Tools>Options** menu.

Note: Firm Libraries cannot be edited from the **Disclosure Libraries** pane. You must use the Firm Library application to maintain your firm libraries.

Maintaining an Engagement Disclosure Note Library

One of the common tasks in maintaining a Disclosure checklist in an engagement is creating and maintaining a collection of disclosure notes for the engagement. There are a number of actions you can perform to maintain and update a disclosure note library. Most of these actions are available from a pop-up menu enabled by right-clicking in the right pane where the disclosure library is displayed. They are also available from the toolbar below the right pane:

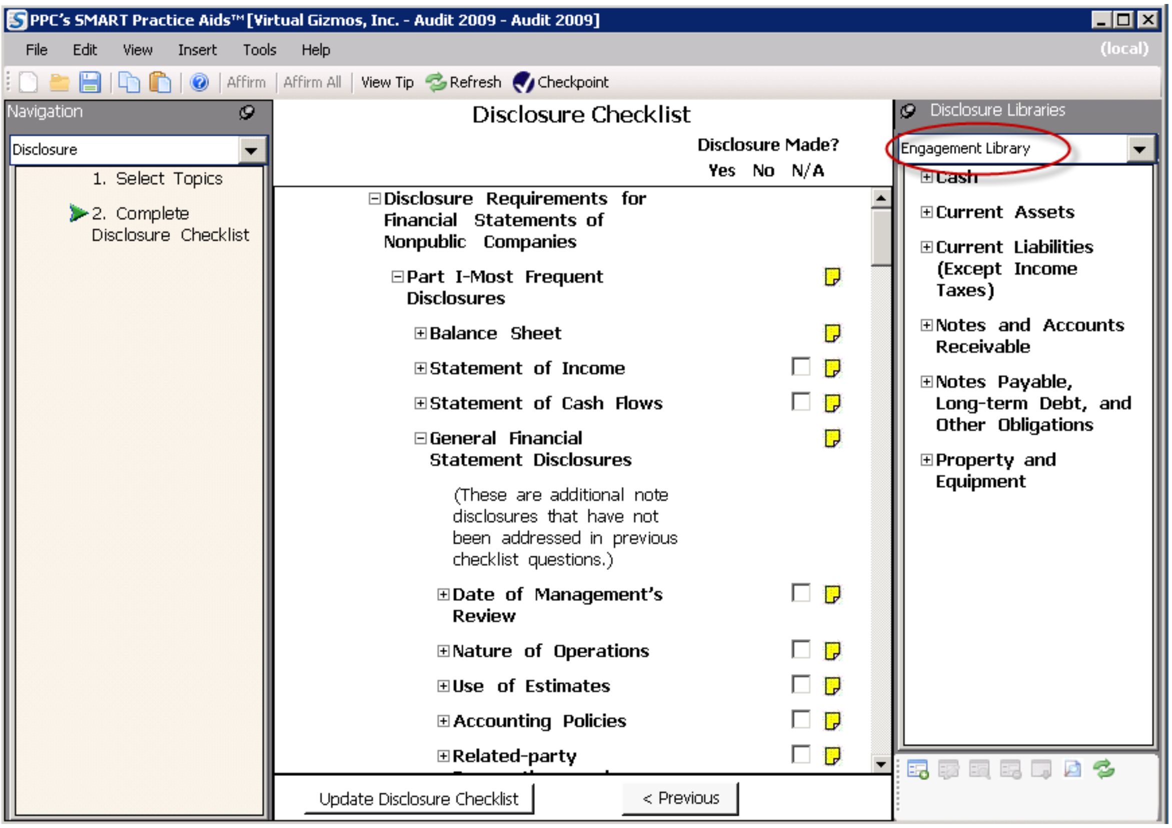


Place your cursor over the icon to see the action. **Note**: Some actions are contextual and will be grayed out (disabled), depending on the right pane contents and selection.

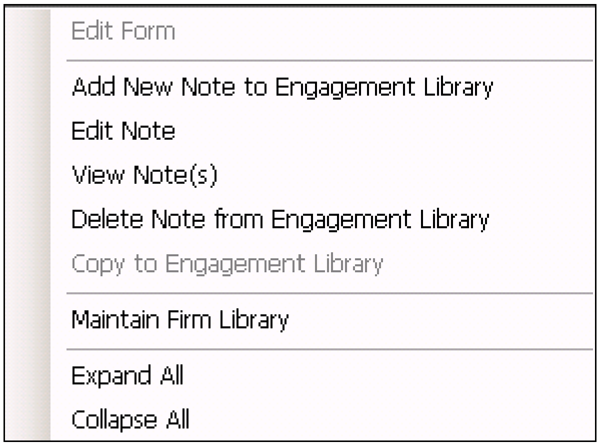
Adding a Note

To add a new disclosure note:

1. While viewing the Disclosure checklist requirements in the main content pane, select **Engagement Library** from the drop-down menu in the right pane to view the disclosure note library for the engagement.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 - Audit 2009]
File
Edit
View
Insert
Tools
Help
(local)
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Disclosure
1. Select Topics
2. Complete Disclosure Checklist
Disclosure Checklist
Disclosure Made?
Yes
No
N/A
Disclosure Requirements for Financial Statements of Nonpublic Companies
Part I-Most Frequent Disclosures
Balance Sheet
Statement of Income
Statement of Cash Flows
General Financial Statement Disclosures
(These are additional note disclosures that have not been addressed in previous checklist questions.)
Date of Management's Review
Nature of Operations
Use of Estimates
Accounting Policies
Related-party
Update Disclosure Checklist
< Previous
Disclosure Libraries
Engagement Library
Cash
Current Assets
Current Liabilities (Except Income Taxes)
Notes and Accounts Receivable
Notes Payable, Long-term Debt, and Other Obligations
Property and Equipment

2. Right-click in the right pane to open the Disclosure Note action menu. Select **Add New Note to Engagement Library**. The Add New Note dialog screen displays:


Edit Form
Add New Note to Engagement Library
Edit Note
View Note(s)
Delete Note from Engagement Library
Copy to Engagement Library
Maintain Firm Library
Expand All
Collapse All

3. Enter the title of the Disclosure in the **Enter Disclosure Title** field.

   Note: You can also add an optional summary of the note by clicking **Summary Description**. The summary will be visible when the mouse cursor is hovered over the disclosure note title in the library view displayed in the right pane.

4. Select the topics you want to assign to the note by clicking in the **Assigned Topics** field. A selection dialog screen will open.
5. Select the check boxes next to each topic you want to assign to the disclosure note.
6. Enter the text of the disclosure note in the provided field. Use the provided toolbar to format the note text.
7. Click **OK** to save the note. The new note and assigned topics will display in the right pane with the rest of the disclosure note library content.

Copying a Note from Another Library

To copy a disclosure note from another library to the engagement library:

1. Open the disclosure note library you want to copy from in the right pane by selecting it from the drop-down menu.
2. Expand the topic sections to locate the note you want to copy.
3. Select and right-click on the note. From the pop-up menu select **Copy to Engagement Library**.
4. On the **Copy to Library** pop-up dialog screen, select the topics to which the disclosure note most relates by selecting the check boxes next to the topic names.

Return to the engagement disclosure note library in the right pane and the copied note will then be visible under the topics you selected in step 4.

Editing a Note

To edit a disclosure note:

1. Locate the note you want to edit in the right pane.
2. Double-click the note title and the **Edit Note** window will display.
3. Modify the note text, title, summary description, or assigned topics and click **OK** to save the changes.

The Edit Note action is also available by right-clicking a disclosure note title in the right pane and selecting **Edit Note** from the pop-up menu.

Deleting a Note

To delete a disclosure note:

1. Locate the note you want to delete in the right pane.
2. Right-click the note title and select **Delete Note from Engagement Library** from the pop-up menu.
3. Click **OK** on the confirmation dialog screen.

Preview a List of Disclosure Notes

To view a list of disclosure notes:

1. Locate the disclosure note library you want to review in the right pane by selecting it from the drop-down menu.
2. Right-click a note or topic in the right pane.
3. Select **View Note(s)** from the pop-up menu.
4. The **View Note** window will display with the selected note.
5. Use the **Previous** and **Next** buttons to navigate through the disclosure notes.
6. Click **Close** when complete to close the **View Note** window.

Selecting Multiple Disclosure Notes

You can select multiple disclosure notes in the right-pane by holding the CTRL key and left clicking the disclosure note titles. You can then access the selected notes by using the **View Note(s)** action (or toolbar icon). Only the selected notes will be visible using the Previous and **Next** buttons on the View Note window. This enables you to review a specific set of notes within a larger note library without being forced to navigate through the entire collection of notes.

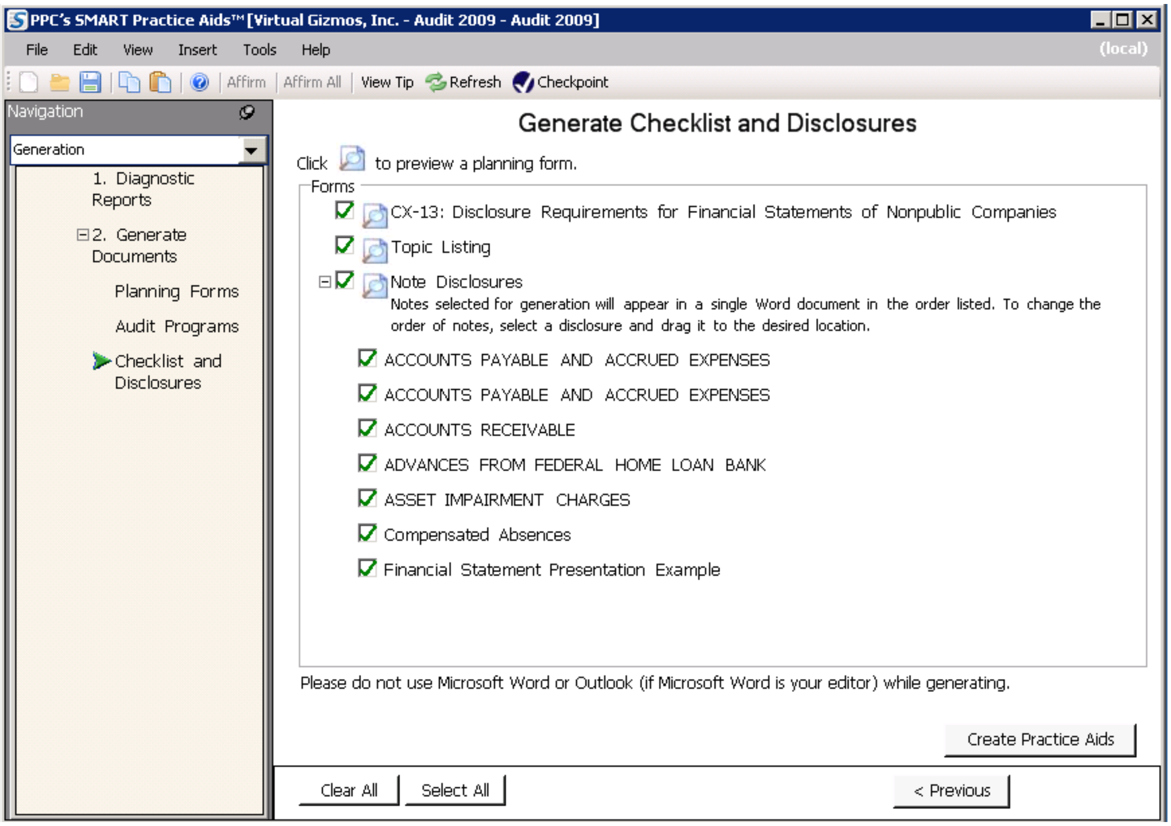
Disclosure Notes and “Unassigned” Topics

It is possible for a disclosure note's assigned topic to be removed as the result of rolling forward an engagement or updating a checklist to a later version. When this occurs, the disclosure notes assigned to the removed topic are listed under a topic labeled 'Unassigned'. You should resolve this by assigning these notes to other related topics or deleting them from the disclosure note library.

Generating Checklists or Notes

When you have completed creating a disclosure checklist or a set of engagement disclosure notes, you can generate the checklist for the engagement, a document of the engagement notes, or a report of selected and unselected topics:

1. Select **Generation** from the left pane navigation drop-down menu.


PPC's SMART Practice Aids™ [Virtual Gizmos, Inc. - Audit 2009 - Audit 2009]
(local)
File
Edit
View
Insert
Tools
Help
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Navigation
Generation
1. Diagnostic Reports
2. Generate Documents
Planning Forms
Audit Programs
Checklist and Disclosures
Create Practice Aids
Clear All
Select All
< Previous

Generate Checklist and Disclosures

Click to preview a planning form.

Forms

☑ CX-13: Disclosure Requirements for Financial Statements of Nonpublic Companies

☑ Topic Listing

☑ Note Disclosures
Notes selected for generation will appear in a single Word document in the order listed. To change the order of notes, select a disclosure and drag it to the desired location.

- ☑ ACCOUNTS PAYABLE AND ACCRUED EXPENSES
- ☑ ACCOUNTS PAYABLE AND ACCRUED EXPENSES
- ☑ ACCOUNTS RECEIVABLE
- ☑ ADVANCES FROM FEDERAL HOME LOAN BANK
- ☑ ASSET IMPAIRMENT CHARGES
- ☑ Compensated Absences
- ☑ Financial Statement Presentation Example

Please do not use Microsoft Word or Outlook (if Microsoft Word is your editor) while generating.

2. Select **2. Generate Documents** in the left pane and then click **Checklist and Disclosures**.
3. The center pane will display the forms available for generation. The first item is the disclosure checklist. The **Topic Listing** option will generate a report of the selected and unselected topics. The **Note Disclosures option** generates a Word document containing the engagement disclosure notes. Select the forms you want to generate by selecting the check boxes next to each title.
4. Click **Create Practice Aids**.
5. Enter a location to save the generated documents in the **Create Practice Aids** pop-up dialog screen and click **OK**. The document generation process will begin. A progress meter will display to indicate how much of the generation process has completed.

Note: For some older titles, the Disclosure Checklist/Note generation functionality is accessed from Step 4 of the Risk Assessment module.

Maintaining Firm Libraries

About Firm Libraries

Use the Firm Library application to create and maintain databases of firm-approved disclosure examples (referred to as Firm Libraries). Disclosure examples in Firm Libraries are accessible to users working in any engagement and may be copied into the Engagement Library for use as a starting point when drafting note disclosures for a specific entity. You may create any number of Firm Libraries. For example, you might create one Firm Library for commercial entities, another for real estate entities, and another for nonprofit organizations.

The Firm Library application is accessed separately from PPC's SMART Practice Aids. The icon on your desktop looks like this:

FL
PPC's SMART
Firm Library

General Navigation

The left pane of the Firm Library application lists the topics and related example disclosures contained in the open Firm Library. Select a topic or note title in the left pane to view related disclosure examples in the center pane. To edit a disclosure example in the open Firm Library, select the example in the center pane and choose **Edit Disclosure** from the right-click menu or simply double-click the disclosure. To add a new disclosure, click the **Add Disclosure** button at the bottom of the center pane. The **Save As** function can also be used to save an entire firm library under a different name.

The right pane allows you to view disclosures in any other Firm Library that is contained in the same database as the open Firm Library. Select the Firm Library you want to view in the right pane from the drop-down box at the top of the right pane. If desired, you can copy a disclosure from the right pane to the open Firm Library. To do so, click the disclosure in the right pane and select **Copy to Open Firm Library** from the right-click menu.

Note: You cannot edit disclosures in the right pane. You must open a Firm Library and use the left and center panes to edit its disclosures.

Firm Library Navigation

These are the complete Firm Library navigation and menu options by main menu category.

File

Name	Description	Shortcut
New	Create a new firm library.	**Alt + F + N**
Open	Open an existing firm library.	**Alt + F + O**
Close	Close the open firm library.	**Alt + F + C**
Save	Save the current firm library.	**Alt + F + S**
Save as	Save the current firm library and specify a filename.	**Alt + F + A**
Delete	Delete a firm library.	**Alt + F + D**
Backup	Create a backup of a firm library.	**Alt + F + B**
Restore	Restore a firm library from a backup.	**Alt + F + R**
Download PPC Disclosure Library	Download a PPC Disclosure Library via your network or internet connection	
Exit	Exit the program.	**Alt + F + X**

Edit

Name	Description	Shortcut
Copy	Copy the selected text.	**Alt + E + C**
Paste	Paste the selected text.	**Alt + E + P**
Modify...	Edit a disclosure note or topic.	
Delete	Delete a disclosure note or topic.	**Alt + E + D**
Firm Library Setup...	Edit the name of the current firm library.	**Alt + E + F**

View

Name	Description	Shortcut
Note...	View the selected note from the current firm library visible in the Other Libraries pane (right side of the interface.)	

Insert

Name	Description	Shortcut
Topic Above	Add a new topic above the selected disclosure topic.	
Topic Below	Add a new topic below the selected disclosure topic.	
Add New Note...	Add a new note to the selected disclosure topic.	

Tools

<table>
<tr><th>Name</th><th>Description</th><th>Shortcut</th></tr>
<tr><td>Transfer</td><td>Transfer an existing firm library to another database.</td><td>Alt + T + T</td></tr>
<tr><td>Receive</td><td>Import an existing firm library into your database.</td><td>Alt + T + R</td></tr>
<tr><td>Delete Transfer Files</td><td>Select and delete files that have been transferred to another database.</td><td>Alt + T + D</td></tr>
<tr><td>Delete Backup Files</td><td>Select and delete backup files that have been created using the File | Backup action.</td><td>Alt + T + B</td></tr>
<tr><td>Options</td><td>The Options sub-menu contains these actions:
<table>
<tr><th>Name</th><th>Description</th><th>Shortcut</th></tr>
<tr><td>File Locations</td><td>Define default file locations for your firm libraries</td><td>Alt + T + O + F</td></tr>
<tr><td>Point to Firm Library Database</td><td>Set the database to use for loading your firm libraries.</td><td>Alt + T + O + P</td></tr>
<tr><td>Application Settings</td><td>Review/Modify settings such as Username and Multi-user access.</td><td>Alt + T + O + A</td></tr>
</table>
</td><td>Alt + T + O</td></tr>
</table>

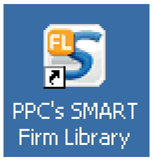
Help

Name	Description	Shortcut
Smart Practice Aids Help	Access the online help system.	**Alt + H + H**
Quick Tour (display tutorial)	Launch the SMART Practice Aids multimedia tutorial.	**Alt + H + T**
Documentation	Access the SMART Practice Aids Documentation launch page on the Research & Guidance Customer Help Center Web site.	**Alt + H + D**
Support on the Web	Access the SMART Practice Aids Product Support page on the Research & Guidance Customer Help Center Web site.	**Alt + H + S**
Frequently Asked Questions	Access the SMART Practice Aids - Frequently Asked Questions page on the Research & Guidance Customer Help Center Web site.	**Alt + H + F**
Reset All Tips	Re-enable the "How to" and Navigational Tips if they have been disabled.	**Alt + H + R**
About...	View the Firm Library version and license information.	**Alt + H + A**

Creating a Firm Library

To create a new firm library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:

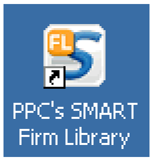
2. From the **File** menu, select **New**.
3. In the **Create Firm Library** pop-up dialog screen, select the database to add this Firm Library to and enter a name for the new Firm Library.
4. Click **OK**.

   The new Firm Library will be generated and opened in the application.

Deleting a Firm Library

To delete firm library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:



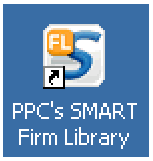
2. From the **File** menu, select **Delete**.
3. In the **Delete Firm Library** pop-up dialog screen, select the Firm Library you want to delete.
4. Click the **Delete Firm Library** button.
5. Click **Yes** on the confirmation dialog screen.

The Firm Library will be deleted from the database.

Opening a Firm Library

To open an existing firm library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:



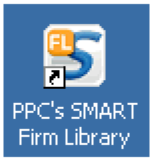
2. From the **File** menu, select **Open**.
3. In the **Open Firm Library** pop-up dialog screen, select the Firm Library you want to open.
4. Click **Open**.

The Firm Library will be opened in the application.

Renaming a Firm Library

To rename an existing firm library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:



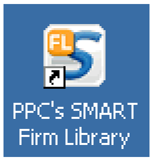
2. From the **Edit** menu, select **Firm Library Setup**.
3. In the **Firm Library Setup** pop-up dialog screen, enter the new name for the Firm Library.
4. Click **OK**.

The Firm Library name has been changed. Once you Save the firm Library (**File** > **Save**) the new name will display in the list of available Firm Libraries.

Selecting/Changing the Location of a Firm Library

To select or change the location of a Firm Library to a different database and/or remote machine:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:



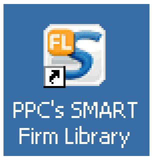
2. From the **Tools** menu, select **Options**, and then **Point to Firm Library Database**.
3. Use the **Select Database Location** window to select a new database. If the database is not visible in the upper pane, locate or add the machine/server name in the bottom field.
4. When the database you want to point to has been located and is displayed in the top pane, click **Select** to change the location of the Firm Library to the new database.

Backing up and Restoring a Firm Library

To help manage your Firm Libraries, the Firm Library application gives you the ability to backup a library and restore a library from a previous backup.

To backup a firm library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:



2. From the **File** menu, select **Backup**.
3. In the **Backup Firm Library** pop-up dialog screen, select the Firm Library you want to backup and click **Next**.
4. On the second screen of the backup dialog screen, enter the name for the backup file.
5. Select the location where you want to save the backup file by entering location in the provided field or browsing for it with the **Browse** button.
6. Click **Finish**.

The Firm Library backup file will be saved to the designated location.

To Restore a Firm Library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:

FL
PPC's SMART Firm Library

2. From the **File** menu, select **Restore**.
3. In the **Restore Firm Library** pop-up dialog screen, select the Firm Library backup file you want to restore from.
4. Click **Restore**.

The Firm Library backup file will be restored and added to the Firm Library list in the current database.

Note: If you attempt to restore a backup file with the same name as an existing Firm Library, you must confirm that you want to overwrite the current library before the Restore action will complete.

Moving a Firm Library to Another Database

Firm Libraries can be moved to other databases using the Transfer and Receive functions within the Firm Library application. This makes it easy to share a Firm Library with remote users or locations.

To Create a Transfer file for a Firm Library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:

PPC's SMART
Firm Library

2. From the **Tools** menu, select **Transfer Library**.
3. In the **Transfer Firm Library** select the Firm Library you want to transfer and click **Next**.
4. On the second screen of the transfer dialog screen, enter the name for the backup file.
5. Select the location where you want to save the transfer file by entering location in the provided field or browsing for it with the **Browse** button. If you want to e-mail the transfer file, select the **Transfer by e-mail** check box. (When you click **Finish**, an e-mail with the attached transfer file will be opened.)
6. Click **Finish**.

To Receive a Firm Library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:

PPC's SMART
Firm Library

2. From the **Tools** menu, select **Receive Library**.
3. In the **Receive Firm Library** pop-up dialog screen, select the Firm Library transfer file you want to receive.
4. Click **Receive**.

The Firm Library transfer file will be restored and added to the Firm Library list in the current database.

Note: If you attempt to receive a transfer file with the same name as an existing Firm Library, you must confirm that you want to overwrite the current library before the Receive Library action will complete.

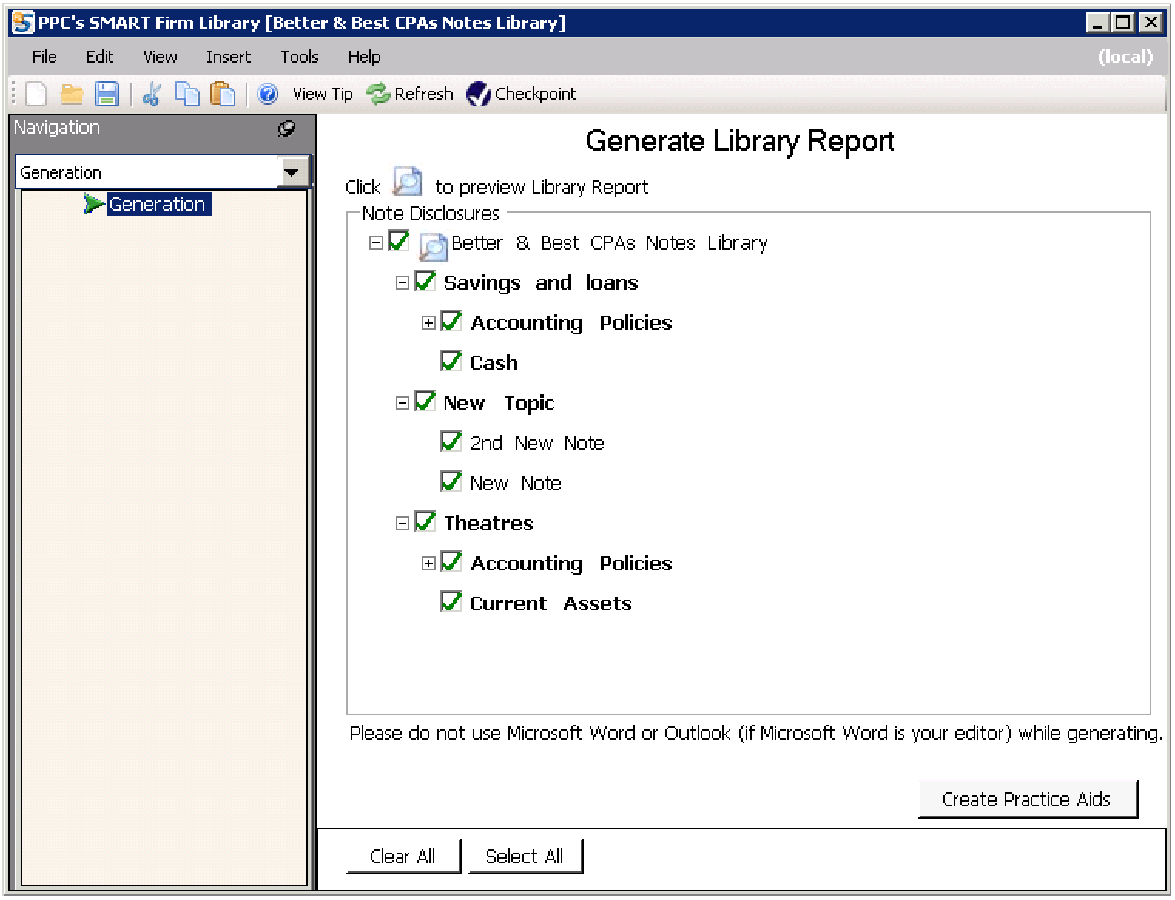
Generating a Report of Firm Library Disclosure Notes

You can generate a document containing the disclosure notes for a specific Firm Library using the Firm Library application.

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:

PPC's SMART
Firm Library

2. Select **Generation** from the left pane navigation drop-down menu.


PPC's SMART Firm Library [Better & Best CPAs Notes Library]
File
Edit
View
Insert
Tools
Help
(local)
View Tip
Refresh
Checkpoint
Navigation
Generation
Generation

Generate Library Report

Click to preview Library Report

Note Disclosures
☑ Better & Best CPAs Notes Library
☑ Savings and loans
☑ Accounting Policies
☑ Cash
☑ New Topic
☑ 2nd New Note
☑ New Note
☑ Theatres
☑ Accounting Policies
☑ Current Assets

Please do not use Microsoft Word or Outlook (if Microsoft Word is your editor) while generating.

Create Practice Aids
Clear All
Select All

2. The center pane will display the Firm Library contents by topic. Indicate which topics you want to include in the report by expanding the categories and selecting the check boxes.
3. Click **Create Practice Aids**.
4. Enter a location to save the generated documents in the **Create Practice Aids** pop-up dialog screen and click **OK**. The document generation process will begin. A progress meter will display to indicate how much of the generation process has completed.

Adding and Deleting Topics

You can add and delete topics from a Firm Library using the Firm Library application.

To add a topic to a Firm Library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:

FL
PPC's SMART
Firm Library

2. Open the Firm Library you want to work with using **File>Open** (or create a new Library using **File>New**).
3. Select the spot you want to insert the new topic by selecting (left clicking) and highlighting a topic in the left Navigation pane.
4. From the **Insert** menu select **Topic Above** or **Topic Below** to insert a new topic above or below the highlighted topic in the Navigation pane.
5. In the **Add Topic** pop-up dialog screen, enter the topic description and click **OK**.

The new topic will be added to the Firm Library and will display in the Navigation pane.

Note: The Insert Topic Above and Topic Below actions are also available by right-clicking an existing topic in the Navigation pane.

Organizing Topics

You can organize and arrange topics within the firm library by dragging and placing the topic at the position you want in the topic list. Click and drag the topic you want to move. An arrow icon will display to indicate where the topic will be positioned. Release the mouse button to place the topic.

To delete a topic from a Firm Library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:

FL
PPC's SMART
Firm Library

2. Open the Firm Library you want to work with using **File>Open** (or create a new Library using **File>New**).
3. Select the topic you want to delete and right-click on the title in the Navigation pane.
4. Select **Delete Topic** from the pop-up menu.
5. Click **OK** on the confirmation dialog screen.

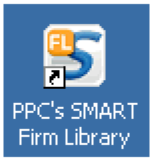
The topic will be removed from the Firm Library.

Adding and Deleting Note Examples

One of the primary functions of creating and maintaining a Firm Library is adding and removing disclosure note examples to a library and organizing them by topic.

To add a note to a Firm Library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:



2. Open the Firm Library you want to work with using **File>Open** (or create a new Library using **File>New**).
3. Click the **Add New Note** button at the bottom of the center pane. (You can also select **Add New Note** from the **Insert** menu.)
4. The **Add New Note** window opens. Enter the title of the note in the **Enter Disclosure Title** field.

   Note: You can also add an optional summary of the note by clicking **Summary Description**.
5. Select the topics you want to assign to the note by clicking in the **Assigned Topics** field. A selection dialog screen opens.
6. Click the check boxes next to each topic you want to assign to the disclosure note.
7. Enter the text of the disclosure note in the provided field. Use the provided toolbar to format the note text.
8. Click **OK** to save the note. The new note will display in the Navigation pane under the topics it was assigned to.

To delete a note from a Firm Library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:

FL
PPC's SMART
Firm Library

2. Open the Firm Library you want to work with using **File>Open** (or create a new Library using **File>New**).
3. Locate the note you want to delete in the Navigation pane.
4. Right-click the note title and select **Delete Note** from the pop-up menu.
5. Click **OK** in the confirmation dialog screen.

Copying Note Examples From Another Library

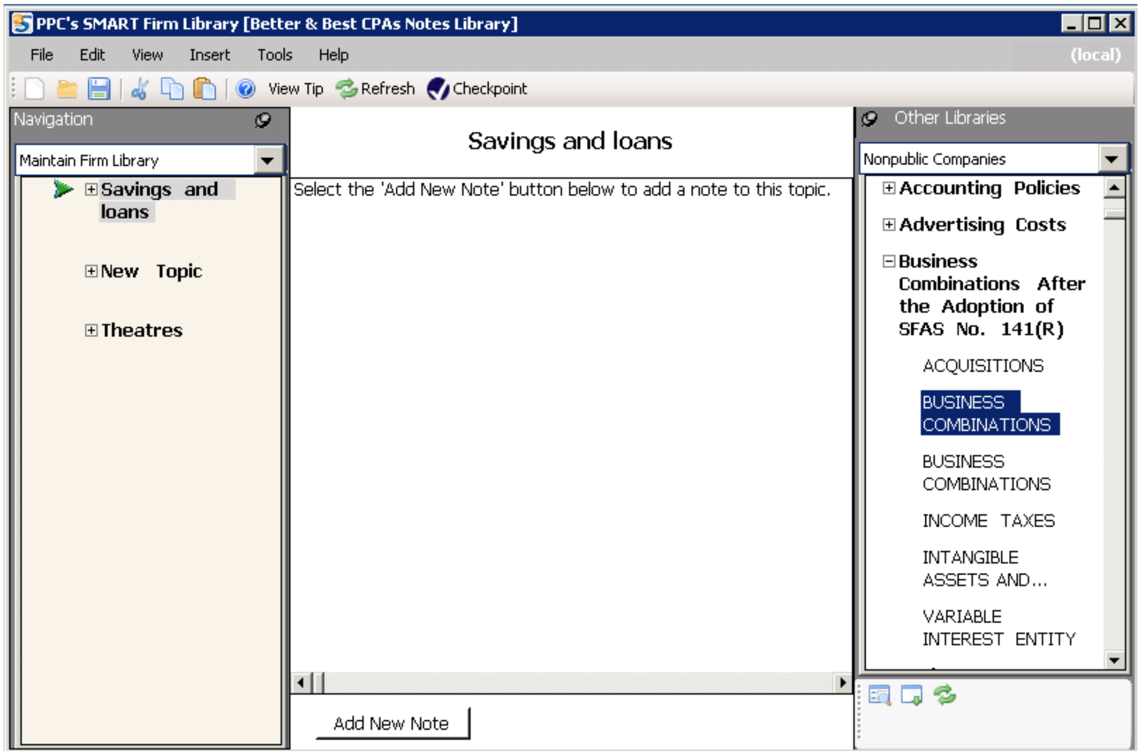
The Firm Library application provides a number of tools to help you manage your library of disclosure notes. The Copy Note action copies a note example from another Library into the open Library. Using this feature, you can copy notes from other Firm Libraries and official PPC libraries.

To Copy a Note Example from Another Library:

1. Open the Firm Library application from your desktop. The Firm Library icon and shortcut looks like this:

PPC's SMART
Firm Library

2. Open the Firm Library you want to work with using **File>Open** (or create a new Library using **File>New**).
3. In the **Other Libraries** pane (on the right side of the Firm Library interface), use the drop-down menu select the Library from which you want to copy a note.
4. Locate the note you want to copy by expanding the topic listings using the "+" symbols.


PPC's SMART Firm Library [Better & Best CPAs Notes Library]
File
Edit
View
Insert
Tools
Help
(local)
View Tip
Refresh
Checkpoint
Navigation
Maintain Firm Library
Savings and loans
New Topic
Theatres
Savings and loans
Other Libraries
Nonpublic Companies
Accounting Policies
Advertising Costs
Business Combinations After the Adoption of SFAS No. 141(R)
ACQUISITIONS
BUSINESS COMBINATIONS
BUSINESS COMBINATIONS
INCOME TAXES
INTANGIBLE ASSETS AND...
VARIABLE INTEREST ENTITY
Add New Note

Select the 'Add New Note' button below to add a note to this topic.

5. Right-click the note you want to copy and select **Copy to Open Library** from the pop-up menu.
6. In the **Copy to Library** pop-up dialog screen, select the topics you want to assign to the note by clicking the check boxes next to the topic title.
7. Click **OK**.

   The note will be added to the open library in the topics specified.

Downloading PPC Libraries

PPC has created firm libraries for commercial, nonprofit, and governmental entities, each containing hundreds of example note disclosures. Depending on the Practice Aid titles you own, you are licensed to download one or more of these libraries for use in this application.

To download a PPC Firm Library:

1. Select **Download PPC Disclosure Libraries** from the **File** menu.
2. In the pop-up dialog screen, select the check boxes next to the Libraries you want to download.
3. Click **Download**.

The application will download the library and add it to the **Other Libraries** drop-down list in the right pane. To access it, select it from the menu.

Using SMART Practice Aids - Field Work

About SMART Practice Aids™ - Field Work

SMART Practice Aids—Field Work is the newest addition to PPC's SMART Audit Suite. You can now plan and execute the entire PPC audit process within the SMART Suite, providing even more efficiency to your audit workflow experience. For auditors who use external engagement management software, the interaction with SMART will be even more seamless. SMART Practice Aids – Field Work is designed to work in conjunction with SMART Practice Aids – Risk Assessment (separate license required).

Consider the advantages of using SMART Practice Aids – Field Work:

- The PPC Practice Aids you need are automatically placed into your SMART engagement.

  Note: A new SMART engagement will be populated with a set of default, blank PPC Practice Aids that are common to most audit engagements, and the Practice Aids will be linked automatically to applicable audit program steps.
- Other PPC Practice Aids can easily be added as needed.
- Data and decision information are automatically shared between PPC Practice Aids.
- Your planning materiality, tolerable misstatement, and risk assessments are carried throughout your audit engagement.
- Easily complete your audit work and sign off audit program steps within SMART and insert linked workpaper references.
- Dynamic SMART functionality provides diagnostics, rollforward, links to content on Checkpoint, multi-user capability, and master engagements.

An engagement that was created by rolling forward a prior SMART engagement will be populated with the Practice Aids, as defined in your rollforward settings. Regardless, you can easily remove or add any PPC Practice Aids during your engagement.

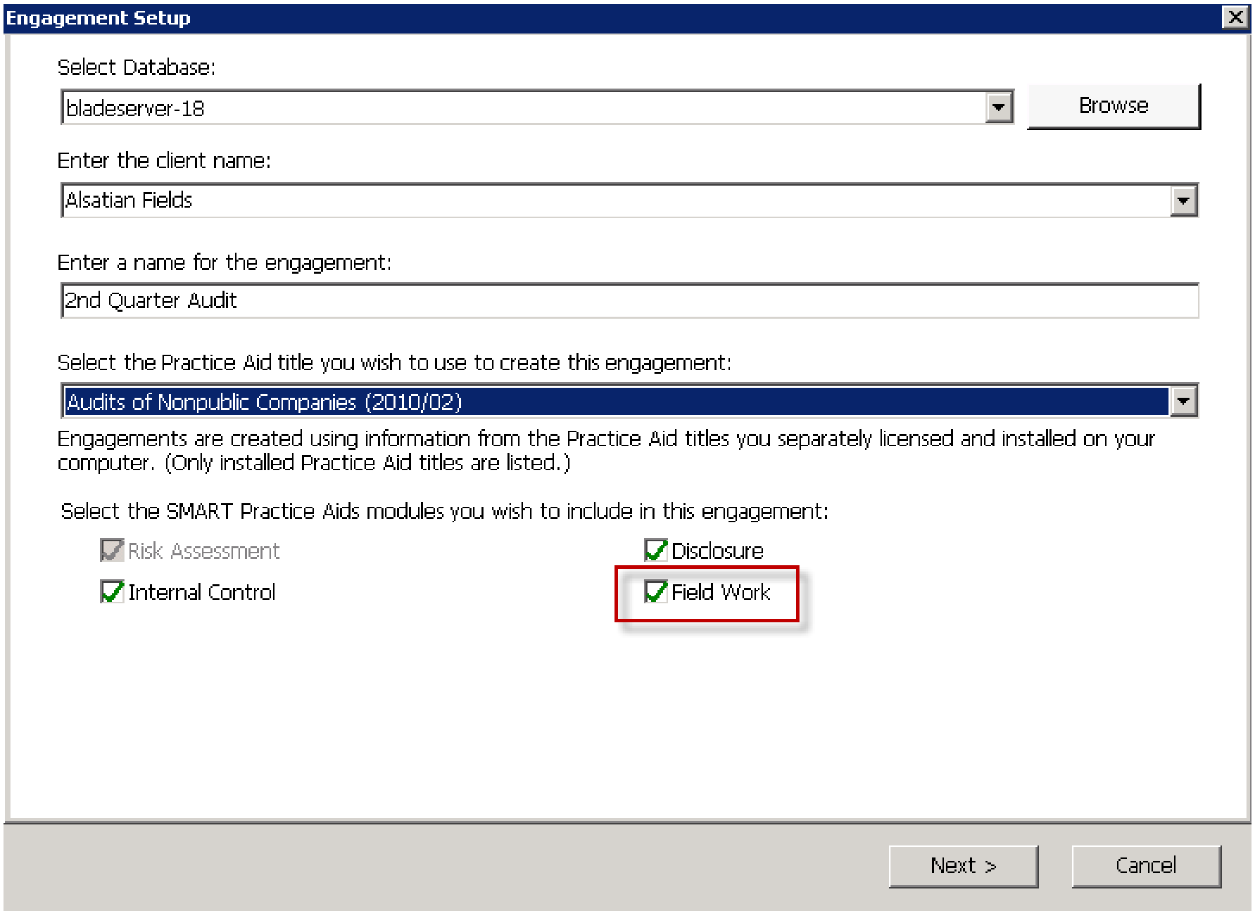
Enabling SMART Practice Aids™ - Field Work

If **SMART Practice Aids - Field Work** is installed, you can enable it for any engagement for which you intend to use the tool. You can enable it when you want to create a new engagement or for an existing engagement.

Once you enable SMART Practice Aids - Field Work for an engagement, you cannot disable it.

To enable SMART Practice Aids - Field Work for a new engagement:

1. Select **New** from the **File** menu (or click the **New** button on the tool bar).
2. Complete the **Engagement Setup** information.



Engagement Setup

Select Database: bladeserver-18

Enter the client name: Alsatian Fields

Enter a name for the engagement: 2nd Quarter Audit

Select the Practice Aid title you wish to use to create this engagement: Audits of Nonpublic Companies (2010/02)

Engagements are created using information from the Practice Aid titles you separately licensed and installed on your computer. (Only installed Practice Aid titles are listed.)

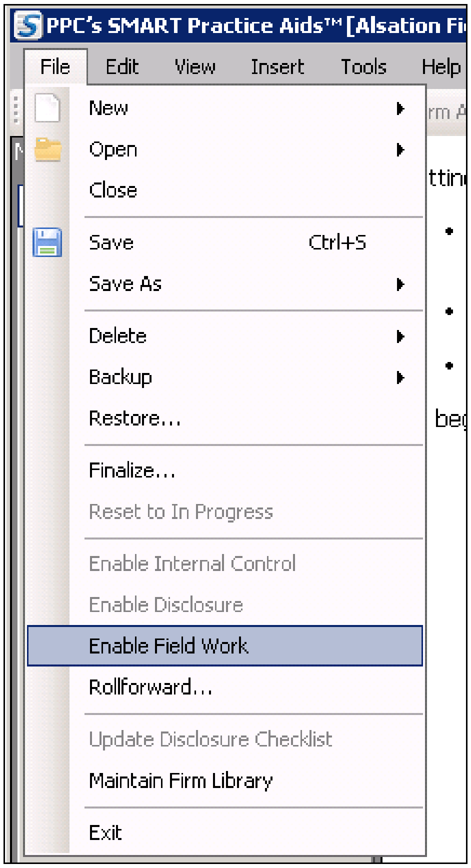
Select the SMART Practice Aids modules you wish to include in this engagement:

☑ Risk Assessment
☑ Internal Control
☑ Disclosure
☑ Field Work

3. Select the **Field Work** check box (if it is not already checked by default).

To enable SMART Practice Aids - Field Work for an existing engagement:

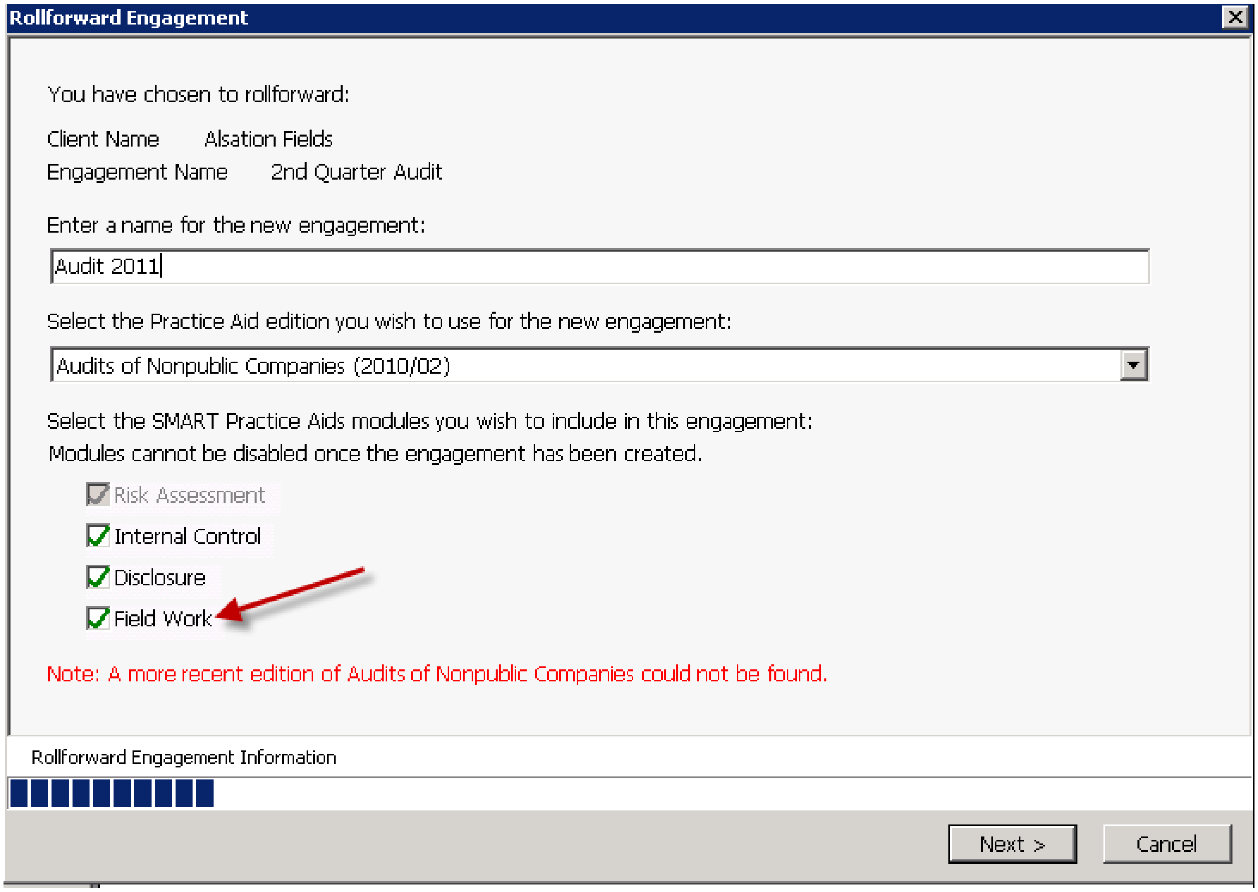
1. With the engagement open, click **File** on the menu bar.


PPC's SMART Practice Aids™ [Alsation Fi
File
Edit
View
Insert
Tools
Help
New
Open
Close
Save
Ctrl+S
Save As
Delete
Backup
Restore...
Finalize...
Reset to In Progress
Enable Internal Control
Enable Disclosure
Enable Field Work
Rollforward...
Update Disclosure Checklist
Maintain Firm Library
Exit

2. Select **Enable Field Work**.

If the **Enable Field Work** menu option is not active, then SMART Practice Aids - Field Work has either already been enabled for the engagement, or it is not available for the selected title.

When using the **Rollforward** tool to create a new engagement based on a prior-period engagement, you have the option to use **SMART Practice Aids - Field Work** with the new engagement:



You have chosen to rollforward:

Client Name Alsation Fields
Engagement Name 2nd Quarter Audit

Enter a name for the new engagement:

Audit 2011

Select the Practice Aid edition you wish to use for the new engagement:

Audits of Nonpublic Companies (2010/02)

Select the SMART Practice Aids modules you wish to include in this engagement:
Modules cannot be disabled once the engagement has been created.

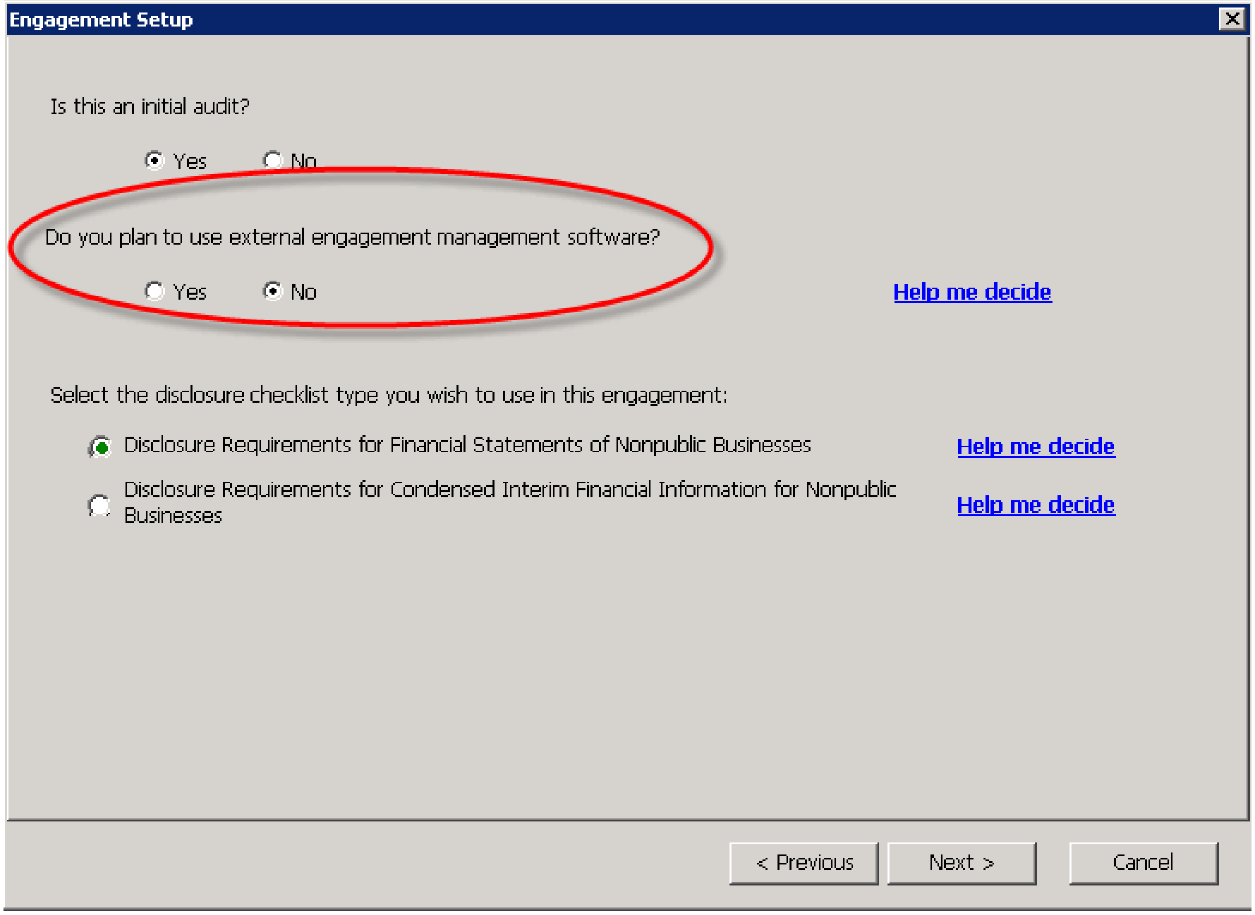
- ☑ Risk Assessment
- ☑ Internal Control
- ☑ Disclosure
- ☑ Field Work

Note: A more recent edition of Audits of Nonpublic Companies could not be found.

Rollforward Engagement Information

Engagement Setup

Some firms use document management software such as Engagement CS to organize and manage their engagement workpapers. With SMART Practice Aids - **Field Work**, you can achieve all of the benefits of having your entire PPC engagement within SMART while continuing to use your document management software to organize and manage your engagement workpapers.



Engagement Setup

Is this an initial audit?

● Yes ○ No

Do you plan to use external engagement management software?

○ Yes ● No

Select the disclosure checklist type you wish to use in this engagement:

● Disclosure Requirements for Financial Statements of Nonpublic Businesses

○ Disclosure Requirements for Condensed Interim Financial Information for Nonpublic Businesses

Using external document management software:

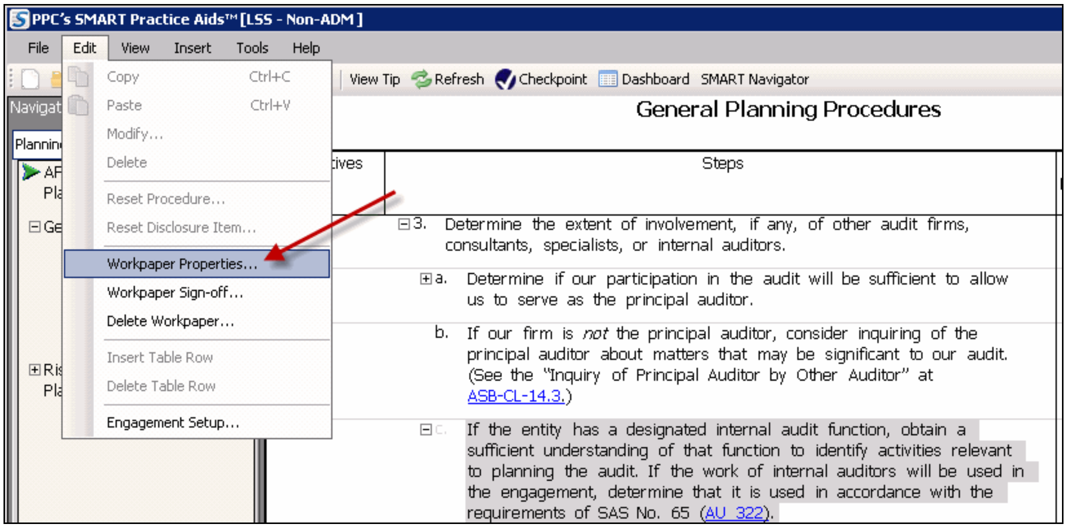
- Blocks the ability to sign off (and finalize) documents in SMART since it is assumed that these activities will be done in your document management software.
- Allows you to add only PPC Forms that are SMART enabled for sharing of key data with other forms, since it is assumed that all other document types will be managed in your document management software.
- Provides automatic prompting at the beginning of your engagement to create SMART Docs for placement in your document management software and subsequent prompting to update SMART Docs when needed.
- Gives you the option of invoking full Navigation pane functionality so you can view your documents in SMART in a *tree list* view.

Workpaper Properties

You can change workpaper properties, including document name, workpaper reference, and rollforward options. You can also sign-off as completed and reviewed, and finalize the workpaper. You can Easily roll forward your entire PPC engagement from one period to another, with options on different document types for replace or rollforward of responses.

Note: If you use engagement management software and prefer to manage all workpapers, sign-off and finalize documents in your engagement management software, you can do that and exclude these options in SMART Field Work when you create a new engagement in SMART. If you use engagement management software, you can still change Workpaper Properties such as document name, workpaper reference, and rollforward options. However, you may prefer to continue to sign-off and finalize workpapers in your engagement management software rather than in SMART.

Open **Workpaper Properties** by selecting it from the Edit menu. (You can also access Workpaper Properties by right-clicking a workpaper's title in the Navigation pane.)


PPC's SMART Practice Aids™ [LSS - Non-ADM]
File
Edit
View
Insert
Tools
Help
Copy Ctrl+C
Paste Ctrl+V
Modify...
Delete
Reset Procedure...
Reset Disclosure Item...
Workpaper Properties...
Workpaper Sign-off...
Delete Workpaper...
Insert Table Row
Delete Table Row
Engagement Setup...
View Tip
Refresh
Checkpoint
Dashboard
SMART Navigator
Navigat
Plannin
AF
Pla
Ge
Ri
Pla
tives
Steps

General Planning Procedures

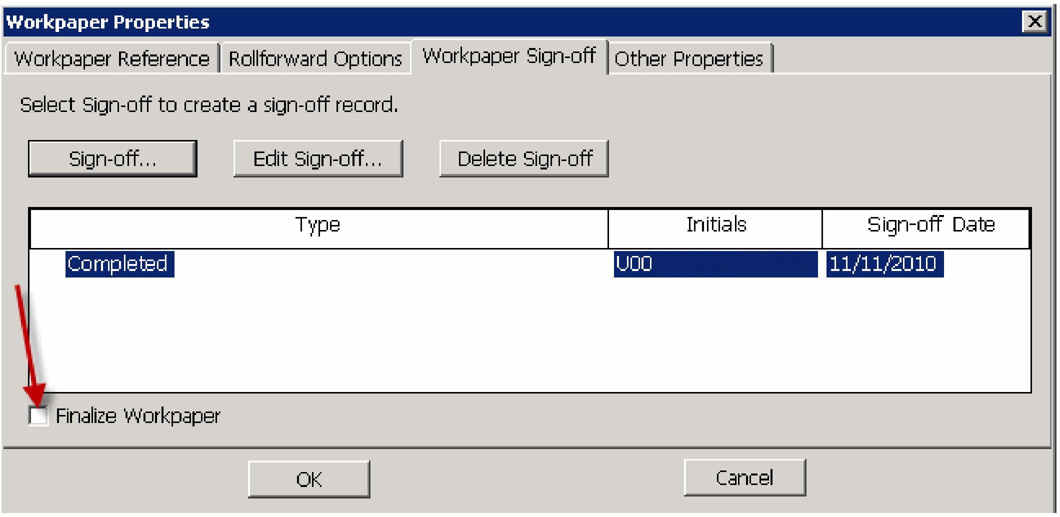
3. Determine the extent of involvement, if any, of other audit firms, consultants, specialists, or internal auditors.

a. Determine if our participation in the audit will be sufficient to allow us to serve as the principal auditor.

b. If our firm is *not* the principal auditor, consider inquiring of the principal auditor about matters that may be significant to our audit. (See the "Inquiry of Principal Auditor by Other Auditor" at ASB-CL-14.3.)

c. If the entity has a designated internal audit function, obtain a sufficient understanding of that function to identify activities relevant to planning the audit. If the work of internal auditors will be used in the engagement, determine that it is used in accordance with the requirements of SAS No. 65 (AU 322).

On the **Workpaper Sign-off** tab, you can sign-off a workpaper as being complete and then select the **Finalize Workpaper** check box. However, you will have to clear this check box if you want to make any additional changes to a "finalized" workpaper.


Workpaper Properties
Workpaper Reference
Rollforward Options
Workpaper Sign-off
Other Properties
Sign-off...
Edit Sign-off...
Delete Sign-off
OK
Cancel

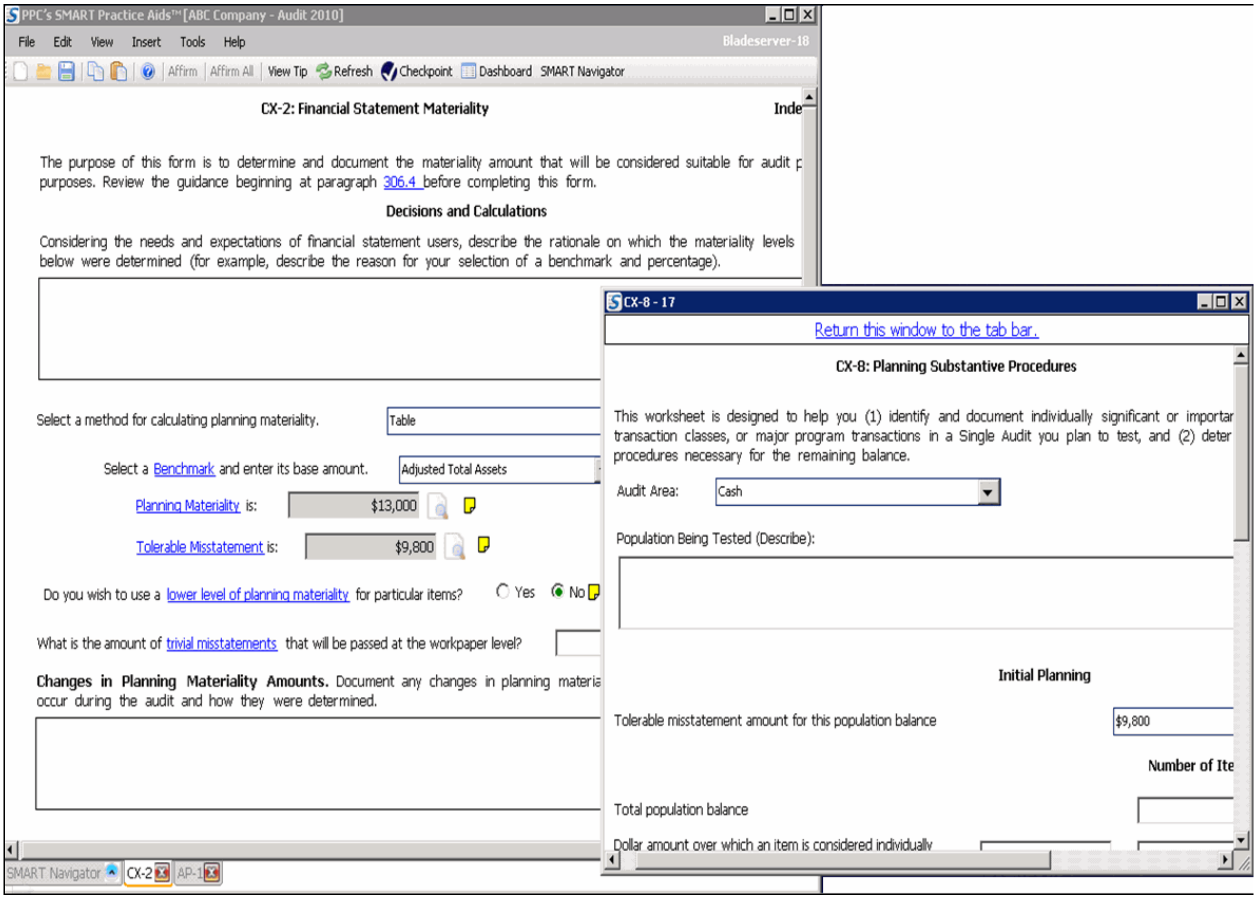
Select Sign-off to create a sign-off record.

Type	Initials	Sign-off Date
Completed	U00	11/11/2010

☐ Finalize Workpaper

Dynamic Data Flow Between SMART Workpapers

SMART Field Work brings the widely-used **dynamic SMART functionality** to all aspects of the audit, from beginning to end. This means that conclusions reached in one area flow through to others so that you don't need to manually input the same information in multiple documents. Data and information are automatically shared between practice aids. For example, your planning materiality, tolerable misstatement, and risk assessments are carried throughout your audit engagement, and staff are alerted to any errors or inconsistencies. Using Multi-user capability, different auditors can work on different parts of the audit simultaneously.



CX-2: Financial Statement Materiality

The purpose of this form is to determine and document the materiality amount that will be considered suitable for audit p purposes. Review the guidance beginning at paragraph 306.4 before completing this form.

Decisions and Calculations

Considering the needs and expectations of financial statement users, describe the rationale on which the materiality levels below were determined (for example, describe the reason for your selection of a benchmark and percentage).

Select a method for calculating planning materiality. Table

Select a Benchmark and enter its base amount. Adjusted Total Assets

Planning Materiality is: $13,000

Tolerable Misstatement is: $9,800

Do you wish to use a lower level of planning materiality for particular items? ○ Yes ● No

What is the amount of trivial misstatements that will be passed at the workpaper level?

Changes in Planning Materiality Amounts. Document any changes in planning materia occur during the audit and how they were determined.

Return this window to the tab bar.

CX-8: Planning Substantive Procedures

This worksheet is designed to help you (1) identify and document individually significant or importar transaction classes, or major program transactions in a Single Audit you plan to test, and (2) deter procedures necessary for the remaining balance.

Audit Area: Cash

Population Being Tested (Describe):

Initial Planning

Tolerable misstatement amount for this population balance $9,800

Number of Ite

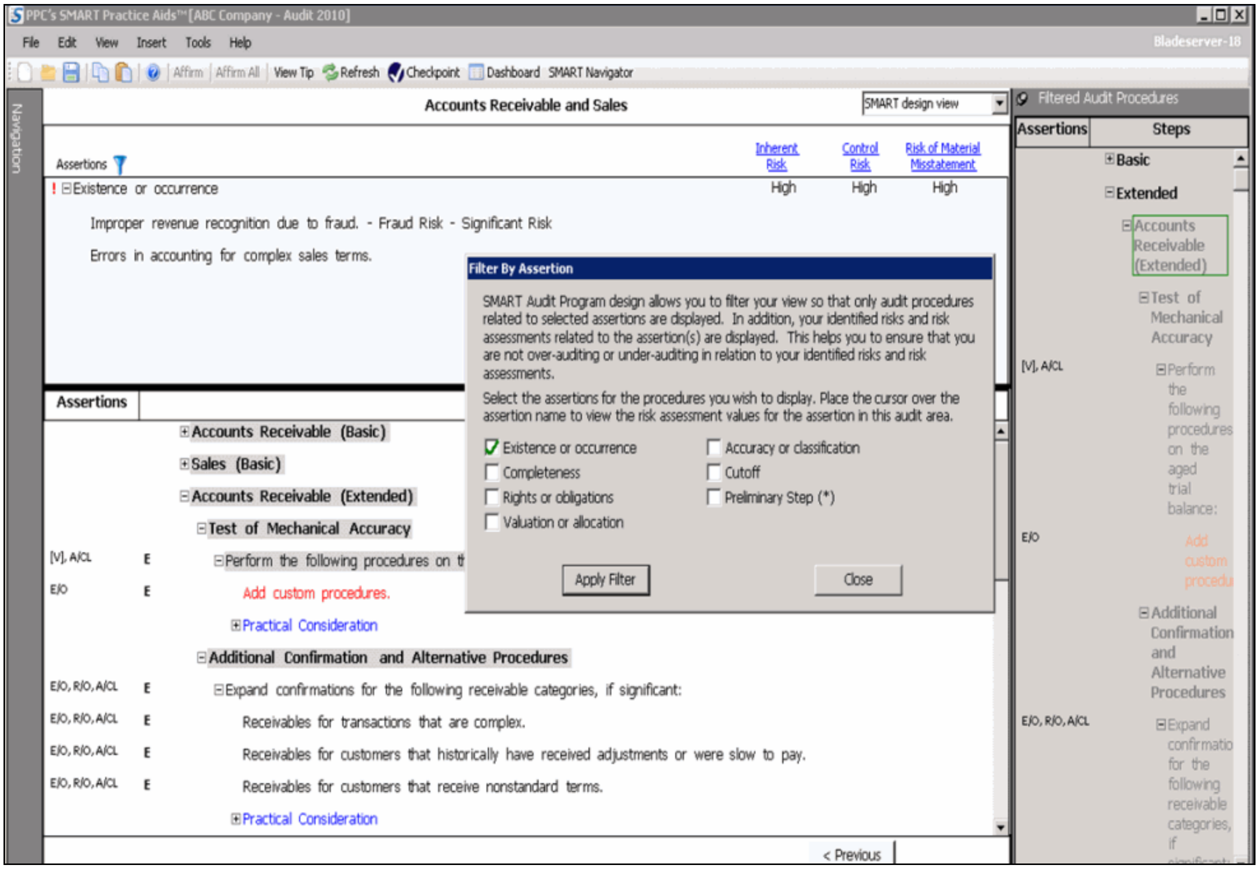
Total population balance

Dollar amount over which an item is considered individually

Note: Tolerable misstatement is brought forward to areas throughout the engagement where sampling or other scope decisions are made.

SMART Audit Program Design

SMART Audit Program Design (available from the **View** menu) enhances the standard design view by allowing you to filter your audit program to display only audit procedures, identified risks, and risk assessments related to one of more selected assertions. The purpose is to help you isolate risks and audit procedures for one of more assertions, helping you ensure that you are not over-auditing or under-auditing the assertion. You can view identified risks and edit audit program procedures in this view.


PPC's SMART Practice Aids™ [ABC Company - Audit 2010]
File Edit View Insert Tools Help
Affirm Affirm All View Tip Refresh Checkpoint Dashboard SMART Navigator
Bladeserver-18
Navigation
SMART design view
Filtered Audit Procedures
Assertions
Steps
Apply Filter
Close
< Previous

Accounts Receivable and Sales

Assertions	Inherent Risk	Control Risk	Risk of Material Misstatement
! Existence or occurrence	High	High	High

Improper revenue recognition due to fraud. - Fraud Risk - Significant Risk

Errors in accounting for complex sales terms.

Filter By Assertion

SMART Audit Program design allows you to filter your view so that only audit procedures related to selected assertions are displayed. In addition, your identified risks and risk assessments related to the assertion(s) are displayed. This helps you to ensure that you are not over-auditing or under-auditing in relation to your identified risks and risk assessments.

Select the assertions for the procedures you wish to display. Place the cursor over the assertion name to view the risk assessment values for the assertion in this audit area.

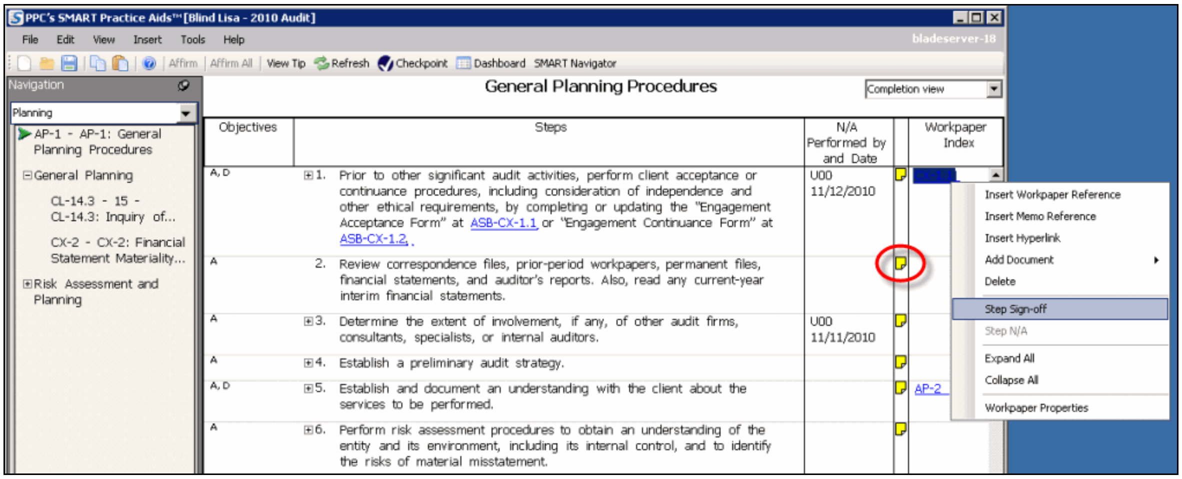
☑ Existence or occurrence
☐ Completeness
☐ Rights or obligations
☐ Valuation or allocation
☐ Accuracy or classification
☐ Cutoff
☐ Preliminary Step (*)

Assertions		
		⊞ Accounts Receivable (Basic)
		⊞ Sales (Basic)
		⊟ Accounts Receivable (Extended)
		⊟ Test of Mechanical Accuracy
[V], A/CL	E	⊟ Perform the following procedures on t
E/O	E	Add custom procedures.
		⊞ Practical Consideration
		⊟ Additional Confirmation and Alternative Procedures
E/O, R/O, A/CL	E	⊟ Expand confirmations for the following receivable categories, if significant:
E/O, R/O, A/CL	E	Receivables for transactions that are complex.
E/O, R/O, A/CL	E	Receivables for customers that historically have received adjustments or were slow to pay.
E/O, R/O, A/CL	E	Receivables for customers that receive nonstandard terms.
		⊞ Practical Consideration

Complete Audit Programs and Link to Related Workpapers

Double-click any blue underlined PPC workpaper reference to add the workpaper to your engagement or to navigate to the workpaper if it already exists in your engagement. You can also assign any workpaper to an audit program step, which places a link to the workpaper in the Workpaper Index column.

Sign off steps as they are completed by right-clicking the step and selecting **Step Sign-off**. Click the yellow comment icon next to a step to add comments, as needed.


PPC's SMART Practice Aids™ [Blind Lisa - 2010 Audit]
File
Edit
View
Insert
Tools
Help
bladeserver-18
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Dashboard
SMART Navigator
Navigation
Planning
AP-1 - AP-1: General Planning Procedures
General Planning
CL-14.3 - 15 - CL-14.3: Inquiry of...
CX-2 - CX-2: Financial Statement Materiality...
Risk Assessment and Planning
Completion view
Insert Workpaper Reference
Insert Memo Reference
Insert Hyperlink
Add Document
Delete
Step Sign-off
Step N/A
Expand All
Collapse All
Workpaper Properties

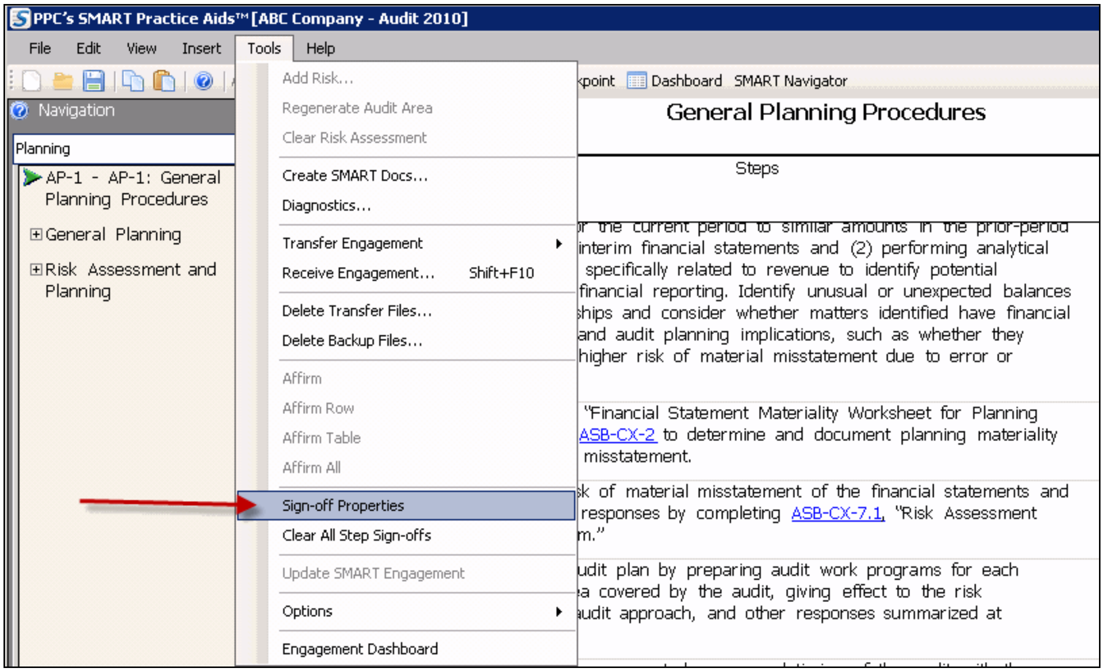
General Planning Procedures

Objectives	Steps	N/A Performed by and Date		Workpaper Index
A, D	1. Prior to other significant audit activities, perform client acceptance or continuance procedures, including consideration of independence and other ethical requirements, by completing or updating the "Engagement Acceptance Form" at ASB-CX-1.1 or "Engagement Continuance Form" at ASB-CX-1.2.	U00 11/12/2010		CX-1.1
A	2. Review correspondence files, prior-period workpapers, permanent files, financial statements, and auditor's reports. Also, read any current-year interim financial statements.			
A	3. Determine the extent of involvement, if any, of other audit firms, consultants, specialists, or internal auditors.	U00 11/11/2010		
A	4. Establish a preliminary audit strategy.			
A, D	5. Establish and document an understanding with the client about the services to be performed.			AP-2
A	6. Perform risk assessment procedures to obtain an understanding of the entity and its environment, including its internal control, and to identify the risks of material misstatement.			

Notice that the pop-up menu gives you several other options, including inserting workpaper and memo references, as well as hyperlinks.

Sign-Off Properties:

For sign-off, you can determine what displays in the **Performed by and Date** column: initials, date format, and the date you want to display. To access the Sign-off Properties dialog screen, select **Sign-off Properties** from the Tools menu:


PPC's SMART Practice Aids™ [ABC Company - Audit 2010]
File
Edit
View
Insert
Tools
Help
Navigation
Planning
AP-1 - AP-1: General Planning Procedures
General Planning
Risk Assessment and Planning
Add Risk...
Regenerate Audit Area
Clear Risk Assessment
Create SMART Docs...
Diagnostics...
Transfer Engagement
Receive Engagement... Shift+F10
Delete Transfer Files...
Delete Backup Files...
Affirm
Affirm Row
Affirm Table
Affirm All
Sign-off Properties
Clear All Step Sign-offs
Update SMART Engagement
Options
Engagement Dashboard
kpoint
Dashboard
SMART Navigator
General Planning Procedures
Steps

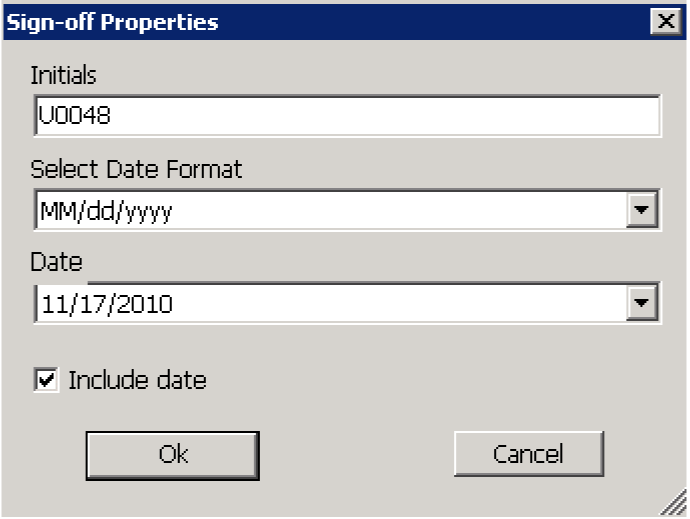
r the current period to similar amounts in the prior-period
interim financial statements and (2) performing analytical
specifically related to revenue to identify potential
financial reporting. Identify unusual or unexpected balances
ships and consider whether matters identified have financial
and audit planning implications, such as whether they
higher risk of material misstatement due to error or

"Financial Statement Materiality Worksheet for Planning
ASB-CX-2 to determine and document planning materiality
misstatement.

k of material misstatement of the financial statements and
responses by completing ASB-CX-7.1, "Risk Assessment
m."

udit plan by preparing audit work programs for each
a covered by the audit, giving effect to the risk
udit approach, and other responses summarized at

Make your changes on the Sign-off Properties dialog screen. Then click **OK**.


Sign-off Properties
Ok
Cancel

Initials: U0048

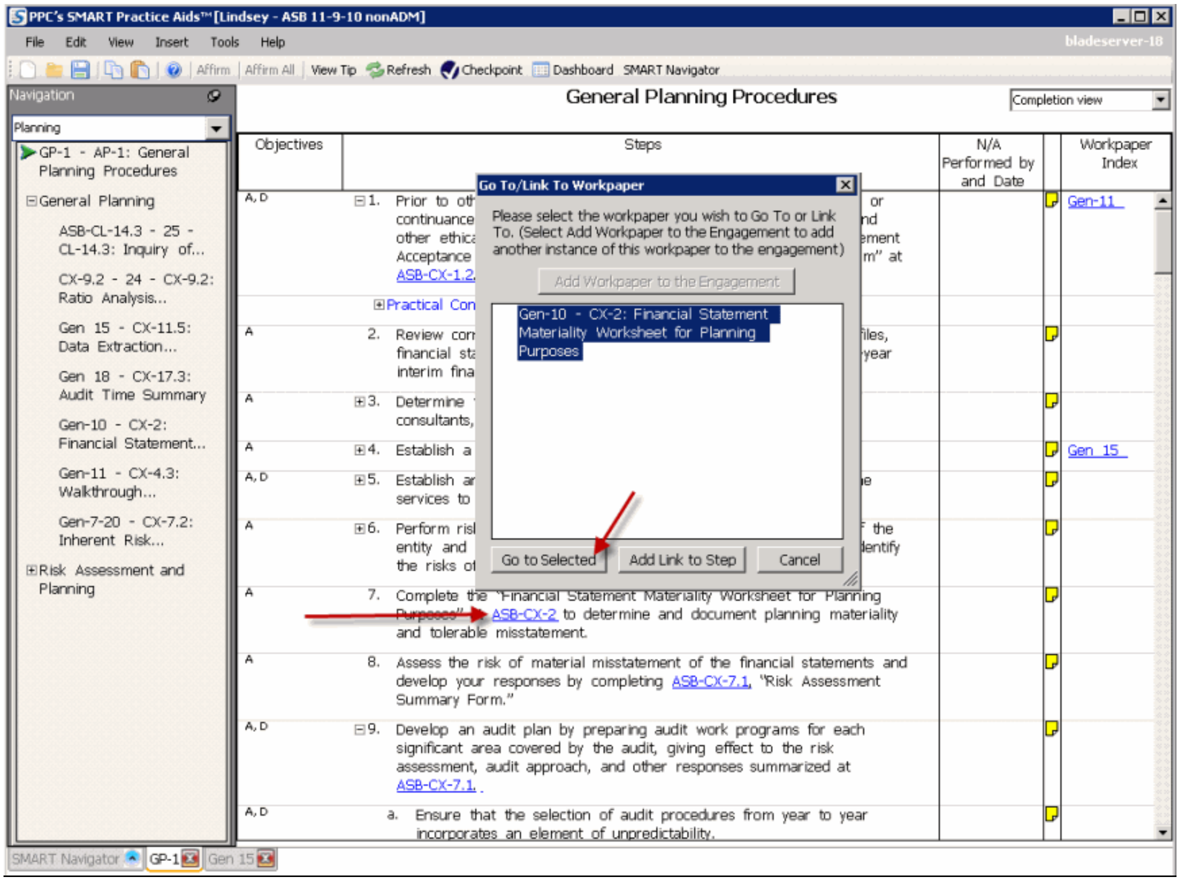
Select Date Format: MM/dd/yyyy

Date: 11/17/2010

☑ Include date

Go To/Link to Workpaper:

Whenever you double-click a blue underlined workpaper in an audit program step, the **Go To/Link to Workpaper** dialog screen opens. If you click **Add link to Step**, that step will appear in the *Workpaper Index* column next to that step.

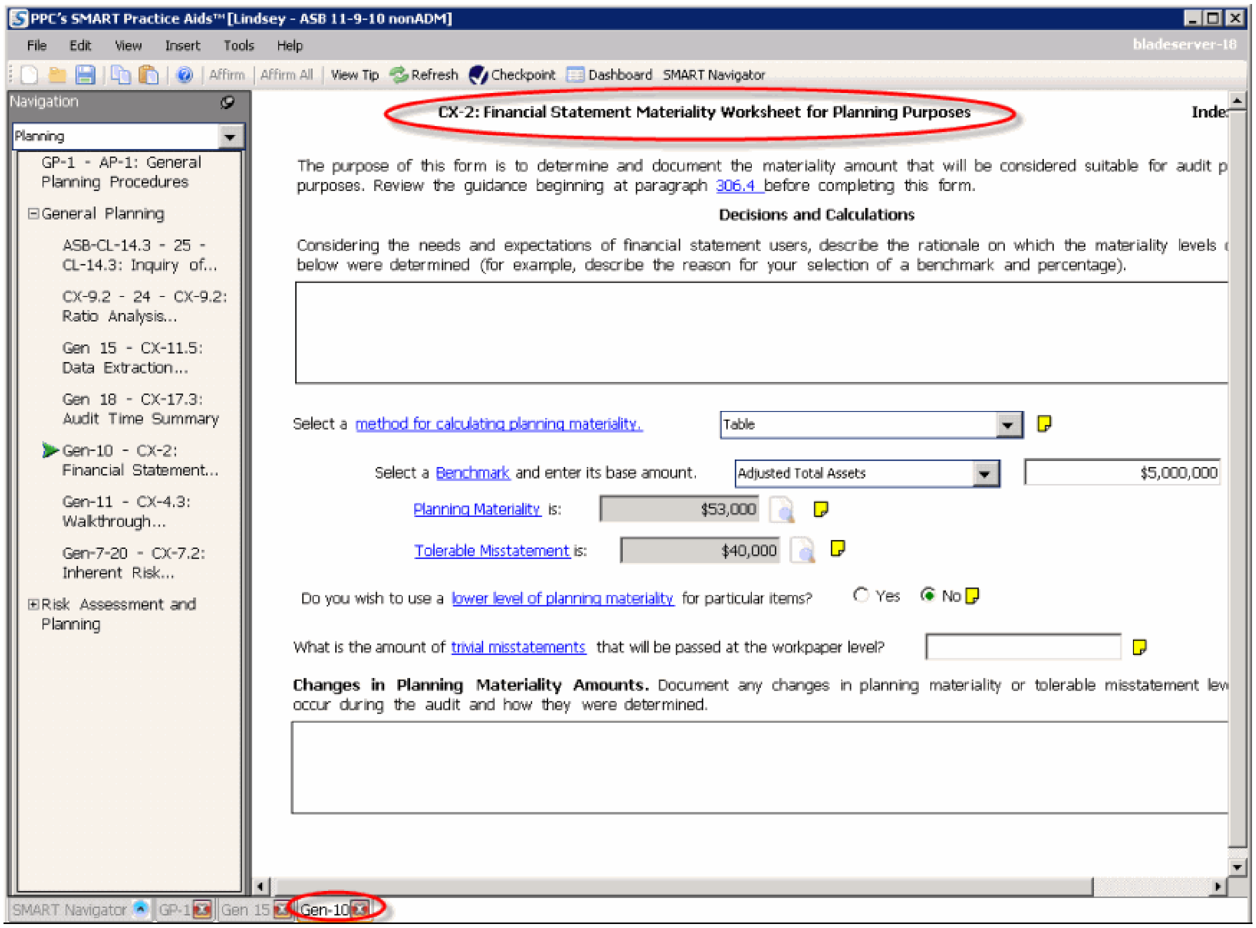

PPC's SMART Practice Aids™ [Lindsey - ASB 11-9-10 nonADM]
bladeserver-18
File
Edit
View
Insert
Tools
Help
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Dashboard
SMART Navigator
Navigation
Planning
GP-1 - AP-1: General Planning Procedures
General Planning
ASB-CL-14.3 - 25 - CL-14.3: Inquiry of...
CX-9.2 - 24 - CX-9.2: Ratio Analysis...
Gen 15 - CX-11.5: Data Extraction...
Gen 18 - CX-17.3: Audit Time Summary
Gen-10 - CX-2: Financial Statement...
Gen-11 - CX-4.3: Walkthrough...
Gen-7-20 - CX-7.2: Inherent Risk...
Risk Assessment and Planning
General Planning Procedures
Completion view
Objectives
Steps
N/A Performed by and Date
Workpaper Index
Gen-11
Gen 15
Go To/Link To Workpaper
Add Workpaper to the Engagement
Go to Selected
Add Link to Step
Cancel
SMART Navigator
GP-1
Gen 15

Please select the workpaper you wish to Go To or Link To. (Select Add Workpaper to the Engagement to add another instance of this workpaper to the engagement)

Gen-10 - CX-2: Financial Statement Materiality Worksheet for Planning Purposes

Objectives	Steps
A	7. Complete the "Financial Statement Materiality Worksheet for Planning Purposes" at ASB-CX-2 to determine and document planning materiality and tolerable misstatement.
A	8. Assess the risk of material misstatement of the financial statements and develop your responses by completing ASB-CX-7.1, "Risk Assessment Summary Form."
A, D	9. Develop an audit plan by preparing audit work programs for each significant area covered by the audit, giving effect to the risk assessment, audit approach, and other responses summarized at ASB-CX-7.1.
A, D	a. Ensure that the selection of audit procedures from year to year incorporates an element of unpredictability.

If you click **Go to Selected**, the selected workpaper will open:


PPC's SMART Practice Aids™ [Lindsey - ASB 11-9-10 nonADM]
File Edit View Insert Tools Help
bladeserver-18
Affirm Affirm All View Tip Refresh Checkpoint Dashboard SMART Navigator
Navigation
Planning
GP-1 - AP-1: General Planning Procedures
General Planning
ASB-CL-14.3 - 25 - CL-14.3: Inquiry of...
CX-9.2 - 24 - CX-9.2: Ratio Analysis...
Gen 15 - CX-11.5: Data Extraction...
Gen 18 - CX-17.3: Audit Time Summary
Gen-10 - CX-2: Financial Statement...
Gen-11 - CX-4.3: Walkthrough...
Gen-7-20 - CX-7.2: Inherent Risk...
Risk Assessment and Planning
Inde
SMART Navigator GP-1 Gen 15 Gen-10

CX-2: Financial Statement Materiality Worksheet for Planning Purposes

The purpose of this form is to determine and document the materiality amount that will be considered suitable for audit p purposes. Review the guidance beginning at paragraph 306.4 before completing this form.

Decisions and Calculations

Considering the needs and expectations of financial statement users, describe the rationale on which the materiality levels below were determined (for example, describe the reason for your selection of a benchmark and percentage).

Select a method for calculating planning materiality. Table

Select a Benchmark and enter its base amount. Adjusted Total Assets $5,000,000

Planning Materiality is: $53,000

Tolerable Misstatement is: $40,000

Do you wish to use a lower level of planning materiality for particular items? ○ Yes ● No

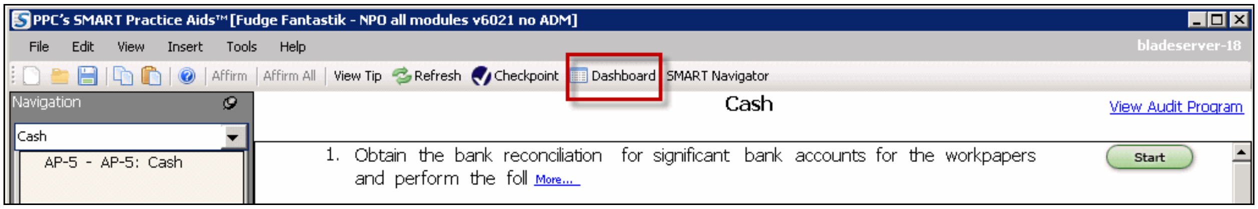
What is the amount of trivial misstatements that will be passed at the workpaper level?

Changes in Planning Materiality Amounts. Document any changes in planning materiality or tolerable misstatement lev occur during the audit and how they were determined.

Engagement Dashboard

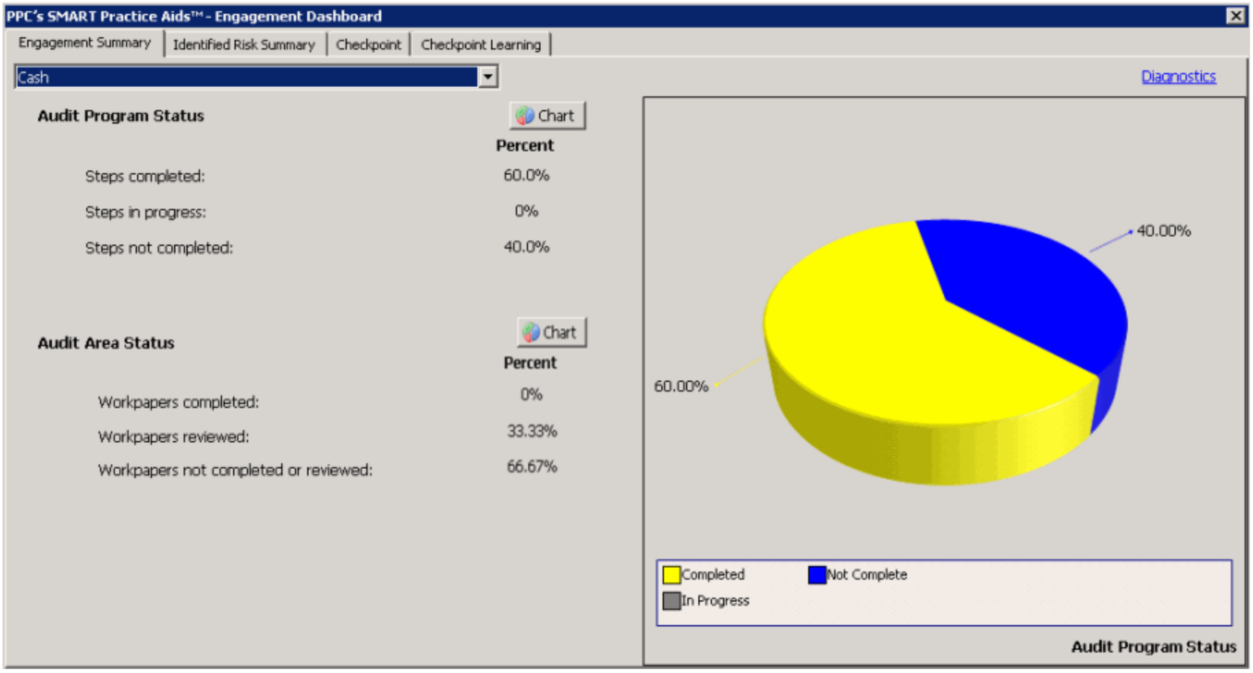
The **Engagement Dashboard** lets you see your engagement's status at a glance—both for the overall engagement and for each audit area, including audit program steps not yet started, in progress, or completed.

To open the Engagement Dashboard, select it from the menu at the top of the screen:


PPC's SMART Practice Aids™ [Fudge Fantastik - NPO all modules v6021 no ADM]
File
Edit
View
Insert
Tools
Help
bladeserver-18
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Dashboard
SMART Navigator
Navigation
Cash
AP-5 - AP-5: Cash
Cash
View Audit Program
Start

1. Obtain the bank reconciliation for significant bank accounts for the workpapers and perform the foll More...

See a visual display of your engagement status:


PPC's SMART Practice Aids™ - Engagement Dashboard
Engagement Summary
Identified Risk Summary
Checkpoint
Checkpoint Learning
Cash
Diagnostics
Chart
Chart
40.00%
60.00%
🟨 Completed
🟦 Not Complete
▨ In Progress
Audit Program Status

Audit Program Status

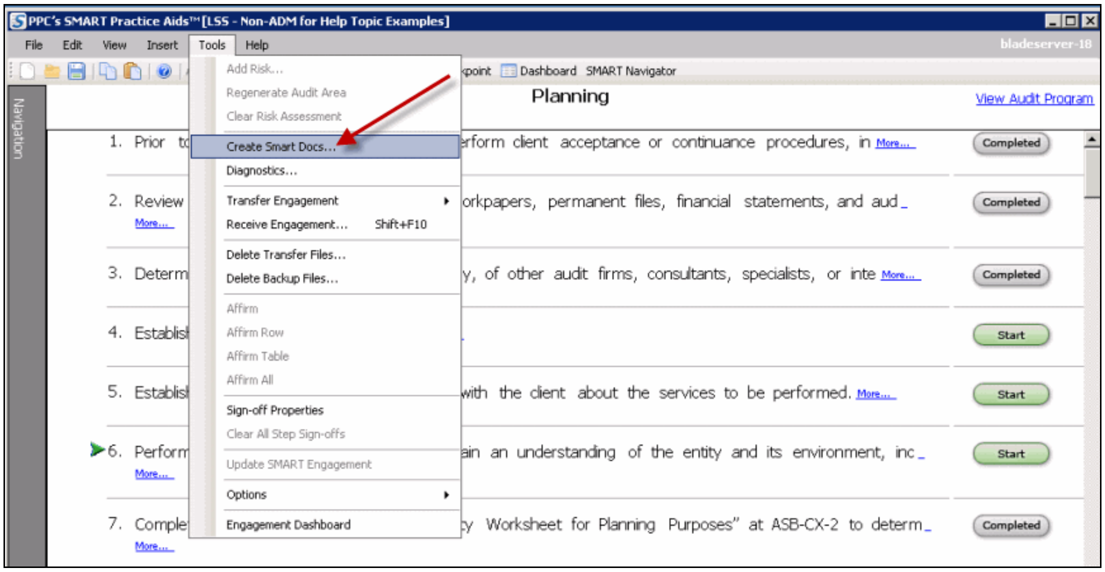
	Percent
Steps completed:	60.0%
Steps in progress:	0%
Steps not completed:	40.0%

Audit Area Status

	Percent
Workpapers completed:	0%
Workpapers reviewed:	33.33%
Workpapers not completed or reviewed:	66.67%

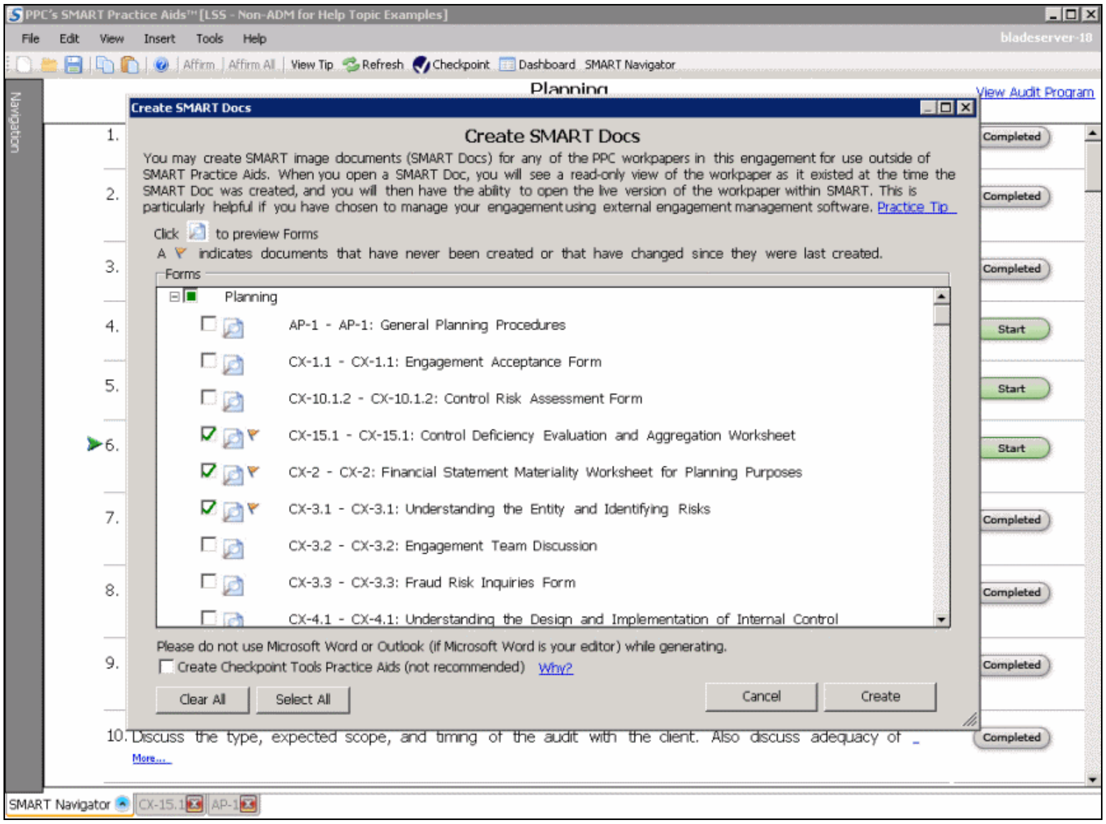
Creating SMART Docs

You can create SMART image documents ("SMART Docs") for any of the PPC workpapers in your engagement for use outside of SMART Practice Aids, such as for storing them in your engagement management software. Select **Create SMART Docs** from the Tools menu:


PPC's SMART Practice Aids™ [LSS - Non-ADM for Help Topic Examples]
File
Edit
View
Insert
Tools
Help
bladeserver-18
Add Risk...
Regenerate Audit Area
Clear Risk Assessment
Create Smart Docs...
Diagnostics...
Transfer Engagement
Receive Engagement... Shift+F10
Delete Transfer Files...
Delete Backup Files...
Affirm
Affirm Row
Affirm Table
Affirm All
Sign-off Properties
Clear All Step Sign-offs
Update SMART Engagement
Options
Engagement Dashboard
Dashboard
SMART Navigator
Navigation
Planning
View Audit Program
Completed
Completed
Completed
Start
Start
Start
Completed

1. Prior to … erform client acceptance or continuance procedures, in More...
2. Review … orkpapers, permanent files, financial statements, and aud… More...
3. Determ… y, of other audit firms, consultants, specialists, or inte More...
4. Establis…
5. Establis… with the client about the services to be performed. More...
6. Perform … ain an understanding of the entity and its environment, inc… More...
7. Comple… y Worksheet for Planning Purposes" at ASB-CX-2 to determ… More...

To make it easy to stay in synch with workpapers you have stored in your engagement software, a flag icon next to the document name indicates that the document has never been created, or that it has changed since the last time it was created:


PPC's SMART Practice Aids™ [LSS - Non-ADM for Help Topic Examples]
File Edit View Insert Tools Help
bladeserver-18
Affirm Affirm All View Tip Refresh Checkpoint Dashboard SMART Navigator
Navigation
Planning
View Audit Program
Create SMART Docs
Completed
Start
SMART Navigator
CX-15.1
AP-1

Create SMART Docs

You may create SMART image documents (SMART Docs) for any of the PPC workpapers in this engagement for use outside of SMART Practice Aids. When you open a SMART Doc, you will see a read-only view of the workpaper as it existed at the time the SMART Doc was created, and you will then have the ability to open the live version of the workpaper within SMART. This is particularly helpful if you have chosen to manage your engagement using external engagement management software. Practice Tip

Click to preview Forms

A indicates documents that have never been created or that have changed since they were last created.

Forms

Planning

- ☐ AP-1 - AP-1: General Planning Procedures
- ☐ CX-1.1 - CX-1.1: Engagement Acceptance Form
- ☐ CX-10.1.2 - CX-10.1.2: Control Risk Assessment Form
- ☑ CX-15.1 - CX-15.1: Control Deficiency Evaluation and Aggregation Worksheet
- ☑ CX-2 - CX-2: Financial Statement Materiality Worksheet for Planning Purposes
- ☑ CX-3.1 - CX-3.1: Understanding the Entity and Identifying Risks
- ☐ CX-3.2 - CX-3.2: Engagement Team Discussion
- ☐ CX-3.3 - CX-3.3: Fraud Risk Inquiries Form
- ☐ CX-4.1 - CX-4.1: Understanding the Design and Implementation of Internal Control

Please do not use Microsoft Word or Outlook (if Microsoft Word is your editor) while generating.

☐ Create Checkpoint Tools Practice Aids (not recommended) Why?

Clear All
Select All
Cancel
Create

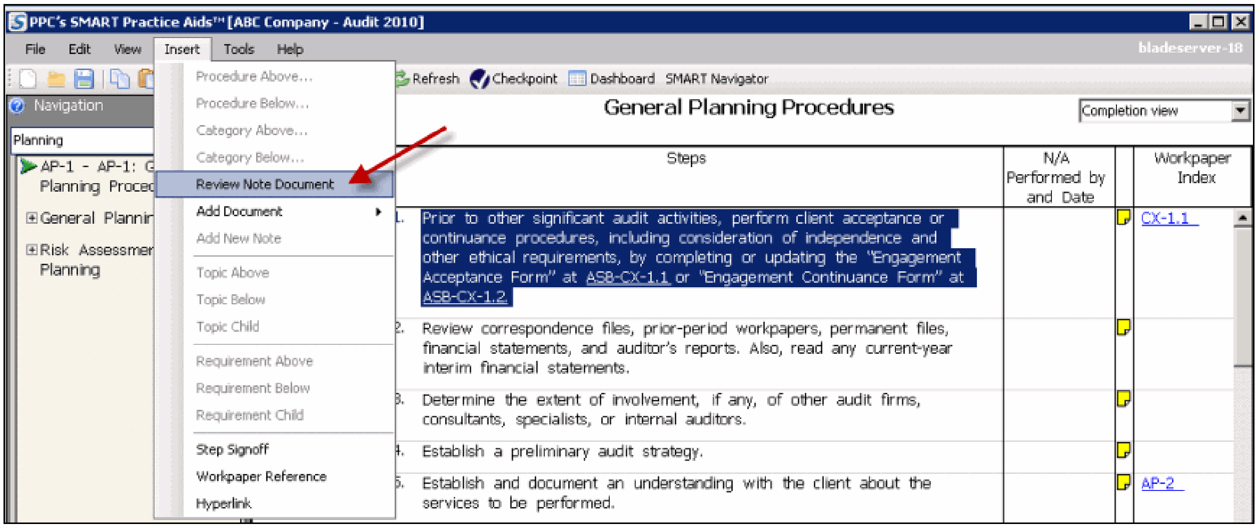
10. Discuss the type, expected scope, and timing of the audit with the client. Also discuss adequacy of

More...

Inserting Review Note Documents

You have the option to insert a **Review Note Document**, which adds a template to provide very basic review note functionality. Firms can instead use their own Word documents for review notes.

To insert a Review Note document, select it from the Insert menu:


PPC's SMART Practice Aids™ [ABC Company - Audit 2010]
File
Edit
View
Insert
Tools
Help
bladeserver-18
Procedure Above...
Procedure Below...
Category Above...
Category Below...
Review Note Document
Add Document
Add New Note
Topic Above
Topic Below
Topic Child
Requirement Above
Requirement Below
Requirement Child
Step Signoff
Workpaper Reference
Hyperlink
Refresh
Checkpoint
Dashboard
SMART Navigator
Navigation
Planning
AP-1 - AP-1: G
Planning Proced
General Plannir
Risk Assessmer
Planning
General Planning Procedures
Completion view
Steps
N/A
Performed by and Date
Workpaper Index
CX-1.1
AP-2

1. Prior to other significant audit activities, perform client acceptance or continuance procedures, including consideration of independence and other ethical requirements, by completing or updating the "Engagement Acceptance Form" at ASB-CX-1.1 or "Engagement Continuance Form" at ASB-CX-1.2

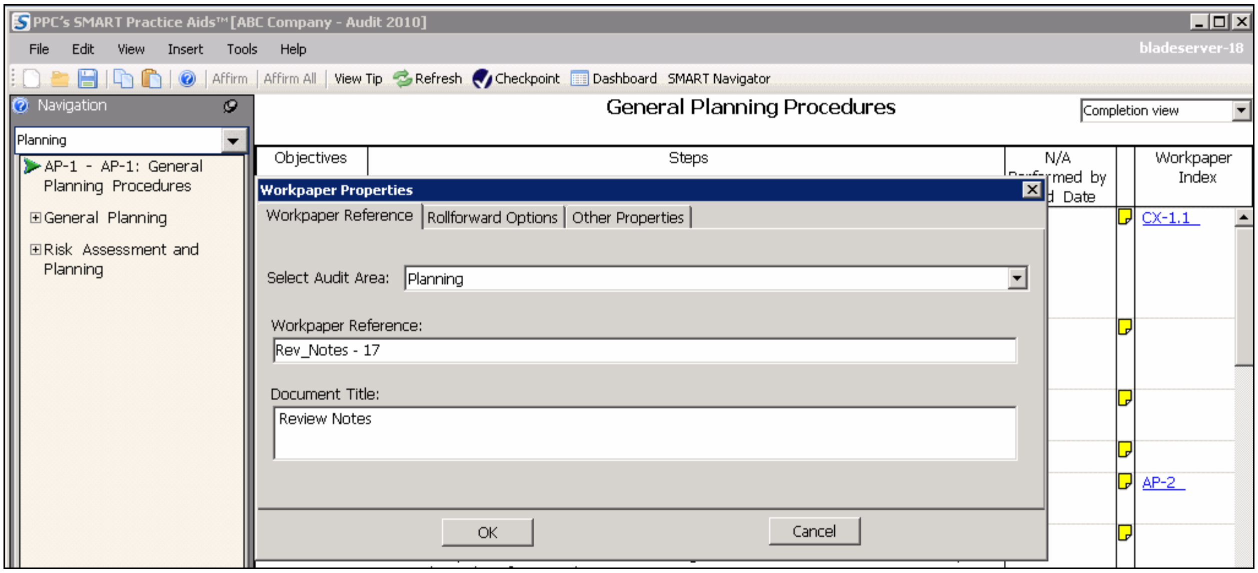
2. Review correspondence files, prior-period workpapers, permanent files, financial statements, and auditor's reports. Also, read any current-year interim financial statements.

3. Determine the extent of involvement, if any, of other audit firms, consultants, specialists, or internal auditors.

4. Establish a preliminary audit strategy.

5. Establish and document an understanding with the client about the services to be performed.

The Workpaper Properties screen displays your Review Note reference and title:

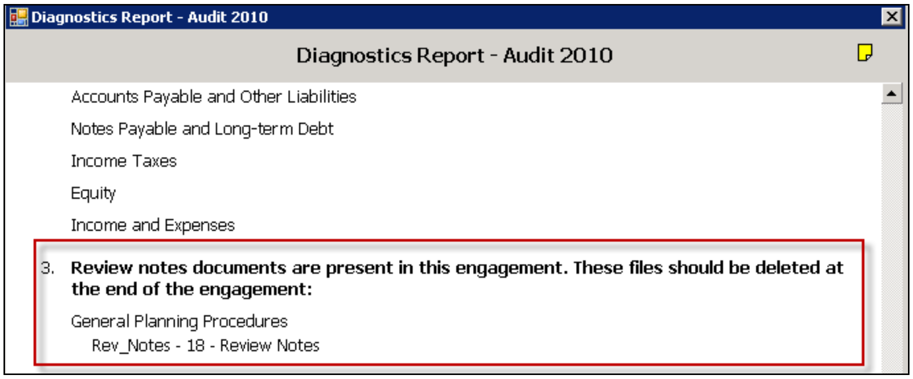

PPC's SMART Practice Aids™ [ABC Company - Audit 2010]
File
Edit
View
Insert
Tools
Help
bladeserver-18
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Dashboard
SMART Navigator
Navigation
Planning
AP-1 - AP-1: General Planning Procedures
General Planning
Risk Assessment and Planning
General Planning Procedures
Completion view
Objectives
Steps
N/A
Performed by and Date
Workpaper Index
CX-1.1
AP-2
Workpaper Properties
Workpaper Reference
Rollforward Options
Other Properties
OK
Cancel

Select Audit Area: Planning

Workpaper Reference: Rev_Notes - 17

Document Title: Review Notes

On the Diagnostics Report, you are notified if you have any review note documents remaining in the engagement, so you can delete them:



Diagnostics Report - Audit 2010

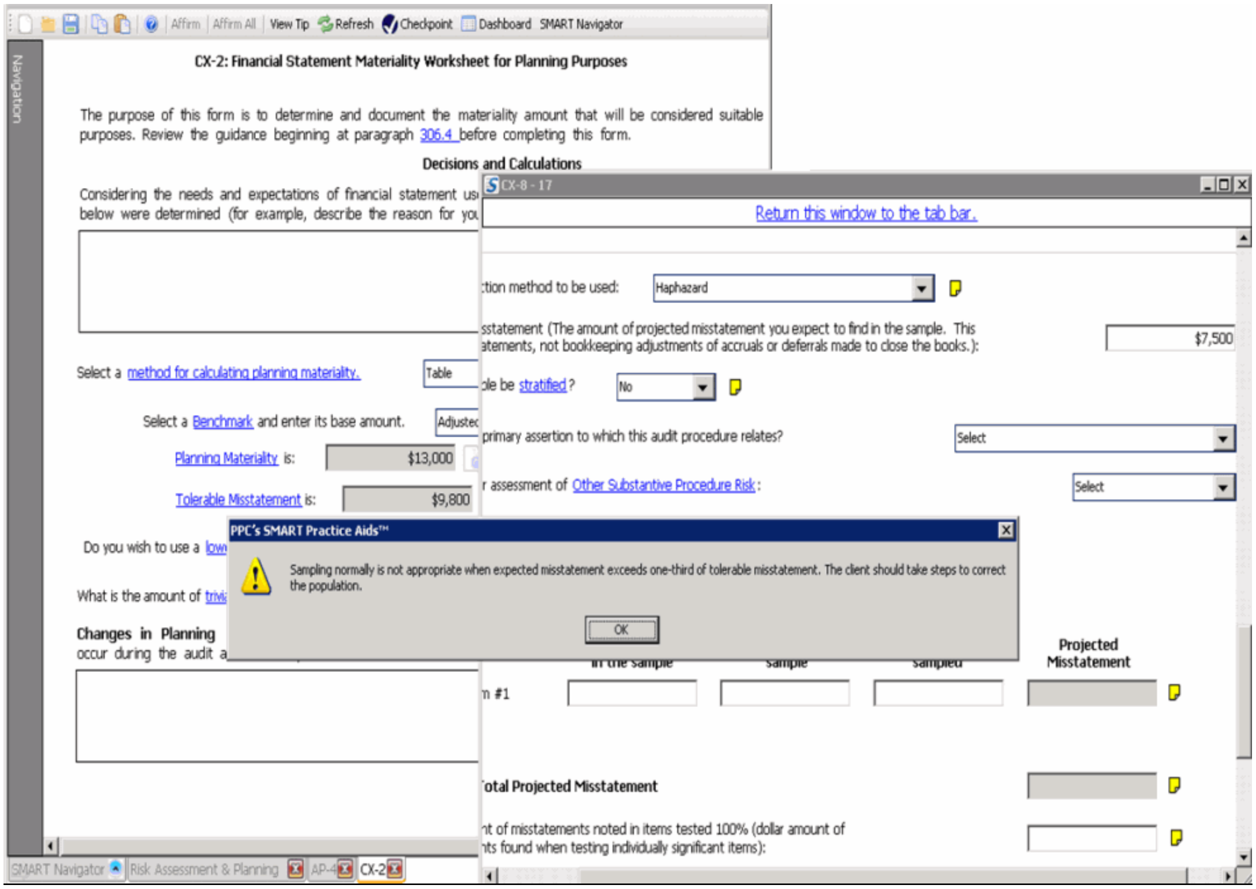
Accounts Payable and Other Liabilities
Notes Payable and Long-term Debt
Income Taxes
Equity
Income and Expenses

3. **Review notes documents are present in this engagement. These files should be deleted at the end of the engagement:**

General Planning Procedures
Rev_Notes - 18 - Review Notes

Diagnostics

Engagement-wide **diagnostics** help you identify incomplete procedures, unanswered questions, inconsistent answers, etc. throughout your engagement. As shown in the following example, on the planning worksheet, to determine the extent of substantive tests, a pop-up warning informs you that sampling is normally not appropriate if an expected misstatement exceeds 1/3 of the tolerable misstatement:



CX-2: Financial Statement Materiality Worksheet for Planning Purposes

The purpose of this form is to determine and document the materiality amount that will be considered suitable purposes. Review the guidance beginning at paragraph 306.4 before completing this form.

Decisions and Calculations

Considering the needs and expectations of financial statement us below were determined (for example, describe the reason for you

Select a method for calculating planning materiality. Table

Select a Benchmark and enter its base amount. Adjustec

Planning Materiality is: $13,000

Tolerable Misstatement is: $9,800

Do you wish to use a lowe

What is the amount of trivi

Changes in Planning occur during the audit a

Return this window to the tab bar.

tion method to be used: Haphazard

sstatement (The amount of projected misstatement you expect to find in the sample. This atements, not bookkeeping adjustments of accruals or deferrals made to close the books.): $7,500

ole be stratified? No

primary assertion to which this audit procedure relates? Select

r assessment of Other Substantive Procedure Risk: Select

Sampling normally is not appropriate when expected misstatement exceeds one-third of tolerable misstatement. The client should take steps to correct the population.

Projected Misstatement

n #1

otal Projected Misstatement

nt of misstatements noted in items tested 100% (dollar amount of nts found when testing individually significant items):

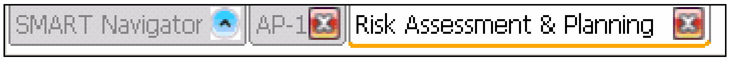
Note: Inputs such as expected misstatements are automatically compared to tolerable misstatement, and a warning is displayed whenever an error occurs.

Helpful Tips for Using SMART Practice Aids - Field Work

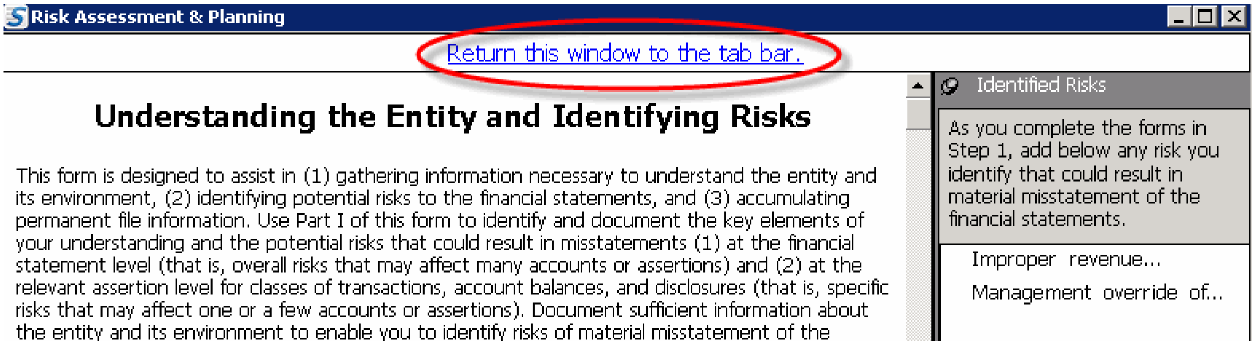
Helpful Tips for Using SMART Practice Aids-Field Work:

Workpaper Status. In SMART Navigator, if you chose to use SMART to manage your engagement, you will also see a status for each workpaper related to a step. Clicking this workpaper status opens the workpaper.

Workpaper Tabs. A tab for each workpaper that is open appears at the bottom of the screen:



Quickly jump from workpaper to workpaper by clicking the tabs, or close a workpaper by clicking the red X on its tab. To view two documents simultaneously when multiple monitors are being used, you can open a workpaper in a separate window by dragging its tab off the tab bar. To return the workpaper back to a tab in the main application, click **Return this window to the tab bar.** at the top of the window:


Risk Assessment & Planning
Return this window to the tab bar.
Identified Risks

Understanding the Entity and Identifying Risks

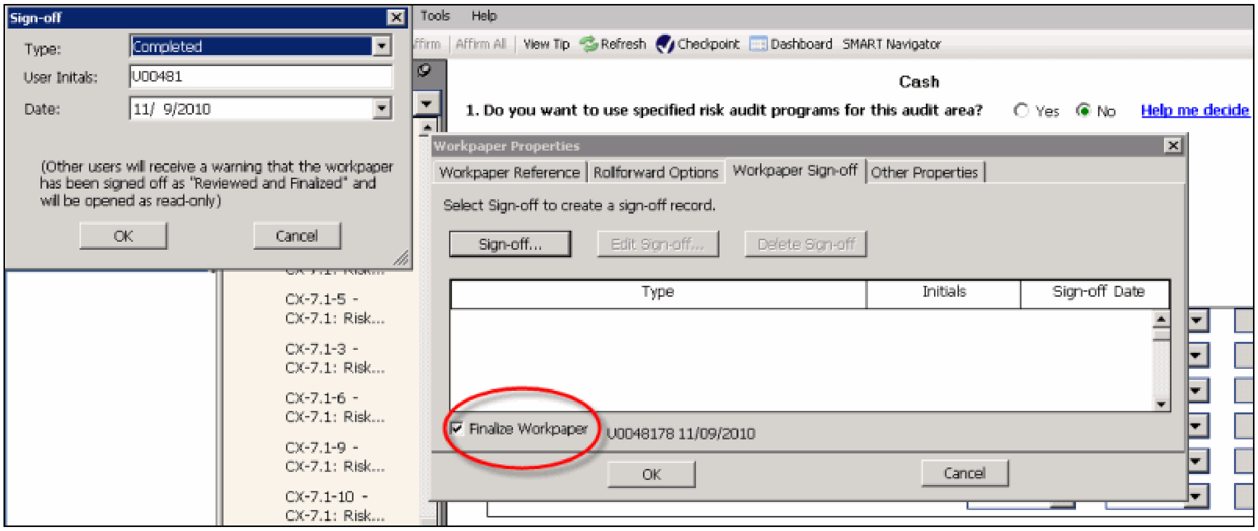
This form is designed to assist in (1) gathering information necessary to understand the entity and its environment, (2) identifying potential risks to the financial statements, and (3) accumulating permanent file information. Use Part I of this form to identify and document the key elements of your understanding and the potential risks that could result in misstatements (1) at the financial statement level (that is, overall risks that may affect many accounts or assertions) and (2) at the relevant assertion level for classes of transactions, account balances, and disclosures (that is, specific risks that may affect one or a few accounts or assertions). Document sufficient information about the entity and its environment to enable you to identify risks of material misstatement of the

As you complete the forms in Step 1, add below any risk you identify that could result in material misstatement of the financial statements.

Improper revenue...

Management override of...

Signing Off and Finalizing Workpapers. If you chose to manage your engagement using SMART, you can sign off workpapers as you complete or review them. To do so, select **Edit | Workpaper Sign-off** from the menu (or right-click the workpaper title in the Navigation pane and select **Workpaper Sign-off**).



Sign-off

Type: Completed

User Initals: U00481

Date: 11/ 9/2010

(Other users will receive a warning that the workpaper has been signed off as "Reviewed and Finalized" and will be opened as read-only)

Cash

1. Do you want to use specified risk audit programs for this audit area? ○ Yes ● No Help me decide

Workpaper Properties

Select Sign-off to create a sign-off record.

Type	Initials	Sign-off Date

☑ Finalize Workpaper U0048178 11/09/2010

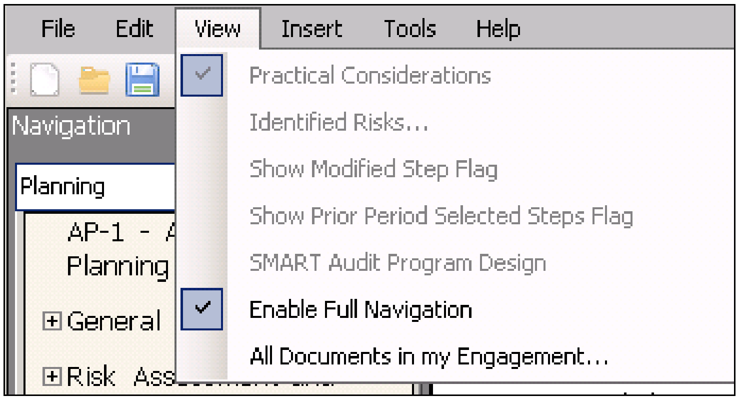
OK
Cancel
Tools
Help
ffirm
Affirm All
View Tip
Refresh
Checkpoint
Dashboard
SMART Navigator
Workpaper Reference
Rollforward Options
Workpaper Sign-off
Other Properties
Sign-off...
Edit Sign-off...
Delete Sign-off
CX-7.1-5 - CX-7.1: Risk...
CX-7.1-3 - CX-7.1: Risk...
CX-7.1-6 - CX-7.1: Risk...
CX-7.1-9 - CX-7.1: Risk...
CX-7.1-10 - CX-7.1: Risk...
OK
Cancel

From the sign-off dialog screen, you can also place the workpaper in a read-only state by selecting the **Finalize Workpaper** check box. Users cannot make changes to *finalized* workpapers without first unchecking this check box.

Workpaper Properties. You can change various workpaper attributes including its title, work-paper reference, behavior during rollforward, and sign-offs. To do so, select **Edit | Workpaper Properties** from the menu, or right-click the workpaper's title in the Navigation pane.

Enable Full Navigation. If you indicated during engagement setup that you intend to use external engagement management software to manage your engagement, it is assumed that you will access documents in SMART through your engagement management software. Consequently, the Navigation pane in SMART is disabled by default. However, to provide you with maximum flexibility, you have the option of enabling full Navigation pane functionality within SMART. You will easily be able to view workpapers in the engagement and not affect the way in which SMART interacts with your engagement management software.

You can enable Full Navigation pane functionality after your engagement is created by selecting **Enable Full Navigation** from the View menu.

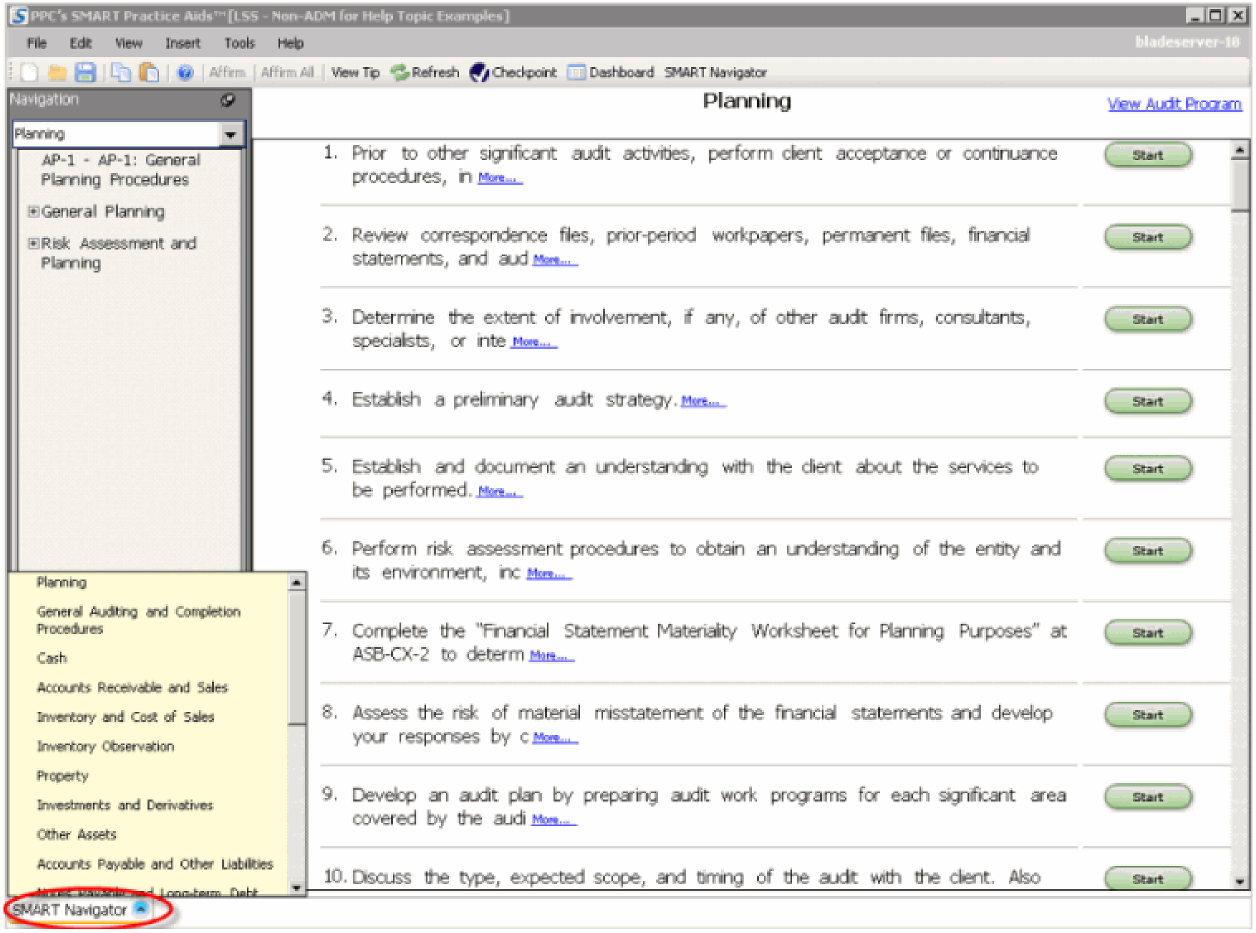


File
Edit
View
Insert
Tools
Help
Navigation
Planning
AP-1 - A
Planning
⊞ General
⊞ Risk Ass
✓ Practical Considerations
Identified Risks...
Show Modified Step Flag
Show Prior Period Selected Steps Flag
SMART Audit Program Design
✓ Enable Full Navigation
All Documents in my Engagement...

Navigation

SMART Navigator

SMART Navigator is designed to guide you through the PPC engagement process in the most efficient manner, from beginning to end. It also provides a convenient visual status of each step in your engagement:


PPC's SMART Practice Aids™ [LSS - Non-ADM for Help Topic Examples]
File
Edit
View
Insert
Tools
Help
bladeserver-18
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Dashboard
SMART Navigator
Navigation
Planning
AP-1 - AP-1: General Planning Procedures
General Planning
Risk Assessment and Planning
Planning
General Auditing and Completion Procedures
Cash
Accounts Receivable and Sales
Inventory and Cost of Sales
Inventory Observation
Property
Investments and Derivatives
Other Assets
Accounts Payable and Other Liabilities
SMART Navigator
View Audit Program
Start

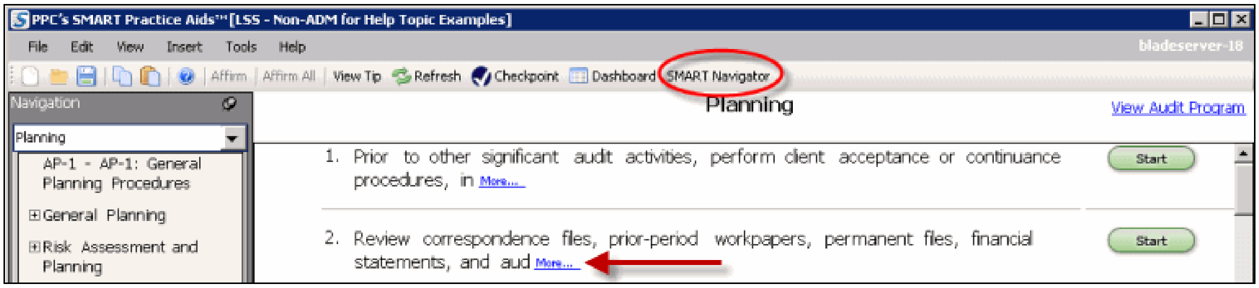
Planning

1. Prior to other significant audit activities, perform client acceptance or continuance procedures, in More...
2. Review correspondence files, prior-period workpapers, permanent files, financial statements, and aud More...
3. Determine the extent of involvement, if any, of other audit firms, consultants, specialists, or inte More...
4. Establish a preliminary audit strategy. More...
5. Establish and document an understanding with the client about the services to be performed. More...
6. Perform risk assessment procedures to obtain an understanding of the entity and its environment, inc More...
7. Complete the "Financial Statement Materiality Worksheet for Planning Purposes" at ASB-CX-2 to determ More...
8. Assess the risk of material misstatement of the financial statements and develop your responses by c More...
9. Develop an audit plan by preparing audit work programs for each significant area covered by the audi More...
10. Discuss the type, expected scope, and timing of the audit with the client. Also

Note: Use of SMART Navigator is optional.

Depending on your needs and preferences, SMART Practice Aids—Field Work gives you significant flexibility in that you can navigate your engagement in a number of different ways, including SMART Navigator, the left navigation pane, audit programs, and tabs at the bottom of the screen for each open workpaper. If you want to utilize SMART Navigator as a guide for your PPC engagement process, begin at step 1 in **General Planning Procedures** and proceed sequentially from there. In this way, your General Planning Procedures serve as a road map for conducting your engagement and help you avoid completing unnecessary workpapers.

In addition to clicking the **SMART Navigator** tab at the bottom of your screen, you can also click the **SMART Navigator** button at the top of the screen:


PPC's SMART Practice Aids™ [LSS - Non-ADM for Help Topic Examples]
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bladeserver-18
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Affirm All
View Tip
Refresh
Checkpoint
Dashboard
SMART Navigator
Navigation
Planning
AP-1 - AP-1: General Planning Procedures
General Planning
Risk Assessment and Planning
Planning
View Audit Program
Start
Start

1. Prior to other significant audit activities, perform client acceptance or continuance procedures, in More...
2. Review correspondence files, prior-period workpapers, permanent files, financial statements, and aud More...

Note: Clicking either the tab or the button will always take you back to where you left off in SMART Navigator.

To view the SMART Navigator screen for a different audit area, click the up arrow on the SMART Navigator tab. Then select the audit area from the list that appears.

From the SMART Navigator screen you can:

- **View and access audit program steps**. SMART Navigator presents an abbreviated view of each program step. Click **More** (see arrow above) to view a step in its entirety, including any sub-steps, practical considerations, and related engagement workpapers. To view the audit program in Completion view, click the **View Audit Program** link in the upper right corner of SMART Navigator.

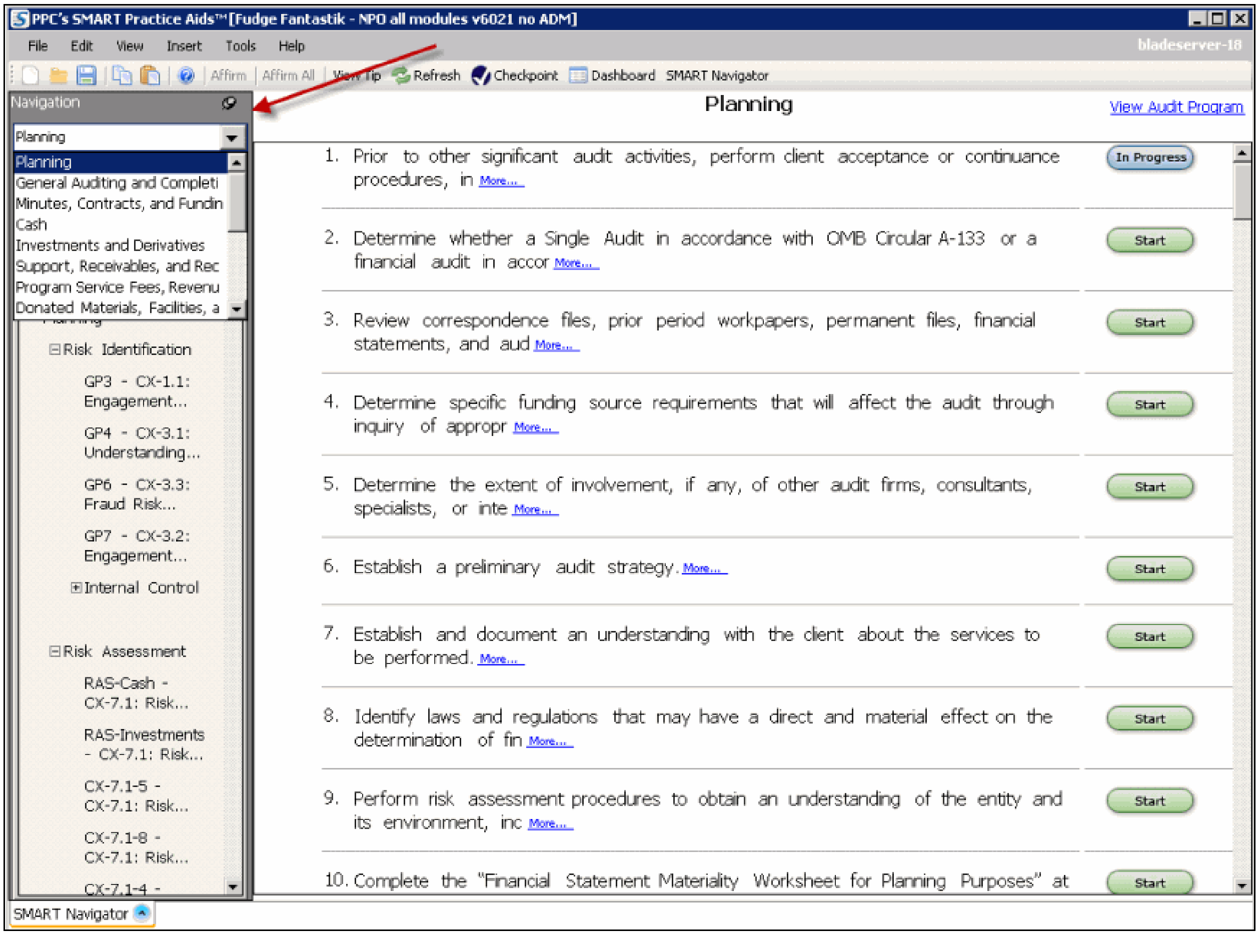
- **Add and access related workpapers**. Double-click any blue underlined PPC workpaper reference to add the workpaper to your engagement or to navigate to the workpaper if it already exists in your engagement. When you add a workpaper in this manner from SMART Navigator (or from an audit program displayed in Completion view), you will have the opportunity to assign the workpaper to an audit program step, which places a link to the workpaper next to the step. In SMART Navigator, the link is visible by clicking **More**. A link is also placed in the Workpaper Index column of the audit program, which is visible when the program is displayed in Completion view. You can also add documents by selecting **Insert | Add Document** from the menu.

  Note: Certain workpapers, applicable to virtually all engagements, were automatically added to your engagement when it was created, and links to those workpapers have already been added to relevant audit program steps.

- **View the status of steps and related workpapers**. A status icon appears next to each step, so you can quickly see how work in an area is progressing. Clicking the icon opens the audit program for the audit area, displays it in Completion view, and takes you to the step. From there you can view or add related workpapers and sign-off the step when it is completed.

Left Navigation Tree

The **left Navigation tree** appears in the left pane on the main application window:


PPC's SMART Practice Aids™ [Fudge Fantastik - NPO all modules v6021 no ADM]
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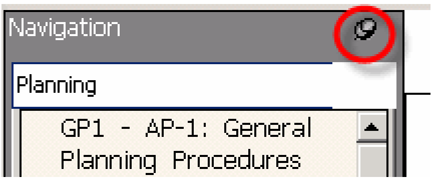
bladeserver-18
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Dashboard
SMART Navigator
Navigation
Planning
Planning
General Auditing and Completi
Minutes, Contracts, and Fundin
Cash
Investments and Derivatives
Support, Receivables, and Rec
Program Service Fees, Revenu
Donated Materials, Facilities, a
Risk Identification
GP3 - CX-1.1: Engagement...
GP4 - CX-3.1: Understanding...
GP6 - CX-3.3: Fraud Risk...
GP7 - CX-3.2: Engagement...
Internal Control
Risk Assessment
RAS-Cash - CX-7.1: Risk...
RAS-Investments - CX-7.1: Risk...
CX-7.1-5 - CX-7.1: Risk...
CX-7.1-8 - CX-7.1: Risk...
CX-7.1-4 -
SMART Navigator
Planning
View Audit Program
In Progress
Start

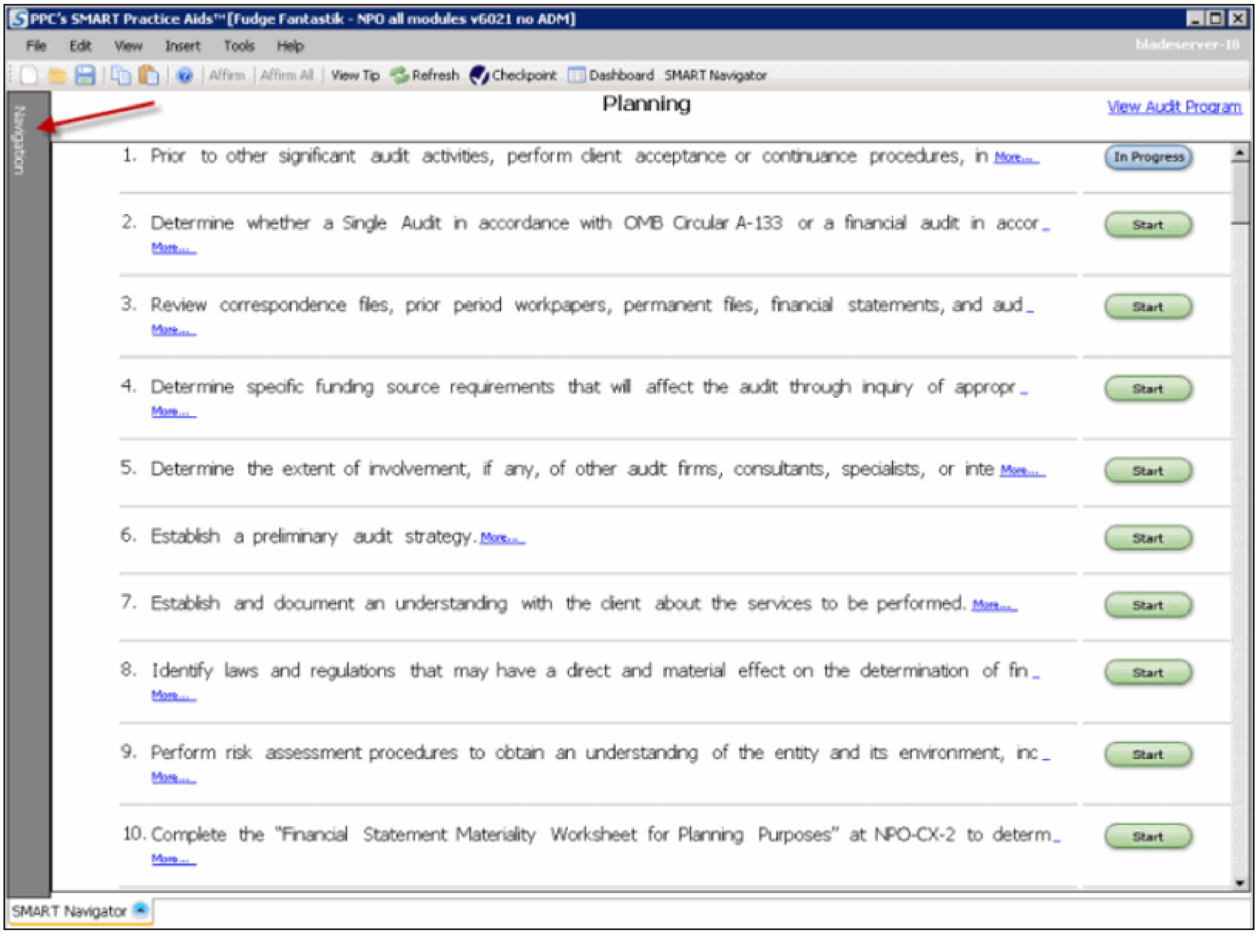
1. Prior to other significant audit activities, perform client acceptance or continuance procedures, in More...
2. Determine whether a Single Audit in accordance with OMB Circular A-133 or a financial audit in accor More...
3. Review correspondence files, prior period workpapers, permanent files, financial statements, and aud More...
4. Determine specific funding source requirements that will affect the audit through inquiry of appropr More...
5. Determine the extent of involvement, if any, of other audit firms, consultants, specialists, or inte More...
6. Establish a preliminary audit strategy. More...
7. Establish and document an understanding with the client about the services to be performed. More...
8. Identify laws and regulations that may have a direct and material effect on the determination of fin More...
9. Perform risk assessment procedures to obtain an understanding of the entity and its environment, inc More...
10. Complete the "Financial Statement Materiality Worksheet for Planning Purposes" at

It displays all of the steps in the engagement process and each form, procedure, and sub-step. Click a heading in this pane to navigate to a new section or step. Use the drop-down menu to select audit areas for the engagement.

To close the Navigation pane, first click the Pin icon:


Navigation
Planning
GP1 - AP-1: General Planning Procedures

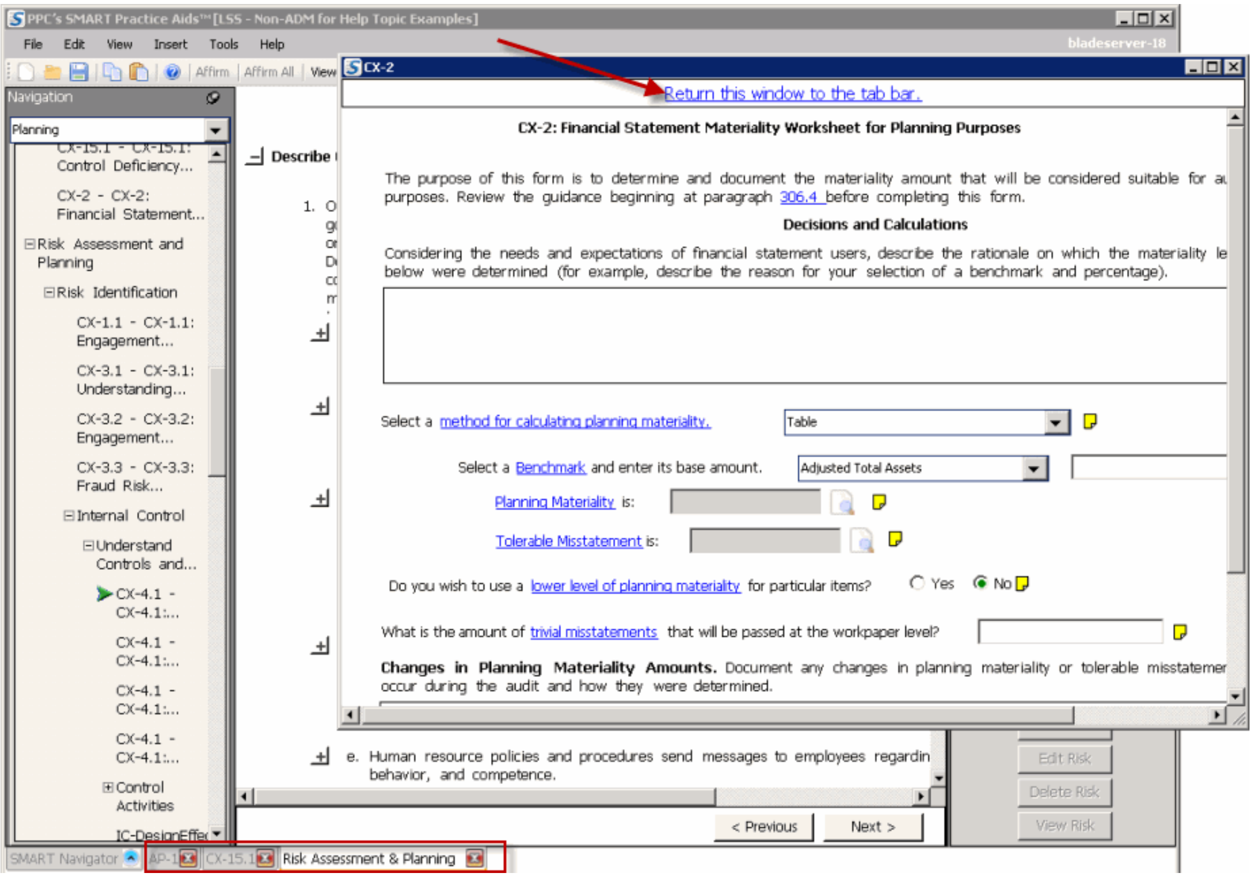
Then click anywhere outside of the Navigation pane and it will collapse. To reopen the Navigation pane, click inside the shaded Navigation area:


PPC's SMART Practice Aids™ [Fudge Fantastik - NPO all modules v6021 no ADM]
File
Edit
View
Insert
Tools
Help
bladeserver-18
Affirm
Affirm All
View Tip
Refresh
Checkpoint
Dashboard
SMART Navigator
Navigation
Planning
View Audit Program
In Progress
Start
SMART Navigator

1. Prior to other significant audit activities, perform client acceptance or continuance procedures, in More...
2. Determine whether a Single Audit in accordance with OMB Circular A-133 or a financial audit in accor… More...
3. Review correspondence files, prior period workpapers, permanent files, financial statements, and aud… More...
4. Determine specific funding source requirements that will affect the audit through inquiry of appropr… More...
5. Determine the extent of involvement, if any, of other audit firms, consultants, specialists, or inte More...
6. Establish a preliminary audit strategy. More...
7. Establish and document an understanding with the client about the services to be performed. More...
8. Identify laws and regulations that may have a direct and material effect on the determination of fin… More...
9. Perform risk assessment procedures to obtain an understanding of the entity and its environment, inc… More...
10. Complete the "Financial Statement Materiality Worksheet for Planning Purposes" at NPO-CX-2 to determ… More...

Workpaper Tabs

A tab for each workpaper that is open appears in the tab bar at the bottom of the screen. Quickly jump from workpaper to workpaper by clicking the tabs, or close a workpaper by clicking the red X on its tab. You can have multiple workpapers open on a single monitor or multiple monitors. Simply drag the tab off the tab bar. As indicated by the red arrow below, you can return the workpaper to the tab bar by clicking **Return this window to the tab bar**.


PPC's SMART Practice Aids™ [LSS - Non-ADM for Help Topic Examples]
File
Edit
View
Insert
Tools
Help
bladeserver-18
Affirm
Affirm All
View
Navigation
Planning
CX-15.1 - CX-15.1: Control Deficiency...
CX-2 - CX-2: Financial Statement...
Risk Assessment and Planning
Risk Identification
CX-1.1 - CX-1.1: Engagement...
CX-3.1 - CX-3.1: Understanding...
CX-3.2 - CX-3.2: Engagement...
CX-3.3 - CX-3.3: Fraud Risk...
Internal Control
Understand Controls and...
CX-4.1 - CX-4.1:...
CX-4.1 - CX-4.1:...
CX-4.1 - CX-4.1:...
CX-4.1 - CX-4.1:...
Control Activities
IC-DesignEffec
SMART Navigator
AP-1
CX-15.1
Risk Assessment & Planning
Describe
1.
< Previous
Next >
Edit Risk
Delete Risk
View Risk
CX-2

Return this window to the tab bar.

CX-2: Financial Statement Materiality Worksheet for Planning Purposes

The purpose of this form is to determine and document the materiality amount that will be considered suitable for au purposes. Review the guidance beginning at paragraph 306.4 before completing this form.

Decisions and Calculations

Considering the needs and expectations of financial statement users, describe the rationale on which the materiality le below were determined (for example, describe the reason for your selection of a benchmark and percentage).

Select a method for calculating planning materiality. Table

Select a Benchmark and enter its base amount. Adjusted Total Assets

Planning Materiality is:

Tolerable Misstatement is:

Do you wish to use a lower level of planning materiality for particular items? ○ Yes ● No

What is the amount of trivial misstatements that will be passed at the workpaper level?

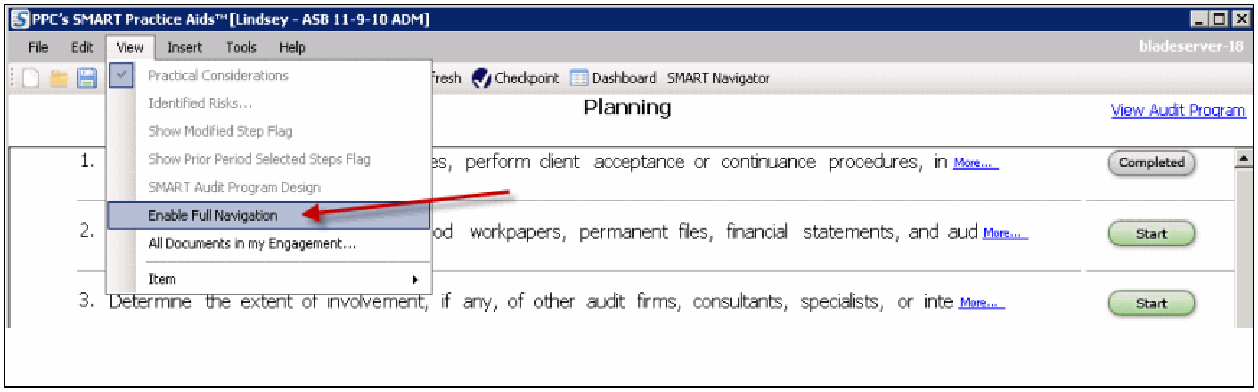
Changes in Planning Materiality Amounts. Document any changes in planning materiality or tolerable misstatemer occur during the audit and how they were determined.

e. Human resource policies and procedures send messages to employees regardin behavior, and competence.

Enabling the Full Navigation Pane

If you indicated during engagement setup that you plan to use external engagement management software to manage your engagement, it is assumed that you will access documents in SMART through your engagement management software. Thus, the Navigation pane in SMART is disabled. However, to provide you with maximum flexibility, you have the option of enabling full Navigation pane functionality within SMART, which will allow you to easily view workpapers in the engagement, and it will not affect the way in which SMART interacts with your engagement management software.

You can invoke or disable full Navigation pane functionality at any time by selecting **Enable Full Navigation** from the View menu:


PPC's SMART Practice Aids™ [Lindsey - ASB 11-9-10 ADM]
File
Edit
View
Insert
Tools
Help
bladeserver-18
Practical Considerations
Identified Risks...
Show Modified Step Flag
Show Prior Period Selected Steps Flag
SMART Audit Program Design
Enable Full Navigation
All Documents in my Engagement...
Item
fresh
Checkpoint
Dashboard
SMART Navigator
Planning
View Audit Program
Completed
Start
Start

1. es, perform client acceptance or continuance procedures, in More...

2. od workpapers, permanent files, financial statements, and aud More...

3. Determine the extent of involvement, if any, of other audit firms, consultants, specialists, or inte More...

With External Engagement Software

Using SMART with your Engagement Management Software

When using SMART in conjunction with your engagement management software:

- You will be able to continue using your engagement management software as you always have. You will also have the added value of critical engagement-level information (such as risk assessments, planning materiality, etc.) dynamically shared throughout your PPC audit engagement. Diagnostics will alert you to errors or inconsistencies within your engagement. And you will be able to take advantage of valuable engagement tools such as **Smart Navigation**, **Engagement Dashboard**, and **Smart Audit Program Design**.

- **SMART Docs** generated by SMART will reside within your engagement management software, so you will be able to open read-only versions of the workpapers for review. You will have the option to launch directly to the applicable workpaper in SMART for editing the live version.

- SMART will prompt you whenever the SMART Docs need to be initially created and will continue to prompt you whenever they need to be refreshed and updated. In this way, you can continue to manage your engagement through your engagement management software, and your PPC workpapers will always be in synch and up-to-date.

- When accessing workpapers within SMART, you will also be notified that you may not have rights to the workpaper within your engagement management software.

- If you select **Yes** to use engagement management software, you will be able to add only SMART-enabled documents.

Engagement Management Software Integration

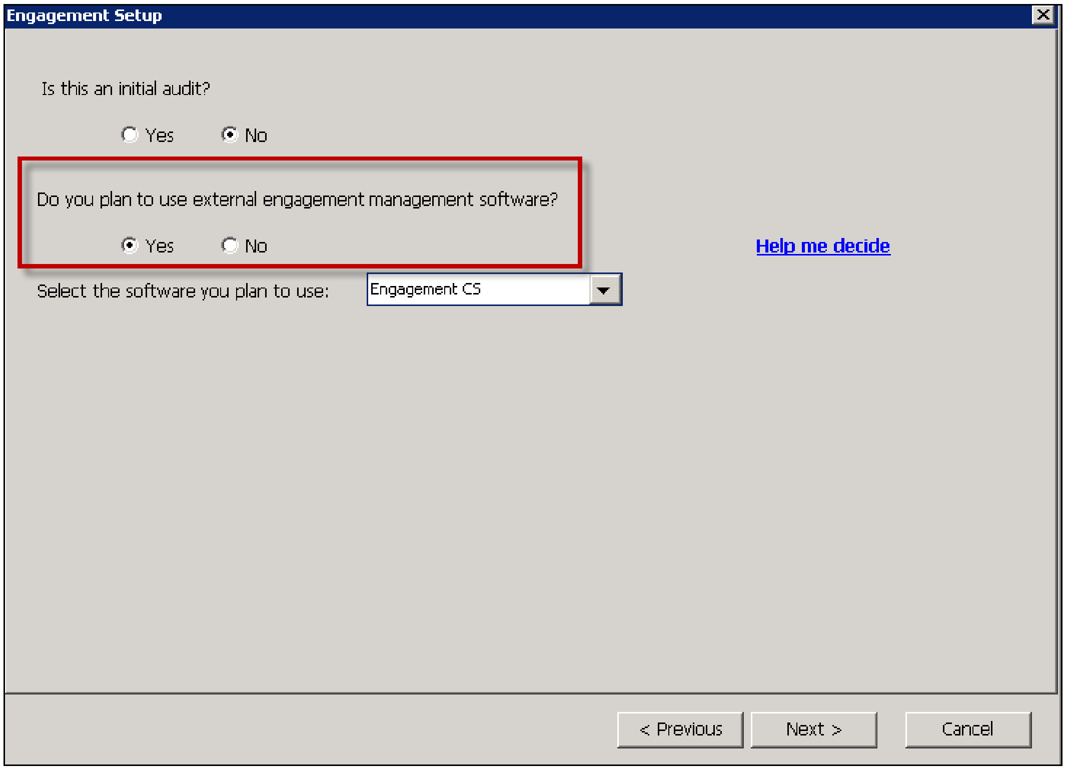
Whether you are using Profx Engagement, Engagement CS or CaseWare as your engagement management software, SMART Field Work helps you with your audit process by offering two options for document management:

- Create SMART image documents (SMART Docs) that make staying in synch with your engagement management software more seamless.

OR

- Manage all documents for your audit engagements within SMART.

Specify your preference to use engagement management software by clicking **YES** on the Engagement Setup screen:



Engagement Setup

Is this an initial audit?

○ Yes ● No

Do you plan to use external engagement management software?

● Yes ○ No

Select the software you plan to use: Engagement CS

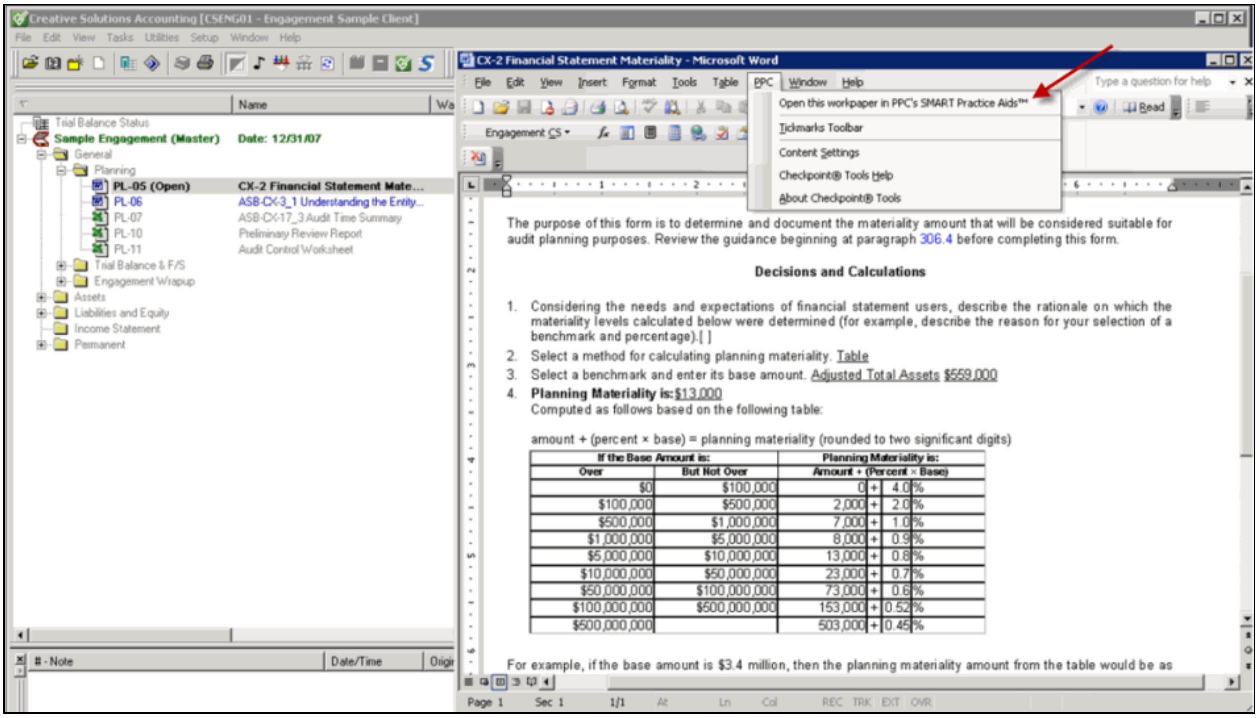
If you are using engagement software, you can continue to manage your engagement as you do now. However, you can also enjoy the benefits of a more seamless interaction between SMART Practice Aids and your engagement software:

While utilizing Field Work, if you have created SMART Docs to store in your engagement software, when you open a specific SMART Doc, you will see a read-only view of the workpaper as it existed at the time the SMART Doc was created. If you need to change that document or complete additional work in that area, select **PPC>Return to PPC's SMART Practice Aids Engagement** from the menu in Word, which will launch you directly to that appropriate workpaper within SMART, ensuring that your PPC workpapers always stay in synch. Every time you use SMART, documents that have changed will be flagged so you can easily identify which versions of your engagement software need to be updated.

Note: If you do not use engagement software, you do not have to create SMART Docs; you can store all your documents in SMART.

Synchronize Workpapers with SMART

When you open a SMART Doc that is stored in your engagement software, you will see a read-only view of the workpaper as it existed at the time the SMART Doc was created. This is a great feature for reviewers. If you need to change that document or complete additional work in that area, select **PPC>Open the workpaper in PPC's SMART Practice Aids™** from the menu in Word, which will launch you directly to the appropriate workpaper within SMART, ensuring that your PPC workpapers always stay in synch.


Creative Solutions Accounting [CSENG01 - Engagement Sample Client]
File Edit View Tasks Utilities Setup Window Help
Name
Trial Balance Status
Sample Engagement (Master) Date: 12/31/07
General
Planning
PL-05 (Open) CX-2 Financial Statement Mate...
PL-06 ASB-CX-3_1 Understanding the Entity...
PL-07 ASB-CX-17_3 Audit Time Summary
PL-10 Preliminary Review Report
PL-11 Audit Control Worksheet
Trial Balance & F/S
Engagement Wrapup
Assets
Liabilities and Equity
Income Statement
Permanent
# - Note
Date/Time
CX-2 Financial Statement Materiality - Microsoft Word
File Edit View Insert Format Tools Table PPC Window Help
Type a question for help
Open this workpaper in PPC's SMART Practice Aids™
Tickmarks Toolbar
Content Settings
Checkpoint® Tools Help
About Checkpoint® Tools
Engagement CS
Read
Page 1 Sec 1 1/1 At Ln Col REC TRK EXT OVR

The purpose of this form is to determine and document the materiality amount that will be considered suitable for audit planning purposes. Review the guidance beginning at paragraph 306.4 before completing this form.

Decisions and Calculations

1. Considering the needs and expectations of financial statement users, describe the rationale on which the materiality levels calculated below were determined (for example, describe the reason for your selection of a benchmark and percentage).[ ]
2. Select a method for calculating planning materiality. Table
3. Select a benchmark and enter its base amount. Adjusted Total Assets $559,000
4. **Planning Materiality is:**$13,000
   Computed as follows based on the following table:

amount + (percent × base) = planning materiality (rounded to two significant digits)

If the Base Amount is:		**Planning Materiality is:**			
Over	**But Not Over**	**Amount + (Percent × Base)**			
$0	$100,000	0	+	4.0	%
$100,000	$500,000	2,000	+	2.0	%
$500,000	$1,000,000	7,000	+	1.0	%
$1,000,000	$5,000,000	8,000	+	0.9	%
$5,000,000	$10,000,000	13,000	+	0.8	%
$10,000,000	$50,000,000	23,000	+	0.7	%
$50,000,000	$100,000,000	73,000	+	0.6	%
$100,000,000	$500,000,000	153,000	+	0.52	%
$500,000,000		503,000	+	0.45	%

For example, if the base amount is $3.4 million, then the planning materiality amount from the table would be as

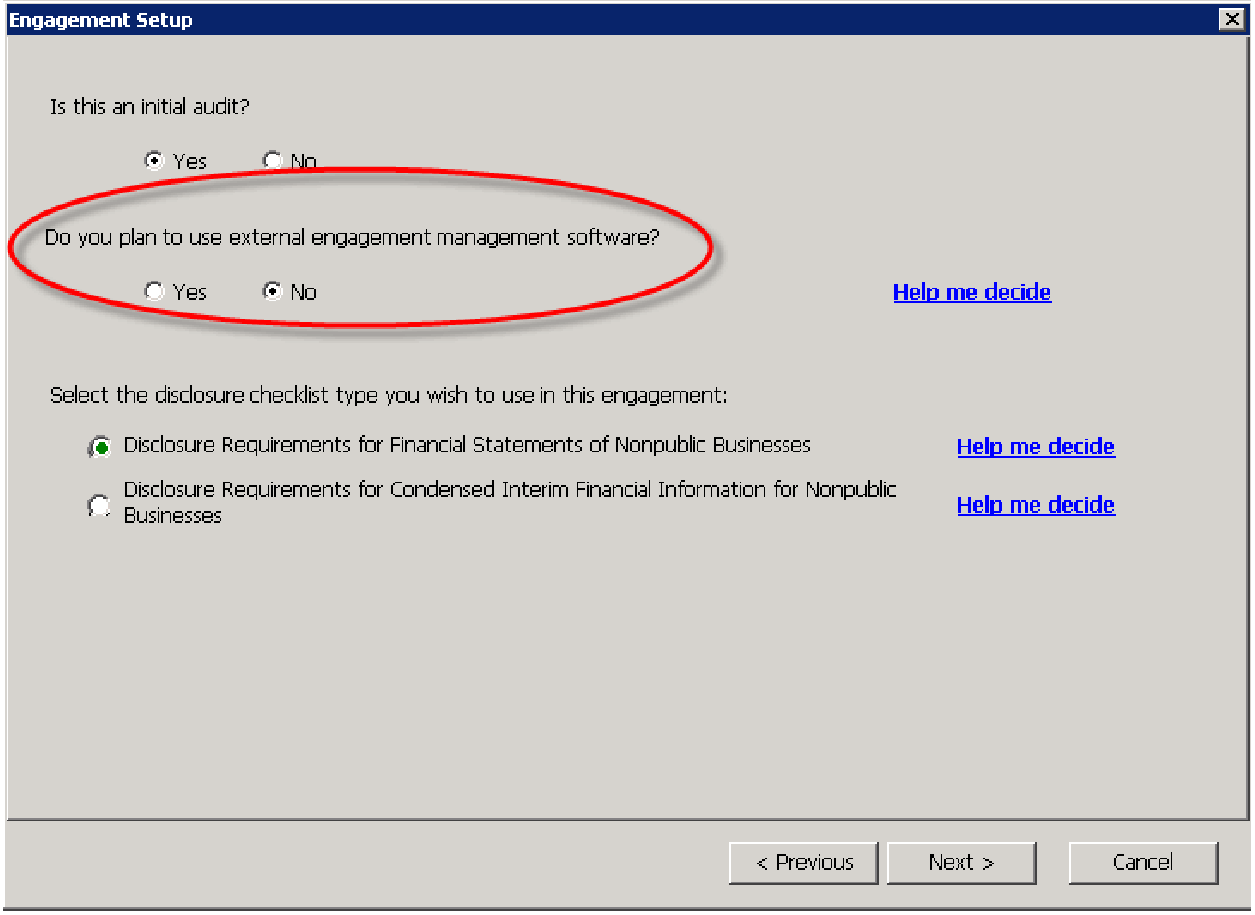
After you make changes in SMART, you will be prompted to update the documents that have changed in your engagement management software.

Note: You may get an error message if you switch to a SMART database that does not contain the engagement from which the workpaper was generated.

Not Using External Engagement Software

Using SMART Without Engagement Management Software

You can create engagements without using external engagement management software. On the Engagement Setup screen, click **No** to indicate this preference:



Engagement Setup

Is this an initial audit?

● Yes ○ No

Do you plan to use external engagement management software?

○ Yes ● No

Select the disclosure checklist type you wish to use in this engagement:

● Disclosure Requirements for Financial Statements of Nonpublic Businesses

○ Disclosure Requirements for Condensed Interim Financial Information for Nonpublic Businesses

If you are creating a new SMART engagement, it will be populated with a set of default, blank PPC workpapers, common to most engagements, and the workpapers will be linked automatically to applicable audit program steps. If you created this engagement by rolling forward a prior SMART engagement, it will be populated with workpapers as defined in your rollforward settings. Regardless, you can easily remove or add any PPC workpaper during your engagement.

Manage Your Entire Engagement in SMART

With SMART Field Work, you can manage your entire engagement within SMART, including adding, completing, and managing any workpaper necessary to document your audit procedures.

Note: If you use engagement management software and prefer to manage all workpapers, sign-off and finalize documents in your engagement management software, then you can exclude these options in SMART Field Work by indicating that you plan to use engagement software when you create your engagement in SMART.

If you don't use engagement management software, you can use SMART Field Work to manage your entire engagement within SMART for seamless integration with your audit team:

- Add and manage all types of documents in SMART.
- Sign-off workpapers as they are completed and reviewed in SMART.

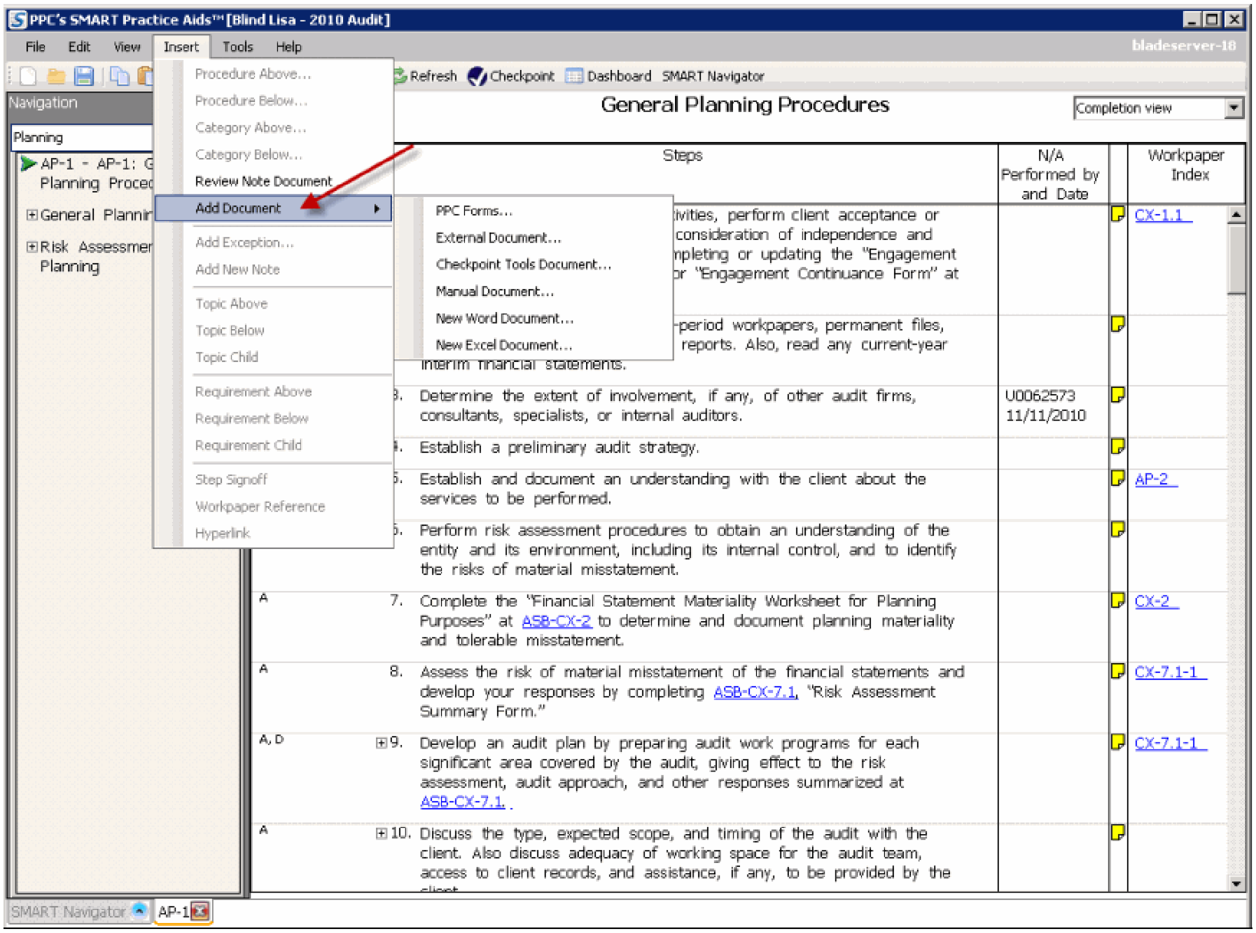
  Note: Workpapers are grouped by audit area.
- Finalize individual workpapers with notification if someone attempts to access a reviewed and finalized workpaper.

Add and manage documents in SMART:

You can add and manage PPC Practice Aids, Checkpoint Tools documents, external documents, manual document references, Word and Excel documents. Workpapers and schedules already created outside of SMART can easily be added and managed in SMART. Create your own Word and Excel documents and manage them in SMART; they will open directly in Word or Excel for easy editing. You can link directly to any type of document from workpaper references, and your information carries dynamically, where applicable, to SMART Practice Aids documents, creating efficiency in your audit engagement process.

Note: **PPC Forms** include forms that are specially managed in SMART for more efficient completion and to enable sharing of key data with other forms. These forms open as windows within SMART. **Checkpoint Tools** documents include any of the available Checkpoint Tools documents for the applicable title. For editing, they open in their native Word or Excel formats.

To add a document in SMART, select **Add Document** from the Insert menu. Notice the various types of documents shown on the sub-menu:


PPC's SMART Practice Aids™ [Blind Lisa - 2010 Audit]
File
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bladeserver-18
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Checkpoint
Dashboard
SMART Navigator
Navigation
Planning
AP-1 - AP-1: G
Planning Proced
General Plannir
Risk Assessmer
Planning
Procedure Above...
Procedure Below...
Category Above...
Category Below...
Review Note Document
Add Document
Add Exception...
Add New Note
Topic Above
Topic Below
Topic Child
Requirement Above
Requirement Below
Requirement Child
Step Signoff
Workpaper Reference
Hyperlink
PPC Forms...
External Document...
Checkpoint Tools Document...
Manual Document...
New Word Document...
New Excel Document...
Completion view
SMART Navigator
AP-1

General Planning Procedures

		Steps	N/A Performed by and Date		Workpaper Index
		ivities, perform client acceptance or consideration of independence and mpleting or updating the "Engagement r "Engagement Continuance Form" at			CX-1.1
		-period workpapers, permanent files, reports. Also, read any current-year interim financial statements.			
	3.	Determine the extent of involvement, if any, of other audit firms, consultants, specialists, or internal auditors.	U0062573 11/11/2010		
	4.	Establish a preliminary audit strategy.			
	5.	Establish and document an understanding with the client about the services to be performed.			AP-2
	6.	Perform risk assessment procedures to obtain an understanding of the entity and its environment, including its internal control, and to identify the risks of material misstatement.			
A	7.	Complete the "Financial Statement Materiality Worksheet for Planning Purposes" at ASB-CX-2 to determine and document planning materiality and tolerable misstatement.			CX-2
A	8.	Assess the risk of material misstatement of the financial statements and develop your responses by completing ASB-CX-7.1, "Risk Assessment Summary Form."			CX-7.1-1
A, D	⊞9.	Develop an audit plan by preparing audit work programs for each significant area covered by the audit, giving effect to the risk assessment, audit approach, and other responses summarized at ASB-CX-7.1.			CX-7.1-1
A	⊞10.	Discuss the type, expected scope, and timing of the audit with the client. Also discuss adequacy of working space for the audit team, access to client records, and assistance, if any, to be provided by the client.			

Note: Firms that choose to use engagement management software can still add and manage other document types such as external documents and Word and Excel documents in SMART, although they may prefer to continue to do that in their engagement management software rather than in SMART. As noted, SMART Practice Aids – Field Work provides great flexibility and many options so that firms can choose the approach that works best for them.

Workpaper Properties:

You can change workpaper properties, including document name, workpaper reference, and rollforward options. For more information, see the **Workpaper Properties** topic.

Integration with Engagement CS

About Integration with Engagement CS

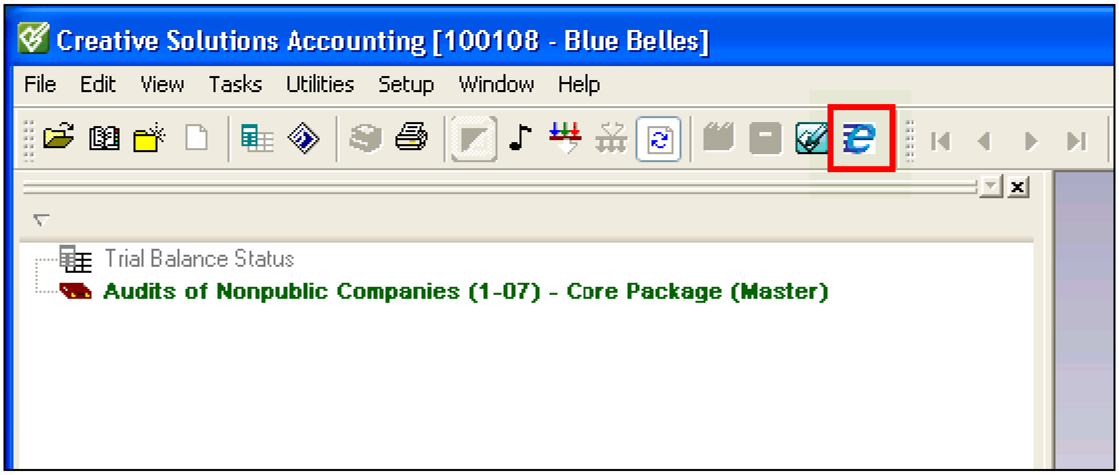
Integration between Engagement CS and PPC's SMART Practice Aids allows you to bring advanced audit functionality to your licensed Practice Aids products. When PPC's SMART Practice Aids is installed, you can perform the following tasks and insert the completed audit documents into the current engagement.

There is a three step process to follow when integrating a SMART Practice Aids Engagement with Engagement CS:

1. Open an associated SMART Practice Aids engagement or associate and launch an engagement.
2. Complete the steps in Smart Practice Aids to create tailored audit programs and completed planning forms.
3. Generate documents and file them in the associated Engagement CS engagement.

Launching SMART Practice Aids from Engagement CS

Click the SMART Practice Aids icon on the Engagement CS menu or from the **Task** menu, select **PPC** and **SMART Practice Aids**. The SMART Practice Aids application will launch.



Creative Solutions Accounting [100108 - Blue Belles]
File
Edit
View
Tasks
Utilities
Setup
Window
Help
Trial Balance Status
Audits of Nonpublic Companies (1-07) - Core Package (Master)

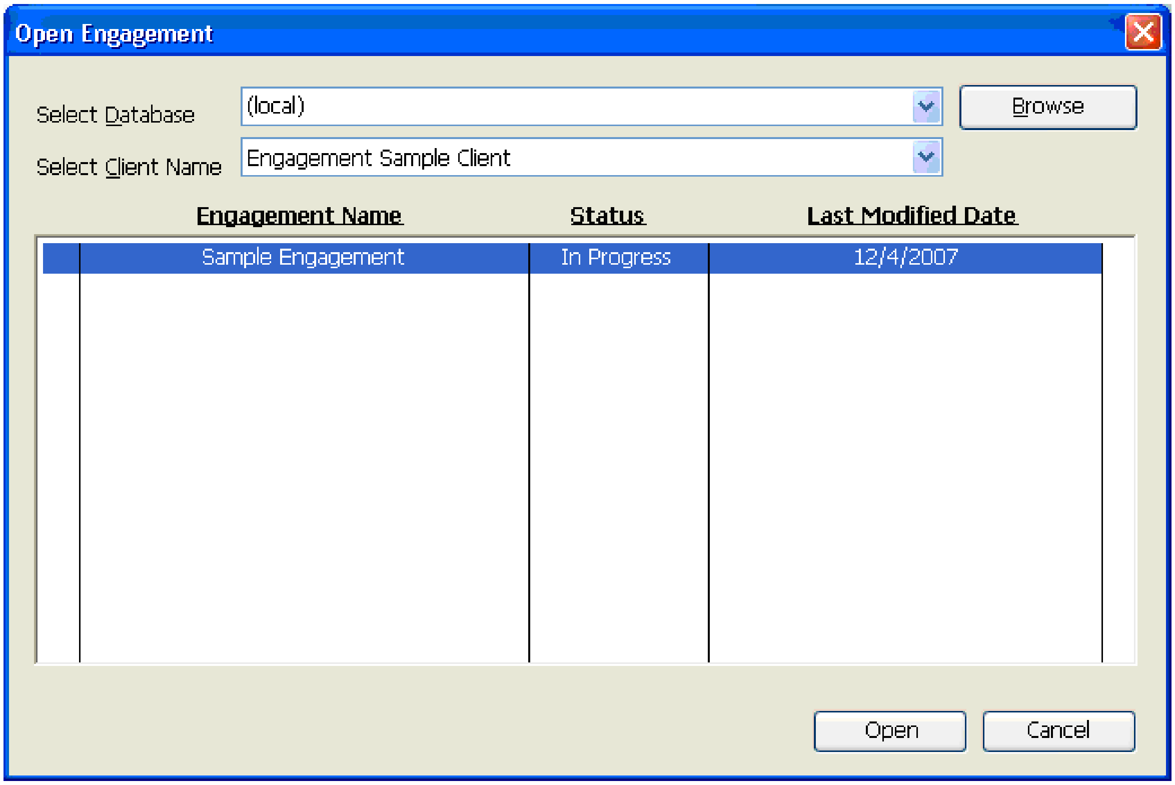
Step 1 - Open an Associated SMART Practice Aids Engagement or Associate and Launch an Engagement

There are two possible procedures to follow depending on whether or not you have associated the SMART Practice Aids engagement with an Engagement CS engagement.

If you have associated the SMART Practice Aids engagement with an Engagement CS engagement:

Select an engagement from Engagement CS. Click the SMART Practice Aids button on the Engagement CS toolbar or from the **Task** menu, select **PPC** and **SMART Practice Aids**.

If the Engagement CS engagement is already associated with an engagement in SMART Practice Aids, the **Open Engagement** dialog box displays with the associated engagement selected.



Select Database: (local)

Select Client Name: Engagement Sample Client

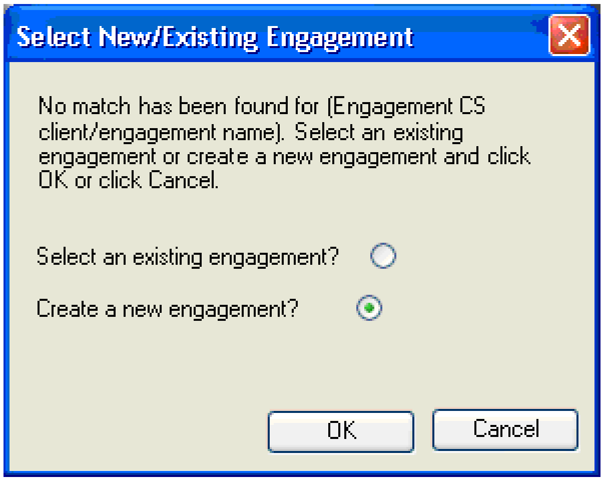
Engagement Name	Status	Last Modified Date
Sample Engagement	In Progress	12/4/2007

If you have not associated the SMART Practice Aids engagement with an Engagement CS engagement:

Select an engagement from Engagement CS. Click the SMART Practice Aids button on the Engagement CS toolbar, or from the **Task** menu, select **PPC** and **SMART Practice Aids**.

If the Engagement CS engagement has not previously been associated with an engagement in SMART Practice Aids, the following dialog box will appear with two options:

- Select an existing engagement
- Create a new engagement



No match has been found for [Engagement CS client/engagement name]. Select an existing engagement or create a new engagement and click OK or click Cancel.

Select an existing engagement? ○

Create a new engagement? ●

If you have created an engagement in SMART Practice Aids, but the client name or engagement name is different from the corresponding engagement in Engagement CS, select the **Select an existing engagement** option.

If you have not created a SMART Practice Aids engagement corresponding to the engagement in Engagement CS, select **Create a new engagement**. A new engagement will be created and automatically be associated with the active Engagement CS engagement.

Step 2 - Complete the Steps in Smart Practice Aids

After you have associated an SMART Practice Aids engagement with a corresponding engagement in Engagement CS, complete the SMART Practice Aids 4 step procedure to generate tailored audit programs and completed planning forms.

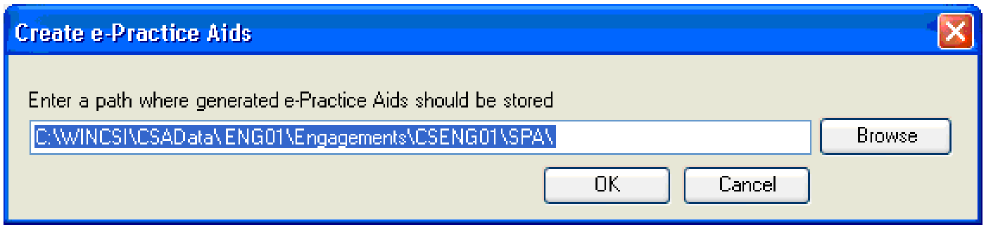
1. **Identify risks** – Complete planning forms and identify risks that could result in material misstatement of the financial statements.
2. **Assess effects of risks** – Determine the extent of audit procedures necessary in light of identified risks.
3. **Review and modify audit programs** – Review the suggested audit procedures and modify as needed.
4. **Generate Practice Aid planning forms and audit programs.**

Step 3 - Generate Documents and File in the Associated Engagement CS Engagement

When you have completed the 4-step SMART Practice Aids process:

1. Generate the audit documents to automatically insert them into the "Not yet filed" folder of the engagement workspace.

   If you have associated a SMART Practice Aids engagement with an Engagement CS engagement, the correct default path will display in the **Create Practice Aids** dialog screen when saving the audit documents.


Create e-Practice Aids
Browse
OK
Cancel

Enter a path where generated e-Practice Aids should be stored

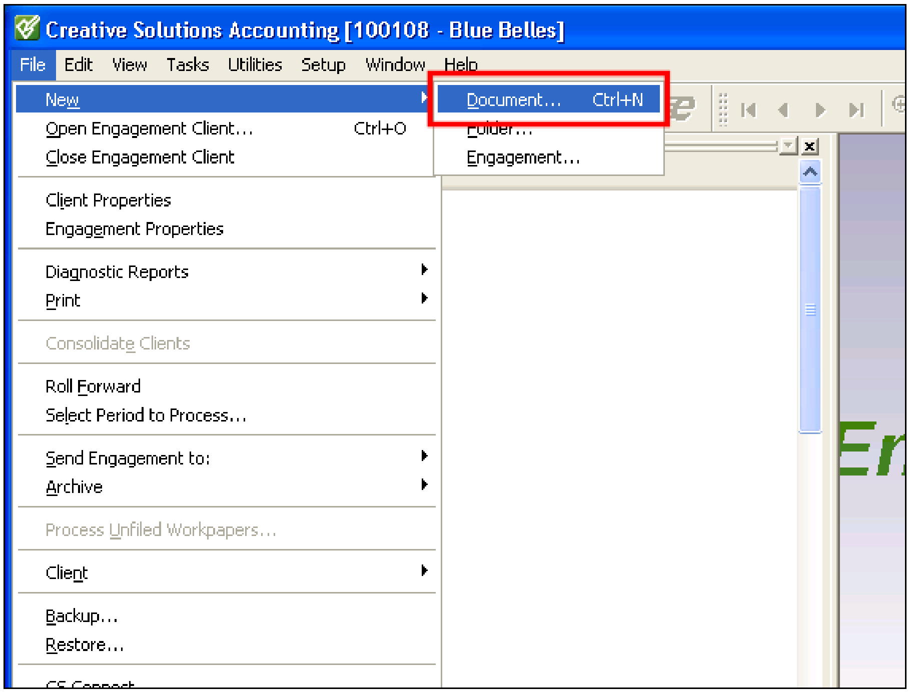
C:\WINCSI\CSAData\ENG01\Engagements\CSENG01\SPA\

2. While in Engagement CS, you can drag and drop unfiled workpapers to the appropriate engagement folder, or choose **File | Process Unfiled Workpapers** to move items to an appropriate engagement folder and/or replace existing workpapers. (Using the latter option makes it easier to replace existing documents in the engagement.)

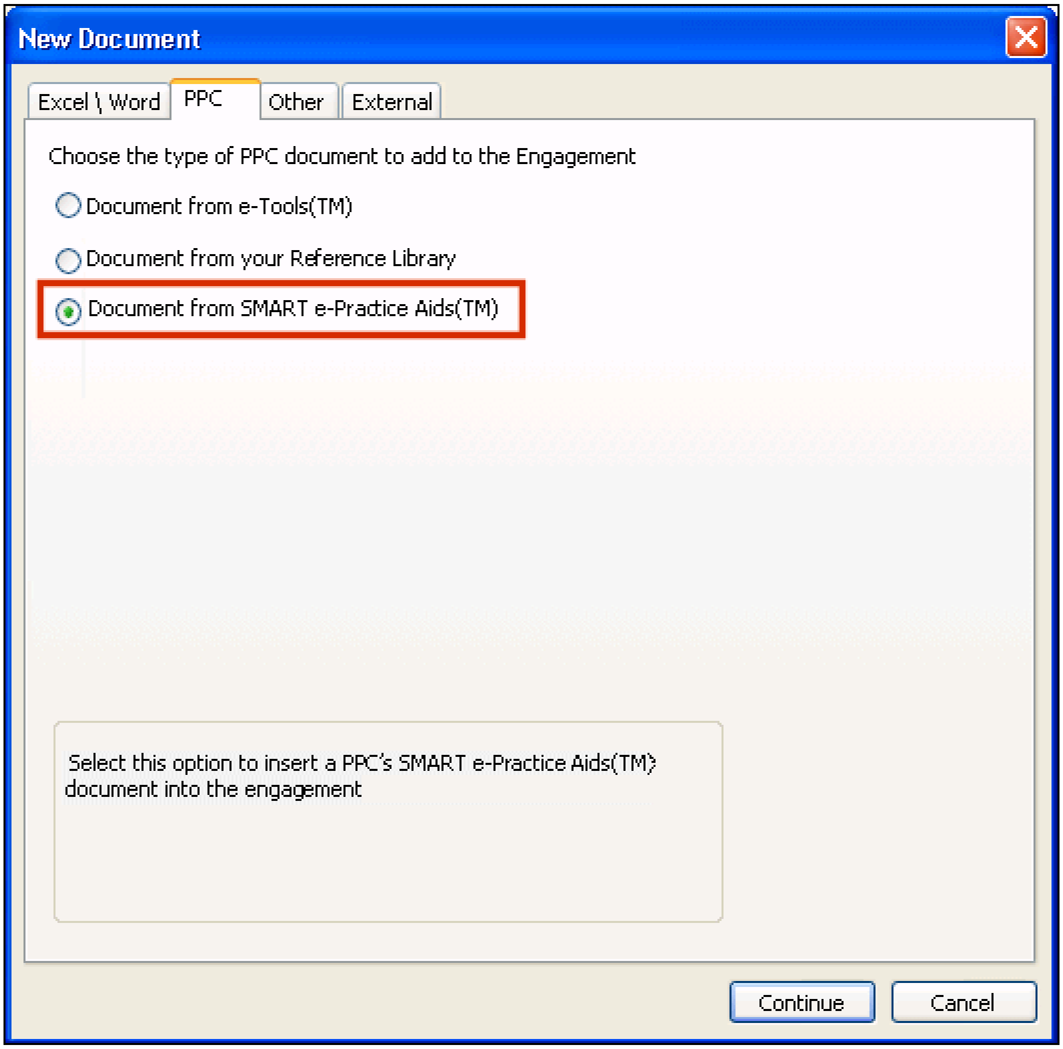
   Note: You **cannot** import SMART Practice Aids documents when more than one staff member is in the engagement at a time; the current engagement is locked during the import process.

Inserting a SMART Practice Aids Document into Engagement CS

1. Select **New** and **Document** from the Engagement CS **File** menu to insert a SMART Practice Aids **Document** into an Engagement CS engagement.


Creative Solutions Accounting [100108 - Blue Belles]
File
Edit
View
Tasks
Utilities
Setup
Window
Help
New
Open Engagement Client... Ctrl+O
Close Engagement Client
Client Properties
Engagement Properties
Diagnostic Reports
Print
Consolidate Clients
Roll Forward
Select Period to Process...
Send Engagement to:
Archive
Process Unfiled Workpapers...
Client
Backup...
Restore...
CS Connect
Document... Ctrl+N
Folder...
Engagement...

2. Open the **PPC** tab on the **New Document** dialog box and select the **Document from PPC's SMART Practice Aids(TM)** option.



Choose the type of PPC document to add to the Engagement

○ Document from e-Tools(TM)

○ Document from your Reference Library

● Document from SMART e-Practice Aids(TM)

Select this option to insert a PPC's SMART e-Practice Aids(TM) document into the engagement

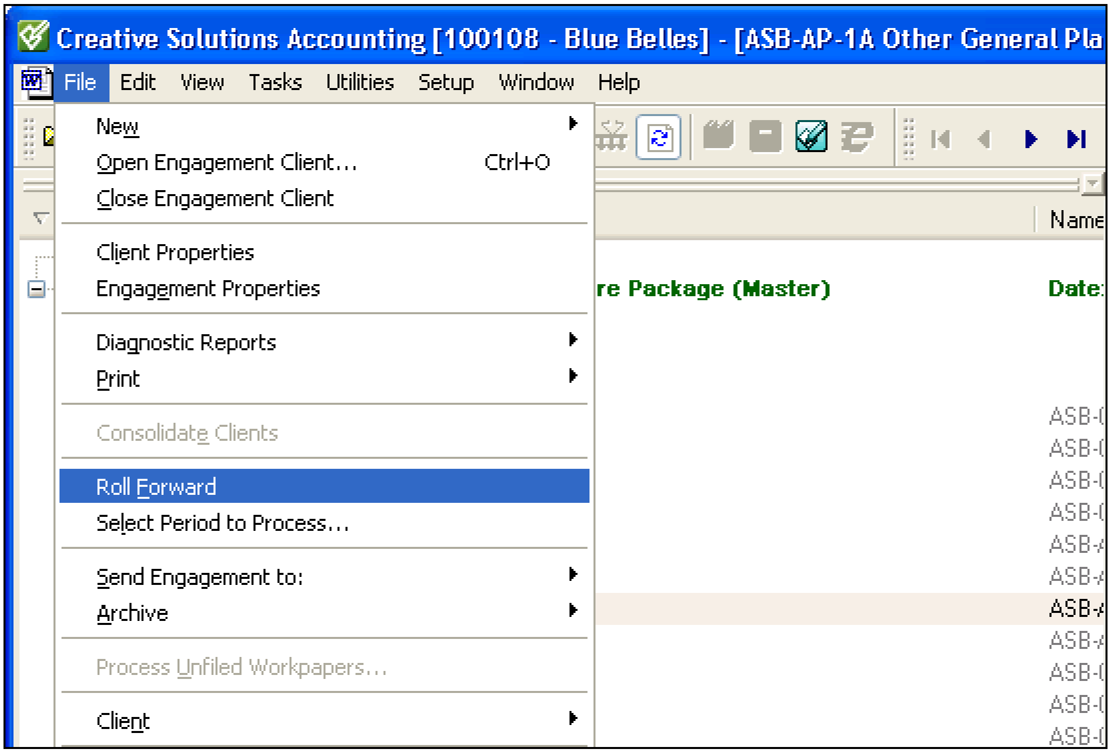
3. Click **Continue** and follow the additional steps to insert the Practice Aids document.

   Note: You can insert only SMART Practice Aids that have been previously generated and saved in a user-specified location.

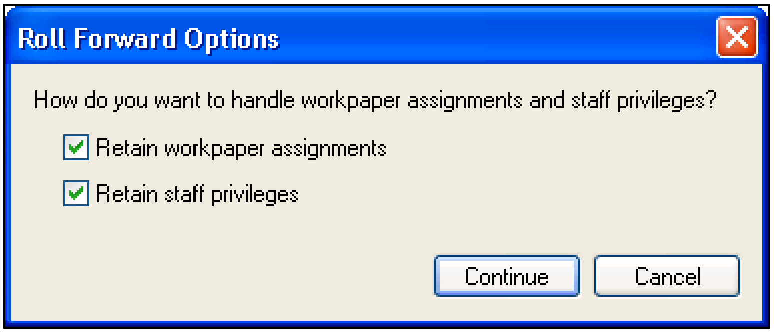
Rollforward Integration

If you are a user of both SMART Practice Aids and Engagement CS, you can perform a rollforward of prior period engagements that are related between the two products.

Start by opening the engagement in Engagement CS and selecting **Roll Forward** from the **File** menu.


Creative Solutions Accounting [100108 - Blue Belles] - [ASB-AP-1A Other General Pla
File
Edit
View
Tasks
Utilities
Setup
Window
Help
New
Open Engagement Client... Ctrl+O
Close Engagement Client
Client Properties
Engagement Properties
Diagnostic Reports
Print
Consolidate Clients
Roll Forward
Select Period to Process...
Send Engagement to:
Archive
Process Unfiled Workpapers...
Client
Name
re Package (Master)
Date:

On the **Roll Forward Options** dialog box, indicate whether you want to retain workpaper assignments and staff privileges. Then click **Continue**.


Roll Forward Options

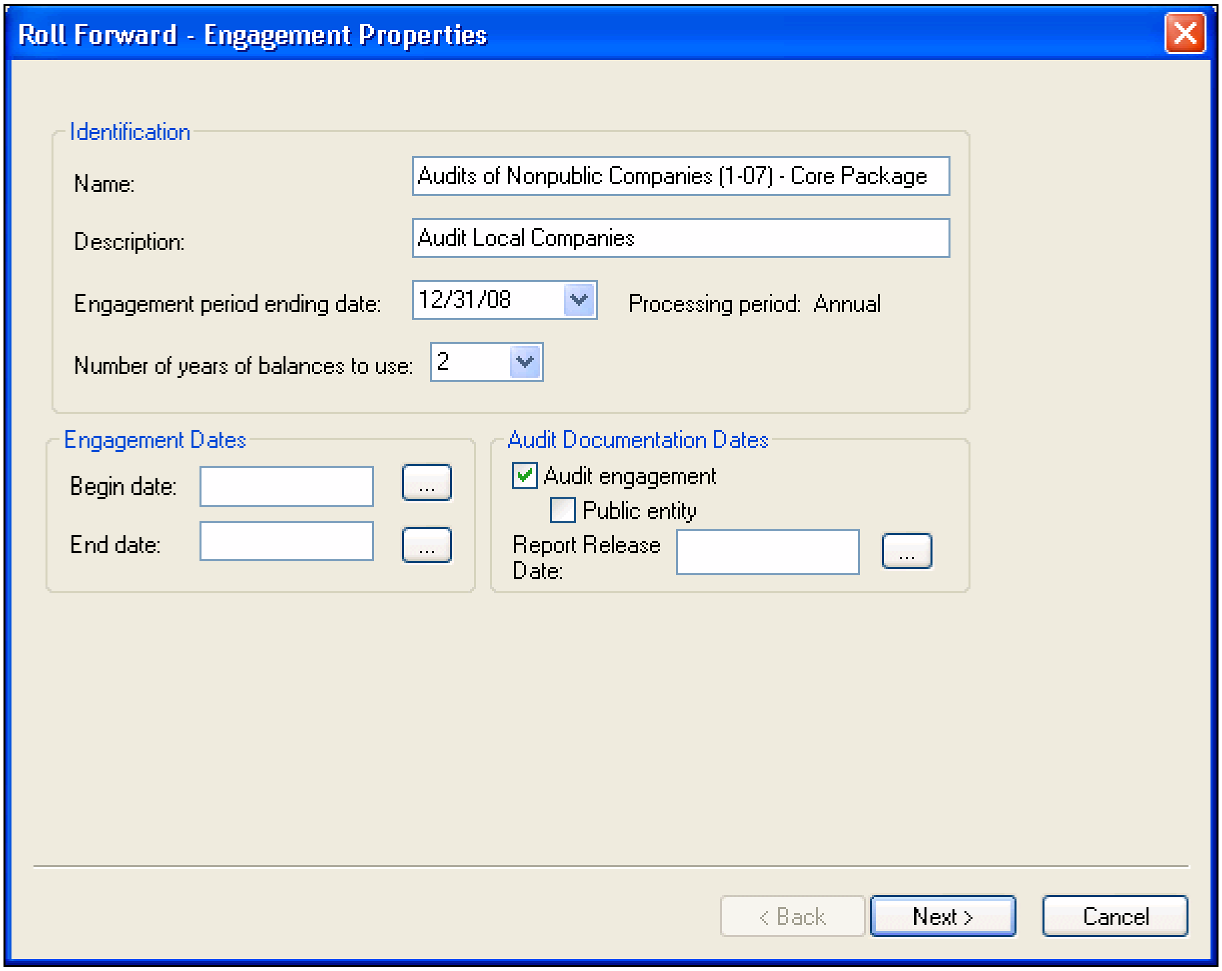
How do you want to handle workpaper assignments and staff privileges?

☑ Retain workpaper assignments

☑ Retain staff privileges

Continue
Cancel

Verify and complete the information on the **Roll Forward - Engagement Properties** dialog box.



Roll Forward - Engagement Properties

Identification

Name: Audits of Nonpublic Companies (1-07) - Core Package

Description: Audit Local Companies

Engagement period ending date: 12/31/08

Processing period: Annual

Number of years of balances to use: 2

Engagement Dates

Begin date:

End date:

Audit Documentation Dates

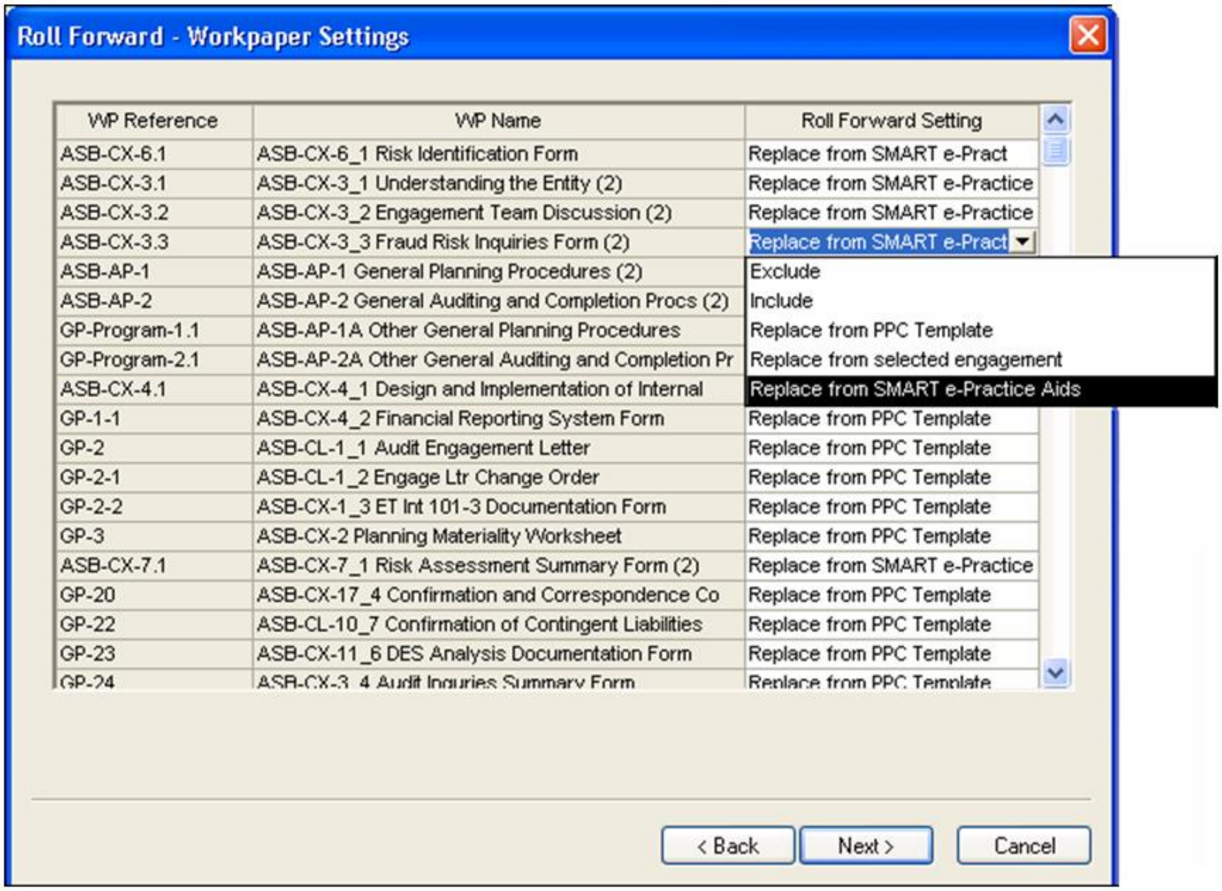
☑ Audit engagement

☐ Public entity

Report Release Date:

Click **Next**.

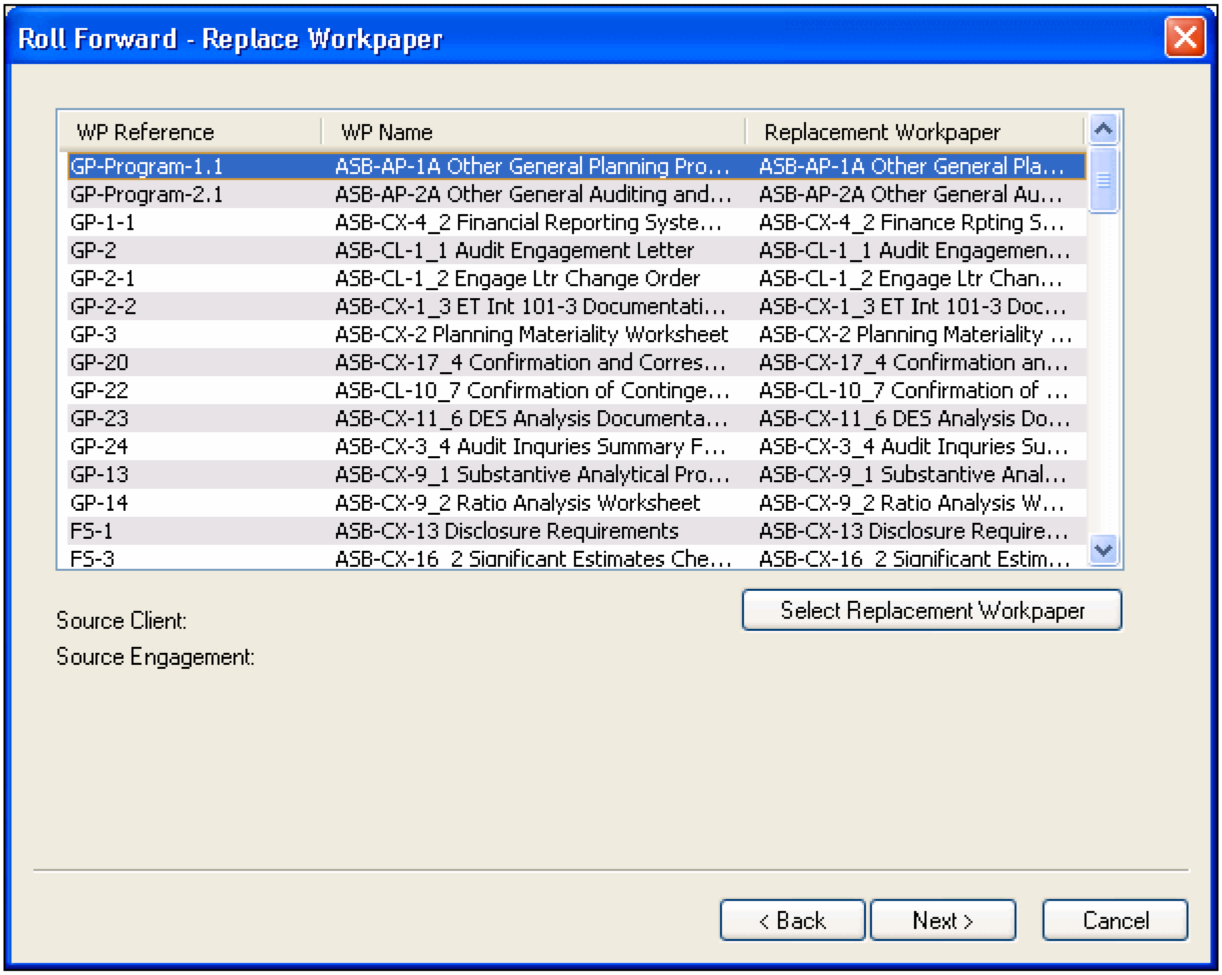
The **Roll Forward - Workpaper Settings** dialog box lists each of the engagement's workpaper references and the applicable Roll Forward setting for each one. To change the setting for a workpaper reference, select the setting. A drop-down arrow appears in the cell containing the setting. Click the drop-down arrow and select a setting from the list.


Roll Forward - Workpaper Settings
Exclude
Include
Replace from PPC Template
Replace from selected engagement
Replace from SMART e-Practice Aids
< Back
Next >
Cancel

WP Reference	WP Name	Roll Forward Setting
ASB-CX-6.1	ASB-CX-6_1 Risk Identification Form	Replace from SMART e-Pract
ASB-CX-3.1	ASB-CX-3_1 Understanding the Entity (2)	Replace from SMART e-Practice
ASB-CX-3.2	ASB-CX-3_2 Engagement Team Discussion (2)	Replace from SMART e-Practice
ASB-CX-3.3	ASB-CX-3_3 Fraud Risk Inquiries Form (2)	Replace from SMART e-Pract
ASB-AP-1	ASB-AP-1 General Planning Procedures (2)	
ASB-AP-2	ASB-AP-2 General Auditing and Completion Procs (2)	
GP-Program-1.1	ASB-AP-1A Other General Planning Procedures	
GP-Program-2.1	ASB-AP-2A Other General Auditing and Completion Pr	
ASB-CX-4.1	ASB-CX-4_1 Design and Implementation of Internal	
GP-1-1	ASB-CX-4_2 Financial Reporting System Form	Replace from PPC Template
GP-2	ASB-CL-1_1 Audit Engagement Letter	Replace from PPC Template
GP-2-1	ASB-CL-1_2 Engage Ltr Change Order	Replace from PPC Template
GP-2-2	ASB-CX-1_3 ET Int 101-3 Documentation Form	Replace from PPC Template
GP-3	ASB-CX-2 Planning Materiality Worksheet	Replace from PPC Template
ASB-CX-7.1	ASB-CX-7_1 Risk Assessment Summary Form (2)	Replace from SMART e-Practice
GP-20	ASB-CX-17_4 Confirmation and Correspondence Co	Replace from PPC Template
GP-22	ASB-CL-10_7 Confirmation of Contingent Liabilities	Replace from PPC Template
GP-23	ASB-CX-11_6 DES Analysis Documentation Form	Replace from PPC Template
GP-24	ASB-CX-3_4 Audit Inquries Summary Form	Replace from PPC Template

Click **Next**.

On the **Roll Forward - Replace Workpaper** dialog box, review the workpaper titles listed in the **Replacement Workpaper** column. To change a replacement workpaper title, select the title and click **Select Replacement Workpaper**. **PPC's Tools** opens, allowing you to select a new title from the list of Tools. Double-click the title you want to use. The new title will replace the one listed on the **Roll Forward - Replace Workpaper** dialog box.


Roll Forward - Replace Workpaper
Select Replacement Workpaper
< Back
Next >
Cancel

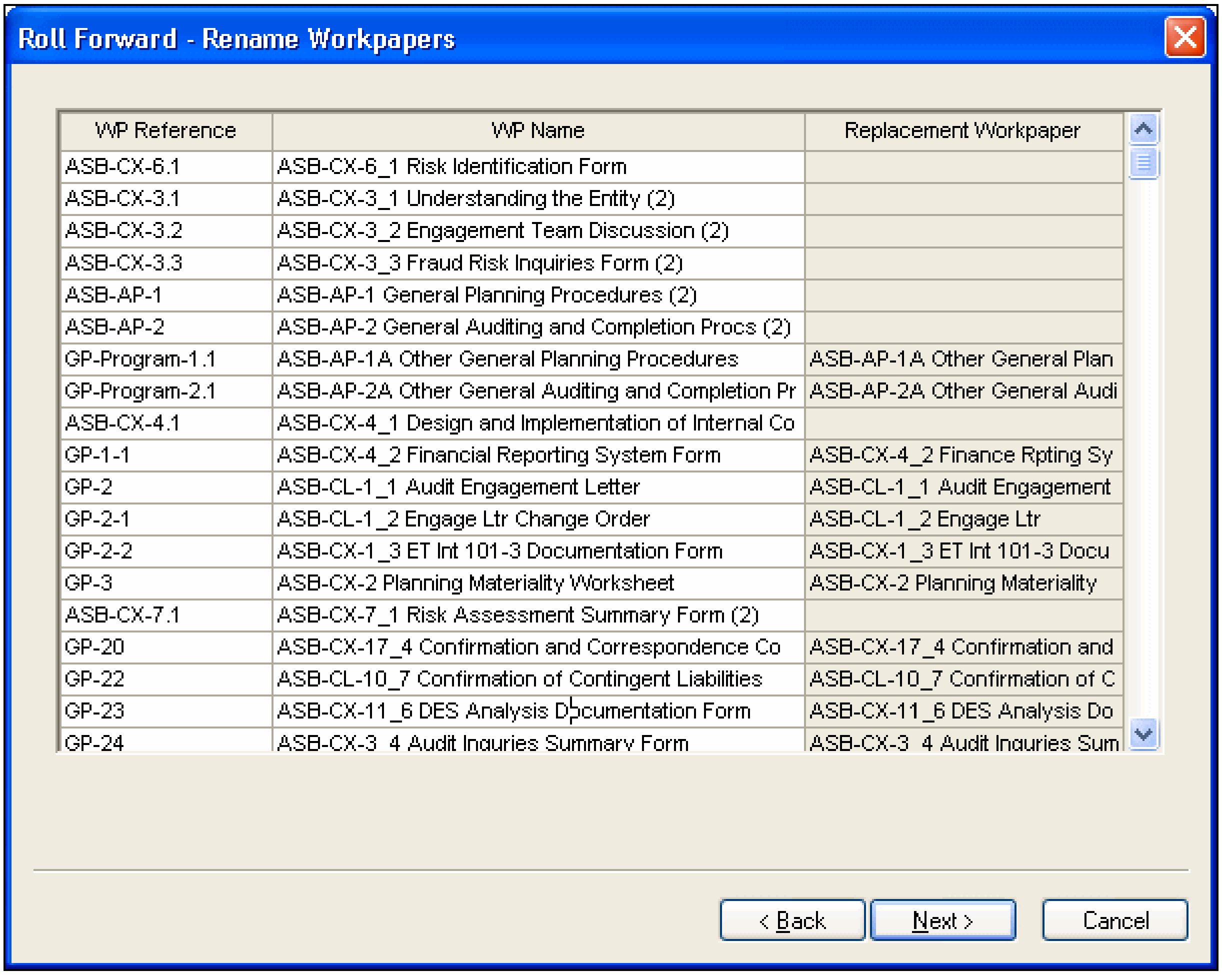
WP Reference	WP Name	Replacement Workpaper
GP-Program-1.1	ASB-AP-1A Other General Planning Pro...	ASB-AP-1A Other General Pla...
GP-Program-2.1	ASB-AP-2A Other General Auditing and...	ASB-AP-2A Other General Au...
GP-1-1	ASB-CX-4_2 Financial Reporting Syste...	ASB-CX-4_2 Finance Rpting S...
GP-2	ASB-CL-1_1 Audit Engagement Letter	ASB-CL-1_1 Audit Engagemen...
GP-2-1	ASB-CL-1_2 Engage Ltr Change Order	ASB-CL-1_2 Engage Ltr Chan...
GP-2-2	ASB-CX-1_3 ET Int 101-3 Documentati...	ASB-CX-1_3 ET Int 101-3 Doc...
GP-3	ASB-CX-2 Planning Materiality Worksheet	ASB-CX-2 Planning Materiality ...
GP-20	ASB-CX-17_4 Confirmation and Corres...	ASB-CX-17_4 Confirmation an...
GP-22	ASB-CL-10_7 Confirmation of Continge...	ASB-CL-10_7 Confirmation of ...
GP-23	ASB-CX-11_6 DES Analysis Documenta...	ASB-CX-11_6 DES Analysis Do...
GP-24	ASB-CX-3_4 Audit Inquries Summary F...	ASB-CX-3_4 Audit Inquries Su...
GP-13	ASB-CX-9_1 Substantive Analytical Pro...	ASB-CX-9_1 Substantive Anal...
GP-14	ASB-CX-9_2 Ratio Analysis Worksheet	ASB-CX-9_2 Ratio Analysis W...
FS-1	ASB-CX-13 Disclosure Requirements	ASB-CX-13 Disclosure Require...
FS-3	ASB-CX-16_2 Significant Estimates Che...	ASB-CX-16_2 Significant Estim...

Source Client:

Source Engagement:

When you have finished verifying the list of replacement workpapers, click **Next** to continue.

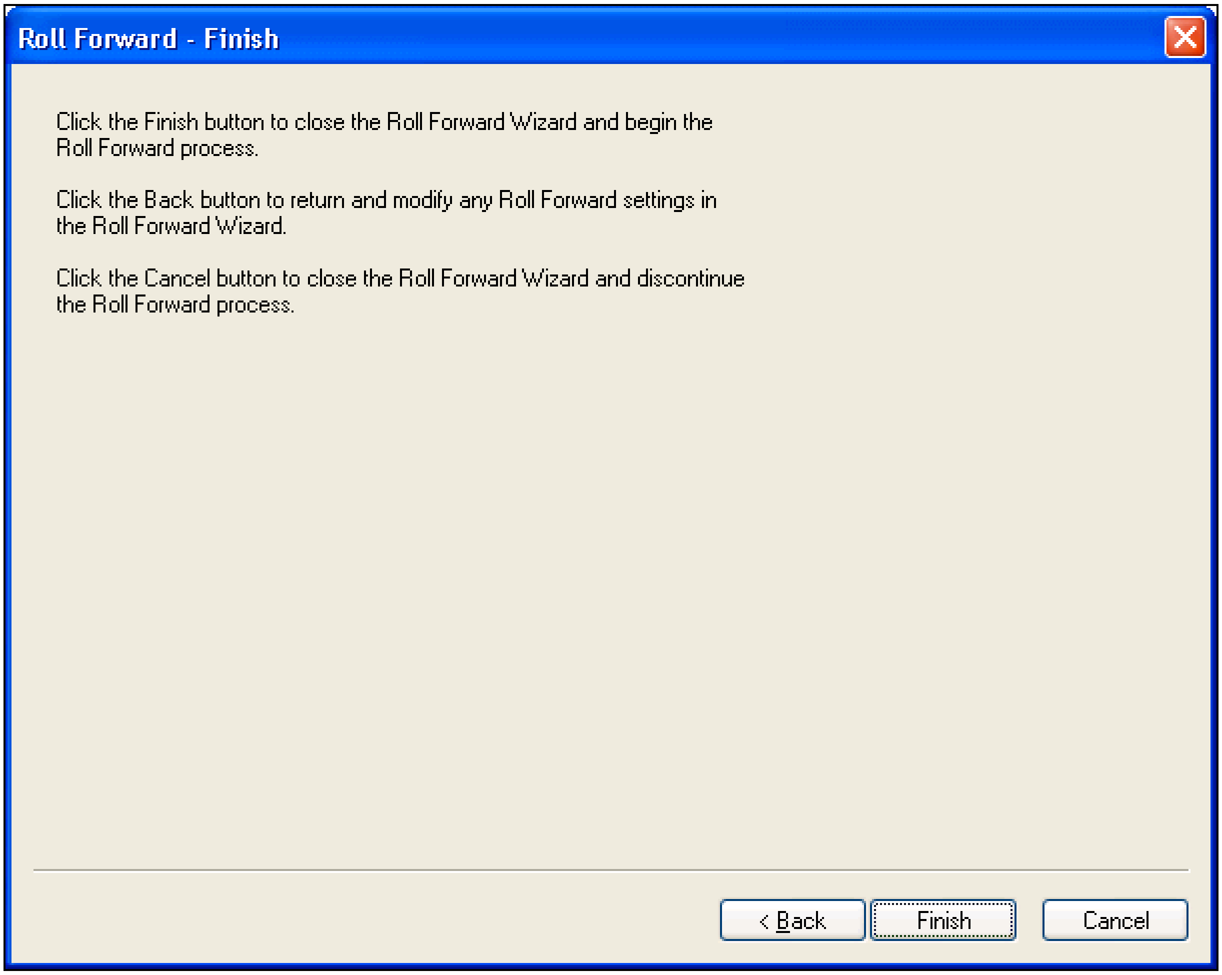
On the **Roll Forward - Rename Workpaper** dialog box, you have the option to change the workpaper reference or name for any workpaper used by the engagement. Click in a field and edit or replace the reference or name.



WP Reference	WP Name	Replacement Workpaper
ASB-CX-6.1	ASB-CX-6_1 Risk Identification Form	
ASB-CX-3.1	ASB-CX-3_1 Understanding the Entity (2)	
ASB-CX-3.2	ASB-CX-3_2 Engagement Team Discussion (2)	
ASB-CX-3.3	ASB-CX-3_3 Fraud Risk Inquiries Form (2)	
ASB-AP-1	ASB-AP-1 General Planning Procedures (2)	
ASB-AP-2	ASB-AP-2 General Auditing and Completion Procs (2)	
GP-Program-1.1	ASB-AP-1A Other General Planning Procedures	ASB-AP-1A Other General Plan
GP-Program-2.1	ASB-AP-2A Other General Auditing and Completion Pr	ASB-AP-2A Other General Audi
ASB-CX-4.1	ASB-CX-4_1 Design and Implementation of Internal Co	
GP-1-1	ASB-CX-4_2 Financial Reporting System Form	ASB-CX-4_2 Finance Rpting Sy
GP-2	ASB-CL-1_1 Audit Engagement Letter	ASB-CL-1_1 Audit Engagement
GP-2-1	ASB-CL-1_2 Engage Ltr Change Order	ASB-CL-1_2 Engage Ltr
GP-2-2	ASB-CX-1_3 ET Int 101-3 Documentation Form	ASB-CX-1_3 ET Int 101-3 Docu
GP-3	ASB-CX-2 Planning Materiality Worksheet	ASB-CX-2 Planning Materiality
ASB-CX-7.1	ASB-CX-7_1 Risk Assessment Summary Form (2)	
GP-20	ASB-CX-17_4 Confirmation and Correspondence Co	ASB-CX-17_4 Confirmation and
GP-22	ASB-CL-10_7 Confirmation of Contingent Liabilities	ASB-CL-10_7 Confirmation of C
GP-23	ASB-CX-11_6 DES Analysis Documentation Form	ASB-CX-11_6 DES Analysis Do
GP-24	ASB-CX-3 4 Audit Inquries Summary Form	ASB-CX-3 4 Audit Inquries Sum

Then click **Next**.

On the **Roll Forward - Finish** dialog box, click **Finish** to initiate the final steps of the Rollforward process. You also have the options to return to a previous page of the dialog box or to cancel.

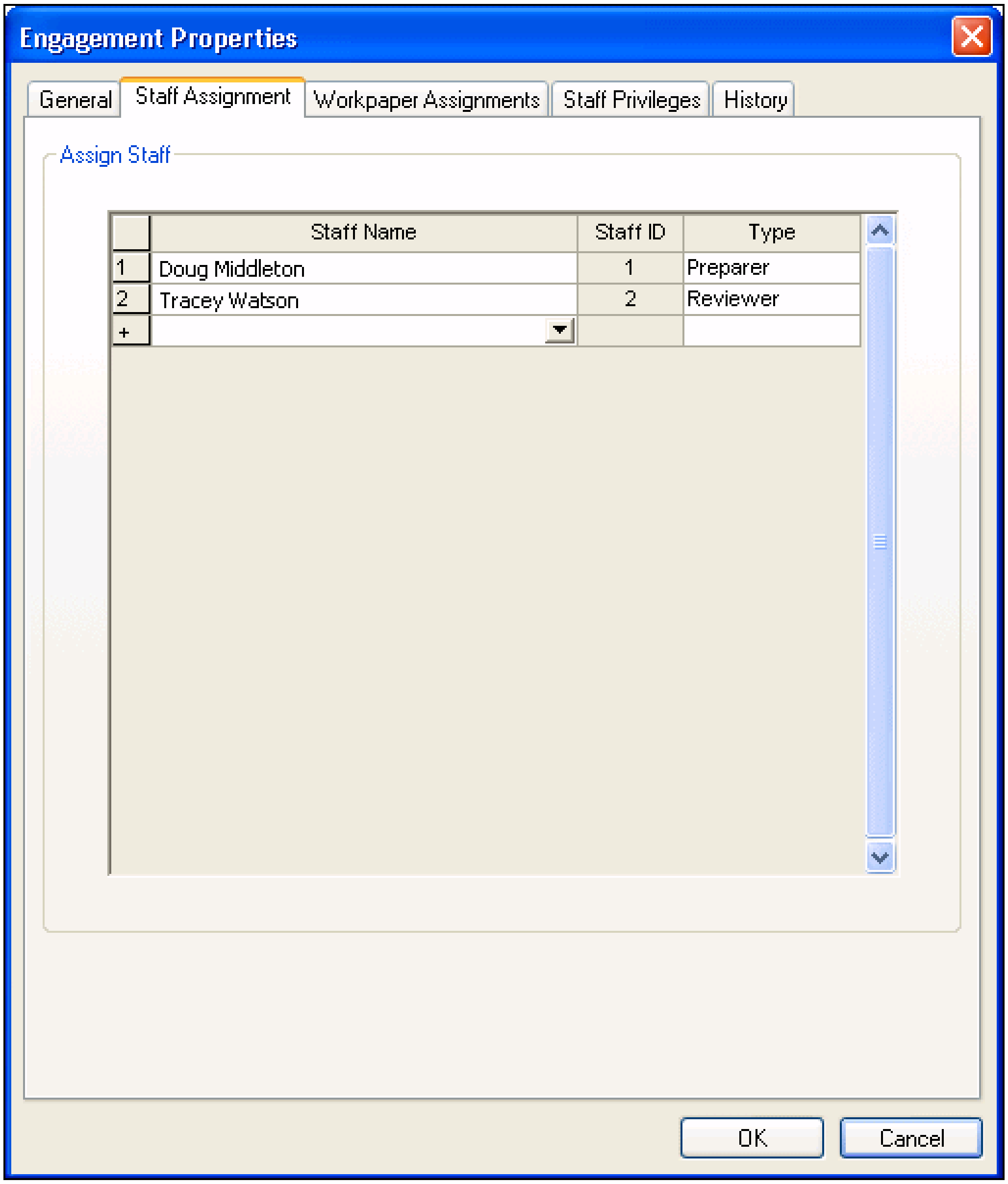


Click the Finish button to close the Roll Forward Wizard and begin the Roll Forward process.

Click the Back button to return and modify any Roll Forward settings in the Roll Forward Wizard.

Click the Cancel button to close the Roll Forward Wizard and discontinue the Roll Forward process.

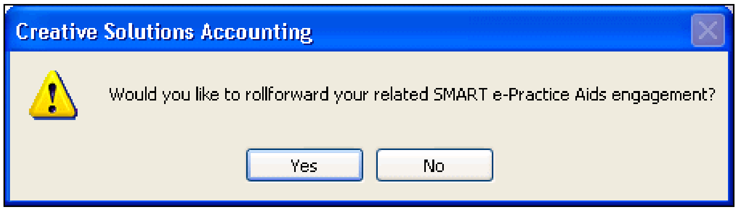
When the **Engagement Properties** window appears, review the information on each tab and make any applicable changes.


Engagement Properties
General
Staff Assignment
Workpaper Assignments
Staff Privileges
History
Assign Staff
OK
Cancel

	Staff Name	Staff ID	Type
1	Doug Middleton	1	Preparer
2	Tracey Watson	2	Reviewer
+			

Click **OK**.

If the engagement includes Tool documents related to a SMART Practice Aids engagement, the system issues a prompt asking if you want to rollforward the SMART Practice Aids engagement.


Creative Solutions Accounting
Yes
No

Would you like to rollforward your related SMART e-Practice Aids engagement?

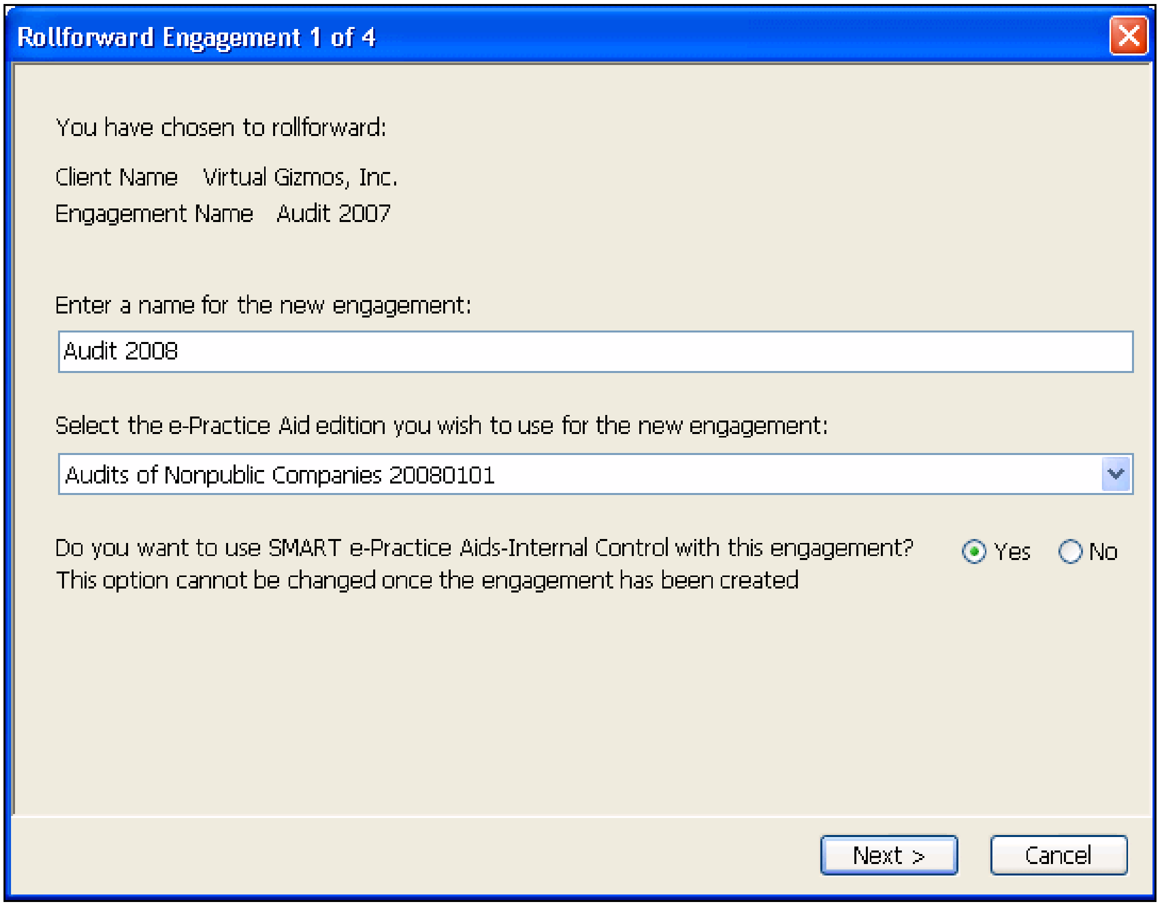
If you click **Yes**, the rollforward integration process begins. The system passes the Engagement CS engagement's Prior Period Indicator, Current Period Indicator, and Current Period document path from Engagement CS to SMART Practice Aids.

The process now follows one of two paths, depending on whether or not the prior period Engagement CS engagement and SMART Practice Aids engagement are linked.

If the Engagement CS and SMART Practice Aids engagements are linked:

If the engagements are linked, the system opens SMART Practice Aids and accesses the related engagement.

The SMART Practice Aids rollforward process commences. Complete the 4-page **Rollforward Engagement** dialog box as you would normally when performing a rollforward in SMART Practice Aids. See Engagement Rollforward for more details.



Rollforward Engagement 1 of 4

You have chosen to rollforward:

Client Name Virtual Gizmos, Inc.
Engagement Name Audit 2007

Enter a name for the new engagement:

Audit 2008

Select the e-Practice Aid edition you wish to use for the new engagement:

Audits of Nonpublic Companies 20080101

Do you want to use SMART e-Practice Aids-Internal Control with this engagement? ● Yes ○ No
This option cannot be changed once the engagement has been created

At the conclusion of the rollforward process, the current period SMART Practice Aids engagement opens. You can now complete work on the SMART Practice Aids engagement. In Step 4 (Generate Planning Forms and Audit Programs), the forms that you generate are stored in the current period Engagement CS engagement.

If the Engagement CS and SMART Practice Aids engagements are not linked:

If the engagements are not linked, you are prompted to either select an existing engagement or create a new one.

If you choose to select an existing engagement, the **Open Engagement** window opens, from which you can select the applicable engagement. The system then prompts you to verify that you want to rollforward the selected engagement.

The SMART Practice Aids rollforward process commences. Complete the fields on the 4-page **Rollforward Engagement** dialog box as you would when performing a rollforward in SMART Practice Aids. (See *Engagement Rollforward* for more details.)

At the conclusion of the rollforward process, the current period SMART Practice Aids engagement opens. You can now complete work on the SMART Practice Aids engagement. In Step 4 (Generate Planning Forms and Audit Programs), the forms that you generate are stored in the current period Engagement CS engagement.

Intelligent Document Storage

After you perform a rollforward, each prior period SMART Practice Aids document in Engagement CS is replaced by its current year version at the time it is generated from SMART Practice Aids. If a document cannot be matched to a prior period version, or if the document is re-generated, it is placed in the **Not yet filed** folder in Engagement CS.

You can then drag each document from the **Not yet filed** folder to the applicable folder location in the engagement.

Using SMART Practice Aids with Virtual Office CS

Using SMART Practice Aids with Virtual Office CS

Virtual Office CS is an Internet-based desktop application that provides access to various productivity applications, including PPC's Tools and SMART Practice Aids. You can launch a product such as SMART Practice Aids by clicking an icon. This system enables a user to access the products that he or she is licensed to use without having to download and install them to a workstation.

If you use PPC's SMART Practice Aids, you can request to have this product added to Virtual Office CS. To make this request, please call CS Customer Service at (800) 968-0600 and press 1.

When you access SMART Practice Aids from Virtual Office CS, most functionality works the same way it would for a local installation, but a few minor differences exist. For example, the option to point to another database is not available, since you will already be linked to a firm SMART Practice Aids database that is set up for you.

When you first log into Virtual Office CS and select SMART Practice Aids, you will be asked to provide information that helps verify which products (for example, SMART Practice Aids - Risk Assessment or SMART Practice Aids - Internal Control) you are licensed to use. First-time users also are prompted to accept the End User Product License Agreement. In subsequent launches of the product from Virtual Office CS, if newly licensed products are not available, you can refresh your licensed products list by selecting **VO Options** on the SMART Practice Aids **Tools** menu and clicking **Refresh Product List**. This product licensing verification also determines which Tool titles you will have access to while using SMART Practice Aids.

You may still be able to access SMART Practice Aids from Virtual Office CS after the expiration of your license, but you are prevented from creating new engagements. For example, functions such as **Rollforward** and **Save As** are disabled in unlicensed versions.

When you access SMART Practice Aids from Virtual Office CS, the following menu options become available on the **Tools** menu under the sub-menu **VO Options**:

Name	Description
Set/Update Login Information	Set up initial login or update existing login information.
Refresh Product List	Refresh list of licensed product titles to ensure availability via Virtual Office CS.

These SMART Practice Aids menu options are available only from the Virtual Office-launched version.

Using SMART Practice Aids Reference Links in Virtual Office CS

SMART Practice Aids documents, including planning forms and audit programs, provide links to PPC reference materials. Clicking a link opens the related reference material only if you have a valid Reference Library or Checkpoint subscription to the material.

The first time you select one of these links, you are prompted to choose where you want the content to come from:

- **Reference Library**
- **RIA Checkpoint**
- **None**

If you choose **Reference Library**, you are messaged "Unlicensed Resource" until you enter your Master Password.

To set your Master Password:

1. In Reference Library, select **Security Settings** from the **Edit** menu.
2. Key in the valid Master Password in the box.

   Note: If you don't know the Master Password, contact PPC Technical Support at 1-800-431-9025.
3. Select **OK** and close dialog screen.
4. Return to the Tools document and re-click the link. Reference Library will then display the referenced content.

   Note: Access to older versions of **Reference Library** content is not available through Virtual Office CS. You must access older content from your local machine.

If you choose **RIA Checkpoint**, you are prompted for your Checkpoint user ID and password at the Checkpoint login screen. Once you log in to Checkpoint, the referenced content is displayed in your browser window.

Note: This option is only valid for Tools released after April 2005. Content released prior to April 2005 does not have Checkpoint enabled links.

If you choose **None**, the content links selected in your documents will not link to reference materials, and you will not be prompted to set a preferred location again.

Once your selection is made in the **Set Location of Reference Materials** dialog screen, you will not be prompted again.

If you want to change the location from which your reference materials are retrieved, you can select **Options** from the SMART Practice Aids **Tools** menu and click **Set Location** or, when in a Microsoft® Word or Excel document, select **Content Settings** from the **PPC** menu.

Support and Training

Support

PPC maintains a staff of trained professionals to provide customers with solutions to technical issues and information about PPC's electronic products.

Technical Support Numbers

Telephone: (800) 431-9025

Fax: (817) 877-3694

E-mail: http://support.rg.thomsonreuters.com/email/

Internet: support.rg.thomsonreuters.com

Information Needed

Please be at your computer when you call and be prepared to give the following information (when applicable):

- Application Information
- The version number of the product you are using (available on the Help menu by clicking **About**)
- The exact wording of any messages that appeared on your screen
- What happened and what you were doing when the problem occurred
- How you tried to solve the problem
- System Information
- Windows Operating System and Office versions
- Network Operating System
- The type of hardware that you are using, including network hardware

Note: When submitting request via e-mail or fax, please be sure that the above information is included with the inquiry.

Training Resources

We offer extensive training for many of our products, including:

- On-site training classes
- Virtual training classes
- Training workbooks

Please visit support.rg.thomsonreuters.com/training for more details.