

Rutgers – AICPA Data Analytics Research Initiative
Monthly Update Call
April 6, 2016

Attendees:

Mike Leonardson	Dorothy McQuilken
Erica Nelson	Juli-Ann Gorgi
Dave Dauksas	Greg Shields
Thomas Mackenzie	Margot Cella
Katie Greehan	Thomas Payne
Brian Wolohan	Kevin Lavin
Reid Simon	Nicole Deschamps
Susan Coffey	Brian Foster
Kari Lee	Eric Cohen
Alex Kogan	Jason Guthrie
Trevor Stewart	Evan Deford
Alan Anderson	Qi Liu
Miklos Vasarhelyi	Won No
Kelly Hnatt	

Meeting Notes:

- The purpose of this conference call was to review the one-page project summaries, the data request template/letter, and the messaging document that were shared with the group for review.
- The board approved the March meeting minutes, after some minor edits to be made to the document, for posting to the RADAR website.
 - o **N/S – AICPA staff to finalize the document and post to the RADAR website by Monday, April 11th.**
- The board discussed the “data request template”. This document was developed to help obtain sample data sets to be used for the research projects. This document is meant to be a tool for board members to use while requesting data sets, if needed. It contains information on the research projects, the data sets needed, confidentiality information, etc.
 - o **N/S – Board participants can send any fatal flaw edits on the “data request template” document to AICPA staff by Monday, April 18th. An updated draft will be sent out prior to the May in-person meeting.**
- The board discussed the “messaging document”. This document will prepare everyone to speak consistently in the market about the initiative. The documents discusses: why RADAR was created, who is involved, what the research objectives are, how progress will be communicated, and what the expected timeline is. One overall comment was regarding the length of the document. It is a bit long, but it could be a good prep for questions received on the initiative.

- **N/S – Board participants can send any edits on the “messaging document” to AICPA staff by Monday, April 18th. An updated draft will be sent out prior to the May in-person meeting.**
- The research teams presented an update on each of the research projects, and walked the group through the one-page project summaries. These summaries are intended to highlight each of the projects, and will be posted to the RADAR website once completed.
 - Below are the current proposed research projects:
 - **Sandbox project** – The objective of this project is increasing automation in the evaluation of internal control effectiveness with audit analytic methods. Some comments received included the following:
 - Understand what type of evidence we are obtaining from this research (i.e. is it substantive?), and ensure that it fits within the current auditing standards
 - Suggest using another term other than “automation”, or taking the term out completely
 - Suggest developing budgets for each of the projects, so that the board can formally approve them
 - **Multi-dimensional audit data** (previously called multi-dimensional exceptional exceptions) – The objective of this project is to provide a more systematic approach for using data analytics in the audit sampling process. Some comments received included the following:
 - Suggest renaming this project, and ensuring that consistent names are used throughout each of the documents.
 - Suggest deleting the section that references control test work, and just focus on developing a framework for substantive test work
 - **Visualization** (this is also a complementary project to the above two) – The objective of this study is to develop a framework to guide auditors in incorporating visualization techniques into the audit process. It also attempts to propose the most effective visualization techniques that can be used in different audit scenarios. Some comments received included the following:
 - Suggest looking at research being performed in other fields with regard to visualization, and determining how it can be applied to auditing, but ensure that we are not re-creating the same work.
 - **Survey** – In order to facilitate the research being conducted above, the teams would like to survey the RADAR Advisory Board to better understand the needs of the participating firms in relation to internal control evaluation, exceptional exceptions, and visualization. Research teams will begin meeting with RADAR board members, and foresee having results available in the next 2-3months. The board discussed additional ways to expand this survey in order to understand in depth what is going on in the profession.
- The next meeting of the RADAR Advisory Board is scheduled for May 18th and will be held in NYC. The May conference call will be cancelled and the June conference call will be rescheduled for a later date.

Next Steps:

- AICPA staff will finalize the March meeting minutes, and post them to the RADAR website by **Monday, April 11th**.
- AICPA staff will circulate the April meeting minutes, for review on **Monday, April 11th**. Board participants are asked to send in edits by **Monday, April 18th**.
- Board participants are asked to send any fatal flaw edits on the “data request template” document to AICPA staff by **Monday, April 18th**. An updated draft will be sent out prior to the May in-person meeting.
- Board participants are asked to send any edits on the “messaging document” to AICPA staff by **Monday, April 18th**. An updated draft will be sent out prior to the May in-person meeting.
- Board participants are asked to send any edits on the one-page project summaries to AICPA staff by **Monday, April 18th**.
- Research teams will finalize the one-page summaries and share with the Board Chair and Vice Chair for final approval by **April 25th**, before posting to the website.
- Research teams will provide project budgets to be reviewed at the **May 18th** in person meeting.