

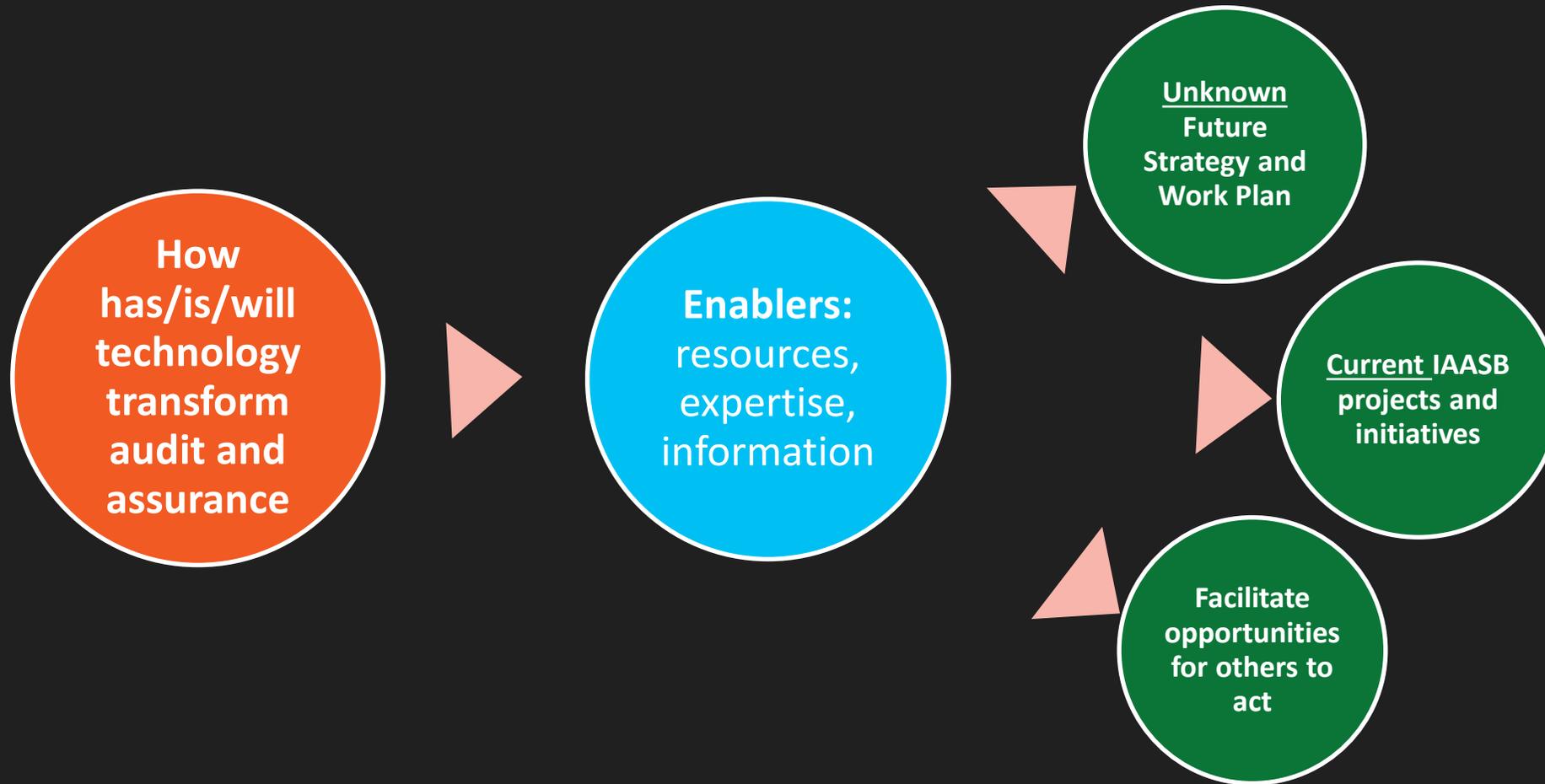
Technology Disruption in Audit and Assurance

Presented by: IAASB Staff & Founders Intelligence
January 26th, 2021 IAASB Call

Objectives of the Initiative

- To position the IAASB for opportunities created by technology disruption transforming audit and assurance:
 - How can disruption affect the IAASB in the long term?
 - How to inform ourselves about the “unknown”? e.g., the opportunities created by disruptive technology
 - To demonstrate how the IAASB can explore the opportunities created by the disruption
 - To help meet expectations that the IAASB needs to continue to be responsive as a global standard-setter
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Implications of Initiative



Actions to Date

- Engaged Founders Intelligence to assist with research on emerging technology
 - Start ups and established players
 - Whiteboarding sessions (August, October 2020) to discuss key takeaways and possible actions
 - Roundtable (November 2020)
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Two main phases

1. Innovation Landscape

- Research (using FI's The Intelligence platform)
- Founder / Innovator / VC / Practitioner & Expert interviews

2. Roundtable

- Dialogue with founders, innovators and industry participants
- Discussion about implications for IAASB & industry

Generated based on Investigating > 100 Innovators ...

Accessing Information and Data



Verifying Information



Protecting Information



Assessing Internal Controls



Tools and Tech for IAASB



...and Interviewing Representatives From >20 Companies...

Innovators



Audit and Assurance Companies



Regulators, Associations, and National Standard Setters



Innovations are Happening Across Audit and Assurance



-  NLP and Computer Vision for Digitising Documents
-  AI for Deriving Insights from Unstructured Data
-  API Access to External Data Sources for Enriched Analysis
-  Data Standardisation Platforms for Enabling Data Access
-  IoT Networks for Asset Monitoring and Data Generation
-  New Imaging Tools for Capturing On-site Physical Data
-  Blockchain for Digitising Ledgers of Financial Transactions

-  Robotic Process Automation for Executing Repetitive Tasks
-  Analytics for Assessing Data, and Error and Fraud Detection
-  AI-Powered Advanced Analytics for Risk Detection and KRI Design

-  Virtual Data Rooms for Sharing Sensitive Files
-  Data Anonymisation for Filtering Sensitive Information
-  Homomorphic Encryption for Analysing Encrypted Data

-  OCR, NLP and ML for Intelligent Document and Voice Analysis
-  AI for Detecting External Threats and Risks
-  Simulations for Scenario-Testing Controls and Policies
-  Process Mining and Computer Vision for Observing Controls Compliance
-  AI and Behavioural Analytics for Monitoring Employee Conduct and Communications

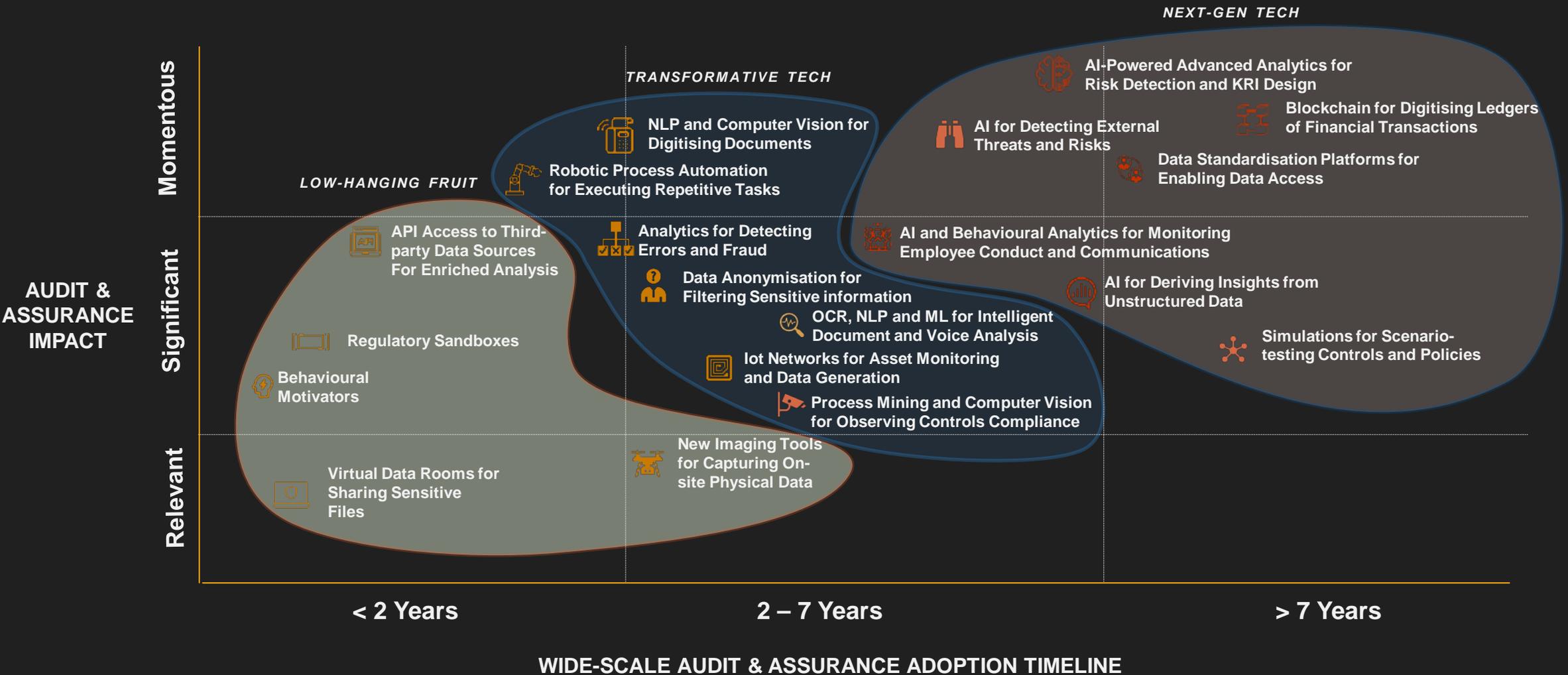
OTHER RELEVANT TRENDS

-  Regulatory Sandboxes
-  Behavioural Motivators

UNIFYING THEMES

-  Continuous and Real Time Audit and Assurance
-  Remote Audit and Assurance
-  Analytics Based Audit and Assurance
-  Technology-Enabled Profession

Impact on Audit and Assurance Will Increase



Matters for Board Discussion

Question 1:

What technology innovation trends are likely to have the greatest impact on audit and assurance?

Of particular interest is which of the areas identified in slide 9, above, may be most impacted in the 7+ year time horizon?

Getting Future Ready: Areas for Action

How do we connect what we have heard to our thinking about the way forward?



Q2: Maintaining awareness of emerging trends

Q3: Current and future workplans

Q4: Strategic considerations

Getting Future Ready: Ideas for Consideration

Maintain awareness of future trends

- Regular technology and innovation roundtables
- Maintain an inventory of technology trends and potentially disruptive technology
- IAASB outreach
- Remaining alert to needs of SMPs and less-developed regions

Question 2:

What combination of initiatives should the IAASB undertake to maintain awareness of emerging trends (to stay close and connected to the technology innovations related to the audit and assurance ecosystem)?

Such initiatives may involve, for example, staff, Board expertise, external expertise or advisory groups.

Getting Future Ready: Areas for Action

Current and Future Workplans

- Continue to monitor technology
- Establish approach for dealing with technology in standards, including use of different/evolving tools to meet requirements
- Guidance on technology issues
- Remaining alert to needs of SMPs and less-developed regions

Question 3:

Based on the emerging trends, would you adapt the current workplan (including, if and how trends may affect current workstreams or projects) or are there topics that you would prioritize once existing projects are completed?

Possible IAASB Actions

Strategic Considerations

- Continue to monitor technology developments (via inventory)
- Skills matrix for IAASB staff: permanent staff and secondees
- Upskill IAASB staff
- Consider innovation advisory group
- Ongoing education sessions for IAASB members and staff

Question 4:

What strategic considerations are there arising from disruptive technologies?

What does it mean for the IAASB's ways of working?

Appendix

Who we are

Founders Intelligence is the strategy and venture creation arm of Founders Forum, the exclusive private network of the world's leading entrepreneurs and venture capitalists.

Founders Intelligence helps clients to create growth and innovation by participating in the most compelling new ideas, technologies and business models in their sectors.

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