**This is a sample workpaper that may be used in your engagement or organizational documentation on your ability to rely upon the output from MindBridge.**

*Disclaimer:*

*This document and the materials therein are for illustrative and informational purposes only. MindBridge’s algorithms have been validated by UCLC; however, supplemental use case documentation herein has not been peer reviewed as a methodology under the various auditing or similar standard setting bodies and are purely illustrative in nature. By using any part of this document, you acknowledge the components are provided as-is, fit for your purposes, and that MindBridge shall not have any liability of any kind relating to this material.*

*These materials are confidential not to be distributed to those MindBridge competitors within the artificial intelligence auditing space and intended solely for use by those clients of MindBridge and/or individuals who have been explicitly shared the materials.*

**Memorandum**

To: Engagement Workpapers

From: [Insert auditor name]

Date:

Re: Ability to rely upon MindBridge

Under the International Ethics Standards Board for Accountants (IESBA) [International Code of Ethics for Professional Accountants (including International Independence Standards)](https://www.ethicsboard.org/international-code-ethics-professional-accountants), professional accountants who plan to rely on the work of others, whether internal or external to the employing organization, or other organizations, are required to determine whether reliance on those others (including technology) is reasonable.

On February 18, 2021, IESBA [exposed technology-related revisions to the Code](C://Users/danie/Downloads/Proposed-Technology-related-Revisions-to-the-Code.pdf). In expanding the existing guidance on using the work of others, the revisions also require professional accountants to determine whether it is reasonable to rely on technology, whether developed internally or provided by third parties. The revisions cite factors that are relevant when identifying compliance threats when relying on the output of technology that include:

* Whether information about how the technology functions is available to the accountant
* Whether the technology is appropriate for the purpose for which it is to be used
* Whether the accountant has the professional competence to understand, use and explain the output from the technology.
* Whether the technology incorporates expertise or judgments of the firm
* Whether the technology was designed or developed by the accountant or employing organization and therefore might create a self-interest or self-review threat

(Source: ¶300.6 A2[[1]](#footnote-1))

*For Public Accounting Firms Only:* These requirements are in addition to the requirements outlined in International Standard on Quality Management 1 (ISQM 1) that require an assessment of service providers (¶32(h)) that is also outlined at the end of this memo.

Overall, MindBridge is a risk discovery platform that we have utilized for various audit procedures. MindBridge has received independent third-party validation of the reliability of its tools from numerous sources.

* It has been certified under a [System and Organization Controls (SOC) 2® review](https://us.aicpa.org/interestareas/frc/assuranceadvisoryservices/aicpasoc2report.html), an independent, voluntary review that offers service organization users information on the system- or organization-level controls. (See XXX.XX for SOC 2 or SOC 3 Summary Report)
* It has been certified as meeting [ISO 27001](https://www.iso.org/isoiec-27001-information-security.html) standards, a set of information technology and security best practices. (See XXX.XX for ISO Certificate)
* Its algorithms have received a comprehensive audit by [Holistic AI](https://www.holisticai.com/ai-risk-management) a renowned center of excellence for algorithm audit and safety.
* [MindBridge](https://www.mindbridge.ai/products/ai-auditor) has undergone the rigorous evaluation methodology of the [Institute of Chartered Accountants in England and Wales Technology Accreditation Scheme](https://www.icaew.com/membership/offers-discounts-and-services/icaew-accredited-technology/icaew-technology-accreditation-scheme).

We have relied on technology from MindBridge. The revised Code also cites factors to consider when determining whether reliance on technology is reasonable.

**Technology Ethics**

We have also specifically assessed the following criteria based on the factors to rely on the work of others or technology as outlined in proposed ¶320.10 A2[[2]](#footnote-2)

1. The nature of the activity to be performed by the technology

*We utilize MindBridge for the following procedures and tests*

* *Planning analytics*
* *Risk assessments*
* *Full population transaction scoring*
* *Journal entry testing*
* *Sampling*
* *Overall analytical review*
* *Standback assessments at the completion of the engagement*
* *[Insert steps, as appropriate]*

*We have confirmed that MindBridge’s technology is appropriate and sufficient for such purposes*

1. The expected use of, or extent of reliance on, the output from the technology

*We have determined that the output from MindBridge’s technology will be used to inform better inform with data for the above-listed procedures. We believe that the extent of reliance on that output is appropriate. MindBridge’s reports also include a completeness report that validates that complete data was loaded to the system and provides underlying support in various report exports.*

1. The professional accountant’s ability to understand the output from the technology for the context in which it is to be used.

*Our firm has sufficient expertise and knowledge of the organization to understand the context in which the technology will be used. The documentation provided by MindBridge in their Knowledge Base is written in plain English, and their workpaper exports (.pdf, .docx, .xlsx, etc.) provide additional information to show how the workpaper was generated so that we can understand the output.*

1. Whether the technology is established and effective for the purpose intended.

*As discussed above, MindBridge has been certified as having high levels of reliability from a variety of independent sources. The areas these sources have reviewed include the design suitability and operating effectiveness of its controls, its use of information technology and security best practices, and its audit algorithms.*

*Further, MindBridge serves customers in the audit and advisory, enterprise, government, and financial institution industry around the world. They have customers of all sizes of firms from global, major firms to smaller practitioners. In addition, the brand is well known in the audit field for enhancing audit quality.*

1. Whether new technology has been appropriately tested and evaluated for the purpose intended.

*As discussed above, MindBridge has been certified as having high levels of reliability from a variety of independent sources. The areas these sources have reviewed include the design suitability and operating effectiveness of its controls, its use of information technology and security best practices, and its audit algorithms.*

*Further, we performed internal procedures to assess the software to determine that it was fit for our purposes as outlined in #1 above. <<describe such assessment procedures>>*

1. The reputation of the developer of the technology if acquired from or developed by an external vendor.

*As discussed above, MindBridge has been certified as having high levels of reliability from a variety of independent sources. The areas these sources have reviewed include the design suitability and operating effectiveness of its controls, its use of information technology and security best practices, and its audit algorithms.*

*In addition to the third-party validations mentioned earlier, MindBridge has been named to the Forbes AI 50, a list of private companies recognized for their contribution and continued innovation in the field of artificial intelligence. Further, they were the first private sector signatory to the* [*Montreal Declaration for a Responsible Develop of Artificial Intelligence*](https://www.montrealdeclaration-responsibleai.com/the-declaration)

1. The firm’s oversight of the design, development, implementation, operation, maintenance, monitoring or updating of the technology

*The independent reviews of MindBridge have confirmed the appropriateness and effectiveness of its quality control processes. In addition, as further evidence of the expertise behind MindBridge’s software development, the Chief Technology Officer who created the software is a former IBM Distinguished Engineer and former Chief Architect of IBM Watson Analytics.*

1. The appropriateness of the inputs to the technology, including data and any related decisions

*MindBridge performs several validations checks to determine the quality, integrity, and completeness of the data it is provided. See completeness report located at XXXX.XX*

***For Public Accounting Firms Only:* ISQM**

We have also specifically assessed the following criteria based on the factors to rely on a service provider as outlined in ISQM 1 paragraph A107:

1. The related quality objective and quality risks

*Where,*

*MindBridge’s technology allows us to reduce detection risk by assessing multiple and simultaneous test of the entire ledger and brings higher risk transactions to the forefront for additional consideration. Further, due to the nature of the general ledger being analyzed and the ability of MindBridge to re-aggregate the data to financial statement accounts and/or class of transactions we are able to gain real data related to a client’s inherent risk rather than rely upon only theoretical risk profiles of various accounts and/or classes of transactions. This enhanced ability to reduce detection risk and better fine-tune inherent risk reduces overall audit risk and increases overall quality.*

1. The nature and scope of resources, and the conditions of the service (e.g., in relation to an IT application, how often updates will be provided, limitations on the use of the IT application and how the service provider addresses the confidentiality of data)

*Scope: See #1 of Technology Ethics section.*

*Update Frequency: Per inquiry with MindBridge customer service, major feature releases as typically scheduled for May, August, and November. However, there are regular minor releases on an ongoing basis for updates to improve the user experience.*

*Data Confidentiality: As noted early, MindBridge maintains SOC 2 and ISO 27001 related to data security. MindBridge is also fully compliant with relevant data privacy legislation in key markets in which it operates. More information can be found in MindBridge’s Privacy Policy, available at https://www.mindbridge.ai/privacy-policy/*

1. The extent to which the resource is used across the firm, how the resource will be used by the firm and whether it is suitable for that purpose

*[Describe firm adoption of MindBridge]*

1. The extent of customization of the resource for the firm

*MindBridge allows for in-tool configurations based on the engagement or firm-specific needs. In additional various template libraries are set up and used.*

*The Firm does not have custom features in MindBridge. MindBridge does allow us to turn off Modules that we are not ready to use yet, but since they are not in use any such content is outside of the scope of this assessment pending our internal assessment of the module.*

1. The firm’s previous use of service provider

*For longer-term customers: The Firm has used MindBridge since [insert date] and continues to believe the tool provides values on engagements with the appropriate transparency as previously outlined.*

*For new customers: MindBridge is a new tool for the Firm. However, we performed tests to determine the appropriate use of MindBridge. Also see below #6 for MindBridge’s experience in the industry.*

1. The service providers experience in the industry and reputation in the market

*In addition to the concepts already discussed in this document, MindBridge was the first to bring ensemble AI that runs multiple tests at the same time on a ledger and weight the balances in order to enable humans to discover more. This approach was then widely recognized as appropriate as after MindBridge launched the most recent US project on audit evidence (SAS 142) outlines an ADA Scoring Model in Exhibit A that summarizes the MindBridge approach.*

**Conclusion**

As a result of our review, we have determined that MindBridge tools meet the technology reliability standards in the IESBA exposed revised Code of Ethics.

1. For Professional Accountants in Business, replace citation to ¶200.6 A2. Also, replace the word “firm” in the 4th bullet point to “accountant or the employing organization” [↑](#footnote-ref-1)
2. For Professional Accountant in Business see ¶220.7 A2 for factors for almost identical factors [↑](#footnote-ref-2)