

Technology Position (Semi-Annual Discussion) and Technology Quality Management Workstream (Update) – Cover Note

Objective:

The objective of the IAASB's technology discussion in September 2025 is to provide the Board with an update on its Technology Position and Technology Quality Management Workstream activities and obtain the Board's input and direction on these topics.

Approach to the Board Discussion:

Staff will walk through the materials presented, first taking comments on the Component 3: Monitoring Update, followed by deliberation of the proposed changes to the Catalog of Issues and Possible Actions (the "Catalog"). Staff will then provide an update on the status of the Technology Quality Management Workstream and seek any additional advice that the Board may have in advance of the roundtable series that will take place in Q3 and Q4 2025.

Subsequent to the Board discussion on Tuesday, September 16, Staff expect to distribute an updated draft of the Catalog to Board members on **September 25**. This updated document will be used for the Board's offline clearance of updates made and will be available on the IAASB's website thereafter.

Sections Included within this Cover Note

Section	Description
I	Introduction
II	Component 3: Monitoring Update
III	Component 2: Updates to the Catalog of Issues and Possible Actions
IV	Update on the Technology Quality Management Workstream
V	Way Forward
Appendix	Technology Team Assignments

Materials Accompanying this Cover Note

Agenda Item 7-A	Component 3 Monitoring Update
Agenda Item 7-B	Catalog of Issues and Possible Actions (Marked from May 2025)
Agenda Item 7-C	Technology Quality Management Roundtable Briefing Note

Section I – Introduction

1. At its September 2024 meeting, the IAASB adopted its [Technology Position](#), marking a significant milestone in delivering on the [Strategy and Work Plan for 2024–2027](#) (**Exhibit 1**). The Position represents a strategic evolution in the Board's approach to technology, acknowledging its transformative potential to enhance audit and assurance quality. It establishes a framework for addressing the impacts of technology on the Board's future activities, including standard-setting, the development of non-authoritative materials, and further information gathering.
2. The Technology Position is structured around three components (**Exhibit 2**):
 - (a) **Component 1: Technology Position Statement** – affirms the IAASB's commitment to facilitating, and where appropriate, encouraging the use of technology by firms and practitioners in ways that enhance audit and assurance quality.
 - (b) **Component 2: Operational Strategy** – establishes how the Technology Position Statement will be put into practice, including the development and ongoing maintenance of the Catalog, which identifies and prioritizes technology-related issues across the IAASB's standards and other activities.
 - (c) **Component 3: Monitoring and Adaptation** – focuses on monitoring and adapting to emerging technologies to ensure the Technology Position remains relevant and effective over time.
3. This paper provides the Board with its first semi-annual update under Component 3 of the Technology Position, following the Board's discussion of the Catalog in March 2025 and the Board's subsequent clearance of Version 1.0 in May 2025.
4. The purpose of this update is to enable the Board to provide input and direction to shape the ongoing work under the Technology Position initiative (See **Sections II and III**) and Technology Quality Management Workstream (See **Section IV**).

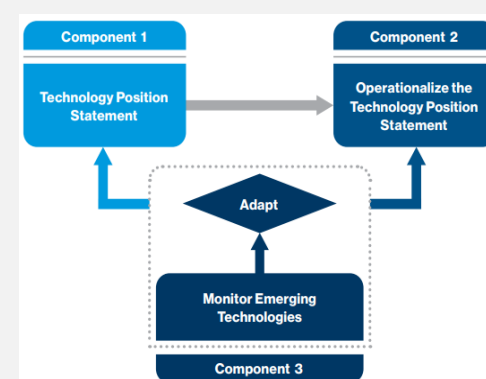
Exhibit 1

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



Section II – Component 3: Monitoring Update

5. Component 3 focuses on monitoring technological developments relevant to audit and assurance engagements. This monitoring enables the IAASB to maintain an up-to-date understanding of emerging technologies, market trends, and regulatory initiatives that may affect its standards, non-authoritative materials, or other activities. The resulting insights are intended to inform updates to the Catalog, other IAASB activities, and Board members' perspectives.

6. Component 3 monitoring activities draw from a range of sources. These include structured input from the IAASB's [Technology Advisory Network \(TAN\)](#) and [Technology Consultation Group \(TCG\)](#), complemented by outreach with regulators, professional accountancy organizations, audit firms and practitioners, technology service providers, and other standard setters. In addition, the Technology Team remains cognizant of obtaining feedback from users of financial and other external reporting and will continue to engage with the Stakeholder Advisory Council of the IAASB and IESBA, and plan to engage with the IAASB User Contact Group that is in the process of being established. Information is collected through bilateral meetings, participation in external events, coordination with other IAASB project teams, and desk research on market and regulatory developments.
7. The TAN is a key source of input under Component 3. Established in early 2025, the TAN comprises jurisdictional standard setters from around the world and serves as a mechanism for the IAASB to obtain timely and diverse insights on how technology is influencing audit and assurance engagements. The TAN met in March 2025 to confirm its mandate and approach, in May 2025 to provide jurisdictional updates, and in July 2025 to review and refine the thematic framing of these developments. The input of the TAN is supplemented by the other monitoring activities described in paragraph 6.
8. The Technology Team's monitoring output has been analyzed and organized into the following key themes, reflecting the most notable developments during the period:
 - A) AI Governance, Explainability, and Transparency
 - B) AI Use by Auditors
 - C) AI Use by Audited Entities
 - D) Emerging AI Risks and Disruptive Potential
 - E) Data Analytics and Alternative Information Sources
 - F) Digital Assets
 - G) Cybersecurity
 - H) Third-Party Dependencies
9. The detailed monitoring update supporting these themes is set out in **Agenda Item 7-A**. It is intended to inform Board members about current developments and to support consideration of whether updates to the Technology Position or the Catalog—or other related activities—may be needed. The developments noted primarily reflect observed trends in the use and impacts of emerging technologies. While these may warrant continued monitoring, early feedback from the Board on the potential implications for the IAASB's standard-setting or related activities would be valuable.

Matters for IAASB Consideration:

1. Board members are asked to provide their:
 - (a) Observations on the developments outlined in **Agenda Item 7-A**, including whether updates to the Technology Position, the Catalog, or other activities may be needed; and
 - (b) Perspectives on how the Technology Team should continue to monitor the technology landscape and report back at the next scheduled semi-annual update in March 2026.

Section III – Component 2: Updates to the Catalog of Issues and Possible Actions

Introduction

10. In May 2025, the Board cleared Version 1.0 of the Catalog. In accordance with the Technology Position, the IAASB Technology Team will provide an update on the technological landscape at least semi-annually. A key element of these updates is to review and, where appropriate, update the Catalog so that it reflects current developments and remains a relevant tool to inform the Board's work. This approach ensures the Catalog continues to serve as a dynamic reference point for identifying and prioritizing technology-related issues across the IAASB's standards and other activities.
11. Should the Board agree that an update is appropriate, Version 2 of the Catalog will be finalized through an offline clearance process and then published on the IAASB website.

Proposed Changes

12. The IAASB Technology Team has identified proposed changes to the Catalog from three primary sources:
 - (a) *Component 3 monitoring activities* – to capture emerging technological developments (see **Section II**);
 - (b) *Feedback from Board members at the March 2025 meeting* – to respond to Board Members' perspectives; and
 - (c) *Monitoring of other IAASB project teams* – to reflect interdependencies with ongoing projects.Together, these sources ensure that updates are informed by both ongoing environmental scanning and targeted stakeholder input.
13. The proposed changes are organized into the following two categories which are described next:
 - (a) Active IAASB Projects; and
 - (b) Auditor Reporting and Transparency.

Active IAASB Projects

14. The Technology Team recommends updating the Catalog to indicate where active IAASB projects are already addressing issues (i.e., as outlined in the Catalog). These updates, confined to the "*Prioritization and details about possible actions*" column of the Catalog, cover the following:
 - (a) *Technology Quality Management Workstream*: Issues 3(a), 3(b), and 3(c).

- (b) *Audit Evidence and Risk Response Project*: Issues 1(a), 4(a), 4(b), 5(a), 6(a), 6(b), 6(c), 6(d), 6(e), 6(h), 7(b) and 8(a).
 - (c) *ISA 500 Series Project*: Issues 6(f) and 6(g).
15. These proposed updates are intentionally broad, recognizing that stakeholders are able to follow project progress through more regular channels. Detailed information on individual projects is available on the [IAASB's project webpages](#).

Auditor Reporting and Transparency

16. At the March 2025 IAASB meeting, a potential new Catalog “issue” was proposed by some Board members: whether auditors should be required to communicate their use of technology to financial statement users—either in the auditor’s report or in communications with those charged with governance (TCWG). The Technology Team considered various perspectives to help inform whether this “issue” should be added to the Catalog.
17. Support for including this item in the Catalog centers on enhancing transparency for users and TCWG, and on providing greater context about the role of technology in delivering a high-quality audit. Such communication could better empower users and TCWG to ask more informed questions about the financial statements and the audit, thereby strengthening confidence in audit quality.
18. In contrast, requiring auditors to communicate their use of technology in the auditor’s report may not provide meaningful value in all cases. Such communication would necessarily remain high level, in keeping with the overall nature of the auditor’s report, while more detailed communication could divert attention away from a clear focus on the auditor’s overall responsibilities in an audit. Some stakeholders have also cautioned that such communications could create an unreasonable expectation that technology should always be used when performing audit procedures, even when unnecessary, with potential adverse market implications.
19. On balance there appears to be more support for the value of communication about the use of technological tools with TCWG, particularly in the context of their oversight responsibilities. Some stakeholders have also noted that such communication is increasingly expected by TCWG as the use of technological tools continues to increase in audit engagements. However, given the divergent views on whether such communication should extend to the auditor’s report, the Technology Team seeks Board input. Specifically, should auditors be required to communicate their use of technological tools used to perform audit procedures? If so, should this communication extend beyond that to TCWG and include communication in the auditor’s report? A draft articulation of this potential issue has been included in the black-lined draft of the updated Catalog (see **Agenda Item 7-B**) to support the Board’s discussion.

Matters for IAASB Consideration:

2. Board members are asked to provide their views on:
 - (a) The proposed changes to existing issues in the Catalog (see issues affected under Themes 1-8, as applicable, in **Agenda Item 7-B**); and
 - (b) The potential Auditor Reporting and Transparency Issue, including whether it should be included in the Catalog and, if so, whether its description requires refinement (see new Issue 9(a) in **Agenda Item 7-B**).

Section IV – Update on the Technology Quality Management Workstream

20. This section provides an update on the Technology Quality Management Workstream. This workstream addresses the issues identified within Theme 3 of the Catalog and, as discussed with the Board in June 2025, is progressing through a targeted series of roundtables and other outreach activities to gather practical insight from a broad range of stakeholders.
21. In June 2025, the Board was introduced to the Technology Quality Management Workstream, which focuses on understanding how firms and practitioners are applying ISQM 1¹ and ISA 220 (Revised)² to emerging technologies—including artificial intelligence (AI)—used in audit and assurance engagements, particularly those that are complex, opaque, or not easily interpretable. The IAASB agreed that this workstream will adopt a structured, inclusive, and evidence-driven approach, drawing on broad and diverse stakeholder input to ensure any IAASB outputs are both practical and globally relevant.
22. Preparations have advanced for a series of roundtables to gather insights from a diverse range of stakeholders. The table below summarizes the regions, dates, and locations, along with the local partners supporting these sessions. The European roundtable in Brussels is positioned to invite participants that contribute more of a global lens. The other roundtables will focus on obtaining important insights and diverse perspectives with more of a regional or local lens.

Region	Date	Location	Partner(s)
Europe	September 30	Brussels	Accountancy Europe
Africa	October 9	Virtual	Pan African Federation of Accountants and South African Institute of Chartered Accountants
Asia	October 13	Kuala Lumpur	Association of Chartered Certified Accountants

¹ International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

² International Standard on Auditing (ISA) 220 (Revised), *Quality Management for an Audit of Financial Statements*

Region	Date	Location	Partner(s)
Canada	October 30	Toronto	Auditing and Assurance Standards Board of Canada
Latin America	November 5	Virtual	Hernán Casinelli and Amaro Gomes
Australia	November 11	Melbourne	Auditing and Assurance Standards Board of Australia
New Zealand	November 13	Auckland	External Reporting Board
Middle East	November 18	Virtual	Capital Markets Authority

23. Participants in the roundtables, and their encouraged contributions to the discussion, include:
- (a) *Audit firms and practitioners*: Share insights about how emerging technologies are being used in engagements and how quality is being managed at both firm and engagement levels.
 - (b) *Regulators*: Provide expectations for governance and quality management practices that support responsible, well-regulated use of AI in engagements.
 - (c) *Audit Committee Members, Investors and Other Users of External Reporting*: Offer views on what builds trust and enhanced confidence when AI is used in engagements, including transparency and oversight expectations.
 - (d) *Academics*: Contribute research-based insights or frameworks to support effective application of quality management principles in tech-enabled environments.
 - (e) *Other Participants including Policy Leaders, Innovators, and Cross-Sector Experts*: Contribute insights to broaden understanding and enhance the collective learning of roundtable participants.
24. In designing the roundtable series, IAASB Staff have collaborated closely with regional partners (outlined in the table in paragraph 22) who bring strong knowledge of local stakeholder groups to identify and nominate participants. This has been complemented by coordination with the Global Public Policy Committee, the Forum of Firms, and the Small and Medium Practitioner Advisory Group to secure practitioner representation from both larger networks and smaller practices. To further broaden the dialogue, IESBA (including Board members and Staff) has been invited to all roundtables. The aim is to capture perspectives from all key parties and to ensure that both global and jurisdiction-specific considerations are well reflected in the discussions.

25. As set out in the briefing note for roundtable participants (see **Agenda Item 7-C**), discussions will be organized into four sessions focused on the following:
- (a) **Use of AI in Engagements:** Exploring how emerging technologies—particularly AI tools such as Gen AI—are being used, or expected to be used, in engagements;
 - (b) **Applying the IAASB’s Quality Management Standards:** Sharing practical experiences—successes and challenges—in applying ISQM 1 and ISA 220 (Revised) to emerging technological tools that exhibit opaque, non-deterministic or adaptive behavior;
 - (c) **Stakeholders’ Expectations:** Exploring perspectives from regulators, audit committee members, investors and other users of external reporting, and academics on how AI should be quality managed to support trust in engagements; and
 - (d) **The IAASB’s Role:** Exploring perspectives on what type of support would be most helpful in promoting clarity, consistency and acceptance of quality management principles for emerging technologies.
26. These roundtables, together with other targeted outreach, will provide an evidence base for understanding how existing quality management principles in ISQM 1 and ISA 220 (Revised) are being applied to emerging technologies in practice, and how this aligns with stakeholder expectations. While our working hypothesis is that non-authoritative materials may be the most timely and effective means of supporting consistent application of the quality management standards to emerging technologies, the ultimate direction will be determined by the Board’s deliberations, informed by stakeholder input. The Technology Team will present insights from these activities, along with their initial views and recommendations, at the December 2025 IAASB meeting.

Matters for IAASB Consideration:

3. Board members are asked to provide advice to the Technology Team on:
- (a) Undertaking the upcoming roundtable discussions commencing on September 30, 2025; and
 - (b) How the information gathered should be reported back to the Board at the December 2025 meeting. (See **Agenda Item 7-C**).

Section V – Way Forward

27. The Technology Team will remain responsive to feedback on Component 3 and will continue monitoring developments in the technological landscape (**Section II** above). The next monitoring update is targeted for March 2026.
28. Feedback received on the Catalog will be addressed after this meeting (**Section III** above). If revisions are warranted, a revised Version 2 of the Catalog will be prepared and circulated to the Board for offline clearance before publication.
29. Feedback on the Technology Quality Management Workstream (**Section IV** above) will inform the Technology Team’s approach as roundtables and other activities progress in the coming months ahead. The resulting insights will be synthesized for the Board’s consideration at the December 2025 meeting, assisting in determining the most effective outputs for advancing this workstream.

Appendix

Technology Team Assignments

IAASB Staff Contacts

1. The IAASB Staff contacts for the Technology Position Initiative and the Technology Quality Management Workstream:
 - Angelo Giardina
 - Ida Diu
 - Kevin Reinhardt
 - Megan Leicht

Project Boards Members

2. The Project Board Member contacts for the Technology Quality Management Workstream³:
 - Edo Kienhuis
 - Nancy Cheng

³ The Project Board Members scope is limited to the Technology Quality Management Workstream. The Technology Position initiative does not have any Project Board Members.