

**Meeting:** IAASB  
**Meeting Location:** New York  
**Meeting Dates:** June 16–20, 2014

## Agenda Item 7

### Innovation, Needs and Future Opportunities (INFO) Working Group (WG) – Data Analytics

#### Objectives of Agenda Item

1. The objectives of this agenda item are to inform the IAASB of the latest developments in the use of data analytics that goes beyond the use of traditional Computer Assisted Audit Techniques (CAATs) in audit and assurance engagements, and explore the potential impact on international standard setting, including the impact on existing pronouncements.

#### Background

2. The INFO WG, which was established in 2013, 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.<sup>1</sup>
3. The relevance of developments in information technology (IT), including data analytics, to international standard setting was addressed by the IAASB's stakeholders via different avenues, including in responses to the December 2013 consultation paper (CP) on the *IAASB's Proposed Strategy for 2015–2019* (Strategy) and the *IAASB's Proposed Work Program for 2015–2016* (2015–2016 WP)<sup>2</sup> and the input from national auditing standard setters (NSS) at the IAASB-NSS Liaison Group meeting in May 2014.
4. Several<sup>3</sup> respondents to the CP expressed the general view that the IAASB should focus more on strategic challenges facing the profession. In this regard, the rapid changes in the business landscape, the use of technology and non-financial reporting were mentioned, as was the importance of the IAASB's suite of standards remaining relevant in this changing world.<sup>4</sup>

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<sup>1</sup> At its April 2013 meeting, the IAASB approved the [Terms of Reference](#) of the INFO WG.

<sup>2</sup> See also **Agenda Item 5** for a full list of respondents (including the acronyms used below) and **Agenda Item 5-A** for a summary of the responses received.

<sup>3</sup> CPAB, EFAA, FEE, ICAA, ICAEW, ICAS, IRBA, UKFRC

<sup>4</sup> CNCC-CSOEC, GTI, IRBA, ISCA, KICPA, NBA, PWC, WITS

5. With regard to the 2015–2016 WP in particular, several respondents<sup>5</sup> 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 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 INFO WG<sup>6</sup> 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.
7. With regard to the ISAs, the developments may impact concepts addressed in different ISAs including: risk assessment and response; testing approaches, including sampling and substantive analytical procedures; and audit evidence.
8. During its June 2014 meeting, the INFO WG concluded that the topic of data analytics should be a priority area of focus. Given this prioritization, the INFO WG determined it was important to inform the IAASB on this topic. During this session, representatives from KPMG will present to the IAASB about data analytics, including their views about its impact on international standard setting.

## **Material Presented**

Agenda Item 7-A                      Presentation from KPMG to be distributed after the IAASB meeting

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<sup>5</sup> AUASB, CNCC-CSOC, CPAA, EAIG, EYG, FEE, ICAA, KPMG, NBA, PWC, RSM

<sup>6</sup> See also **Agenda Item 5-A** of the March 2014 IAASB meeting material.