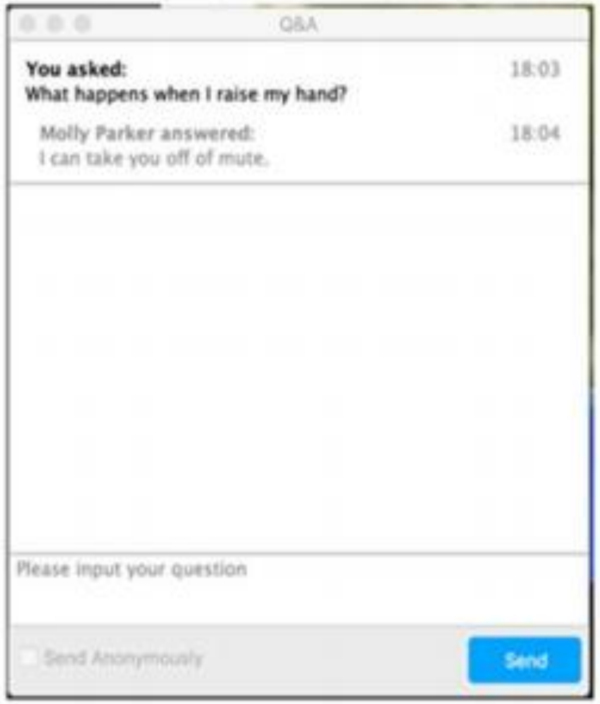
Data analytics for external auditors: current landscape, challenges and future direction

28 July 2026

Ask a question



To ask a question

Click on the **Q&A** button in the bottom toolbar to open the submit question prompt.

Type your question and click send

NOTE: If you wish to ask your question anonymously check the **send anonymously** box shown on the illustration.

Did you know?

ICAEW's revised Continuing Professional Development (CPD) Regulations brought in new CPD requirements, including a minimum number of hours and an ethics requirement.

This webinar could contribute to up to 1.5 hours of verifiable CPD, so long as you can demonstrate that the content is relevant to your role.

Find out more about how these changes affect you at icaew.com/cpdchanges.

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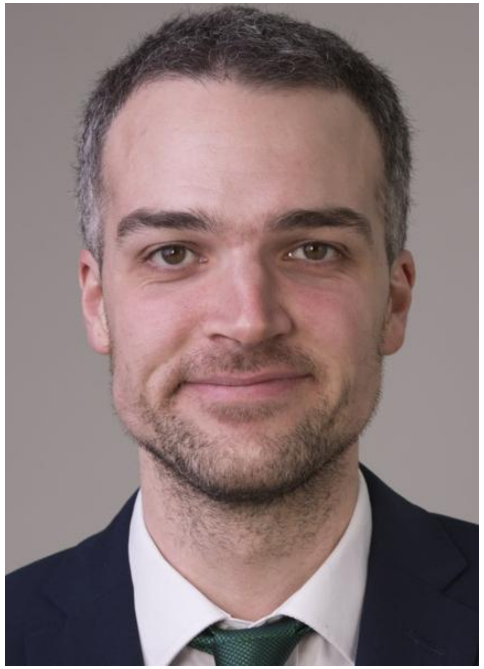

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Today's presenters are:

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ANALYTICS IN EXTERNAL AUDIT:

A SURVEY OF CURRENT PRACTICE AND TRENDS

Overview of the July 2026 publication

Purpose and approach

Approach

We used interviews and discussions to build a current picture of analytics in external audit.

Two key questions

1. How is analytics being used today, and where are firms making progress?
2. What barriers are holding firms back from implementing analytics?

Interviews were performed between late 2024 to early 2026.

Inputs from across the audit sector

- Small and mid-tier firms
- Largest firms
- Software vendors
- Methodology providers
- Regulators and standard-setters
- ICAEW QAD

Trend 1: Integrated technology

Integration throughout the audit cycle

Data acquisition — Planning and risk assessment — Audit execution — Reporting and insights

Key trends by firm size

Larger firms

More advanced and embedded

Proprietary audit platforms with analytics built into planning, execution and reporting.

Mid-tier firms

Moving toward integration

Vendor tools configured to fit existing platforms and workflows.

Smaller firms

Practical entry points

Excel, Power Query and tools used for targeted analytics procedures.

Trend 2: Tailored delivery models

Self-service

Auditors are trained and empowered to select and use tools.

Benefit: greater ownership and less dependence on a central analytics team.

Specialist or hybrid

Audit teams scope the need; specialists obtain, transform and analyse data.

Benefit: quality, consistency and scalability, especially for complex data work.

Vendor-supported

Smaller firms work with internal expertise and software providers.

Benefit: access to proven tools and capability without building everything in-house.

Different models offer different advantages; many firms combine elements of both self-service and specialist support.

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Trend 3: Emphasis on data skills

1 — 2 — 3

When to use the tool

Understand where analytics may be appropriate within a particular audit.

How to use the tool

Understand how the tool should be configured and applied.

How to interpret results

Understand anomalies, exceptions and the conclusions that can reasonably be drawn.

Audience poll

What do you think is currently the greatest barrier to wider adoption of analytics in external audit?

- **A** Obtaining suitable, high-quality data
- **B** Aligning analytics with methodologies and platforms
- **C** Uncertainty around standards and regulatory scrutiny
- **D** All three are equally significant

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Barrier 1: Data quality and onboarding

Common areas of friction

Complex ERP systems

Rich but heavily customised data can be difficult to extract when clients only use the basic front-end interface.

Older systems or spreadsheets

Systems may not have been designed to provide the level or structure of data needed for analytics.

Cleaning, mapping and validation

Data arrives in different formats and must be cleaned, mapped and validated before auditors can use it.

Completeness issues and delays

Missing fields, aggregation or batching issues can emerge late, creating further requests and delays.

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Barrier 2: Alignment between methodology, capability and platforms

What gives firms confidence

Audit approach — The analytic clearly supports the audit approach and methodology.

Evidence — Teams understand what evidence the analytic provides.

Documentation — Results can be documented and evaluated in a consistent way.

Where alignment is missing

Additional layer of work

Analytics becomes extra testing rather than a better or more efficient way to obtain audit evidence.

Methodology–technology gap

Off-the-shelf methods and third-party tools may be developed separately, leaving firms to connect them.

Barrier 3: Are auditing standards driving uncertainty?

Where firms feel uncertainty

- **Categorising procedures**
  Analytics can combine risk assessment, analytical procedures and tests of detail.
- **Evidence and reliance**
  Uncertainty over what evidence is obtained and how far results can be relied on.
- **Fallback behaviour**
  Some revert to sampling or duplicate conventional work, reducing the benefit.
- **Smaller and mid-tier firms**
  Fewer opportunities to engage directly with regulators and standard setters.

What regulators emphasise

- **Good general application**
  Regulators are not seeing use of analytics where it should not be used.
- **Focus on deployment**
  How the analytic has been designed, deployed and linked to the audit approach.
- **Evaluating exceptions**
  How anomalies and exceptions have been evaluated and followed up.
- **Validated data foundation**
  Whether completeness and accuracy of the underlying data is demonstrated.

Calls to action

01	**Firms**	Benefit from greater investment in upskilling, in tools, and by making bolder decisions about when to use analytics.
02	**Methodology providers**	Prioritise developing work plans that better support and encourage the use of analytics, without introducing unnecessary burden.
03	**Regulators and standard setters**	Provide better support by articulating and clarifying where and how current auditing standards support the use of analytics, and by sharing more specific, detailed examples of best practice.
04	**Software providers**	Focus on meaningful engagement with all stakeholders to ensure that their software and products comply with the requirements of auditing standards and integrate well with other platforms.
05	**Professional bodies**	Use central role among stakeholders, to represent and advocate for the needs of firms and members by facilitating debate about the three key barriers, and explore solutions to challenges around data quality.

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Panel Session

Questions?

Please add your questions in the Q&A box.

Analytics in external audit: current practice and trends – read the report

[Analytics in external audit: current practice and trends | ICAEW]