OBJECTIVES

- Initiate conversation with the IAASB on developments in the marketplace as it relates to the use of Data and Analytics (D&A) on an audit engagement
- Discuss implications of D&A on the execution of an audit and changes that may be required in the standards

AGENDA

- Introduction to and definition of Data and Analytics
- Transforming marketplace and sophistication of clients
- Evolving audit requirements and the expanded use of Data and Analysis techniques
DATA IS EXPONENTIALLY EXPANDING

- 90% of the world’s current data has been created in the last two years
- 40% growth in data generated
- 6 of 10 organizations have more data than they can use
- 15 out of 17 industry sectors in the US have more information stored per company than the US Library of Congress
- 1.5 million is the shortfall in data-savvy managers and analysts needed to make sense of big data in US businesses

“... the best performing firms excel at accessing data, drawing meaningful insights, and transforming this into action. CEOs agree that deeper customer insight will come from a much better use of data and analytics…”

SOURCE - IBM CEO Survey July 2012
Organizations – large and small – have already started to adapt to a world increasingly driven by D&A

Key findings of KPMG’s Financial Times survey of CEOs and CIOs on going beyond the data and achieving actionable insights

1. Sixty-nine percent of interviewees consider D&A to be crucial or very important to their growth plans

2. Fifty-six percent have changed their business strategy to meet the challenges of big data

3. Majority consider integrating data technology in existing systems

4. Eighty five percent said one of the biggest D&A challenges is the analysis and interpretation of data

5. Seventy five percent expressed a level of difficulty in making decisions on analysis data

6. Biggest barrier to implementation is identifying the data to collect

7. Ninety six percent agree that they could better utilize D&A

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DATA AND ANALYTICS

AUDIT IMPLICATIONS

- How to define Data & Analytics for audits
- Precise measures of financial statement level and assertion level risks
- Predictive capabilities and techniques / substantive analytical procedures
- Amalgamation of risk assessment, control and substantive testing
- Specialists on an audit, including expert systems and data