Disruptive Technologies

Objectives of the Agenda Item
The objectives of this Agenda Item are to:
(a) Provide the Board with an update on Disruptive Technologies activities undertaken to date; and
(b) Share insights with, and obtain the Board’s views on, Technology trends.

Background
1. The objective of the disruptive technologies information-gathering and research work is to enable the IAASB to be prepared for technology disruption transforming audit and assurance, demonstrate how the IAASB can respond appropriately and within its mandate to support audit and assurance quality, and potentially leverage technology to improve its own position as global standard setter.
2. In 2020, the IAASB engaged Founders Intelligence (FI) to research and analyze the landscape of innovation activity in audit and assurance, and to explore the space through a Disruptive Technologies roundtable attended by industry stakeholders, technology entrepreneurs and corporate innovators.
3. The research findings were presented to the Board in January 2021 along with proposed actions which the Board broadly supported, emphasizing the importance of:
   • Identifying adequate resources and accountabilities on technology, both in terms of current projects and longer-term disruption;
   • Building and maintaining a knowledge base and keeping the Board informed and educated;
   • Incorporating technology considerations into current projects; and
   • Taking advantage of the available technologies for the IAASB’s own processes.
4. 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.

Update on Disruptive Technologies Initiative Activities
5. The IAASB’s Disruptive Technologies initiative is one part of a dual approach by the IAASB to ensure that standard-setting keeps pace, and is prepared to adapt to, technology transformation including disruptive technologies.
6. 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 completion of the Technology Workstream plan, audit evidence and fraud.
7. The activities around Disruptive Technologies are focused on the following areas:
   • Build processes and structures to support the IAASB’s disruption initiative;
• Maintain and improve the IAASB’s knowledge about disruption trends and their implications for standard-setting and the public interest; and

• Share knowledge and agenda with stakeholders in the reporting community to improve audit and assurance quality and thereby improve reporting quality.

8. A summary of the activities to date relating to the Disruptive Technologies Initiative is on slide 4 of Agenda Item 3-A.

Technology Landscape Trends

9. Activities to update the 2020 research and maintain awareness of technology trends have included:
   • Disruptive Technologies Roundtable held in February 2022.
   • Discussions and interviews with individuals across the audit and assurance ecosystem including practitioners, standard setters and regulators.
   • Research into technology start up activity, market trends and review of articles, academic papers and thought leadership.

10. The plan forward is to hold a roundtable with representatives from the audit and assurance ecosystem to discuss the updated research and obtain feedback.

11. A summary of technology trends from research and outreach activities is on slide 8 of Agenda Item 3-A.

Matters for IAASB Discussion

1. The Board is asked for its views on the technology innovation trends highlighted. Of particular interest is which technologies are likely to have the greatest impact on audit and assurance?

Digital Advisory Group

12. The Digital Advisory Group was set up in early 2022 with the objective of providing the IAASB with points of view that may differ from the IAASB’s usual stakeholder outreach, thereby assisting the IAASB in focusing its digital innovation ambitions on the right issues to produce the right outcomes. The group is made up of a small number of innovators and business leaders, mostly experts from outside the audit and assurance profession, with a broad range of technology and digital transformation related experience. It is expected that the Digital Advisory Group will meet twice annually.

13. The Digital Advisory Group members are shown on slide 11 of Agenda Item 3-A.

14. Onboarding sessions were held with the Digital Advisory Group members to bring them up to speed on the purpose, strategy, and current activities of the IAASB in advance of their inaugural meeting.

15. The first meeting of the Digital Advisory Group was held in London in May 2022 – all members were in attendance except for Andrew Miller who was unable to attend but provided input in advance of the meeting.

16. The topic areas discussed and the themes arising from the discussion are set out on slide 12 of Agenda Item 3-A.
Next Steps

17. A break-out session will be held with the IAASB to discuss the themes identified and obtain feedback and input on appropriate next steps.