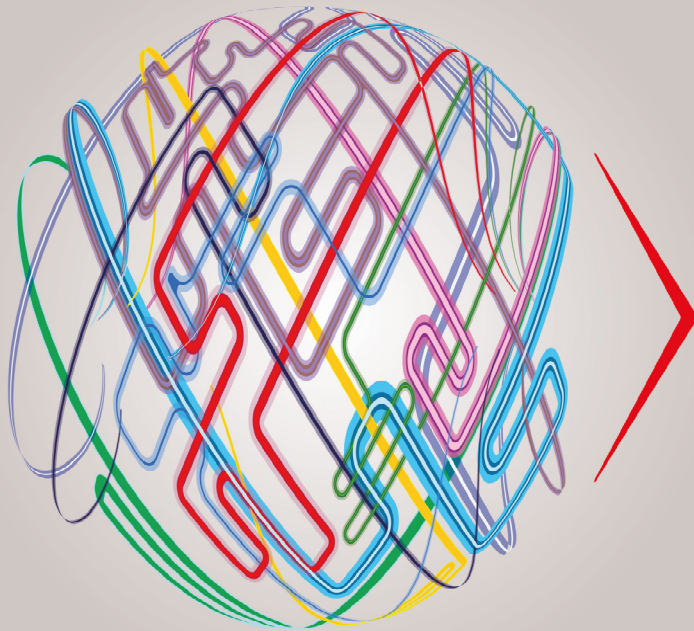


ICAEW KNOW-HOW  
TECH FACULTY



# *Audit and technology*

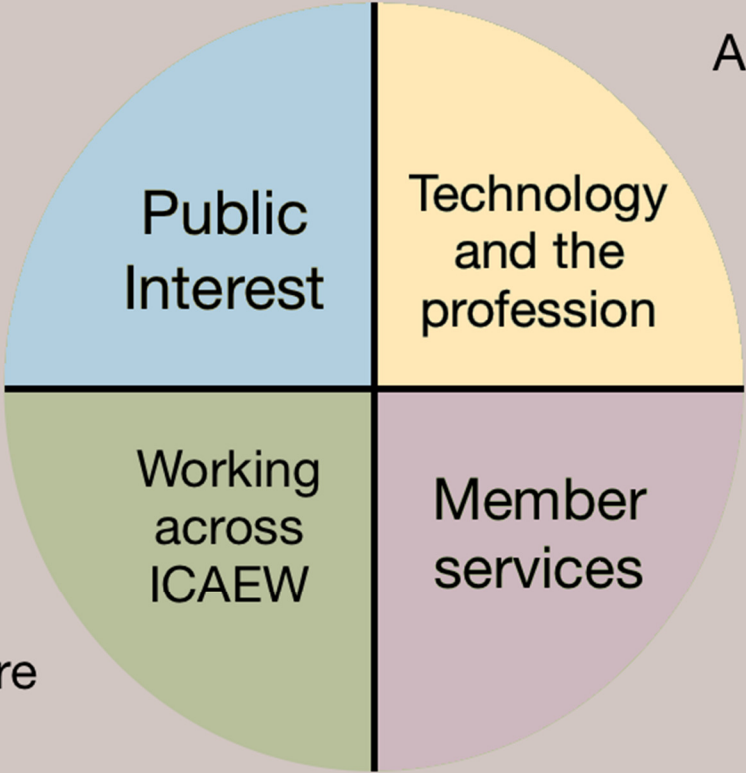
15 SEPTEMBER 2020

DAVID LYFORD-SMITH, ICAEW

# *ICAEW Tech Faculty*

Cyber good practice  
Cross industry work  
Government Policy

Leadership  
Qualifications  
Positions for the future



Artificial intelligence  
Big data analytics  
Blockchain  
Excel  
Cloud  
IT Security

# ICAEW Tech Faculty – insight and guidance on tech

This is a screenshot of an ICAEW Tech News article. The title is 'Teams, Zoom, Slack, OneDrive, Planner: Remote working apps for COVID 19 times'. The article discusses the potential of various software packages like Teams, Zoom, Slack, and OneDrive during the pandemic. It mentions that many vendors are offering free access to their apps. The author is David Bensim, and the article is tagged with 'video conferencing' and 'microsoft office'.

**Teams, Zoom, Slack, OneDrive, Planner: Remote working apps for COVID 19 times**

Meetings software, channel-based chat, cloud storage, planning tools, there is probably untapped potential in the software packages you already have. If not, many vendors are offering free access to their apps for up to 3-6 months during the pandemic.

You can get a free 6-month Microsoft Office 365 E1 license (which includes Teams, SharePoint, OneDrive, Exchange & more. Elsewhere, Zoom has removed its 40-minute call limit in some countries, Citrix WebEx & Google Hangouts are giving away their meetings products for free, and a list of many more COVID 19 free offers is on XIcon consulting's website here.

**Channel-based chat**

We see chat like WhatsApp, Telegram used more and more in the workplace, but they are problematic. Searchability is limited, data is shared outside the organisation & other issues. In 2009, Slack pioneered a channel-based chat application to fix this issue.

This is a screenshot of a course page for 'Microsoft Excel 2016'. The page shows course progress, time spent, and a certificate of attainment. The course progress is shown as a bar chart with 6 steps: 1. FOUNDATION, 2. ORIENTATION AND EFFICIENCY, 3. ADMINISTRATION, 4. DATA HANDLING, 5. DATA ANALYSIS, and 6. PRESENTATION. The time spent is 00:00. The certificate of attainment is available for viewing. There is a 'TAKE YOUR FIRST TEST' button.

**Microsoft Excel**  
Excel 2016 [CHANGE VERSION](#)

This course has not been filtered. [Take the filter now](#)

**COURSE PROGRESS**

- FOUNDATION
- ORIENTATION AND EFFICIENCY
- ADMINISTRATION
- DATA HANDLING
- DATA ANALYSIS
- PRESENTATION

0 COMPLETED 159 TO DO 1 FILTERED OUT

**TIME SPENT**

00:00

**CERTIFICATE**

[View Certificate of Attainment](#)

**TEST IQ SCORES**

[TAKE YOUR FIRST TEST](#)

This is a screenshot of an ICAEW Tech News article. The title is 'Guide to cash flow modelling – part 1: how to build robust cash flow models in Excel'. The article discusses the current environment forcing business leaders to face complex and urgent decisions. A business model can help provide the basis for the judgements that need to be made. The author is David Bensim, and the article is tagged with 'video conferencing' and 'microsoft office'.

**Guide to cash flow modelling – part 1: how to build robust cash flow models in Excel**

The current environment is forcing business leaders and owners to face complex and urgent decisions. A business model can help provide the basis for the judgements that need to be made.

[Read more](#)

**Cyber breaches survey 2020: breaches and attacks have increased again**

The first key headline is that reported attacks and breaches are back up to the levels seen in previous years.

**COVID-19 fraud watch**

The Fraud Advisory Panel have convened a COVID-19 fraud watch group which shares

[icaew.com/jointechfac](https://icaew.com/jointechfac)

## *Introductions*

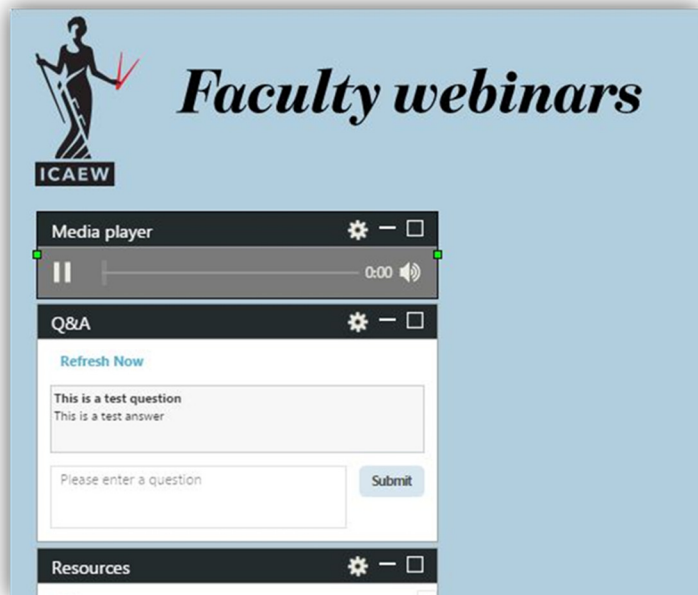


David Lyford-Smith

Technical Manager, Tech and the Profession

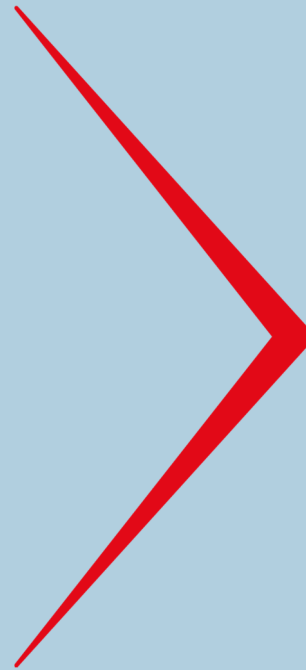
- Assurance of new technologies
- Digital tax
- Blockchain
- Technology in the ACA exam
- Editor and blogger, ICAEW Excel Community

## *Ask a question or download resources*



Audio problems?  
ENSURE YOUR SOUND IS TURNED ON  
If you experience poor sound quality you may benefit from refreshing your page

Ask a question  
Type your question into the question box then click submit.



***FRC consultation:  
Using technology to  
enhance audit  
quality***

# THE USE OF TECHNOLOGY IN THE AUDIT OF FINANCIAL STATEMENTS

## AQR THEMATIC REVIEW

MARCH 2020



The FRC made their latest thematic review in March of 2020, inspecting how technology has impacted financial statement audit in the largest six firms.

They found that audit data analytics has become commonplace now. They are most commonly seen in the risk assessment stage and in revenue testing.

Other technologies mentioned – such as natural language processing – are at an earlier stage.

Technology can enhance quality by removing sampling risk and rote work.

The best examples featured comprehensive roll-out schemes.

# THE USE OF TECHNOLOGY IN THE AUDIT OF FINANCIAL STATEMENTS

## AQR THEMATIC REVIEW

MARCH 2020



However, the latest Audit Quality Review still showed that audits had room to improve.

The most commonly cited areas of improvement are challenge of management, revenue (particularly judgmental areas), and long-term contracts. Technology is less applicable to these areas.

Firms are struggling to retain the best talent.

Explainability of algorithms, where machine learning is used, is critical to the RI's ability to sign off on the audit.



March 2020

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## DISCUSSION:

Technological resources: using technology to enhance audit quality



The consultation called for evidence on a wider selection of technologies than just data analytics.

Key issues were how audit quality could be improved, use of tech, competition, data standards and extraction, audit documentation, handling of exceptions, and the growing use of 3<sup>rd</sup> party technology.

AICPA in the US has a data standard that auditors and vendors can use for audit data, and the consultation asks if this would be useful in the UK market.

March 2020

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## DISCUSSION:

Technological resources: using technology to enhance audit quality



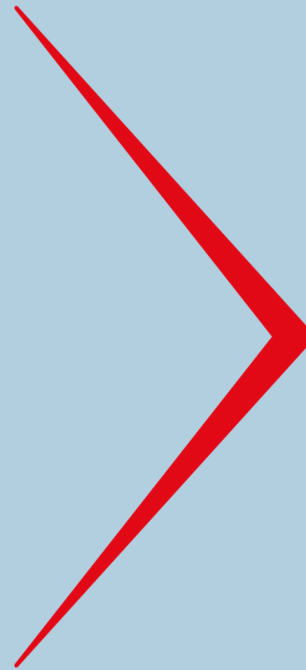
Our response focused on the great potential of tech to enhance audit quality, balanced against realistic critique of the abilities of this tech.

We highlighted the difficulty of regulating to promote competition in this field, but were supportive of a cross-industry data standard.

Regulation should strive to be an enabler of change rather than a barrier.

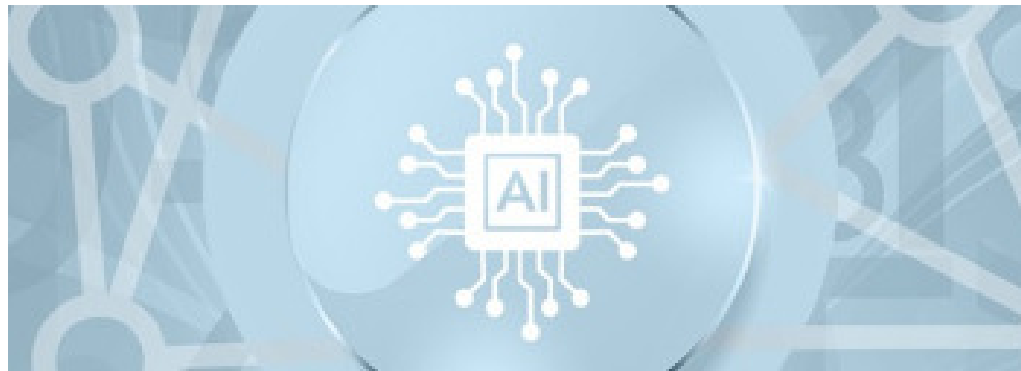
These new technologies can represent new ethical, independence, and audit risks themselves – training and guidance will have to adapt to suit.

- 5,000 exceptions
- Audit analytics as business analytics
- Professional competence and due care



# *Risks and Assurance of Emerging Technology*

# *Cognitive technology*



- General term to encompass any system that works similarly to how humans think – whether it be AI, robotic process automation, etc.
- Most commonly made via some kind of machine learning – which has consequences for how the final model looks and works

# *Risks*



- Inexplicability
- Bias
- Data protection
- Lack of understanding of context
- General automation risks

# *Responses*



- Design principles

- Project inventory
- Avoidance of bias
- Data de-identification
- Explainable models

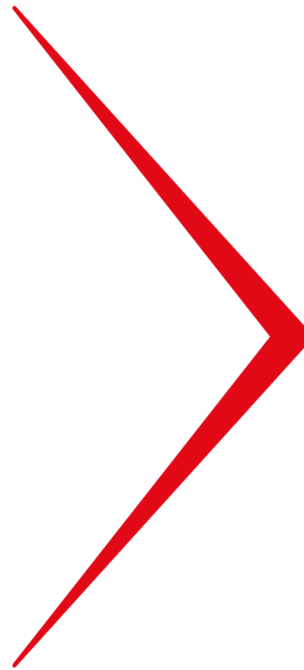
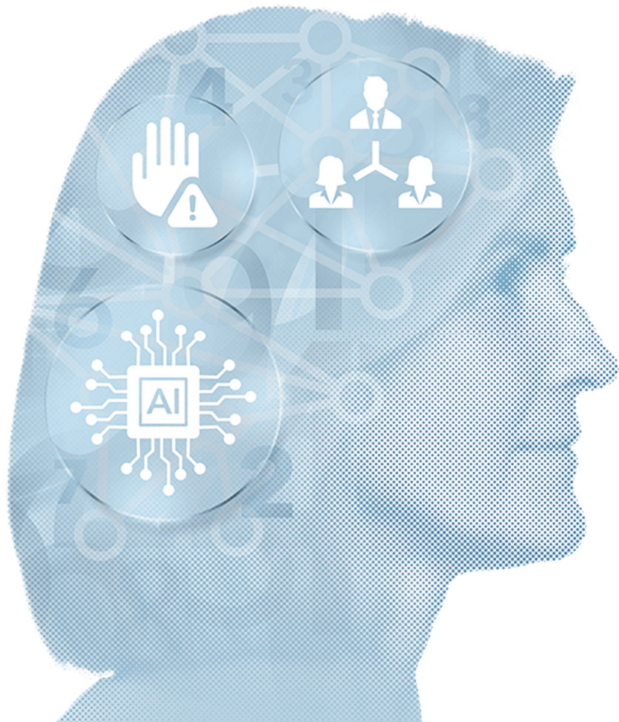
- Controls

- Human in the loop
- Collars and kill switches
- Ongoing review

# *Assurance*



- Have to have a clear conversation on what is being assured
- Ensure that the engagement team has the right skills, and that any practitioners' experts are duly vetted and assessed
- Consider the assurance approach



***Read the report today at:  
[www.icaew.com/techrisk](http://www.icaew.com/techrisk)***



# *Thank you for attending*

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