		Agenda Item J
Meeting:	IAASB Consultative Advisory Group (CAG)	
Meeting Location:	New York	
Meeting Dates:	March 7–8, 2023	

Technology – Cover Note

Objective of Agenda Item

1. The objectives of this agenda item are:

   - To inform Representatives about the IAASB's activities in relation to technology, including disruptive technology; and

   - To obtain the Representatives' views on certain topics in relation to technology relevant to audit and assurance.

Project Status

2. The aim of the IAASB's technology initiative is to ensure that standard setting keeps pace with, and is prepared to adapt to, digital transformation, including disruptive technology. This is achieved in two ways:

   (a) By exploring how the IAASB can most effectively respond to technology via new or revised International Standards or non-authoritative guidance; and

   (b) By investigating the effect of technology on audit and assurance – both in the current environment and in the future – in order to be prepared for technology disruption and be able to respond appropriately to support audit and assurance quality.

3. The IAASB's strategic planning process covers short- to medium-term audit and assurance issues, focused on workstreams and projects already initiated or identified based on public consultation and outreach activities. Current projects or initiatives that may be affected by technology transformation include audit evidence, sustainability and fraud, with advice and counsel provided by the IAASB's Technology Consultation Group where relevant.

4. Since the last technology presentation to the CAG, which was in March 2020, a number of activities have taken place relating to the IAASB's technology initiative. This includes:

   (a) In 2020, engaging an external consultant, Founders Intelligence to research and analyze the landscape of innovation activity in audit and assurance, and to explore the topic through a Disruptive Technologies roundtable attended by industry stakeholders, technology entrepreneurs and corporate innovators.

(b)   The research findings were presented to the Board in January 2021 along with proposed actions which the Board broadly supported, emphasizing the importance of:

   (i)   Identifying adequate resources and accountabilities on technology, both in terms of current projects and longer-term disruption;

   (ii)   Building and maintaining a knowledge base and keeping the Board informed and educated;

   (iii)   Incorporating technology considerations into current projects; and

   (iv)   Taking advantage of the available technologies for the IAASB's own processes.

(c)   During 2021 and 2022 the Technology Workstream Plan continued to be executed and a series of non-authoritative guidance was developed and released to address the effect of technology when applying certain aspects of the ISAs:

   (i)   Audit Documentation When Using Automated Tools and Techniques – April 2020

   (ii)   FAQ: Use of Automated Tools and Techniques in Performing Audit Procedures – September 2020

   (iii)   FAQ: Using Automated Tools and Techniques when Performing Risks Assessment Procedures in Accordance with ISA 315 (Revised 2019) – November 2020

   (iv)   FAQ: Addressing the Risk of Overreliance on Technology: Use of ATT and Use of Information Produced by Entity's Systems – March 2021

   (v)   FAQ: Audit Planning when Using Automated Tools and Techniques – December 2021

   (vi)   FAQ: Addressing Exceptions & Performance Materiality When Using ATT – February 2023

(d)   In November 2021, the IAASB seconded Danielle Davies, a partner from a Big 4 Firm, as a Staff Fellow to focus primarily on taking forward the proposed actions from the disruptive technologies research. This included:

   (i)   Development and maintenance of a knowledge base containing curated technology-related resources for IAASB Members, Technical Advisors and Staff;

   (ii)   Establishing and leading a Digital Advisory Group to provide broad and different perspectives to the IAASB;

   (iii)   Performing research and outreach activities in relation to technology matters including roundtables and external presentations; and

   (iv)   Preparing regular articles and thought leadership including a Market Scan publication on different technology topics for regular external distribution; and

(e)   At its September 2022 quarterly meeting, the IAASB received an update on the disruptive technology initiative activities (see Agenda Item 3 – Disruptive Technologies) and held breakout sessions to identify ways forward for the initiative and prioritize focus areas.

IAASB CAG Discussion in March 2023

5. For the purposes of the IAASB CAG discussion, IAASB Staff will walk the Representatives through a presentation that summarizes the project objectives, activities to date and highlighting the audit and assurance technology landscape and results from research and outreach activities.

Matters for IAASB CAG Consideration

1) The Representatives are asked for their views on the Technology initiative activities presented.

2) The Representatives are asked for their views on the technology landscape highlighted. Of particular interest is which technologies are likely to have the greatest impact on audit and assurance.

3) The Representatives are asked for their views on the barriers to adoption of technology in audit and assurance and how these might be overcome (including what actions may be taken by the IAASB).

Material Presented – IAASB CAG Papers

Agenda Item J.1   Presentation