Rutgers AICPA Data Analytics Research (RADAR) Initiative
Monthly Update Call
August 3, 2016

Attendees:

Mike Leonardson	Evan DeFord
Erica Nelson	Kelly Hnatt
Reid Simon	Nicole Holden
Brian Foster	Eric Cohen
Brian Wolohan	Thomas Payne
Brian Miller	Kari Lee
Becky Swanson	Tiffany Chui
Dave Dauksas	Alex Kogan
Al Anderson	Brian Cassidy
Sue Coffey	Trevor Stewart
Amy Pawlicki	Won No
Miklos Vasarhelyi	Dorothy McQuilken

Meeting Notes:

- The purpose of this monthly call was to discuss any successes and challenges that the board members have encountered while trying to obtain data sets to be used for the research projects. Research teams also provided updates on each of the projects.
- Administrative items: The July conference call meeting minutes were approved to be posted to the RADAR website.
- As the board members discussed obtaining data sets, it was noted that:
  - Customizing the data request template and developing speaking points to share amongst firm members was helpful **N/S - Sample speaking points will be shared with the board members**
  - Focusing on reaching out to firm consultant practices, as well as firm leaders who are involved in analytics may be helpful
  - Acquiring audit logs (for the process mining project) may be easier to obtain, as these logs don't contain proprietary information
  - Understanding the "pain points" of auditors will help the research teams identify the areas and data sets needed for each project. As the researchers meet with more of the firms, it is important to discuss these areas with them.
  - Connecting with Rutgers alumni, who may be firm clients, may also help. **N/S – Brian W. and Miklos to work to identify potential alumni**
- Research teams provided updates on each of the projects:
  - *Visualization (as audit evidence)*:
    - The research team has been meeting with board reps to discuss and understand the needs of the firms in order to develop useful visualizations. The team is still looking for additional data sets to be used. More specifically, they are looking

for data sets that are representative of those that practicing auditors spend time trying to understand and analyze. These could be datasets used for analytical procedures (understanding the business, substantive, and final review); detailed transactional and balance sheet data; and internal control review data.

- *Process Mining:*
  - This project continues to move along. Team members obtained an overview of different risks and controls related to three business processes (revenue, inventory, purchasing) and common risk and controls for journal entries. Controls were grouped into three types: (1) application controls, (2) IT-dependent manual controls, or (3) manual preventative controls, and a matrix of controls was developed. Next steps include focusing on the most appropriate business process that would allow the researchers to apply their methodology. A high level process mining example will be included within the AICPA's Audit Data Analytics guide that is being developed. **N/S – If any of the firms are doing anything in the space of process mining, please reach out to Al and the research teams to share your thoughts and experiences**

- *MADs:*
  - The research team continues to make progress. Since the last meeting, the team has conducted a survey of current literature on data analytic techniques and tools that could be used within the MADs process. The purpose of this review was to identify general techniques that could be applied to the dataset to help discover outliers. **N/S – Board members were asked to identify techniques that tie to audit areas, to send to Al and the research teams.** The research teams have been meeting with firms to gain a better understanding of some of the techniques that are being used in practice. Similar to the requests above, the researchers are looking for datasets. Included within their project update is a detailed example of the types of datasets that they are requesting. **N/S – If any of the firms have staff that have expertise in identifying outliers and analyzing populations, please let the research teams know**

Summary of Next Steps:

1. **Sample speaking points will be shared with the board members**
2. **Brian W. and Miklos to work to identify potential alumni to reach out to in order to identify data sets**
3. **If any of the firms are doing anything in the space of process mining, please reach out to Al and the research teams to share your thoughts and experiences**
4. **Board members were asked to identify techniques, that tie to audit areas, to send to Al and the research teams**
5. **If any of the firms have staff that have expertise in identifying outliers and analyzing populations, please let the research teams know**