



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **10.2.0**

Meeting Date: 4-5 December 2018

Subject: Use of Technology in the Audit, including Data Analytics

Date Prepared: 19 November 2018

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Action Required

For Information Purposes Only

Agenda Item Objectives

1. The objective of this agenda item is to update the AUASB on the progress the AUASB Technical Group (ATG) has made in regards to Stages 1 and 2 of the project, as outlined in the updated project plan presented at the June 2018 AUASB meeting (**Agenda Item 5**).

Background

2. Under the direction of the Chair, the ATG developed a three staged approach to the project which was presented to, and approved by, the AUASB at the 13 June 2018 AUASB meeting. The three staged approach is:
 - (a) Stage 1 – From a selected number of respondents to the IAASB’s RFI, preparation of a map of challenges when using technology in the audit to the particular requirements of the international standards in which these challenges arise;
 - (b) Stage 2 – Using the map prepared in stage 1, engage with Australian stakeholders, in particular experts within practitioner organisations, to identify the uses of, and challenges encountered when using, technology in audit engagements. This document will collate the most common technology focussed procedures and the challenges, if any, that arise from the requirements of specific standards; and
 - (c) Stage 3 – Share the documents prepared in stages 1 and 2 with the IAASB DAWG and other National Standard Setters as a basis for driving discussion with them. The form of stage 3 is yet to be determined.

Stage 1 has been completed and stage 2 is currently underway.
 3. Subsequent to the 13 June 2018 AUASB meeting, the ATG and Chair discussed the most appropriate way to take stage 2 forward. It was agreed to ‘pilot’ discussions with one firm and once the ATG have cemented an understanding of the appropriate questions to ask and areas where issues may arise, extend discussions to the other firms. This ‘pilot’ is currently being undertaken with EY.
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4. The discussions with EY have been high level, focussing on understanding the tools and techniques, their development and where/how they have been used in the audit process. The discussion has not been sufficiently detailed yet to determine the interaction with the standards. Further discussions are planned for the week commencing 10 December 2018.
5. In addition to the targeted outreach, the ATG was invited to attend and present at the ACAG data analytics forum held in November 2018 at the Queensland Audit Office. The purpose of the forum was to establish how the ACAG network would deal with data analytics, share knowledge and resources, and integrate the tools and techniques into their methodology. The group determined a number of focus key areas, with the ATG being invited to be part of discussions regarding integration into methodologies. Some preliminary concerns were raised by members of the group with the interaction between documentation retention requirements in ISQC 1 and the large volumes of data that are being captured and used in audit files. The ATG will continue to follow this issue through discussions with other practitioners.
6. ATG members attended a session at the World Congress of Accountants on *Audit and the Machines*. This session was a discussion between industry experts¹ on the opportunities and challenges of using technology in the audit. The key message from the session was that auditing standards are not a barrier to the use of technology. The panel considers that guidance for practitioners is required, but this is practical guidance rather than standards related. The ATG will work towards establishing the AUASB as a key contributor to any publications regarding the use of technology in the audit, including any publication by professional bodies. Consideration will also be given to future joint publications.

Going Forward

7. The short/medium term objectives of the ATG to carry this project forward are:
 - (a) Continue discussions with EY and begin discussions with other firms based on the insights gained from the EY ‘pilot’;
 - (b) Be involved with ACAG Data Analytics working group, especially discussions around integration of tools and techniques into methodologies; and
 - (c) Leverage off contacts established at the National Auditing Standard-Setters meeting in November to monitor and collaborate where appropriate with other standard-setters.

Material Presented

Agenda Item 10.2.0

BMSP Use of Technology in the Audit

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	N/A	N/A	AUASB	N/A	N/A

¹ The session was facilitated by Roger Simnett. The participants were:
 Kristin Stubbins – Partner PWC
 Mark Edmondson – CEO Inflo (Software provider)
 Ashley Carle – Director Bentleys Qld
 Mark Mayberry – Director BDO and Member IAASB DAWG