

## Technology Position

### Component 2: Gap Analysis – Catalog of Issues and Proposed Actions

#### Cover Note

##### Objective

The objective of the session is to obtain the Board’s clearance on the updated Gap Analysis: Catalog of Issues and Proposed Actions (the “Catalog”) presented in **Agenda Item 5-A**.

##### Request for Board Comments in Advance of Meeting

Board members are asked to communicate any significant matters to staff by **March 14, 2025**, to assist in planning for a timely turnaround of the Catalog ahead of final clearance on March 21, 2025. All significant matters should still be raised and discussed in the Board plenary session to ensure they are on the public record.

##### Approach to the Board Discussion

Staff will walk through the materials presented, taking comments on the Catalog’s technology-related issues and proposed actions on a theme-by-theme basis (i.e., the Catalog’s eight themes).

After the Board discussion on Wednesday, March 19, staff expects to distribute an updated draft of the Catalog by **3:30 pm EDT on Thursday, March 20**. This updated document will be used for the final clearance session on Friday, March 21.

#### Materials Accompanying this Cover Note

<b>Agenda Item 5-A</b>	Gap Analysis: Catalog of Issues and Proposed Actions (Clean)
<b>Agenda Item 5-B</b>	Gap Analysis: Catalog of Issues and Proposed Actions (Marked from December 2024)
<b>Agenda Item 5-C</b>	Summary of Significant Changes to the Catalog

## Introduction

### Background

1. At its September 2024 meeting, the IAASB adopted a [Technology Position](#), achieving a significant milestone in its [Strategy and Work Plan for 2024–2027](#) (Exhibit 1).
2. The adoption by the IAASB of its Technology Position, including each of its three components (Exhibit 2), marks a strategic shift for the Board. The Technology Position is meant to guide the Board's activities (e.g., standard setting and the development of non-authoritative materials) relating to the impacts of technology on audit and assurance engagements.
3. The Technology Position Statement (the "Statement") in Component 1 recognizes the transformative potential of technology in enhancing audit and assurance quality. It affirms the IAASB's commitment to facilitate and, where appropriate, encourage the use of technology by firms and practitioners.

### Component 2

4. Component 2 of the Technology Position details the IAASB's strategy for implementing the Statement, beginning with a gap analysis of a subset of the IAASB's standards. Specifically, this first gap analysis, which has been presented as a Catalog, focuses on the International Standards on Quality Management (ISQMs) and the International Standards on Auditing (ISAs).
5. The revised Catalog (see **Agenda Item 5-A** (Clean) and **Agenda Item 5-B** (Marked)) builds on the Catalog presented at the December 2024 IAASB meeting (see [Agenda Item 4-A](#)). **Agenda Item 5-C** describes the significant changes to the Catalog presented at the December 2024 IAASB meeting based on feedback provided by the Board and by stakeholders during the Technology Team's outreach activities during the quarter leading up to the upcoming March 2025 IAASB meeting (see **Appendix 1** for a summary of stakeholder outreach).

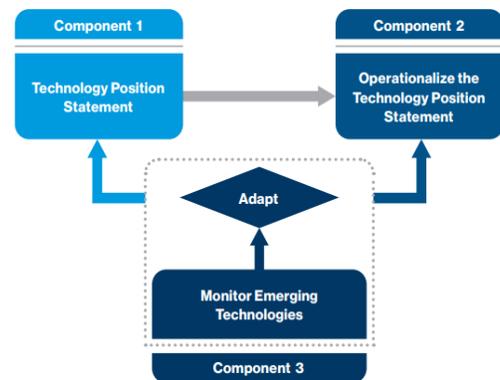
### Component 3

6. Component 3 outlines how the IAASB monitors and, when necessary, adapts to technological trends to keep its Technology Position and standards relevant and effective. Refer to **Agenda Item 5-D** for the Cover Note which provides an update about the IAASB's Component 3 activities.

### Exhibit 1 Planned Initiative in Table B of Strategy and Work Plan for 2024–2027

Establish a Board position 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 other related activities during the Work Plan period.

### Exhibit 2 IAASB's Technology Position



*Directions from the Board at the December 2024 IAASB Meeting about the Catalog*

7. The Board broadly supported the approach taken to perform the gap analysis, the function of the Catalog, and the Technology Team’s role in maintaining and monitoring the Catalog. Specifically:

Purpose of the Catalog:

- (a) The Catalog serves as the Board’s cross-functional repository for technology-related issues identified by the Technology Team. These issues are informed by various sources, including stakeholder feedback (e.g., comment letters, outreach activities).
- (b) The Catalog enables the Board to take a cross-functional perspective—beyond any single project—when assessing the feasibility and merits of proposed actions at both the work plan and project levels.

Use of the Catalog:

- (c) *Work Plan Decisions:* The Catalog is an important datapoint that informs the prioritization of projects in the IAASB’s current and future Work Plans.
- (d) *Project-Level Actions:* The Catalog outlines project-level insights and proposed actions on technology-related issues that will first be considered by the Board and subsequently by project teams. Project teams further explore the feasibility of the proposed actions as part of their project-level information gathering and execute specific actions in accordance with approved project proposals.

Technology Team’s Responsibilities:

- (e) The Technology Team is responsible for maintaining the Catalog as an evergreen document, incorporating newly identified issues through ongoing activities such as stakeholder outreach and monitoring (as outlined in Component 3 of the IAASB’s Technology Position).
- (f) A Board member specifically emphasized the importance of continuously updating the Catalog to reflect the rapidly evolving technology landscape.

Board’s Oversight and Strategic Input:

- (g) The Board retains ultimate accountability for the Catalog, providing strategic-level input on the Catalog’s issues, including whether the list of issues is complete and the priority and feasibility of proposed actions.
- (h) The Technology Team will provide the Board with periodic updates on revisions to the Catalog at least semi-annually or more frequently as needed.

8. The Board provided the Technology Team with additional direction that included, but was not limited to:

- (a) Give further consideration to whether all the issues included in the December 2024 version of the Catalog were significant enough to be retained in the Catalog.
- (b) Revisit the prioritization of the proposed actions, including whether all the proposed actions that are within scope of the Audit Evidence and Risk Response project warrant a prioritization of “high.”

### *What we Heard from Stakeholders during our Q1-2025 Outreach*

9. Stakeholders were broadly very supportive of the IAASB’s Technology Position project in general and of the quality and usefulness of the Catalog. Refer to **Agenda Item 5-C** (which describes the significant changes made to Catalog since the December 2024 IAASB meeting) for a summary of feedback that we received from stakeholders at the thematic level.

### *Contents of the Cover Note*

10. The rest of the cover note is organized as follows:
  - (a) Evolution of the gap analysis; and
  - (b) The way forward.
  - (c) **Appendix 1: Q1 2025 Stakeholder Outreach Performed or Planned**

## **Evolution of the Gap Analysis**

### *September 2024 to December 2024*

11. Based on the Board’s feedback on the “preliminary gap analysis” which was presented at the September 2024 IAASB meeting, more specificity was introduced about the gaps (i.e., how they were identified) and how those gaps should be addressed. The gap analysis was also repurposed for the December 2024 IAASB meeting as a catalog of technology related issues and proposed actions (the “Catalog”).
12. An “issue” is any technology-related matter that warrants action by the Board (refer to paragraphs 13–14 for more information about proposed actions). Issues are grouped thematically in the Catalog for clarity and focus. The sources of insight about issues outlined in the Catalog include:
  - (a) The preliminary gap analysis presented at the September 2024 IAASB meeting.
  - (b) The [Statement](#), including its eight guiding actions.
  - (c) Technology-related feedback from stakeholders including, for example, comment letters on ED-500<sup>1</sup> and feedback on the IAASB’s Proposed Strategy and Work Plan 2024-2027.
  - (d) Stakeholders during outreach activities.
13. “Proposed actions” include:
  - (a) Standard-setting actions.
  - (b) The development of non-authoritative materials.
  - (c) Further information gathering.
14. The proposed prioritization of proposed actions in the Catalog involves three categories—**high**, **medium**, or **low**—based on the five criteria set out on page 6 of the IAASB’s [Framework for Activities](#) and further details about potential actions associated with each issue.

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<sup>1</sup> Exposure Draft (ED-500): Proposed ISA 500 (Revised), *Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs*

### December 2024 to March 2025

15. The updated version of the Catalog includes revisions that were based on feedback provided by Board members at the December 2024 IAASB meeting and feedback provided by stakeholders during Q1-2025. The Technology Team engaged in significant outreach with a broad range of stakeholders, including national standard setters, firms, service providers, and academics (see **Appendix 1**).
16. A summary of significant changes to the Catalog is presented in **Agenda Item 5-C**.

### Coordination with the Technology Consultation Group

17. On February 11, 2025, the Technology Team consulted with the [Technology Consultation Group](#) (TCG) to gather feedback while preparing the gap analysis presented in **Agenda Items 5-A** and **5-B**.

#### Matters for IAASB Consideration:

1. The Board is asked for its views on the updated issues and proposed actions detailed in the Catalog as presented in **Agenda Item 5-A**.
2. The Board is asked to clear the March 2025 Version of the Catalog marking the completion of the first activity of Component 2 of the Technology Position. The final clearance includes a recognition of the function of the Catalog and that it will be maintained and updated as explained in **paragraph 7**. The final clearance session will be held on Friday, March 21 as explained at the beginning of this Cover Note.

### The Way Forward

18. After Board clearance of the March 2025 Version of the Catalog, the Catalog will be uploaded to the IAASB Technology Page and be updated periodically as informed by Component 3 monitoring activities. Updates are planned to occur at least semi-annually or more frequently as needed.

## Appendix 1

### Q1 2025 Stakeholder Outreach Performed or Planned

The Technology Team met with representatives from the following organizations during Q1 2025 to solicit feedback about the issues and proposed actions outlined in the version of the Catalog that was presented at the December 2024 IAASB meeting ([Agenda Item 4-A](#)).

1. Jurisdictional and National Auditing Standard Setters<sup>2</sup>
  - (a) American Institute of Certified Public Accountants (United States) [February 19, 2025]
  - (b) Auditing and Assurance Standards Board (Canada) [February 14, 2025]
  - (c) External Reporting Board (New Zealand) [January 30, 2025]
  - (d) Financial Reporting Council (United Kingdom) [February 10, 2025]
2. Representatives from Firms<sup>3</sup>
  - (a) Ernst and Young [February 12, 2025]
  - (b) Grant Thornton [February 20, 2025]
  - (c) International Federation of Accountant's (IFAC) Forum of Firms [February 18, 2025]
  - (d) KPMG [Planned for March 3, 2025]
  - (e) PricewaterhouseCoopers [February 12, 2025]
3. Representatives from Service Providers
  - (a) Caseware [February 20, 2025]
  - (b) Inflo [January 24, 2025]
  - (c) MindBridge [February 26, 2025]
4. Academics
  - (a) Rutgers University [January 7, 2025]
5. Other
  - (a) South African Institute of Chartered Accountants (South Africa) [January 21, 2025]

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<sup>2</sup> Jurisdictional and National Auditing Standard Setters (NSS) that form part of the IAASB-NSS liaison group (see information on the [About IAASB](#) webpage)

<sup>3</sup> Representatives included jurisdictional and global audit methodology and technology transformation leaders.