

Rutgers AICPA Audit Analytics Research Initiative  
Advisory Board Conference Call  
October 8, 2015

**Attendees:**

|                    |                   |
|--------------------|-------------------|
| Eric Cohen         | Mike Leonardson   |
| Dave Dauksas       | Thomas Mackenzie  |
| Nicole Deschamps   | Dorothy McQuilken |
| Juli-Ann Gorgi     | Erica Nelson      |
| Jason Guthrie      | Amy Pawlicki      |
| Kristine Hasenstab | Trevor Stewart    |
| Alexander Kogan    | Miklos Vasarhelyi |

**Meeting Notes:**

- The minutes from the September 2, 2015 Advisory Board meeting were approved. All approved meeting minutes will be posted to the Rutgers website
- Rutgers and the AICPA will be releasing a joint press release, when appropriate, to publically announce the start of the research initiative, and to open participation to all interested licensed CPA firms.
- The AICPA and CPA Canada will work with their communications teams to announce the initiative through the appropriate member channels.
- The Board reviewed the updated Charter document. An updated version of the document will be circulated amongst the Board members for review. Some items to note:
  - The Board agreed that the initiative should be named:  
**Rutgers AICPA Audit Analytics Research Initiative**
  - The Board agreed to not appoint an executive director at this time
- It was noted that throughout the process we should keep the Center for Audit Quality (CAQ) up to date on the status of the Initiative and the work that is being done. As the Initiative progresses, we will also formally reach out through the appropriate channels to the PCAOB to keep them updated as well.
- The Board discussed the process for participating in the initiative and reviewed a draft of the intent to participate document. Interested licensed accounting firms will complete an intent to participate form and pay a fee of \$60,000 in year 1 (the amount is TBD by the Advisory Board thereafter). All participating firms will have a seat on the Advisory Board, and will help drive the direction of the research. Minor updates will be made to the document and a clean version will be circulated for review.
- The Board discussed the updated project proposals. Project groups will be holding calls over the next few weeks to talk in detail about the evolution of the projects. Researchers and Board members have already been recruited to help support each of the projects.

- **Exceptional Exceptions:** The purpose of this project is to determine which outliers are worth examining when you are working with large data sets. The research group would still like to find some additional populations/data sets to work with. It was noted that:
  - As a starting point, researchers should meet with the firms to determine what the practical issues are that they are facing when it comes to exceptions (i.e. what are the general audit issues that need to be dealt with?)
  - The data that is used should be a credible proxy of what auditors would be seeing on an audit.
  - The group should consider the following questions:
    - How do you characterize or “bucketize” the remaining population that is not tested?
    - Is the population appropriate?
    - What is the level of precision?
    - How many characteristics should be looked at and how is an exception defined?
- **Audit Analytics:** The research group would still like to find some additional populations/data sets to work with. Ensure that the examples noted in the matrix resonate with auditors.
- **Visualization:** This project will complement the other projects. It was noted that:
  - It would be helpful to see how visualization could enhance some of the aspects of the audit analytics project.
  - Touch upon the application of visualization and show how it can be used effectively

**Next Steps:**

1. **Updated intent to participate document, charter document, and project proposals will be sent out for review**
2. **Advisory board members will identify representatives to participate in a ½-day in-person brainstorming session to discuss the top 10 analytics-related topics that should be explored through the research projects.**
3. **Staff to coordinate the brainstorming session**