



ASB Technology Working Group: Update

Samantha Bowling, ASB Task Force Chair

Presentation at the October 2022 ASB Meeting

ASB's Technology Working Group (TWG)

- Chaired by ASB member Samantha Bowling
- Includes other ASB members Kathy Healy, Chris Rogers, and Bob Harris
- Other members: Dan Balla, Margaret Christ, Sara Watson, Erin Mackler, and former ASB member Brad Ames
- Staffed by Brian Wilson
- Note: TWG represents firms of various sizes, preparers, academics, and internal audit

Recent Activities

- Significant TWG effort expended on advancing the technology-related risk assessment resource (refer to subsequent slides)
- Developed a survey directed to small and medium size practitioners on impediments to using technology in the audit (release for 2nd half of October 2022)
- Promoting technology adoption for small to medium size firms
 - JoA interviews: Technology in the Audit (Samantha Bowling)
 - AICPA Purpose in Action Podcast: Continuous Auditing – Improving Business Results in Real Time (Samantha Bowling)
- Ongoing liaison meetings with others (e.g., the CAQ)
- Monitoring and reacting to the work of other standard-setters:
 - Technology discussion at the September 2022 IAASB meeting
 - As announced in October 2022, PCAOB staff is analyzing relevant information and developing a proposal that will consider how PCAOB standards should be revised to address certain aspects of designing and performing audit procedures using technology-assisted data analysis

Technology-Related Risk Assessment Resource Update

Storyboard

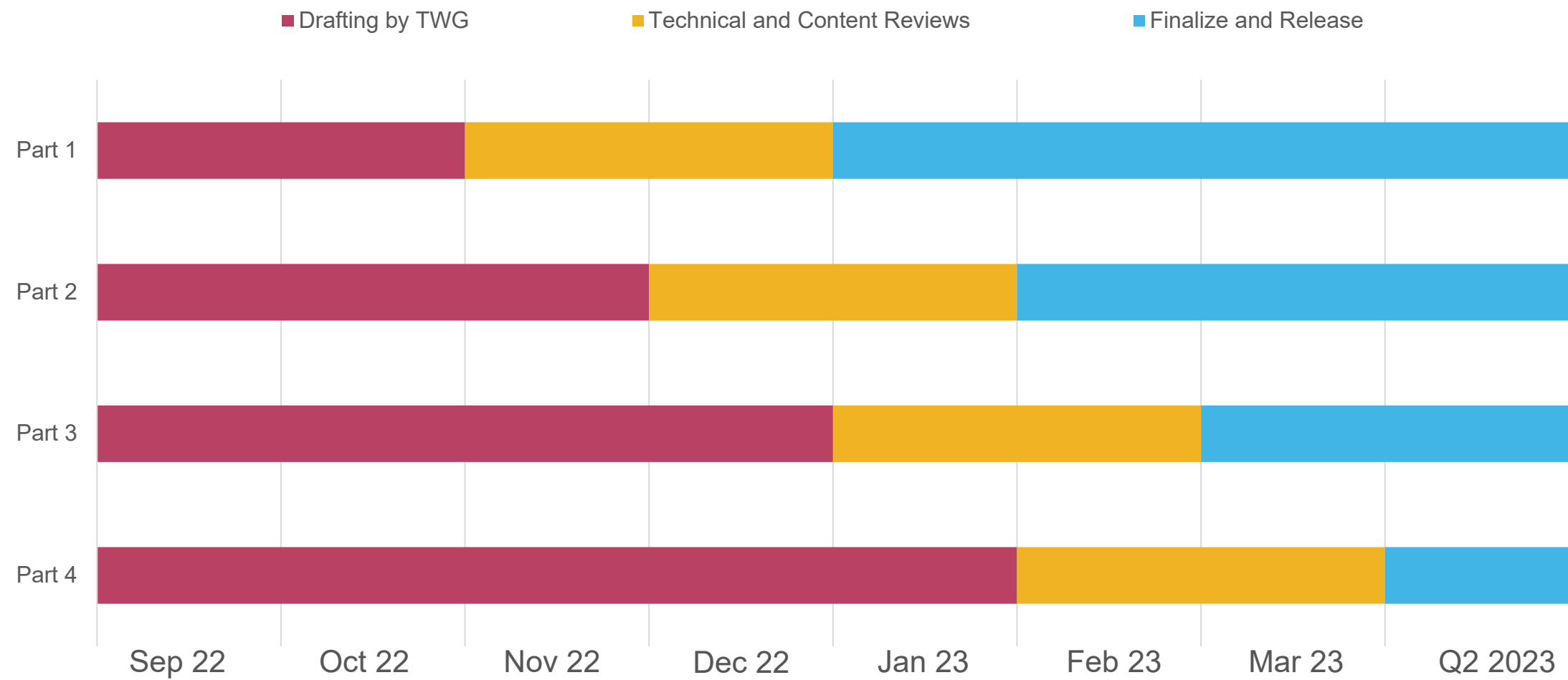
Components	Description
Overall Introduction and Part 1	<p>Explanation of the nature and purpose of the overall resource and a general overview of how management's technology and data-related internal controls over financial reporting environment can impact the external auditor's SAS 145 risk assessment</p> <p>Part 1 includes four often observed audit situations where declining auditor reliability of the company's business processes, including ICFR, affect the auditor's risk assessment</p>
Part 2	<p><u>Management's Technology and ICFR Maturity Model</u>: Illustration of where investment in technology driven ICFR and attributes pertaining to systems and data mature to a point that results of greater reporting quality and audit value</p>
Part 3	<p><u>Auditor's risk assessment staircase</u>: Illustration of where the auditor (audit firm's) investment in technology and audit data analytics mature enhance audit quality</p>
Part 4	<p><u>Capstone Example</u>: Supply Chain and Product Repricing Affecting Revenue Recognition and Profitability</p> <p>A comprehensive example that brings together the key elements of Parts 1 through 3 into a dynamic, iterative examples that applies technology and audit data analytics to perform the SAS 145 risk assessment</p>

Content Strategy

Overall Approach

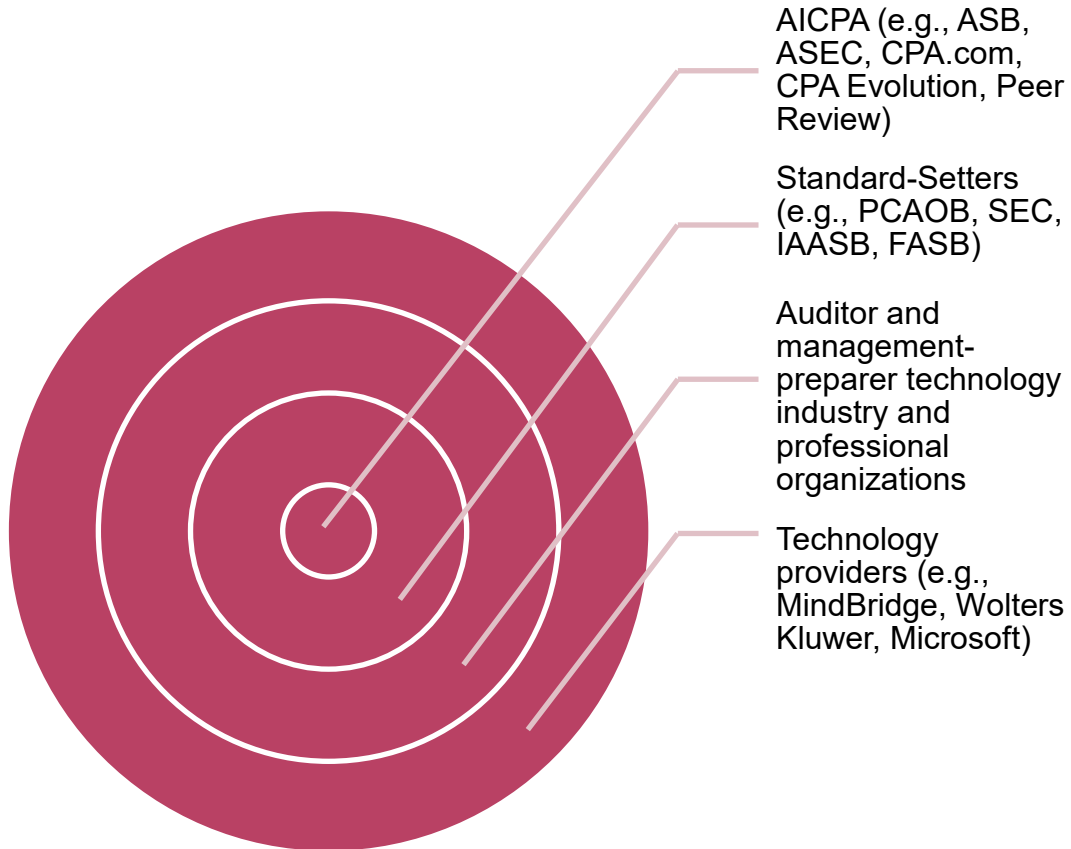
- Start awareness and interest during Q4 2022 through Q1 2023 then release all 4 parts together during Q2 2023
- Deploy the resource timely to assist practitioners with their adoption and implementation of SAS 145 (effective December 15, 2023)
- Deployment of the resource to be done in conjunction with other SAS 145 resources from the AICPA (e.g., LCE guide, articles)
- Deployment to support public interest through an integrated content journey in 2023+

Resource Drafting Timeline



Technology-Related Relationship Matrix

Technology-Related Relationship Matrix v1.0



- Purpose: Relationship matrix to capture important organizations impacting technology and the audit (enablers and disrupters). Understand the work being done but also where no work or education is occurring
- Intended Use: Monitor the financial statement audit ecosystem of technology advancement and disruption and plan longer-term TWG projects
- Status: 1st draft in-process

ASB Questions:

1. How does the ASB see it's role among technology-related stakeholders impacting the audit?
2. Who are stakeholders to the ASB when it comes to technology?
3. How could a relationship matrix inform the ASB's annual agenda?

The Road Ahead

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Upcoming ASB Task Force Activities

- Progress the technology resource per the prior timeline (meetings scheduled accordingly for each part)
- Review and understanding SMP technology impediment survey results
- Recruiting additional TWG members
- Planning Future ASB Technology Training
- Other TWG meetings to be scheduled according to ASB and IAASB meeting timelines through 1st half of 2023

What to Expect in 2023

- Finalize and publish the technology-related risk assessment resource
- Take action to develop non-authoritative guidance topics identified in July 2022
- Monitor and react to the work of other standard-setters
- Advance the development of the Technology-Related Relationship Matrix
- Formalize TWG Membership Terms and Guidelines