

### Technology Position

#### Component 3: Monitoring and Adapting to Emerging Technologies

#### Cover Note

##### Objective

The objective of this session is to update the Board on the Technology Position's Component 3 activities.

##### Introduction

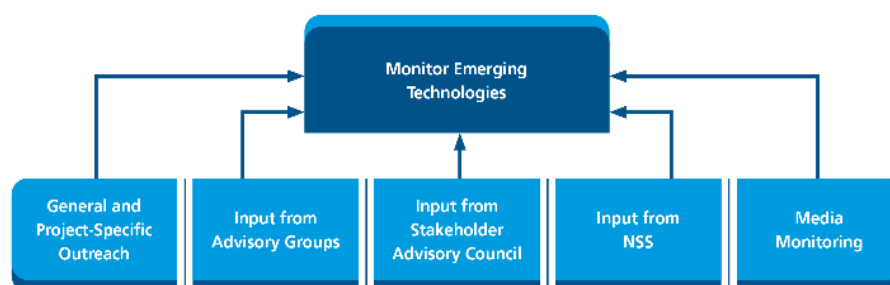
1. As outlined in Component 3 of the [Technology Position](#), continuous monitoring of emerging technologies adopted by reporting entities and practitioners is essential. This monitoring helps identify technological trends that could impact the relevance of the IAASB's Technology Position and standards.
2. This cover note provides an update on progress made in advancing these monitoring activities and should be read alongside **Agenda Item 5**, which includes an update on Component 2.

##### Contents of this Cover Note

3. This cover note is structured as follows:
  - (a) Component 3 – Monitoring
  - (b) Component 3 – Adaptation and the Way Forward

### Component 3 - Monitoring

#### Background



4. Component 3 of the IAASB's Technology Position outlines a structured approach for monitoring technological developments. This involves gathering input from a broad range of stakeholders through various channels, including:
  - (a) **General and Project-Specific Outreach:** The IAASB engages with stakeholders to understand emerging technology trends. A recent example is the Q1-2025 outreach related to the Catalog (see **Appendix 1 of Agenda Item 5**).
  - (b) **Input from advisory groups:** The IAASB receives insights from the Technology Consultation Group (TCG) and the Digital Advisory Group (DAG). More details on their composition and role are available on page 8 of the Technology Position. At the February 2025 TCG meeting,

members provided perspectives on the Catalog's technology-related issues and proposed actions in December 2024.

- (c) **Input from the Strategic Advisory Council (SAC):** The SAC provides strategic input<sup>1</sup> to the IAASB, including perspectives on technology-related matters. At its November 2024 meeting, staff of the IAASB and International Ethics Standards Board for Accountants (IESBA) held a joint session with the SAC, including a roundtable discussion on the impact of technology on audit, assurance, and ethics.
  - (d) **Media monitoring:** The Technology Team continuously monitors technological advancements through media tracking and by reviewing academic research.
  - (e) **Engagement with jurisdictional and national auditing standard setters:** The IAASB collaborates with jurisdictional and national standard setters (NSS) to understand the impact of emerging technologies on auditing and assurance standards. The IAASB is finalizing a formal collaboration with certain members of the IAASB-NSS liaison group.<sup>2</sup>
5. The following section outlines the origins and early plans for the collaboration described in paragraph 4(e).

#### *Technology Advisory Network (TAN)*

6. In October 2024, the Technology Team extended an invitation to the IAASB-NSS liaison group for members interested in contributing to the monitoring activities under Component 3. By leveraging existing NSS initiatives that track emerging technologies—along with their collective access to a global network of technology experts—this collaboration aims to establish a more robust and effective monitoring program than any individual member could achieve alone.
7. The following members of the IAASB-NSS liaison group have expressed interest in collaborating with the IAASB:
- (a) Auditing and Assurance Standards Board (Canada)
  - (b) American Institute of Certified Public Accountants (United States)
  - (c) External Reporting Board (New Zealand)
  - (d) Financial Reporting Council (United Kingdom)
  - (e) Japanese Institute of Certified Public Accountants (Japan)
8. The inaugural TAN meeting is scheduled to take place in the week before the March 2025 IAASB meeting. The specifics of the collaboration—including meeting frequency and expected outputs—are still being finalized. The Technology Team will update the Board on the outcomes of the TAN's inaugural meeting at the March 2025 IAASB meeting.

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<sup>1</sup> Refer to the International Foundation for Ethics and Audit's webpage about the [Stakeholder Advisory Council](#) for more information.

<sup>2</sup> Refer to the [About IAASB](#) webpage for more information about the Jurisdictional and National Auditing Standard Setters that form part of the IAASB-NSS liaison group.

## **Component 3 – Adaptation and the Way Forward**

9. The Technology Position also defines a process for adapting the IAASB's Technology Position based on new technological developments that may impact the IAASB's standards and related activities.
10. Accordingly, the Technology Team plans to present the first outputs of its monitoring activities—including insights from the TAN—at the September 2025 IAASB meeting. This will include a technology dashboard that assigns significance ratings to identified issues based on factors such as urgency and their potential impact on IAASB standard-setting and related activities.

### **Matter for IAASB Consideration**

1. The Board is asked for its views on the Component 3 process, including the adequacy of:
  - a. The monitoring process described in paragraphs 4–8?
  - b. The adaptation process described in paragraphs 9-10?