Meeting: IAASB
Meeting Location: New York
Meeting Dates: June 15–19, 2015

Data Analytics Working Group

Objectives of Agenda Item
1. The objectives of this agenda item are to:
   a) Inform the IAASB of the Data Analytics Working Group’s (“Data Analytics WG’s” or “the WG’s”) activity since its inception in early 2015;¹ and
   b) Provide the IAASB with the WG’s views of audit data analytics and obtain the IAASB’s feedback on those views.

Data Analytics Working Group
2. The WG is comprised of the following members:
   • Bob Dohrer, IAASB Member and chair of the Data Analytics WG
   • Fiona Campbell, IAASB Member
   • Sue Almond, IAASB Technical Advisor
   • Peter Eimers, National Auditing Standard Setter (Netherlands) Representative
   • Alan Young, (Partner, Ernst and Young, United Kingdom)

Background
3. The Data Analytics WG has the remit to monitor and gather information on the various applications of data analytics and the relationship to the audit, such as the effect on risk assessments, testing approaches, analytical procedures and other audit evidence. The WG will make recommendations to the IAASB, including whether there is a need for a standard-setting response, based on the outcome of these monitoring and information gathering activities.
4. The relevance of developments in information technology (IT), including data analytics, to international standard setting has been addressed by the IAASB’s stakeholders via different avenues,

¹ At its April 2013 meeting, the IAASB approved the Terms of Reference of the Innovation Working Group (previously the Innovation, Needs and Future Opportunities Working Group). The Innovation Working Group has the remit to explore emerging developments in the audit, assurance and related services fields for the purpose of assisting the IAASB in identifying opportunities for relevant and effective standard setting, or determining other potential actions, in a timely and informed manner. At its September 2014 meeting, the IAASB agreed, based on the Innovation Working Group’s recommendation, to establish the Data Analytics WG.

5. With regard to the 2015–2016 WP in particular, several respondents mentioned the relevance of developments in IT, such as the use of data analytics, and their effect on the financial statement audit, and how these may affect the International Standards on Auditing (ISAs).

6. Also, responses received from National Audit Standard Setters (NSS) indicated the relevance of IT and, in particular, the enhanced possibilities involving data analytics. A survey was sent to the NSS in advance of the May 2014 meeting, to which a total of 15 responses (out of 17) were received. The survey included a question with regard to the relevance of topics (other than integrated reporting) initially identified by the Innovation Working Group as potential focus areas. Specifically, NSS were asked their views about the relevance of each topic to international standard setting. Together with sustainability reporting, data analytics was perceived as most relevant to international standard setting. Concerns were raised that the current suite of standards does not reflect the effects of developments in IT, in particular with regard to data analytics.

Preparation of the Materials

7. In preparing the materials, the WG has considered previous IAASB discussions on the topic of audit data analytics, input from NSS at the IAASB-NSS Liaison Group meeting in May 2015 and the results of further research and input from the WG members. See Agenda Item 3-A.

Activities since Last IAASB Discussion

8. The WG has held one teleconference to develop the material contained in these agenda papers.

Material Presented

Agenda Item 3-A Presentation – Data Analytics Working Group Update

Matters for IAASB Consideration

The IAASB is asked to consider Agenda Item 3-A and related discussion at the IAASB June 2015 meeting and provide views on:

(a) The WG’s overview of audit data analytics as addressed in Agenda Item 3-A.
(b) The groups and organizations with which outreach by the WG is planned and whether there are additional groups or organizations the WG should be considering.
(c) Any additional matters the WG should be considering with respect to audit data analytics.

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2 AUASB, CNCC-CSOC, CPAA, EAIG, EYG, FEE, ICAA, KPMG, NBA, PWC, RSM