



Future of Audit: Big Data and Artificial Analysis

During this breakout session, representatives from three Big Four firms shared their experiences with big data and analytics in auditing: Chris Thatcher (Global Audit Innovation & Analytics Leader for Deloitte), Alan Young (Global Methodology Leader for EY) and Roger O'Donnell (Global Head of Audit Data and Analytics for KPMG). The session was moderated by Lew Ferguson, Board member at the Public Company Accounting Oversight Board (PCAOB) of the United States and Working Group Chair of IFIAR's Global Audit Quality Working Group. During the session, IFIAR Members were given the opportunity to ask questions of the panelists and to exchange thoughts on the implications of the increased use of data analytics to the audit profession and audit oversight.

The three main topics discussed were the definition on big data analytics, the challenges of implementing data analytics in auditing and whether data analytics is a game changer for the auditing profession. 'Data analytics' is referred to as a tool for effectively using data to obtain audit evidence and assist audit teams in making better decisions about risks of material misstatement. The panelists explained that it has the potential to connect financial data to all other kinds of data and thus to see patterns within audit clients from different angles. They also discussed how visualizations techniques can be used to enable a shift in thinking. Visualizations make the available information 'alive' and display patterns or behavior that would likely be missed by looking at numbers in a spreadsheet only. The panelists also pointed to the various challenges accompanying the implementation of data analytics tools, such as how to ensure the security, privacy and integrity of the data being used.

The panelists agreed that data analytics in the audit profession is still in its early days. Whilst often the use of data analytics is in addition to the more traditional audit procedures, some audit teams are beginning to embed the analysis within their audit strategy. As tools and techniques become more mature, and in consideration of standards and regulation, it is expected that big data and data analytics could be a game changer in the audit profession.

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