

Audit Evidence and Risk Response (AE&RR) – Technology

This Agenda Item considers further matters relevant to technology-related actions of the AE&RR project proposal.

Background

Previous IAASB Deliberations in September 2025¹

1. In September 2025, the Board agreed to develop application material to facilitate the use of technological tools on audit engagements and not to pursue technology-related requirements in Proposed ISA 330,² Proposed ISA 500 (Revised)³ and Proposed ISA 520⁴ that would apply conditionally or otherwise.
2. In addition, the Board agreed to provide specificity about the type of resources used on audit engagements in paragraph 25 of ISA 220 (Revised),⁵ including human, technological and intellectual resources. This also includes related amendments to paragraphs in other ISAs where this requirement is referenced in the standards (i.e., to paragraph 8 of ISA 300⁶ and paragraph 6 of ISA 600 (Revised)⁷).

AE&RR Project Proposal – Proposed Actions

3. The AE&RR project proposal includes technology-related actions relating to recognizing the evolution in technology, addressing considerations for the use of technology in designing and performing audit procedures and addressing circumstances where technological tools are used in designing and performing audit procedures.⁸

Staff Views and Recommendations

Engagement Resources

4. Certain refinements, as illustrated in the box below, are considered for the drafting to the requirement in paragraph 25 of ISA 220 (Revised) and related alignment to paragraphs of other ISAs where this requirement is referenced (i.e., to paragraph 8 of ISA 300 and paragraph 6 of ISA 600 (Revised)) since what was presented to the Board in September 2025.⁹ Such changes intend to emphasize the

¹ See paragraphs 10 –11 and Appendix 1 of [Agenda Item 9–C](#) discussed by the Board in September 2025.

² See Proposed International Standard on Auditing (ISA) 330, *The Auditor's Responses to Assessed Risks* in **Agenda Item 5–M**.

³ See Proposed ISA 500 (Revised), *Audit Evidence*, in **Agenda Item 5–N**.

⁴ See Proposed ISA 520, *Analytical Procedures*, in **Agenda Item 5–O**.

⁵ ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

⁶ ISA 300, *Planning an Audit of Financial Statements*.

⁷ ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

⁸ See Actions A.3; A8; B.24–B.26; C.2–C.5; C7 and C13 of **Agenda Item 5–P**.

⁹ See the draft IAASB meeting minutes from September 2025 available in [Agenda Item 1](#) on the *IAASB Quarterly Board Meeting – December 8–11, 2025* webpage.

non-negotiable nature of human, technological and intellectual resources for performing audit engagements.

Changes from Appendix 1 of [Agenda Item 9–C](#) discussed by the Board in September 2025 are shown in mark-up:

ISA 220 (Revised):

25. The engagement partner shall determine that sufficient and appropriate human, technological, intellectual, and as applicable, other resources, ~~such as human, technological and intellectual resources,~~ to perform the engagement are assigned or made available to the engagement team in a timely manner, taking into account the nature and circumstances of the audit engagement, the firm's policies or procedures, and any changes that may arise during the engagement. (Ref: Para. A60–A71, A74–A75, A79)

ISA 300:

8. In establishing the overall audit strategy, the auditor shall consider the information obtained from complying with the requirements of ISA 220 (Revised) and:
- (a) Identify the characteristics of the engagement that define its scope;
 - (b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required;
 - (c) Consider the factors that, in the auditor's professional judgment, are significant in directing the engagement team's efforts;
 - (d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and
 - (e) Ascertain the nature, timing and extent of human, technological, intellectual, and as applicable, other resources, ~~such as human, technological and intellectual resources,~~ necessary to perform the engagement.¹⁰ (Ref: Para. A9–A13)

ISA 600 (Revised):

6. ISA 220 (Revised)¹¹ requires the engagement partner to determine that sufficient and appropriate human, technological, intellectual, and as applicable other resources, ~~such as human, technological and intellectual resources,~~ to perform the engagement are assigned or made available to the engagement team in a timely manner. In a group audit, such resources may include component auditors. Therefore, this ISA requires the group auditor to determine the nature, timing and extent of involvement of component auditors.

¹⁰ ISA 220 (Revised), paragraph 25

¹¹ ISA 220 (Revised), paragraph 25

Application Material Focused on the Use of Technological Tools

Overall Approach to Developing the Application Material

5. Staff believe that developing application material is an appropriate approach given the broad use of technological tools on audit engagements. The breadth of technologies used across different audit contexts and the rapid pace of technological development make it important for the standards to remain sufficiently flexible and principles-based which could be best achieved through providing guidance in application material. Accordingly, Staff is of the view that it is appropriate to focus the development of such application material on:
 - (a) Those matters that are relevant to the concurrent revision of Proposed ISA 330, Proposed ISA 500 (Revised), and Proposed ISA 520 ('in-scope standards'), rather than all technology-matters that could broadly apply across the ISAs.
 - (b) Issues specifically addressed by the actions in the AE&RR [project proposal](#), that were informed by the IAASB's Technology Position and subsequent gap analysis presented as the [Catalog of Issues and Possible Actions](#).
6. In addition, substantial technology-related application material was developed post ED-500¹² which remains highlighted *in gray* in Proposed ISA 500 (Revised) in **Agenda Item 5–N**.¹³ Such application material leveraged guidance and non-authoritative material for technology-related matters developed by the Technology Consultation Group (TCG) and Jurisdictional Standard Setters (JSS) to respond to certain concerns raised by the stakeholder feedback on ED-500. Staff believe this application material could be leveraged as a basis on which to build on further work to the in-scope standards in this area.

Input from the TCG

7. In October 2025, Staff of the AE&RR project met with Staff and members of the IAASB's TCG to receive their views and input relevant to topics that the technology-related application material for the in-scope standards should address. Key themes from the feedback provided are summarized below:
 - (a) There was broad recognition of the value in developing application material within the standards to facilitate the use of technological tools in performing audit procedures to obtain audit evidence. In doing so, TGC members emphasized that it is important to address considerations that are relevant to how the principle-based requirements of the in-scope standards apply when a broad range of technological tools are used, such as traditional tools, but also those operated by emerging technologies.
 - (b) Several TCG members observed the ever-growing use cases from practice of Artificial Intelligence (AI)-enabled tools. In addition, the capabilities of AI in audits are evolving rapidly, from earlier peripheral uses such as summarization of texts and basic data analysis, to more advanced applications (e.g., 'agentic AI' which may propose risks of material misstatement and responses to risks and in the future, may also be capable of performing audit procedures).

¹² See the [Exposure Draft for Proposed ISA 500 \(Revised\), Audit Evidence \(ED-500\)](#).

¹³ See paragraphs A2A, A4, A65A–A65M and 1B–1C in Appendix 1 of **Agenda Item 5–N**.

- (c) TCG members and Staff emphasized the importance of coordination between the AE&RR project and the Technology Quality Management Workstream, given that aspects relevant to the ‘operation’ of emerging technological tools, including AI, fall under the scope of the Technology Quality Management Workstream, rather than the concurrent revision of the in-scope standards. In addition, because the Technology Quality Management Workstream is well positioned to explore the impact of emerging technologies used in audits and there are yet insights for the Board to draw from such work, caution was noted not to overlap work in this area.

Form and Placement of the Technology-Related Application Material

Format

8. ISA 200¹⁴ sets out the authority for the contents of the ISAs, explaining that while application material does not in itself impose requirements, such guidance is relevant to the proper application of the requirements of an ISA. In addition, it also explains that Appendices may form part of the application and other explanatory material of an ISA.
9. Also, ISA 200 highlights that certain ISAs (for example, ISA 315 (Revised 2019)¹⁵) use ‘*Considerations Specific to Automated Tools and Techniques*’ to explain how the auditor may apply certain requirements when using technological tools in performing audit procedures.¹⁶
10. Considering the explanations of ISA 200 for the authority and contents of the ISAs, Staff believe that developing a new Appendix on using technological tools to facilitate the design or performance of audit procedures in obtaining sufficient appropriate audit evidence (i.e., the ‘Technology Appendix’) is an optimal approach at this time. This is because it would allow for more comprehensive coverage of the topic, while still allowing an option to provide guidance in the other sections of the application material for the in-scope standards.
11. In determining the format, Staff also referred to the guidance provided by the CUSP Drafting Principles and Guidelines, that explains when the use of an Appendix in the ISAs is appropriate, which could be when providing more extensive examples that are not appropriate to be presented comprehensively elsewhere in the application and other explanatory material of a standard.¹⁷
12. In addition, Staff considered the approach taken when developing ISA 315 (Revised 2019), where appendices are used to provide additional guidance and illustrative examples.¹⁸

¹⁴ See ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraphs A63–A65

¹⁵ See ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*.

¹⁶ See paragraph A73 of ISA 200. In view of the IAASB decision in June 2025, to replace the term ‘automated tools and techniques’ with ‘technological tools,’ Staff note that the *Considerations Specific to Automated Tools and Techniques* will be further considered through conforming and consequential amendments for alignment as a result of the replacement term determined by the Board in June 2025, i.e., ‘technological tools.’

¹⁷ See Section 10: ‘Application and Other Explanatory Material of ISAs’ of the [CUSP Drafting Principles and Guidelines](#).

¹⁸ See ISA 315 (Revised 2019), Appendices 1–5.

Placement

13. Below are in scope standards that could be considered for the placement of the Technology Appendix with the body of ISAs, together with related considerations:
- (a) Position in Proposed ISA 500 (Revised), on the basis that the Technology Appendix is focused on the auditor's use of technological tools to obtain audit evidence, a matter that aligns more directly with the principle-based reference framework addressed by the audit evidence standard.
 - (b) Position in a foundational standard, such as ISA 330, on the basis that this standard addresses further audit procedures to respond to risks of material misstatement (ROMM) and where the auditor would likely use technological tools to obtain sufficient appropriate audit evidence.
14. While both positioning options could be viable, Staff is of the view that placing the Technology Appendix in Proposed ISA 500 (Revised) is preferred because:
- (a) Proposed ISA 500 (Revised) is the principle-based reference framework addressing audit evidence and the use of technological tools are a means by which the auditor obtains audit evidence. The application material of the Technology Appendix would explain how they apply when procedures are designed and performed using technological tools, without creating a separate or parallel evidential framework.
 - (b) Technological tools may be used when performing audit procedures to meet their intended purposes, including risk assessment procedures, tests of controls, and substantive procedures. Placing the Technology Appendix in Proposed ISA 500 (Revised) could avoid duplicative or fragmented guidance across different ISAs and promote consistent application.

Key Topics Proposed to be Addressed by the Technology Appendix

15. Broadly, the table below outlines the key topics that are proposed to be addressed by the Technology Appendix, along with a brief description of its coverage:

Topic	Brief Description
#1 – Introduction	Explains the objective of the Appendix and provides linkages among the Appendix with relevant requirements and guidance of other standards (e.g., ISQM 1, ¹⁹ ISA 220 (Revised) and ISA 300).
#2 – Using Technological Tools to Meet the Purpose(s) of the Audit Procedures	Provides guidance on the use of technological tools to meet the purpose(s) of the audit procedures, including: <ul style="list-style-type: none">• Examples of technological tools that may be used when planning and performing risk assessment and further audit procedures (i.e. tests of controls and substantive procedures).

¹⁹ International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

Topic	Brief Description
	<ul style="list-style-type: none"> Examples of circumstances where the use of technological tools may be appropriate or necessary.
<i>#3 – Considerations for Use of Technological Tools</i>	<p>Sets out matters for the auditor to address when evaluating relevance and reliability of information intended to be used as audit evidence. Such matters may include:</p> <ul style="list-style-type: none"> Impact of information technology (IT) used by the entity, including: <ul style="list-style-type: none"> Considerations regarding obtaining an understanding of the entity's use of IT and IT governance and controls in accordance with ISA 315 (Revised 2019),²⁰ such as the availability, form, or restrictions around the information from entities' systems. Examples of risks arising from the entities' use of IT and the auditor's assessment of such risks. Considerations when the auditor uses technological tools, including: <ul style="list-style-type: none"> The appropriateness of the information intended to be used as audit evidence when using technological tools. Whether the output of the technological tools is relevant and reliable. Investigating the output(s) generated by technological tools that are inconsistent with the auditor's expectations.
<i>#4 – Risks and Biases When Using Technological Tools</i>	<p>Provides guidance to present a more balanced discussion, following the benefits of using technological tools, and assist the auditor in mitigating risks and biases that may affect the exercise of professional skepticism.</p>
<i>#5 – Documentation Considerations</i>	<p>Introduces new application material on documentation considerations when using technological tools, including when performing an audit procedure for more than one purpose.</p>

²⁰ See ISA 315 (Revised 2019), paragraphs 21 and 25.

Matters for IAASB Consideration:

1. The Board is asked for their views on Staff's views and recommendations discussed in paragraphs 4–15 above. In particular:
 - (a) The proposed drafting changes to paragraph 25 of ISA 220, paragraph 8 of ISA 300 and paragraph 6 of ISA 600 (Revised) presented in paragraph 4 above.
 - (b) The overall approach, format, placement and the key topics proposed to be addressed by the Technology Appendix for Proposed ISA 500 (Revised) discussed in paragraphs 5–15 above.