

Rutgers AICPA Audit Analytics Research Initiative

Monthly Update Call

April 5, 2017

Participants:

Erica Nelson	Miklos A. Vasarhelyi
Brian Miller	Trevor Stewart
Sue Coffey	Won No (MADS)
Dave Dauksas	Abduhraman Alrefai
Katie Greehan	Qi Lu
Michael Leonardson	Jason Guthrie
Al Anderson	Eric Cohen
Amy Pawlicki	Evan DeFord
Ami Beers	Vanessa Teitelbaum
Dorothy McQuilken	Brian Collins
Kelly Hnatt	Shane O'Connor

Meeting Minutes:

- The Board approved the 3-1-17 RADAR meeting minutes for posting to the RADAR website.
- The Board discussed the updated year 2 budget document. The budget does not contain any expenses related to travel, as the research team does not foresee any travel in the near term. It was suggested that the budget should also include an “hours logged” schedule that links to the milestones in order to show a percentage of completion (i.e. hours incurred and estimates complete). This progress would be shared at each meeting.

The budget was approved subject to these changes.

- The Board discussed the Point of View (POV) document. Suggested edits included:
 - Specific information should be added around what the projects are, and how they will prove the hypothesis.
 - Hypotheses should be bolder (e.g. “We don’t believe the MADS approach to be sampling a sample”).
 - The process mining hypothesis should be softened to state, “To clearly form a view of the effectiveness of internal controls.”

The Board agreed that this document would be used as talking points, or a script, for 2-3 minute micro-learning videos on RADAR. The videos would be posted to the AICPA site as well as RADAR site.

Next Step: The POV document will be updated based on the comments discussed by the group, and we will begin to identify members who would be interested in participating in these interviews.

- The group discussed the session held at Rutgers Business School. Rutgers presented all of the projects currently underway at that Rutgers Continuous Auditing and Reporting Lab to various interested parties. Research teams also presented updates on the three RADAR projects. Overall, the meeting was very positive and similar updates will be given in the future.

Next Steps: We will share the slide deck presentations from the Rutgers meeting with the Board.

- An update was given on the status of data requests. The executive director of RADAR has been working with Board representatives, as well as others, to obtain a variety of data sets to be used for research purposes. Research teams have also been working with other universities to acquire data sets.
- The research teams gave updates on each of the projects. Going forward the research teams will provide more succinct, one page project update documents with the Board on a monthly basis.

- **MADS -**

- The research team has begun to run a series of tests on the current data sets. They have a population of “notable items” that they are analyzing in order to determine the appropriate next set of filters to be included within the framework.
- The research team also discussed their judgement based filters survey that was previously shared with the Board. Comments on the survey included:
 - Updating the wording used throughout. Do not overcomplicate the questions.
 - Giving an example scenario for the auditors to consider (e.g. if you were to audit accounts payable what would you do?).

Next steps: The MADs research team will update the “judgement based filters” survey to address comments from the group. The research team will reach out to the Board to schedule phone calls to discuss the survey questions.

- **Process Mining-**

- The research team is currently working with two data sets:
 - The first data set is related to order to cash. Researchers have analyzed the data set and applied classifications to identify variants. They are waiting on additional information regarding the business rules in order to understand if the variants identified are items to be concerned about.
 - The second data set is related to the procurement process (the same data that the MADS team is working with). This data set contains log

information and transaction or financial values. Similar to the first data set, the team is also waiting on information regarding the business rules. Once received, they will perform additional analyses over the data.

The research team plans to share their results at the next in person meeting.

- **Visualization-**
 - The research team provided an updated on the analysis that has been performed over their most recent data set. This data included purchase information (i.e. payment data, vendor data, etc.). The team developed a number of visualizations using this data and will share more results at the May meeting. It was noted that this project should illustrate the application of visualizations and how they can be used as audit evidence.

Summarized Next Steps:

1. The POV document will be updated based on the comments discussed by the group, and we will begin to identify members who would be interested in participating in these interviews.
2. We will share the slides deck presentations from the Rutgers meeting with the Board.
3. The MADs research team will update the “judgement based filters” survey to address comments from the group. The research team will reach out to the Board to schedule phone calls to discuss the survey questions.