



IAASB

International Auditing  
and Assurance  
Standards Board®

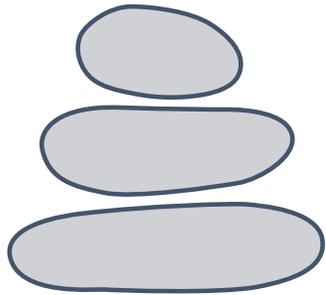
IESBA

International  
Ethics Standards  
Board for Accountants®

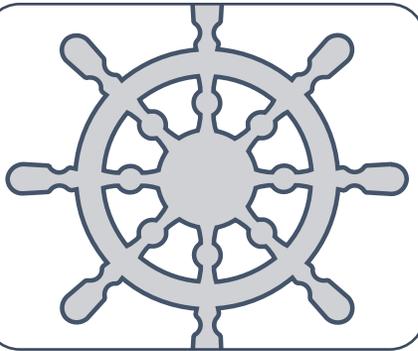
# Technology and Its Impact on Audit, Assurance and Ethics

Stakeholder Advisory  
Council Meeting  
November 4-5, 2024  
New York, New York

# Objectives



Obtain advice on achieving a balance between encouraging innovation and protecting the public interest, when thinking about technology



Obtain perspectives on the role of the auditor in relation to internal control, given the importance of an effective system of internal control for an entity

# The Role of Standard Setters in a Rapidly Evolving Technology Landscape

# IESBA Technology Project

Technology Working Group (TWG) Terms of Reference (Dec 2018)



Project Proposal (March 2020)

Updated TWG Terms of Reference (March 2021)



Global Technology Webinars (April 2022)



Technology Related revisions (April 2023); **Effective December 15, 2024**

[IESBA Technology Focus Page](#)



TWG Phase 1 Report (Dec 2019)

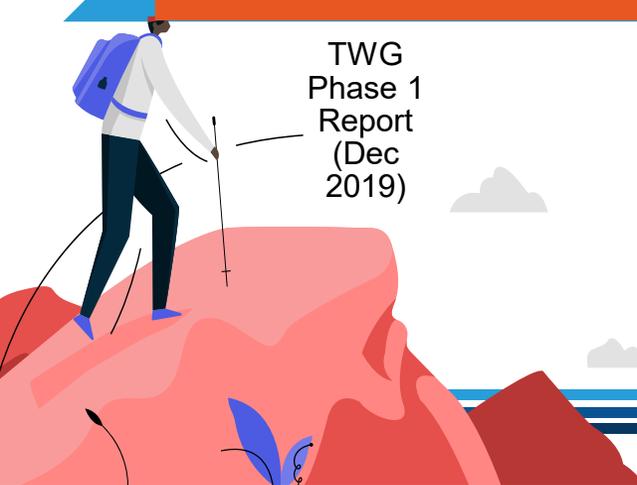
Global Technology Surveys (Oct 2020)

Technology Exposure Draft (Feb 2022)

TWG Phase 2 Report (Nov 2022)



Updated TWG Terms of Reference (June 2023)



# IESBA Technology-related Pronouncement



- Draws attention to the **competence, confidentiality, & leadership** imperatives of the digital age
- Considers ethical threats from **use of technology & complexity** when exercising professional judgment
- Addresses the ethical dimension of **using output of technology**
- Strengthens **independence** provisions for technology-related services & business relationships
- **Applies** to assurance on non-financial information

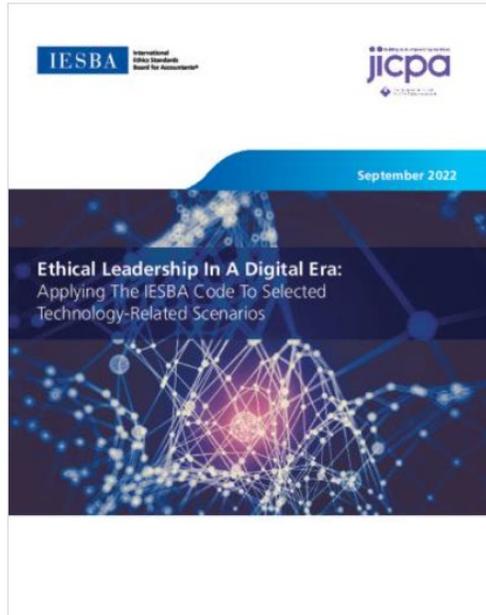
# Technology Non-Authoritative Material

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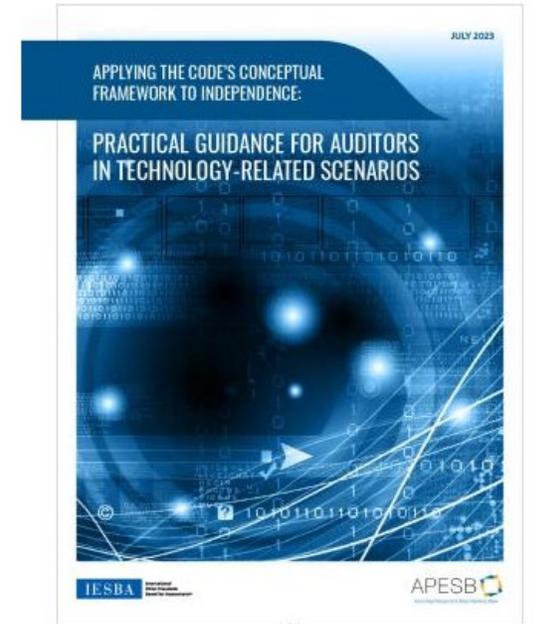
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- [IESBA Staff and APESB Joint Guidance: Applying the Code's Conceptual Framework to Independence](#)
- [IESBA Staff and JICPA Joint Guidance: Ethical leadership in a Digital Era: Applying the IESBA Code to Selected Technology-related Scenarios](#)
- [Exploring the IESBA Code, A Focus on Technology - Artificial Intelligence](#)
- [Ethical Leadership in the Digital Age](#)
- [Public Interest Accountability of Professional Accountants](#)



**Additional resources available on the [IESBA Technology Focus Page](#)**

# Ongoing IESBA Initiatives



Environmental Scanning



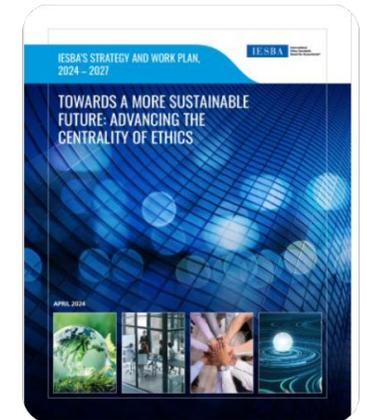
Regular Internal Board Education



Ad-hoc Analysis of Technology-related  
issues



Facilitate Recommendations and Non-  
Authoritative Material (if applicable)



# IAASB Technology Position Initiative

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## Strategy and Work Plan for 2024–2027 (Table B)

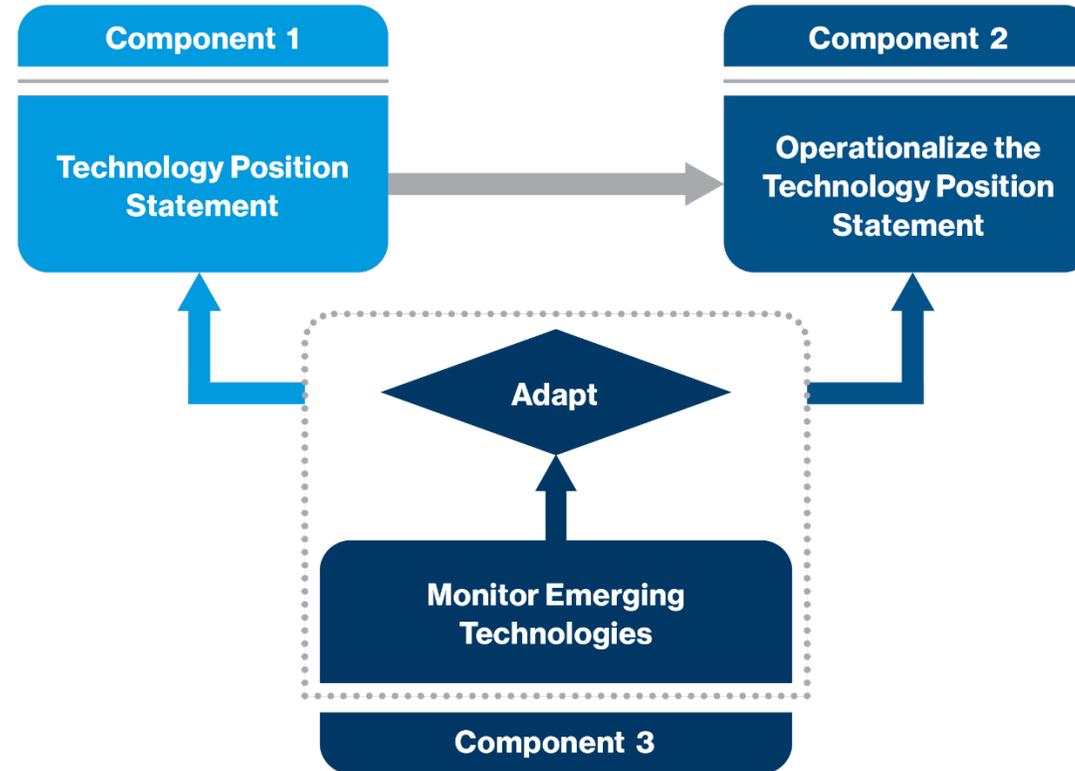


- **Initiative:** Establish a Technology Position...
- **Commencement date:** H1 - 2024

...on addressing the impact of technology in the IAASB's standards, including the Board's vision and roadmap.

This position will inform standard-setting and related activities during the Work Plan period.

# IAASB Technology Position



# IAASB Technology Position Statement

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1

Embrace Technology-Driven Innovations

2

Remove Barriers in the Standards, Real or Perceived, to Practitioners Using Technology

3

Introduce Requirements and Application Material Relating to Using Technology in Engagements

4

Address the Impact of Technology used by Reporting Entities

## Commitment

The IAASB is committed to actively **facilitating** and, where appropriate, **encouraging** the appropriate use of technology in engagements and systems of quality management through developing new and revised standards.

The IAASB will also develop, or facilitate the development of, non-authoritative materials and foster ongoing engagement around relevant insights with the IAASB's broader stakeholder community.

Strike the Right Balance When Referring to Opportunities and Risks Associated with Technology

5

Align with Principles of Ethics and Ethical Requirements

6

Ensure Scalability and Proportionality

7

Convene Stakeholders and Fostering Continuous Engagement

8

# IAASB's Technology Resources

**TECHNOLOGY**

The IAASB has introduced a new Technology Position that will guide how the IAASB adapts its work to embrace the intersection of audit, assurance, and technology. This new position marks a significant step forward in the IAASB's ongoing commitment to enhancing the quality and relevance of its standards in the face of rapid technological advancement.

**TECHNOLOGY-RELATED MEETING AND ASSIGNMENT PAPERS**

**IESBA TECHNOLOGY, ETHICS & INDEPENDENCE RESOURCES**

**THE IAASB'S NEW TECHNOLOGY POSITION & ACTIONS TO EMBRACE TECHNOLOGY AND INNOVATION**



**IAASB Technology Position**

**IAASB Technology Position**

**THE POSITION IS STRUCTURED AROUND THREE KEY COMPONENTS.**

- 1. Technology Position Statement**  
This Statement articulates eight key actions the IAASB will take to deliver on its new technology commitments to encourage firms and practitioners to use technology when appropriate.
- 2. Operationalize the Technology Position Statement**  
This component details the IAASB's strategy for implementing the Statement by identifying opportunities for new or revised standards, along with developing non-authoritative materials and guidance. The IAASB is currently conducting a gap analysis to ensure current standards align with technological advancements. The findings will be published on this web page in due course.
- 3. Monitor and Adapt to Technological Trends**  
The IAASB is committed to continually monitoring emerging technologies to ensure its standards evolve with the rapidly changing landscape. The Technology Position will also be updated as necessary to remain aligned to the rapidly changing landscape.  
This Technology Position ensures the IAASB remains at the forefront of technological advancements, safeguarding the quality and consistency of audit and assurance practices globally. Learn more by reading the Technology Position below.

**READ OUR TECHNOLOGY POSITION**

**READ OUR 8 GUIDING ACTIONS**

- [IAASB Technology Position](#)
- [Access the IAASB's FAQs \(non-authoritative guidance\)](#)
- [Access the IAASB's Digital Technology Market Scans](#)

Additional resources available on the [IAASB Technology Page](#)

# The Role of Standard Setters



What should the role of the standard setting boards (IAASB and IESBA) be in setting guardrails around the responsible and ethical use of technologies by professional accountants and assurance practitioners?



# Modernizing the IAASB's Standards

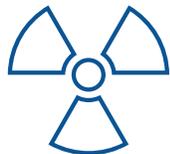
# Project Proposal

Integrated Approach to Audit Evidence and Risk Response,  
Including a Focus on Technology and Internal Controls



ISA 500, *Audit Evidence*

Framework  
aspects of the  
project



ISA 330, *The Auditor's Responses to Assessed Risks*

Performance  
aspects of the  
project



ISA 520, *Analytical Procedures*

Technology Position

# Project Objectives that Support the Public Interest



## OBJECTIVE A:

Support the application of professional judgment and professional skepticism exercised by auditors when obtaining and evaluating audit evidence and when responding to assessed risks.



## OBJECTIVE B:

Promote consistent practice and auditor behaviors by facilitating effective responses to risks of material misstatement, including by strengthening auditors' work on internal controls.



## OBJECTIVE C:

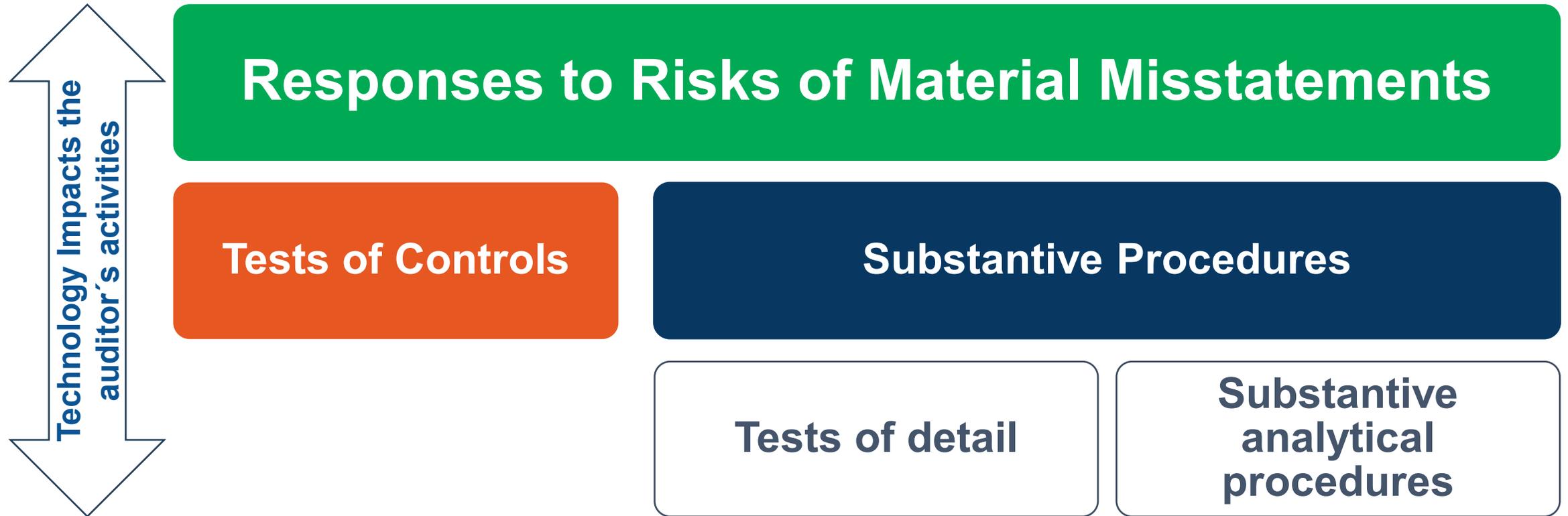
Facilitate, and where appropriate, encourage, auditors' use of technology to obtain audit evidence and evaluate its sufficiency and appropriateness.

# How the Evolving Technology Landscape Impacts Audit Evidence



At a strategic level, how else might technology impact the way that audit engagements are performed, and audit evidence is obtained?

# Risks and Opportunities of Changing the Standardized Nature of the Audit Evidence Gathering Activities



# Risks and Opportunities of Changing the Standardized Nature of the Audit Evidence Gathering Activities

**?** What are the risks and opportunities of the increased creativity and processing power of IT applications on the standardized nature of the audit evidence gathering activities?



# Expectations About Auditor Responsibilities, Given the Importance of an Effective System of Internal Control in an Entity



Auditor obtains understanding of an entity's system of internal control



Auditor evaluates the design and implementation of certain controls



Auditor tests operating effectiveness of certain controls



Auditor communicates deficiencies in internal control to management and those charged with governance

Entity implements, monitors, and revises their system of internal control

> Recurring inspection findings relating to the auditors' work on internal controls.

> Corporate collapses linked to failures in internal controls.

# Expectations About Auditor Responsibilities, Given the Importance of an Effective System of Internal Control in an Entity



What should the auditor's role be relating to internal control, in light of the public interest in entities having an appropriate system of internal control?

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