

TECHNOLOGY CATALOG

Catalog of Technology-Related Matters and Preliminary Direction on Actions

Proposed Version 3 (JUNE 2026) [Marked from Version 2 (November 2025)]

This agenda item includes the Technology Team's proposed revisions to the Technology Catalog, based on the monitoring activities undertaken as discussed in **Agenda Item 8**. The document is marked-up from Version 2 of the Technology Catalog.

More specifically, the following changes are shown in track changes:

- In **table 1**, changes to the descriptions of the matters, sources of insights, related standards, preliminary direction on actions, and prioritization assessments, including the related rationale (which has been moved from the prioritization column to the preliminary direction on action column); and
- In **table 2**, changes to the descriptions of the matters and the related standards.

Other changes related to the structural reframing of the Technology Catalog are not shown in track changes in Version 3. Refer to **Agenda Items 8** and **8-A** for explanations of significant changes.

Purpose and Role

The Catalog of Technology-Related Matters and Preliminary Direction on Actions (the Technology Catalog) is the IAASB's central operational tool for capturing technology-related matters. It includes matters arising from technological developments that may affect the consistent or effective application of the IAASB's standards, as well as matters arising from the IAASB's work to operationalize its [Technology Position](#).

The Technology Catalog focuses on matters within the IAASB's remit that relate specifically to the IAASB's Quality Management Standards¹ and its Audit and Other Assurance Engagement Standards.² These include matters arising from: (i) technology used by entities; (ii) technology used by practitioners;³ (iii) the interaction between the two; and (iv) other work to operationalize the guiding actions in the Technology Position Statement. The Technology Catalog supports the IAASB's work plan and decision-making by:

- providing a structured record of technology-related matters the IAASB is monitoring and considering;
- describing, at a point in time, the IAASB's preliminary direction on actions for addressing each matter; and



For more information about the Technology Catalog Process, refer to the [IAASB's Approach to Addressing Technology-Related Matters](#)

¹ For purposes of the Technology Catalog, references to the IAASB's Quality Management Standards include 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*, ISQM 2, *Engagement Quality Reviews* and International Standard on Auditing (ISA) 220 (Revised), *Quality Management for an Audit of Financial Statements*.

² This includes the ISAs, the International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (the ISA for LCE), International Standards on Review Engagements (ISREs), International Standards on Assurance Engagements (ISAEs), and International Standards on Sustainability Assurance (ISSAs).

³ For technologies used by practitioners, the focus of the Technology Catalog is specifically on technological tools—a subset of technological resources used directly by engagement teams in the performance of engagements—that facilitate the design or performance of engagement procedures in obtaining evidence.

- (c) promoting transparency by making visible the nature of the matters being considered and the rationale for the IAASB's preliminary direction on actions to address each matter.

Unless otherwise indicated, the matters reflected in the Technology Catalog are framed principally in the context of audits under the ISAs. Theme 3 groups matters whose primary focus is quality management, although quality management considerations may also arise in other themes. Theme 10 groups matters whose primary focus is other assurance engagements.

Structure

The Technology Catalog begins with a [Snapshot](#), which presents a consolidated view of all identified matters and their current status. The Snapshot is followed by three tables, which set out those matters according to how they are being tracked and addressed.

- [Table 1: Technology-Related Matters Not Currently Allocated to Active Projects or Workstreams](#). This table captures matters not currently allocated to active projects or workstreams. It also includes the Board's prioritization and preliminary direction on actions for each matter, including continued monitoring, further information-gathering or analysis, standard setting, the development of non-authoritative material, or a combined or phased approach.
- [Table 2: Technology-Related Matters Allocated to Active Projects or Workstreams](#). This table captures technology-related matters that are currently being addressed through active IAASB projects or workstreams, together with the status of the work intended to address each matter.
- [Table 3: Resolved and Closed Technology-Related Matters](#). This table is currently empty, but will in due course provide a record of matters that have been addressed or removed from Tables 1 and 2, including completed work and outcomes.

Snapshot

This snapshot presents a consolidated view of all technology-related matters included in the Technology Catalog, indicates whether each matter is reflected in Table 1 or Table 2, and includes cross-references to assist readers in navigating to the relevant matter.

#	Technology-Related Matters	Allocated to an Active Project or Workstream?
Theme #1: Terminology		
1(a)	More clarity needed in technology-related terminology	Yes – see Table 2
Theme #2: Audit Conceptual Framework		
2(a)	Inherent limitations of an audit	No – see Table 1
2(b)	Impact of the growing use of technological tools on expectations about the use of technology in audits and the concept of reasonable assurance	No – see Table 1
2(c)	Auditing framework for continuous auditing	No – see Table 1
Theme #3: Quality Management		
3(a)	Quality management of technological tools enabled by emerging technologies used in engagements	Yes – see Table 2
Theme #4: Determining Whether to Use Technological Tools to Design or Perform Audit Procedures		
4(a)	Exploring introducing explicit requirements and application material about determining whether technological tools are required to achieve audit objectives	Yes – see Table 2

#	Technology-Related Matters	Allocated to an Active Project or Workstream?
4(b)	Challenges to using technological tools that arise because of how data is produced and maintained by audited entities	Yes – see Table 2
4(c)	The IAASB's role in promoting best practices	No – see Table 1
Theme #5: Audited Entities' Use of Technology		
5(a)	Identifying, assessing, and responding to risks arising from the use of IT by audited entities	Yes – see Table 2
5(b)	Impact on the audit when entities use service organizations that use emerging technologies	No – see Table 1
5(c)	Highlighting opportunities associated with the use of technology by entities	No – see Table 1
5(d)	*Newly added* Audit challenges in audits of entities with activities in the crypto-asset ecosystem	No – see Table 1
5(e)	*Newly added* Impact on the audit of increasingly sophisticated cybersecurity threats affecting entities	No – see Table 1
Theme #6: Using Technological Tools that Facilitate the Design or Performance of Audit Procedures		
6(a)	Exploring the need for explicit requirements and application material when using technological tools	Yes – see Table 2
6(b)	Interpretability or explainability associated with how a technological tool arrives at its outputs	Yes – see Table 2
6(c)	Categorization of audit procedures performed using technological tools	Yes – see Table 2
6(d)	Challenges associated with the use of technological tools to perform substantive analytical procedures	Yes – see Table 2
6(e)	Testing outliers and exceptions in the output of a procedure performed using technological tools	Yes – see Table 2
6(f)	Appropriate use of technological tools to design or perform audit confirmations	Yes – see Table 2
6(g)	Appropriate use of technological tools in inventory counts	Yes – see Table 2
6(h)	Documentation requirements when designing or performing audit procedures using technological tools	Yes – see Table 2
Theme #7: Using the Work of a (Management's or Auditor's) Expert		
7(a)	Evaluating the work of an auditor's expert	No – see Table 1
7(b)	Evaluating the work of a management's expert	Yes – see Table 2
7(c)	Experts are presumed to be humans in the standards	No – see Table 1
Theme #8: Auditor Mindset		
8(a)	The impact of using technological tools on the exercise of professional skepticism	Yes – see Table 2
Theme #9: Transparency Through Communication and Auditor Reporting		

#	Technology-Related Matters	Allocated to an Active Project or Workstream?
9(a)	Communicating about the use of technology	No – see Table 1
Theme #10: Other Assurance Engagements		
10(a)	<i>*Newly added*</i> AI assurance	No – see Table 1
10(b)	<i>*Newly added*</i> Sustainability Assurance	No – see Table 1
10(c)	<i>*Newly added*</i> Cybersecurity assurance	No – see Table 1

Table 1: Technology-Related Matters Not Currently Allocated to Active IAASB Projects or Workstreams

#	<u>Technology-Related Matter</u> Including basis for concluding that it is a matter	<u>Source of Insight</u> ⁴	<u>Related Standards</u> ⁵	<u>Preliminary Direction on Action</u> ⁶	<u>Prioritization</u> High, Medium Low
Theme #2: <u>Audit</u> Conceptual Framework					
2(a)	Inherent limitations of an audit As described in ISA 220 (Revised), ⁷ technological toolsy-enabled procedures may enhance the quality of audits by allowing the auditor to evaluate large amounts of data more easily to, for example, provide deeper insights, identify unusual trends or more effectively challenge management’s assertions, which enhances the ability of the auditor to exercise professional skepticism. Similarly, the use of technology by entities in their information systems and financial reporting processes may enhance the quality of their financial reporting by, for example, enhancing the quality of their automated controls. As the growing use of technology <u>used by entities and auditors</u> continues to evolve among auditors and entities , there is an opportunity to re-examine how the inherent limitations of an audit are described and contextualized throughout the ISAs and ISQMs. For example, the use of emerging technologies by entities in their financial reporting processes may introduce new challenges for the auditor, <u>including for example</u>	- Guiding Action #4 - Academics - Audit regulators	TBDISAs	Further information gatheringContinue monitoring <u>At this stage, the Board does not view this matter as requiring a more active response. The IAASB will continue to undertake monitoring activities under Component 3 of the Technology Position, to understand whether stakeholders believe that further action is needed and whether developments in technology and practice suggest that any references to the inherent limitations of an audit in the IAASB’s standards should, in due course, be revisited.</u>	Low

⁴ This column refers to how each matter was identified or where the matter originated. It includes, as applicable, the stakeholder or source that provided the insight, and whether the matter arises from the IAASB’s work to operationalize the eight guiding actions set out in Component 1 of the Technology Position, that support the Board in achieving its commitment to actively facilitate and, where appropriate, encourage the appropriate use of technology in engagements and systems of quality management.

⁵ This column identifies the extant standards to which each matter related at the time the matter was added to the Technology Catalog. It does not, in itself, imply that standard setting is contemplated; that is indicated, where relevant in the adjacent column on preliminary direction on action. Because the Technology Catalog is updated periodically, the standards identified here may change between updates, including due to revisions to existing standards or the issuance of new standards.

⁶ This column describes the Board’s preliminary direction on action to address each matter (refer to the [Approach document \(section 1.3\)](#)). For purposes of this Technology Catalog, “preliminary direction on action” includes continued monitoring, further information gathering, standard setting, development of non-authoritative material, or a combined or phased approach. However, a preliminary direction on action does not represent a commitment by the Board. Final determinations on whether to undertake standard-setting projects or develop non-authoritative material are work plan decisions, balanced against other priorities, capacity, and availability of resources, and executed at the project or workstream level.

⁷ ISA 220 (Revised), paragraph A64

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
	challenges with identifying risks arising from the use of IT, and with to take into account in designing and performing audit procedures <u>to address such risks</u> (see also Issue-Matter 6(b)). The Technology Team performed a preliminary review of the references to inherent limitations throughout the ISAs. None of the references appear to be inappropriate or irrelevant within the context of the prevailing level of technologies in use today. However, a deeper dive <u>may in due course will</u> be required on whether any of the references to inherent limitations of an audit in the IAASB’s standards need to be modernized, while reinforcing the auditor’s responsibility to obtain sufficient and appropriate audit evidence.				
2(b)	Impact of the growing use of technological <u>toolsy-enabled procedures</u> on expectations about the use of technology in audits and the concept of reasonable assurance How the auditor obtains audit evidence, including <u>for example</u> whether technology-enabled procedures<u>technological tools</u> are used to obtain such evidence, does not change the underlying objective of an audit which is to obtain reasonable assurance by obtaining sufficient appropriate audit evidence to reduce audit risk to “an acceptably low level”. Yet, <u>the use of technological toolsy-enabled procedures to facilitate the design or performance of audit procedures</u> may enable auditors to obtain <i>more persuasive</i> audit evidence than manual audit procedures. This may, in turn, create an expectation by stakeholders that auditors should be using technology to enhance the quality of their audits and elevate expectations about what reasonable assurance is in an audit. Certain stakeholders have identified a need for the IAASB to monitor evolving expectations by users of financial statements and other stakeholders, such as regulators and preparers, based on the increased	- Stakeholder Advisory Council - Academics	ISA 200<u>ISAs</u>	<u>Further information-gathering</u><u>Continue monitoring</u> <u>At this stage, the Board does not view this matter as requiring a more active response. The IAASB will continue to undertake monitoring activities under Component 3 of the Technology Position, to understand whether stakeholder expectations about the use of technology in audits, and about the concept of reasonable assurance, are evolving in a way that suggests that further clarification or other IAASB action may in due course be needed.</u>	Low

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
	availability of cost-effective technologies for auditors and whether and, if so, how that impacts key concepts in the IAASB’s standards.				
2(c)	Auditing framework for continuous auditing The concept of “continuous auditing” first emerged in the late 1980s. The first formal guidance on continuous auditing, often called the Red Book, was published jointly by the Canadian Institute of Chartered Accountants (CICA) and the American Institute of Certified Public Accountants (AICPA) in 1999. It defines continuous auditing as a methodology that enables auditors to obtain near-real-time assurance through reports issued simultaneously with, or shortly after, relevant events (CICA/AICPA, 1999). Advancements in technology have made continuous auditing increasingly feasible. For example, cloud computing now provides the necessary infrastructure, enabling automated data collection and analysis of client financial data without the need for the auditor to be physically present at the entity. The standards do not contemplate a continuous audit approach. Therefore, it is worthwhile for the IAASB to monitor adoption rates for continuous reporting by entities and continuous auditing by assurance providers as that may eventually require more extensive revisions to the IAASB’s standards than those currently considered in this Catalog.	- Guiding action #1 - Guiding action #2 - Academics - Practitioners - JSS⁸	TBISAs	Further information-gatheringContinue monitoring <u>At this stage, the Board does not view this matter as requiring a more active response. The IAASB will continue to undertake monitoring activities under Component 3 of the Technology Position, to understand whether continuous reporting by entities and continuous auditing by assurance providers begin to gain sufficient traction to suggest that more extensive revisions to the IAASB’s standards may in due course be needed.</u>	Low
Theme #4: Determining Whether to Use Perform <u>Technological Tools to Design or Perform y-Enabled-Audit</u> Procedures					
4(c)	The IAASB’s role in promoting best practices With the adoption by the IAASB of its Technology Position at its September 2024 meeting, the Board has formally recognized technology’s transformative potential to improve audit and assurance quality. It was in this context that the IAASB has committed in its Technology Position	- Guiding action #1 Technology Position Statement Practitioners	n/aISAs - ISQMs	Non-authoritative materialsContinue monitoring <u>At this stage, the Board does not view this matter as warranting a dedicated standard-setting or non-authoritative materials response. The IAASB will continue to monitor stakeholder perspectives on whether there is a</u>	Low

⁸ Jurisdictional Auditing Standard Setters (JSS) that form part of the IAASB-JSS liaison group (see information on the [About IAASB](#) webpage)

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
	Statement to facilitate and, where appropriate, encourage the use of technology in engagements and SOQMs<u>systems of quality management</u>. Audit regulators worldwide have more recently started to feature in their inspection reports observations about best practices they are observing in their inspections of audits, including how technological tools y-enabled procedures used in audits have improved audit quality. This was a strategic shift by audit regulators to elevate audit quality at the firms by being deliberate about balancing positive and critical feedback relating to audit work (i.e., audit findings). The Board is monitoring will determine whether there is a need for the IAASB should develop content addressing "best practices" for stakeholders, as well as the appropriate <u>nature</u>, timing and scope of such content.			<u>meaningful role for the IAASB in promoting or facilitating best practices relating to the use of technological tools in engagements and systems of quality management, including whether a clearer need emerges for IAASB-developed or IAASB-facilitated non-authoritative material.</u> The Technology Team believes the IAASB has a role to play in promoting best practices. While there is some room for integrating considerations about best practices in the standards, this may be more effectively pursued in non-authoritative materials. These materials may be developed by the IAASB directly or the IAASB may facilitate the development of such materials by working with NSS or other parties	
Theme #5: <u>Audited</u> Entities' Use of Technology					
5(b)	Impact on the audit when entities use service organizations that use emerging technologies Like in issue-Matter <u>Matter</u> 5(a) in Table 2-above, which deals with the increasing sophistication of technologies used by entities under audit, service organizations that provide services to user entities may also be using sophisticated technologies in delivering to perform their services to user entities or in operating controls over those services. This may also give <u>rise to challenges</u> rise to risks from the use of IT at service organizations in that need to be identifying, ied, assessinging, and responding ing ed to risks from the use of IT by service organizations in audits of financial statements to by auditors of user entities (i.e., <u>by</u> user auditors). User auditors typically rely to some extent on the work performed by <u>service auditors in relation to controls at auditors of</u> the service	Guiding-action #2 Guiding-action #3 - Feedback on the IAASB's Strategy and Work Plan for 2024-2027 <u>JSS</u>	ISA 402	Further information gathering The IAASB did not prioritize revising ISA 402 as a proposed project for its <u>2024-2027 Work Plan</u>. <u>However, this matter now warrants higher priority information gathering because developments in practice suggest that the use of emerging technologies by service organizations may give rise to increasingly complex questions for both service auditors and user auditors.</u> However, tThe Technology Team will continue to <u>gather additional information about</u> monitor how emerging technologies used by <u>entities, including service organizations,</u> that the Board may consider in any decision to adjust the Work Plan (or for a future Wok Plan). The	<u>Medium</u> <u>High</u>

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
	organizations' controls (i.e., service auditors) to identify, assess, and respond to risks of material misstatement arising from the outsourced services provided by service organizations, as addressed in ISA 402.⁹ <u>Accordingly, where a service organization uses emerging technologies in a way that is integral to the services provided, embedded in relevant controls, or affects the achievement of the service organization's control objectives, this may create challenges for both service auditors and user auditors. These challenges may be especially pronounced where the technology is difficult to understand or explain, where the service organization is relying on it within a process or control, or where its use affects areas such as change management, data integrity, processing integrity, or the reliability of outputs used by user entities and their auditors.</u> Challenges faced by service auditors to support their Type 2 reports, as contemplated in ISA 402, because of the increasingly sophisticated technologies used by service organizations to perform their services, will also create challenges for user auditors. For example, the IAASB has received feedback that this challenge has been particularly pronounced in audits of entities with crypto-asset activities. These user entities typically rely on service organizations to custody their crypto-assets and, in some cases, keep a record of their crypto-asset holdings.			Technology Team will also consider the need to develop non-authoritative material on this topic are affecting the application of ISA 402 and related standards (e.g., other ISAs or ISAE 3402),¹⁰ including: <u>whether they introduce risks or control considerations that are not being addressed consistently in practice or raise other quality considerations relating to existing principles and guidance in the standards; and</u> <u>whether further action may be needed, including the nature, timing and scope of action.</u>	
5(c)	<u>Identifying-Highlighting</u> opportunities associated with the use of technology by entities As described in guiding action #5 of the IAASB's Technology Position Statement, the IAASB will strike the right balance when referring to opportunities and challenges associated with the use of technology by practitioners and entities.	- Guiding action #1 - Guiding action #5	n/a<u>ISAs</u>	<u>Combined approach</u> (i.e., <u>Standard setting and</u> Non-authoritative material) <u>This matter is expected to be addressed progressively through both current and future IAASB projects and workstreams, as opportunities arise to revisit how</u>	<u>Low</u> <u>Medium</u>

⁹ ISA 402, *Audit Considerations Relating to an Entity Using a Service Organization*

¹⁰ ISAE 3402. Assurance Reports on Controls at a Service Organization

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
	<u>This matter is not about recasting the standards to address “opportunities” in the same way they address risks. Rather, it is about whether the IAASB’s standards and related material give sufficient recognition to the fact that technology used by entities may, in some circumstances, enhance the relevance, reliability, timeliness, or accessibility of information relevant to audit and other assurance engagements, and thereby create opportunities to enhance engagement quality or efficiency. This guiding action recognizes the potential of the use of technology to enhance the quality of financial reporting and assurance engagements.</u> However, the auditing standards are not designed to deal with opportunities associated with the use of technology by entities. Rather, ISA 315 (Revised 2019) appropriately requires the auditor to identify and assess risks of material misstatement, including risks arising from the use of IT by the entity. The auditor then designs and performs further audit procedures, in accordance with ISA 330 and other ISAs, to respond to assessed risks, including risks arising from the use of IT by the entity.			<u>references to technology are framed in the standards and related material.</u> <u>As standards are revised in future standard-setting activities, there is an opportunity for the IAASB to consider whether references to technology can be framed in a more balanced and technology-forward way, including by better acknowledging that technology used by entities may enhance the relevance, reliability, timeliness, or accessibility of information related to their financial or other external reporting, and that technology used by practitioners may in turn create opportunities to enhance engagement quality or efficiency. This would not involve recasting the standards away from the risk-based model that underpins them. Rather, it would involve ensuring that the standards and related material appropriately reflect both the opportunities and the challenges associated with technology, consistent with Guiding Action #5 of the Technology Position Statement. The Board may also consider whether non-authoritative material would be helpful in due course to support a more consistent articulation of these matters.</u> The Technology Team believes the IAASB has a role to play in describing how the use of technology by entities may enhance the quality (e.g., reliability) of their financial reporting, which may, in turn, lead to opportunities for auditors to enhance the quality and efficiency of their work. However, the Technology Team proposes that this should be pursued in non-authoritative material.	

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
5(d)	<u>Audit challenges in audits of entities with activities in the crypto-asset ecosystem</u> <u>Audits of entities with activities in the crypto-asset ecosystem can present significant practical challenges in applying the ISAs. Based on feedback received to date from stakeholders, the issue does not appear to be that the underlying principles in the standards are inappropriate. Rather, challenges often arise in obtaining sufficient appropriate audit evidence because the risks are distinctive, procedures may need to be tailored to those risks, and specialized skills, tools and techniques, and in some cases specialists, may be needed to identify and assess those risks and design and perform appropriate procedures.</u> <u>This issue extends beyond entities whose principal business is in crypto-assets. It may also arise in audits of entities that hold, trade, exchange, safeguard, mine, or stake crypto-assets. Examples of the challenges include auditing the existence of crypto-assets on a blockchain and whether the entity has rights to those assets; evaluating the reliability of information obtained from using technological tools such as blockchain explorers; addressing custody and control arrangements, including where third parties or service organizations are involved; and responding to fraud, related party, valuation, and completeness risks in pseudonymous, highly technical, and rapidly evolving environments. In some cases, substantive procedures alone may not be sufficient.</u> <u>This matter raises the question of whether there is a role for the IAASB to contribute non-authoritative material in an area where credible jurisdictional materials already exist, including whether IAASB involvement could provide an internationally coherent reference point, grounded in the ISAs, to support more consistent and effective application globally.</u>	<u>Guiding action #4</u> <u>Audit regulators</u> <u>Practitioners</u> <u>JSS</u>	<u>ISAs</u>	<u>Further information gathering</u> <u>This matter warrants the attention of the IAASB because crypto-asset-related activities are becoming more globally relevant and may create significant challenges in obtaining sufficient appropriate audit evidence. At the same time, the current fact pattern does not indicate that standard setting is the appropriate initial response. While credible resources already exist in some jurisdictions, questions remain as to whether those materials are sufficiently accessible and globally applicable to support consistent or effective application of the ISAs.</u> <u>The first step for addressing this matter will be to gather additional information to define the matter more precisely, and assess whether a genuine international gap exists. Based on the outcome of that work, the Board may then consider whether targeted non-authoritative material would be an appropriate response, including whether such material could complement, rather than duplicate, existing guidance by providing an internationally coherent, ISA-grounded reference point.</u>	<u>Medium</u>

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
5(e)	<u>Impact on the audit of increasingly sophisticated cybersecurity threats affecting entities</u> <u>Entities are increasingly exposed to more sophisticated cybersecurity threats, including threats arising from advances in technology and from increasingly organized and capable malicious actors.</u> <u>Cyber incidents or breaches affecting an entity's information systems, data, or digital infrastructure may in some circumstances give rise to risks of material misstatement, including through unauthorized access, alteration, or destruction of information relevant to financial reporting.</u> <u>This matter is not about firms' own cybersecurity obligations when housing or using entity data, which are addressed elsewhere in the Technology Catalog in the quality management context. Rather, it concerns the implications for the audit when entities are exposed to increasingly sophisticated cyber threats or have experienced cyber incidents that may affect financial reporting, internal control, or the reliability and availability of information intended to be used as audit evidence. In some circumstances, cybersecurity breaches perpetrated against the entity by external parties may constitute instances of fraud or suspected fraud, which ISA 240 (Revised)¹¹ describes as third-party fraud.</u> <u>This raises questions about whether the IAASB's standards and related material sufficiently support auditors in identifying and assessing risks of material misstatement arising from cyber threats and incidents affecting</u>	• <u>Stakeholder Advisory Council</u> • <u>Technology Advisory Network</u> • <u>Broader monitoring activities</u>	• <u>ISA 315 (Revised 2019)¹²</u> • <u>ISA 330¹³</u> • <u>ISA 240 (Revised)¹⁴</u> • <u>ISA 570 (Revised 2024)¹⁵</u>	<u>Further information gathering</u> <u>This matter warrants further information gathering because cyber threats affecting entities appear to be increasing in sophistication and relevance, and may in some circumstances give rise to risks of material misstatement or other matters relevant to the audit.</u> <u>Further work would help clarify the fact patterns in which cyber incidents or cyber-related threats are giving rise to audit challenges in practice, including whether those challenges are being addressed consistently under the extant standards and whether any future IAASB response may be warranted.</u>	<u>Medium</u>

¹¹ ISA 240 (Revised), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

¹² ISA 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement

¹³ ISA 330, The Auditor's Responses to Assessed Risks

¹⁴ ISA 240 (Revised), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

¹⁵ ISA 570 (Revised 2024), Going Concern

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
	entities, and in designing and performing appropriate responses where such threats or incidents may be relevant to the audit.				
Theme #7: Using the Work of a (Management's or Auditor's) Expert					
7(a)	Evaluating the work of an auditor's expert ISA 620¹⁶ deals with the auditor's responsibilities relating to the work of an auditor's expert when that work is used to assist the auditor in obtaining sufficient appropriate audit evidence. The increasing sophistication of technologies used by auditors' experts to perform their work, including Generative Artificial Intelligence (AI) (Gen AI), may make it more challenging for auditors to comply with the ISA 620 requirements. In particular, Specifically, the auditor is required to understand and evaluate the adequacy of the expert's work, (see paragraphs 12–13 and A32–A40) and that may become more challenging when the auditor's expert is using technology that may lack interpretability or explainability (also see Issue-Matter 6(b) in Table 2 above). This may exacerbate concerns already raised by audit regulators about whether who find that auditors are not consistently evaluating the relevance and reasonableness of the findings or conclusions of an auditor's expert (as required by paragraph 12(a) of ISA 620). There is an opportunity for the Board to clarify how auditors may satisfy their responsibilities in evaluating the adequacy of the expert's work when emerging technologies, including Gen AI, are used by the experts.	- Guiding action #2 - Guiding action #6 - Audit regulators	ISA 620	Standard-setting actions Non-authoritative materialsFurther information gathering ISA 620 was classified as a 'reserve topic' in the IAASB's Strategy and Work Plan for 2024-2027 because, although the IAASB did received feedback on possible revision of ing this standard, other candidate topics for the Work Plan were considered to be higher priorities at the time (using the based on the criteria as elaborated in the public agenda papers for the Strategy and Work Plan). Accordingly, the appropriate preliminary direction is further information gathering. This would include researching how emerging technologies, including Gen AI, are being used by auditors' experts; assessing whether those technologies are creating distinct challenges for auditors in applying ISA 620; and considering whether further action may be needed, including the nature, timing and scope of action. . Because reserve topics in the Work Plan could be elevated to projects when circumstances change, this matter will also continue to be monitored as part of the IAASB's broader technology monitoring activities. based on, for example, changes in the environment relating to emerging issues, the Technology monitor this topic, including the need to develop non-authoritative material.	Medium

¹⁶ ISA 620, *Using the Work of an Auditor's Expert*

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
7(c)	Experts are presumed to be humans in the standards ISA 620¹⁷, which deals with the auditor's expert, and ISA 500¹⁷, and the Pre-finalization Holding Package of ISA 500 (Revised) which includes requirements and application material relevant to information prepared by management's expert, include wording that either explicitly or implicitly assumes that an expert is a human or imply it. However, At the same time, new technologies, including artificial intelligence, and robotic process automation, and increasingly autonomous forms of AI, are, in some ways, circumstances designed to reduce, and in some cases or eliminate, the need for human involvement in performing specialized tasks. The Board should continue to consider whether the assumption in the IAASB standards that experts must be humans, or at least involve human interaction (i.e., human in the loop), remains valid today. This raises the question of a Board should therefore continue to monitor whether the assumption in the IAASB's standards that experts must be human, or at least involve meaningful human involvement, remains appropriate as technology evolves.	- Guiding action #1 - Guiding action #2 - Technology experts	- ISA 500 - ISA 620	Further information gatheringContinue monitoring This is currently a low-priority matter because the IAASB has not heard extensive feedback on it to date. The Board will continue to monitor developments in technology and practice to assess whether this matter becomes more significant over time and whether a more active response, may eventually be warranted.	Low
Theme #9: Transparency Through Communication and Auditor Reporting					
9(a)	Communicating about the use of technology Some stakeholders have questioned whether, and to what extent, auditors should communicate about their use of technological tools that facilitate the design or when performance of ing-audit procedures in obtaining evidence. Such communication could occur in different ways, including	- Guiding action #3 - Guiding action #5 - Board member feedback	- ISA 260 (Revised)¹⁸ - ISA 700 (Revised)¹⁹	Further information gatheringContinue monitoring This issue is currently assessed as low priority. While stakeholder interest in communication about the auditor's use of technology is increasing, it is not presently viewed as a communication gap.	Low

¹⁷ ISA 500, *Audit Evidence*

¹⁸ ISA 260 (Revised), *Communication with Those Charged with Governance*

¹⁹ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
	strengthening expectations for dialogue with those charged with governance (TCWG) and/or through communication in the auditor’s report. The rationale for exploring this matterissue includes: • Helping TCWG and/or users of financial statement better understand the nature of the auditor’s work and the role of technology, particularly both its benefits and limitations. • Responding to growing expectations from some stakeholders, including, for example, TCWG of entities that the auditor discloses whether technology was used, and, if so, how it contributed to audit evidence and the auditor’s conclusions. • Reducing potential inconsistency, as practitioners may otherwise adopt varied approaches in how (and whether) they communicate the use of technological tools, resulting in uneven levels of transparency.				
Theme #10: Other Assurance Engagements					
10(a)	AI assurance Technological developments are raising questions about whether there is a need for new or evolving forms of assurance engagements in relation to AI, including assurance over an entity’s AI system or its AI governance framework in accordance with suitable criteria. Some firms are beginning to develop and offer AI assurance engagements, and interest in such engagements appears to be growing in some jurisdictions. This gives rise to questions about the subject matter(s) and suitable criteria for such engagements, and their proximity to the IAASB’s remit (i.e., the extent to which these engagements are related to general-purpose external reporting by entities). Questions also arise about whether such engagements can be performed under the IAASB’s existing	• Guiding action #1 • Guiding action #5 • Board member feedback • JSS	• ISAEs	Further information gathering The IAASB is gathering information to better understand the landscape of subject matter-specific assurance engagements, other than assurance on sustainability information, in order to consider the IAASB’s potential role.	Medium

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
	<u>standards, i.e., ISAE 3000 (Revised),²⁰ (alone or supplemented with non-authoritative material), or whether in due course there may be a need for a subject matter-specific ISAE.</u>				
10(b)	Sustainability assurance <u>ISSA 5000²¹ is an overarching standard for assurance engagements on sustainability information. As entities increasingly use complex systems, external data sources, service organizations, and information from others in the value chain in preparing sustainability information, and as practitioners increasingly use technological tools in performing sustainability assurance engagements, questions may arise about the consistent and effective application of ISSA 5000.</u> <u>These may relate, for example, to the practitioner’s understanding of the entity’s information system and internal control, the relevance and reliability of information used as evidence, and disclosures involving estimates, assumptions, models, and forward-looking information.</u> <u>Many of these matters may overlap with technology-related matters elsewhere in the Catalog that have been identified in the audit context. The matter reflected here is whether, and to what extent, similar matters arise under ISSA 5000 and whether any sustainability-assurance-specific clarification may in due course be needed.</u>	<u>Board member feedback</u>	<u>ISSA 5000</u>	Continue monitoring <u>The Board will continue to monitor how technology-related application questions emerge in practice under ISSA 5000, including whether matters identified elsewhere in the Catalog in the audit context also arise in sustainability assurance engagements.</u> <u>Given that ISSA 5000 becomes effective for periods beginning on or after December 15, 2026, implementation questions may emerge more clearly as the standard begins to be applied in practice. As implementation experience develops, this may help inform whether any sustainability-assurance-specific clarification or other IAASB response may in due course be warranted.</u>	Low
10(c)	Cybersecurity assurance <u>Technological developments and the increasing significance of cybersecurity risk are raising questions about whether there is a need for new or evolving forms of assurance engagements in relation to</u>	<u>Stakeholder Advisory Council</u> <u>Technology Advisory Network</u>	<u>ISAEs</u>	Further information gathering <u>The IAASB is gathering information to better understand the landscape of subject matter-specific assurance engagements other than assurance on sustainability information. This matter could be considered as part of that work, including understanding the extent of current</u>	Medium

²⁰ ISAE 3000 (Revised), *Assurance engagements Other Than Audits or Reviews of Historical Financial Information*

²¹ ISSA 5000, *General Requirements for Sustainability Assurance Engagements*

#	Technology-Related Matter	Source of Insight ⁴	Related Standards ⁵	Preliminary Direction on Action ⁶	Prioritization
	cybersecurity, including assurance engagements addressing an entity's cybersecurity risk management program or related controls. In some jurisdictions, frameworks and guidance have already been developed to support such engagements. This gives rise to questions about whether such engagements can be performed under the IAASB's existing assurance standards, i.e., ISAE 3000 (Revised) (alone or supplemented with non-authoritative material), or whether in due course there may be a need for a subject matter-specific ISAE.	Broader monitoring activities		practice, the role of existing jurisdictional frameworks and guidance, and whether any gap may emerge that would warrant future IAASB consideration.	

Table 2: Technology-Related Matters Allocated to Active Projects or Workstreams

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
Theme #1: Terminology				
1(a)	More clarity needed in technology-related terminology As the IAASB continues to operationalize embarks on delivering on the its Technology Position it adopted at the September 2024 IAASB meeting, it is critical crucial that the terms the IAASB uses to refer to technology (e.g., in its standards and other communications) are internally consistent and understandable. Stakeholders have asked for more clarity about the meaning of technology-related terms used in standards (including standards that are currently under revision) and non-authoritative materials. This will contribute to enhanced clarity and consistency about what auditors should be considering when using technological tools to perform audit procedures (i.e., technology-enabled procedures).²⁴ The IAASB received a significant amount of feedback about technology-related issues relating to a number of standards, including about technology-related terminology, in comment letters on Exposure Draft (ED-500): Proposed International Auditing Standard (ISA) 500 (Revised), <i>Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs</i>. Refer to <u>Agenda Item 8-B</u> for the December 2023 IAASB meeting for a comprehensive description about technology-related feedback received on ED-500.	The standards which contain references to “automated tools and techniques” and other technology-related terminology. See Appendix 1 for more information ISAs and <u>Quality Management Standards</u>	Audit Evidence and Risk Response (AERR) Project	This matter is in scope of the AERR project (Issue #13 of the project proposal). Subject to Board approval at the June 2026 IAASB meeting to expose Proposed ISA 330 (Revised), Proposed ISA 500 (Revised) and Proposed ISA 520 (Revised) for public comment, the project team’s current proposals would address this matter by replacing “automated tools and techniques” with “technological tools” through conforming and consequential amendments to other ISAs and to ISQM 1. This is intended to reduce ambiguity, improve coherence between ISQM 1 and the ISAs and within the ISAs, and align more closely with the International Ethics Standards Board for Accountants’ International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). The proposed amendments to ISQM 1 would also clarify that technological tools are a subset of technological resources used directly by engagement teams in planning and performing the audit, and that they are used to facilitate the design or performance of engagement procedures in obtaining evidence.

²² This column identifies the extant standards most directly related to each matter, based on analysis at the time of the current update to the Technology Catalog. It is intended to indicate the standards context in which the matter arises, and does not, in itself, imply that standard setting is contemplated, unless this is evident from the project or projects identified in the adjacent column to the right.

²³ For matters linked to the AERR project, this column summarizes key aspects of the project team’s current proposals ahead of the Board’s consideration at the June 2026 IAASB meeting of the exposure of Proposed ISA 330 (Revised), *The Auditor’s Responses to Assessed Risks*, Proposed ISA 500 (Revised), *Audit Evidence*, and Proposed ISA 520 (Revised), *Analytical Procedures*, together with related conforming and consequential amendments to other ISAs and to ISQM 1. For matters linked to the ISA 500 Series project, this column summarizes the current proposals and developing direction of the project for Board consideration at the June 2026 IAASB meeting. For more information, please refer to Agenda Items 2 and 4 on the [June 2026 Meeting Page](#).

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	Specifically, stakeholders Regarding terminology specifically, some respondents on ED-500 recommended that the IAASB: • Provide a definition for the term “automated tools and techniques”, particularly if the IAASB intends to add requirements related to this term. • Consider replacing the word “automated” in the term “automated tools and techniques” with another term. Stakeholders have also asserted that We have also heard that it is unclear what the term “automated tools and techniques” is meant to apply to. For example, does the term also refer to auditing software used to compile audit documentation (i.e., the audit platform) or Microsoft Excel used to perform routine calculations? See Appendix 1 for an inventory of technology-related terms used in the standards (e.g., technological resources, automated tools and techniques, computer-assisted audit techniques).			
Theme #3: Quality Management				
3(a)	<u>Quality management of technological tools enabled by emerging technologies used in engagements</u> <u>Stakeholder outreach indicates that firms generally have mature quality management and certification processes for more traditional technological tools that are transparent and deterministic in nature. By contrast, practical challenges are arising as firms adopt technological tools enabled by emerging technologies, particularly Gen AI, including agentic AI, whose characteristics may include opacity, non-determinism, or adaptivity. Those characteristics are making it more difficult to apply the IAASB’s quality management standards consistently and effectively.</u> <u>The challenges identified through the roundtables and related information-gathering activities are concentrated in several areas. At the firm level,</u>	• <u>ISQM 1</u> • <u>ISA 220 (Revised)</u>	<u>Technology Quality Management Workstream</u>	In December 2025, the Board concluded that the most appropriate response at this stage is the development of non-authoritative material to address these challenges in a timely, scalable, and proportionate manner. In March 2026, the Board approved the Action Plan for the Technology Quality Management Workstream. The planned non-authoritative material is expected to involve a guide series that will focus on Gen AI-enabled technological tools, including tools with agentic capabilities, used in engagements. The guide series is expected to address quality management considerations across the life cycle of the tool and the relevant firm-level and engagement-level responsibilities. Based on the timetable in the Action Plan, the Board is expected to consider the proposed roadmap, guide structure, content elements and initial drafting

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	<u>they include the onboarding of third-party foundational Gen AI models and solutions; determining the nature and extent of pre-deployment testing, validation, and approval that is sufficient; and monitoring continued operation after deployment, including where tools may change over time or through vendor updates. At the engagement level, they include how engagement partners discharge responsibilities relating to the use of such tools in engagements, including direction, supervision, and review, evaluation of outputs, appropriate human oversight, and managing risks of over-reliance. These matters arise across the lifecycle of the technological tool and across the relevant layers at which responsibilities and oversight typically arise in practice.</u>			approach at its June 2026 meeting. Drafting, Board input and Board approval of guides or parts of guides are then expected to continue on a rolling basis through Q2 2027 as Technology Quality Management Workstream staff develop and present material to the Board. The guide series is expected to be completed by mid-2027, subject to Board direction and developments in technology and practice.
3(a)	Firm-level approval of technological resources used in engagements Significant advancements in the sophistication of technological resources used in engagements since International Standard on Quality Management 1 (ISQM 1)²⁵ became effective have given rise to the need for additional information gathering, including engagement with practitioners, regulators, and other stakeholders. Further information gathering would seek to understand how the standard's principles-based requirements and application material are being applied and whether further guidance would be beneficial, in particular on managing quality risks associated with new and emerging technologies. Several firms have recently started to deploy more complex technological resources, including artificial intelligence applications (AI) powered by neural networks, in their assurance practices. Some of these technological resources are generally considered to be “black-box” systems, which creates challenges in understanding how the system is arriving at its conclusions/outputs (see also Issue Matter 6(b)).	ISQM 1	Technology Quality Management Workstream	In December 2025, the Board approved the development of non-authoritative material on this matter and, in March 2026, approved the <u>action plan</u> for the Technology Quality Management Workstream. The planned guidance is expected to address how firms apply the quality management standards to the evaluation, approval, implementation, and ongoing monitoring of technological resources used in engagements, including across the tool lifecycle.

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	The IAASB understands that there also is a growing focus on data privacy and security risks that need to be considered and managed by firms, particularly as much of the data that assurance practitioners use is proprietary client data.			
3(b)	Engagement-level approval of technological resources The considerations for firm-level approval of technological resources also apply when engagement teams independently obtain or develop technological resources that have not been pre-approved by the firm. As these resources become increasingly accessible and cost-effective, engagement teams may introduce their own technological resources <u>tools</u> for use in performing technology-enabled procedures in engagements. Accordingly, the same issue described in Issue <u>Matter 3(a)</u> above also applies here. The quality management principles governing firm-level approval of technological resources should similarly apply to engagement teams, so that any independently acquired or developed technological resources <u>tools</u> used in technology-enabled procedures, meet the same quality standards.	ISA 220 (Revised)	Technology Quality Management Workstream	In December 2025, the Board approved the development of non-authoritative material on this matter and, in March 2026, approved the <u>action plan</u> for the Technology Quality Management Workstream. The planned guidance is expected to address engagement-level considerations when engagement teams use technological resources, including responsibilities relevant to the use of firm-approved and non-firm-approved tools.
3(c)	Technological resources used in engagements which are developed by service providers Many firms acquire or license technological resources from third parties (which ISQM 1 refers to as “service providers”) which the firms then approve and roll out for use by their practitioners in their assurance engagements. Larger firms tend to develop a greater proportion of their technological resources themselves (i.e., “in-house”) while smaller firms tend to acquire or license a greater proportion of their technological resources from service providers. However, service providers will typically limit the amount of information they share with firms—the detailed specifications about how the	• ISQM 1 ISA 220 (Revised)	Technology Quality Management Workstream	In December 2025, the Board approved the development of non-authoritative material on this matter and, in March 2026, approved the <u>action plan</u> for the Technology Quality Management Workstream. The planned guidance is expected to address considerations relevant to evaluating, approving, and monitoring technological resources developed or provided by service providers, including where firms have limited visibility into how such tools operate.

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	technological resource was developed—in order to protect their intellectual property. This creates quality management challenges for firms in ascertaining whether the technological resources are operating as intended when approving the technological resources for use in their assurance practices. Based on our outreach, the IAASB understands that the issue is disproportionately impacting smaller firms making leaders at those firms reluctant to acquire or license third-party developed technological resources to avoid regulatory scrutiny. In this context, it is worth exploring whether ISQM 1 and ISA 220 (Revised) may better facilitate the use of technological resources developed by service providers, while maintaining the same level of quality expectations as tools developed internally (as contemplated under Issues Matters 3(a) and (b)).			
Theme #4: Determining Whether to Use Technological Tools When To Performing Procedures Design or Perform Audit Procedures-Perform Technology-Enabled Procedures				
4(a)	Exploring introducing explicit requirements and application material about determining whether technological toolsy-enabled procedures are required to achieve <u>audit engagement</u> objectives There are no explicit requirements in the standards-ISAs for auditors practitioners to determine whether technological toolsy-enabled procedures are required to achieve <u>engagement-audit</u> objectives. Guiding action #3 of the Technology Position Statement states the Board will explore the need to introduce such principles-based requirements and application material in its standards. Based on outreach undertaken, the IAASB understands that there may be circumstances when it will be challenging, or in some cases impracticable,	ISA 315 (Revised 2019)²⁶ - ISA 220 (Revised) - ISA 330²⁷ ISQM 1 <u>ISA 500</u>	AERR Project	This matter is in scope of the AERR project (Issue #13 of the project proposal). The current proposals would not introduce explicit technology-specific requirements in the ISAs to determine when technological tools are required. Instead, the project team is proposing conforming and consequential amendments to ISA 220 (Revised), including strengthening paragraph 25 regarding the engagement partner’s responsibility to determine that sufficient and appropriate resources, including technological resources, are assigned or made available to the engagement team, thereby giving more prominent attention to technological and other resources at the engagement level. The current proposals also include new application material in ISA 220 (Revised)

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	for auditors to obtain sufficient appropriate audit evidence to address financial-statement or assertion-level risks without using technology-enabled procedurestechnological tools. Some examples that stakeholders have provided include: • Audits of entities with crypto-asset activities (e.g., crypto miners, companies that hold crypto-assets, etc.) may require the use of “block explorers” to verify sales and purchases of crypto-asset on the applicable blockchains. • Audits of online gaming entities to, for example, test amortization of “game props” or to assess user lifecycles. • Responding to assessed risks in expected credit loss (ECL) estimates at larger financial institutions involving complex estimation methods and dependances on significant data inputs from several IT systems. Some stakeholders have also suggested that the auditor may need to use technological tools that facilitate the design or and performance technology-enabled of procedures to adequately audit the financial statements of entities with fully digitalized information systems or when responding to risks arising from the use of sophisticated IT applications by entities, including artificial intelligence, in their financial reporting processes.			to support the auditor’s determination of whether to use technological tools, together with examples of circumstances in which the use of technological tools may be necessary. In addition, the proposed technology appendix in Proposed ISA 500 (Revised) provides guidance on the auditor’s considerations in using technological tools.
4(b)	Challenges to using technology-enabled procedurestechnological tools that arise because of how data is produced and maintained by audited entities The ability of auditors to use technology-enabled procedurestechnological tools in their audits depends on whether the entities whose financial statements are being audited have digitalized information systems and the availability, form, or restrictions around the data from those systems. Specifically, the following factors apply:	• Pre-finalization Holding Package of Proposed ISA 500 (Revised)	AERR Project	This matter is in scope of the AERR project (Issue #2 of the project proposal). The current proposals would strengthen the auditor’s evaluation of the relevance and reliability of information intended to be used as audit evidence, including by requiring the auditor to consider the source of the information and the attributes of reliability that are of significance in the circumstances. The current proposals in Proposed ISA 500 (Revised) also include new application material on the form, availability, accessibility and understandability of information, including information produced and

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	• Availability of data in a usable form, and of sufficiently high quality; • Limitations in accessing information, whether due to restrictions imposed by data privacy laws or regulations, or to entities' concerns about data security once transferred to the auditor; and • Challenges with collecting, extracting, storing, transferring, and transforming data from entities' systems, to be usable by the auditor. The Pre-finalization Holding Package of Proposed ISA 500 (Revised)²⁸ includes application material highlighting these matters as areas for auditors to be aware of when planning to obtain evidence using technology-enabled procedures.			maintained by entities, as matters that may affect both the design and performance of the audit procedures in which the information will be used and the auditor's evaluation of the relevance and reliability of the information. In addition, the current proposals include guidance relevant to information used in technological tools, including how the integrity of those inputs is maintained during collection, extraction, transfer, transformation and use.
Theme #5: <u>Audited</u> Entities' Use of Technology				
5(a)	Identifying, assessing, and responding to risks arising from the use of IT by <u>audited</u> entities As described in guiding action #4 of the IAASB's Technology Position Statement, the IAASB will address the impact of technology used by reporting entities. <u>As entities increasingly use more sophisticated technologies, including technologies that may be difficult to understand, explain, or interrogate, challenges may arise for the auditor in identifying and assessing risks arising from the use of IT by entities and in designing and performing appropriate responses to those risks.</u> <u>These challenges may become more pronounced where entities use increasingly complex or opaque IT applications, including artificial intelligence, in their information systems or financial reporting processes. This gives rise to the question of whether the IAASB's standards and related material sufficiently support auditors in identifying and assessing such risks and in responding appropriately to assessed risks when those</u>	ISQM 1 • ISA 315 (Revised 2019) • ISA 330 • Pre-finalization Holding Package of Proposed ISA 500 (Revised)	AERR Project <u>Post-Implementation Review of ISA 315 (Revised 2019)</u>	This matter is in scope of the AERR project (Issues #9 and #17 of the project proposal). The current proposals would address this matter principally through revisions to Proposed ISA 330 (Revised), including application material clarifying how an entity's use of technology may affect the auditor's responses to assessed risks and the design and performance of tests of controls. In addition, the IAASB's post-implementation review of ISA 315 (Revised 2019), which is expected to commence in Q3 2026, may provide further insight into whether auditors are experiencing challenges in identifying and assessing risks arising from increasingly sophisticated or opaque IT systems used by entities, and may also help inform whether any further IAASB action is needed in this area.

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	technologies are relevant to the audit. ISA 315 (Revised 2019) introduced a strong foundation to guide an auditor's identification and assessment of risks arising from the use of IT by entities. However, stakeholders have expressed a need for enhanced clarity about how the auditor addresses such risks in their further audit procedures. Additionally, a publication (April 2024) by The Center for Audit Quality (CAQ) called: <u>Auditing in the Age of Generative AI</u> refers to a survey that found that one in three audit partners see companies in their primary industry sector deploying or planning to deploy AI in their financial reporting processes. The CAQ goes on to describe several new risks that emerge from the use of Gen AI by entities. There may be a need to enhance principles or provide further guidance on the auditor's identification, assessment, and responses to assessed risks arising from the use of emerging technologies by entities			
Theme #6: <u>Using Technological Tools that Facilitate the Design or Performance of Performing Technology-Enabled Audit Procedures</u>				
6(a)	Exploring <u>the need for introducing</u> explicit requirements and application material <u>about when considerations for the appropriate use of technology-enabled procedures</u> technological tools <u>Using technological tools that facilitate the Designing or and performance of audit ing technology-enabled</u> procedures gives rise to unique challenges that need to be carefully managed by <u>auditorspraetitioners</u>. Audit regulators are raising inspection findings that point to deficiencies in three areas. Specifically, auditors are not consistently: Considering the <u>reliability-relevance</u> and <u>reliabilityrelevance</u> of the data inputs,	- ISA 220 (Revised) ISA 315 (Revised 2019) - ISA 330 <u>Pre-Finalization Holding Package of Proposed-ISA 500 (Revised)</u>	AERR Project	This matter is in scope of the AERR project (Issues #13 and #17 of the project proposal). The current proposals would not pursue the conditional requirement included in the earlier holding package of Proposed ISA 500 (Revised)³⁰ that would have specified the auditor's responsibilities when using technological tools. Instead, the current proposals would address this matter through higher-level application material and a proposed technology appendix in Proposed ISA 500 (Revised), with a view to keeping the standards principles-based, flexible and capable of remaining current as technology evolves. The proposed materials would provide guidance on the use of technological tools and the evaluation of information intended to be used as audit evidence derived from them (see also Matter 4(a)). They would not, however, address

³⁰ The latest version of proposed ISA 500 (Revised), *Audit Evidence*, that was presented to the Board at its March 2024 meeting has been referred to as the Pre-Finalization Holding Package of Proposed ISA 500 (Revised)

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	- Determining whether the technology-enabled procedure<u>technological tools</u> operate as designed, and - Determining whether the outputs meet the purpose for which the technology-enabled procedure<u>technological tool</u> is designed to address. These recurring concerns raise the question of whether introducing requirements or application material relating to the appropriate use of technological tools could help support more consistent and effective auditor responses in practiceA requirement (paragraph 10A) and application material (paragraphs A65A–A65M) in the Pre-Finalization Holding Package of Proposed ISA 500 (Revised)²⁹ have previously been presented to the Board that aim to address the areas described above. Further to the objective of the Board to temporarily pause the revision of Proposed ISA 500 (Revised) in order to facilitate an integrated approach to Audit Evidence and Risk Response, including with respect to technology-related matters, the Board should consider whether the requirement described above, or elements of the requirement and application material, appropriately belong in the proposed Audit Evidence standard.			the operation of technological tools themselves, as further insight on that aspect is expected to be drawn from the Technology Quality Management Workstream (see Matter 3(a)).
6(b)	Interpretability or explainability associated with how a technology-enabled procedure<u>technological tool</u> arrives at its outputs A lack of interpretability or explainability³¹ associated with a technology-enabled procedure<u>technological tool</u> makes it challenging or, in some cases impracticable, for firms or auditors to understand how the technology is transforming inputs into outputs. This issue is becoming critical as the use of black-box technologies, including some artificial intelligence (AI) applications including Gen AI <u>and</u>	- ISQM 1 - ISA 220 (Revised) ISA 330 Pre-finalization Holding Package of	AERR Project <u>Technology Quality Management Workstream</u>	This matter is currently being addressed through the Technology Quality Management Workstream (see Matter 3(a)). In particular, the planned non-authoritative material is expected to provide further insight into quality management considerations arising when technological tools enabled by emerging technologies, including advanced forms of AI, may lack interpretability or explainability, including implications for firm-level evaluation, approval and monitoring of such technological tools,

³¹ [Link to resources from IBM](#) on explainable AI, including the difference between the interpretability and explainability of an AI system

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	<u>agentic AI</u>, are likely to become ubiquitous in engagements and systems of quality management. It is in this context that the IAASB should<u>may</u> consider the implications of the standards requiring firms and auditors to understand the logic and processing of technology-enabled procedures<u>technological tools</u> in all circumstances—or whether in certain cases it may be sufficient for the auditor to focus instead on <u>the evaluation of the usefulness</u> of the outputs (see also <u>Issue-Matter 6(a)</u>). Furthermore, these considerations must<u>may</u> include the appropriate division of <u>quality management</u> responsibilities <u>between</u> of the firm (i.e., for quality management) and the engagement team.	<u>Proposed ISA 500 (Revised)</u>		and for engagement-level human oversight, challenge of outputs, and direction, supervision and review.
6(c)	Categorization of <u>technology-enabled audit procedures performed using technological tools</u> We’ve heard feedback that it is becoming increasingly more challenging to understand how technology-enabled procedures<u>performed using technological tools</u> should be categorized, including: • Whether they are risk assessment procedures or further audit procedures, or both; • Whether they are tests of controls or substantive procedures or both (i.e., dual-purpose tests); and • Relating specifically to substantive procedures, whether they are tests of details (ToD) or substantive analytical procedures (SAP). The categorization issue-matter was described as a barrier to practitioners using technology in the Technology Position Issues Paper presented to the Board at its June 2024 meeting (see <u>Agenda Item 5</u>). Some of these categorization issues have been addressed in the IAASB’s non-	• ISA 315 (Revised 2019) • ISA 330 • <u>Pre-finalization Holding Package of Proposed ISA 500 (Revised)</u> • ISA 520³²	AERR Project	This matter is in scope of the AERR project (Issues #14 and #15 of the <u>project proposal</u>). The current proposals would clarify that technological tools are used by the auditor to perform audit procedures, rather than being audit procedures themselves, and would emphasize that the intended purpose of the audit procedure is the key basis for categorization. The current proposals would also simplify terminology by consolidating “dual-purpose tests” and “multiple-purpose procedures” into the broader notion of an audit procedure used for more than one purpose, and by requiring the auditor to evaluate whether the audit evidence obtained meets each intended purpose of such a procedure. In addition, the project team has sought to future-proof the standards by broadening the definition of substantive procedures in Proposed ISA 330 (Revised) and to clarify the distinction between tests of details and substantive analytical procedures through revised definitions, related application material, and examples.

³² ISA 520, *Analytical Procedures*

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	authoritative materials. However, some stakeholders would like to see some of this non-authoritative material integrated, as appropriate, into the IAASB's standards.			
6(d)	Challenges associated with the use of technological tools to perform y-enabled substantive analytical procedures (SAP) The increased use of technological tools used to design or perform audit procedures“data analytics” is giving rise to questions about how these technology-enabled procedures map to the requirements in ISAs, including ISA 520 which deals with the auditor's use of analytical procedures as substantive procedures. The IAASB has issued non-authoritative materials to address questions of interpretation about the requirements in the ISAs relating to using automated tools and techniques (ATT)technological tools to in performing audit procedures including substantive analytical procedures (refer to the IAASB's Technology Page to access the FAQ on The Use of Automated Tools and Techniques in Performing Audit Procedures).³³ However, questions continue to be raised on this topic, indicating that there is a need for additional clarity, including standard-setting on this topic.	• ISA 330 • ISA 500 • ISA 520	AERR Project	This matter is in scope of the AERR project (Issues #11 and #15 of the project proposal). The current proposals would strengthen the requirements and application material supporting the use of substantive analytical procedures, including those designed and performed using technological tools. Proposals address the key elements that determine the necessary precision of such procedures, the relevance and reliability of the information on which the auditor's expectation is based, and the threshold for investigating differences between that expectation and recorded amounts. The current proposals would also extend ISA 520 to provide a more complete framework for the auditor's use of analytical procedures across the audit, define substantive analytical procedures separately from analytical procedures, and clarify the distinction between substantive analytical procedures and tests of details through separate definitions, application material, and examples. In addition, the proposals would clarify that analytical procedures may be used in combination with tests of controls or other substantive procedures as further audit procedures to address risks of material misstatement. Consistent with Board direction, the proposals do not refer to specific technologies and are intended to remain principles-based and capable of applying regardless of the technological tools used.
6(e)	Testing outliers and exceptions in the output of a technology-enabled procedure performed using technological tools	ISA 315 (Revised 2019) • ISA 330	AERR Project	This matter is in scope of the AERR project (Issue #16 of the project proposal).

³³ [Refer to the IAASB's Technology Page to access non-authoritative material titled: Using Automated Tool and Techniques \(ATT\) in Performing Audit Procedures](#)

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	The standards do not provide guidance on considerations relating to testing outliers and exceptions identified by a technology-enabled procedure <u>performed using technological tools</u>. The IAASB has issued non-authoritative materials to address this matter (refer to the IAASB's Technology Page to access the FAQ on Investigating Exceptions & Relevance of Performance Materiality when Using ATT).³⁴ In responding to feedback on ED-500, the Audit Evidence Task Force also leveraged this FAQ to develop related application material in the Pre-finalization Holding Package of Proposed ISA 500 (Revised). However, this guidance has been challenged by audit regulators. Specifically, some audit regulators believe that Notes 6 and 7 of the FAQ suggest that auditors can choose to ignore the outliers or exceptions identified by a technology-enabled procedure <u>performed using technological tools</u> and revert to “alternative procedures” to test the underlying population. Their concern is that this could be interpreted to mean, for example, that auditors can choose to ignore an inordinately large number of outliers or exceptions when more “traditional procedures” (e.g., sampling) of the underlying population is more efficient. Audit regulators have noted that auditors cannot “unsee” what they’ve seen and that it would be inappropriate to ignore the outputs of a technology-enabled procedure <u>performed using technological tools</u>.	Pre-finalization Holding Package of Proposed ISA 500 (Revised) <u>ISA 520</u> <u>ISA 450</u>³⁵		The current proposals would address this matter principally through proposed application material in Proposed ISA 500 (Revised) under the section dealing with inconsistencies in audit evidence. That application material clarifies that when, in performing a risk assessment procedure or a further audit procedure, the auditor identifies items that are inconsistent with the auditor’s expectations or exhibit characteristics that are unusual for the population, those items may indicate a possible misstatement or an inconsistency in audit evidence and therefore require further investigation. The current proposals also clarify that the extent of that further investigation depends on the intended purpose of the audit procedure. In addition, the current proposals retain and reposition into Proposed ISA 330 (Revised) the requirement on determining a means of selecting items for testing, and strengthen the requirements in Proposed ISA 520 (Revised) for investigating differences that exceed the threshold set by the auditor in a substantive analytical procedure.
6(f)	Appropriate use of <u>technological toolsy-enabled procedures to design or perform external audit for confirmation procedures</u>	ISA 505	ISA 500 Series	This matter is in scope of the ISA 500 Series project (refer to Issue A.3 in the project proposal). The current proposals include adding a requirement for auditors to evaluate the implications for the reliability of confirmation requests and responses when using an intermediary in the external confirmation process.

³⁴ Refer to the IAASB’s Technology Page to access non-authoritative material titled: *FAQ on Investigating Exceptions & Relevance of Performance Materiality When Using ATT*

³⁵ *ISA 450, Evaluation of Misstatements Identified During the Audit*

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	ISA 505,³⁶ which deals with the auditor’s use of external confirmation procedures to obtain audit evidence, is <u>currently undergoing scheduled for</u> revision as part of the project, “Modernization of Other Targeted Standards in the ISA 500 Series” in the Work Plan for 2024-2027, including technology-related revisions. This standard was last revised prior to 2009 and the auditing environment and methods of communication with confirming parties have evolved significantly since then. Today, auditors use various electronic means for confirmations, including one or more of the following: • Electronic means like email or e-fax; • Firm-acquired or developed automated tools that enable secure communication, such as robotic process automation (RPA)-enabled platforms and Application Program Interfaces (APIs); and • Third-party intermediaries, like confirmation.com or shared-service centers, which use automated platforms to facilitate confirmation requests. Modernization of the principles and guidance in ISA 505 <u>may be warranted is appropriate</u> in view of the widespread adoption of technology-enabled confirmation procedures that introduce unique risks, opportunities, and considerations. Examples include auditors' control over the automated confirmation process, evaluation of the reliability of audit evidence obtained electronically, and ensuring the security of communication channels to verify that confirmations are sent to and received from the appropriate third party.			In addition, the current proposals include enhancing application material by clarifying that the auditor or confirming party may engage an intermediary in the external confirmation process, and that doing so does not diminish the auditor’s responsibility to maintain control over the external confirmation process. The application material would also clarify that intermediaries are considered service providers under ISQM 1, and that direct access to information maintained by a knowledgeable external source does not constitute an external confirmation procedure, but rather another means of obtaining relevant and reliable audit evidence.

³⁶ ISA 505, *External Confirmations*

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
6(g)	Appropriate use of technology-enabled procedures technological tools in inventory counts ISA 501³⁷ deals with, among other matters, specific considerations in obtaining audit evidence relating to inventory. This standard is currently undergoing scheduled for revision as part of the project, “Modernization of Other Targeted Standards in the ISA 500 Series” in the Work Plan for 2024-2027, including technology-related revisions. ISA 501 includes a requirement for auditors to perform alternative procedures if attending the physical inventory counts is impracticable (paragraph 7). Business interruptions during the COVID-19 lockdown made physical attendance of inventory counts impracticable in some cases, leading auditors to leverage technology to attend inventory counts remotely (e.g., location cameras, drones, etc.). Additionally, the increasing use by entities of automated warehouses powered by emerging technologies (e.g., a fleet of fully autonomous robots and AI-powered software) that operate with minimal human access has also made physical attendance by auditors impracticable. These examples have raised questions among regulators and practitioners about how the use of those technologies by auditors and entities maps to ISA 501.	• ISA 501	ISA 500 Series Project	This matter is in scope of the ISA 500 Series project (refer to Issue A.1 in the project proposal). The current proposals include removing the reference to “physical” in the requirements in paragraphs 4 to 7 of ISA 501 to allow greater flexibility in how auditors may comply with the requirement to attend inventory counts, including by attending the inventory count physically or remotely. In addition, the current proposals include adding application material clarifying that attendance at inventory counts may be undertaken either physically or remotely using technological tools, depending on the auditor’s evaluation of whether such mode of attendance provides sufficient and appropriate audit evidence. The application material would also emphasize that the auditor may identify, and may need to test, IT applications and automated controls, including relevant general IT controls, within inventory management processes. It would further explain that the auditor may determine it necessary to involve an expert when management uses technology in inventory management.
6(h)	Documentation requirements when designing or performing technology-enabled audit procedures using technological tools The growing use of technology in audits is giving rise to questions about what auditors should be documenting when designing and performing technology-enabled procedures <u>using technological tools</u>. The IAASB issued non-authoritative materials to address some of these questions (refer to the IAASB’s Technology Page to access the FAQ on	• ISQM 1 • ISA 220 (Revised) • ISA 230 • ISA 315 (Revised 2019)	AERR Project Technology Quality Management Workstream	This matter is in scope of the AERR project (Issue #12 of the project proposal). Earlier in the project, various ways of addressing this matter were considered, including the possible inclusion of application material in Proposed ISA 500 (Revised), including through the proposed technology appendix, to address documentation considerations when technological tools are used. However, the current proposals do not pursue

³⁷ ~~_____~~ ISA 501, *Audit Evidence—Specific Considerations for Selected Items*

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	Audit Documentation when Using Automated Tools and Techniques).³⁸ However, questions persist. Clarification is sought on documentation considerations, including: - Whether the data used as an input into the technology-enabled proceduretechnological tools needs to be retained. - Whether each successive set of refinements being made to the parameters used in a technology-enabled proceduretechnological tool needs to be documented, or whether documenting only the final set of parameters is sufficient. - Whether the auditor needs to retain the data output from the technology-enabled proceduretechnological tool or whether simply a description of the identifying characteristics of the outputs <u>is sufficient</u>. - Whether the documentation requirements are different when a technology-enabled procedure <u>is performed using technological tools and</u> is intended to be a risk assessment procedure or a further audit procedure or both. - What information should be retained at the engagement level versus what documentation could be retained at the firm level. There is a further question of clarifying how auditors determine the sufficiency of their documentation related to technology-enabled procedures <u>performed using technological tools and</u> using the “experienced auditor” requirement in ISA 230.³⁹ Specifically: - Is the “experienced auditor” from a similar jurisdiction, with similar expertise and technological access? - Is the “experienced auditor” an individual that has experience with the	- ISA 330 Pre-finalization Holding Package of Proposed-ISA 500 (Revised) - ISA 520		documentation-specific application material in the in-scope standards for the project. This reflects the view that Proposed ISA 500 (Revised), as a principle-based reference framework standard, does not contain specific documentation requirements, and that ISA 230 serves a similar ‘reference framework’ purpose in respect of audit documentation. It also reflects the Board’s view that the IAASB may consider updating its existing non-authoritative material in the future, which addresses engagement-level documentation considerations when technological tools are used (see the link in footnote 38 to access that material). In addition, documentation considerations relating to firm-level tool certification, approval, and ongoing monitoring, including policies and procedures regarding what firms expect engagement teams to document when such tools are used to design or perform engagement procedures, are expected to be addressed through the Technology Quality Management Workstream (see Matter 3(a)).

³⁸ Refer to the IAASB’s [Technology](#) Page to access non-authoritative material titled: *Audit Documentation when Using ATT*

³⁹ ISA 230, *Audit Documentation*, paragraph 8

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	specific technology-enabled procedure used?			
Theme #7: Using the Work of a (Management's or Auditor's) Expert				
7(b)	Evaluating the work of a management's expert Like in Issue Matter 7(a) which deals with the auditor's expert, ISA 500 (paragraph 8) and the Pre-finalization Holding Package of Proposed ISA 500 (Revised) (paragraph 11) also requires, depending on the significance of the management expert's work for the auditor's purposes, the auditor to obtain an understanding of the work done by the expert and to evaluate the appropriateness of that work. The increasing sophistication of technologies used by management's experts to perform their work, including Gen AI, may make it more challenging for auditors to comply with the ISA requirements. In particular, the auditor is required to understand and evaluate the adequacy of the expert's work, and that may become more challenging when the management's expert uses technology that may lack interpretability or explainability. The same challenges that are described in Issue Matter 7(a) may also apply to this issue.	Pre-finalization Holding Package of Proposed ISA 500 (Revised).	AERR Project	This matter is in scope of the AERR project (Issue #2 of the project proposal). The current proposals would strengthen the requirements and application material in Proposed ISA 500 (Revised) relating to information prepared by a management expert. The specific requirements relating to a management expert are explicitly linked to the baseline requirement in the standard for the auditor to evaluate the relevance and reliability of information intended to be used as audit evidence, in respect of which principle-based guidance is provided regarding, for example, the source and form of information, such as information from digitalized information systems enabled by technology or generated using technology (see also Matter 4(b)). In particular, the current proposals would require the auditor to obtain an understanding of how the information prepared by management's expert has been used by management in the preparation of the financial statements and the related application material explains that this may assist the auditor in evaluating the relevance and reliability of that information. The further information gathering related to Matter 7(a) may provide insights that are more broadly relevant to 'experts' using emerging technologies, including Gen AI, and any distinct challenges, which may affect further action by the IAASB in due course.
Theme #8: Technological Resources and Professional Skepticism Auditor Mindset				

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
8(a)	The impact of using technological tools y-enabled procedures on the exercise of professional skepticism <u>Professional skepticism remains fundamental as the use and sophistication of technological tools in engagements continues to grow. Auditors need to critically assess whether information and outputs obtained through such tools are relevant, reliable, and consistent with other audit evidence. There is a need to consider whether the IAASB's standards and related material sufficiently articulate how professional skepticism is exercised in that context, including in relation to challenging outputs and avoiding over-reliance or bias.</u> <u>At the same time, technological tools may also enhance the exercise of professional skepticism by enabling broader interrogation of data, identification of unusual patterns or relationships, and more effective challenge of management's assertions. The IAASB's standards and related material therefore need to strike an appropriate balance in addressing both the risks and the opportunities associated with the use of technological tools, including in how they refer to the exercise of professional skepticism.</u> <u>The IAASB was asked by members of the Stakeholder Advisory Council in a meeting in November 2024 how the IAASB's standards relating to professional skepticism are impacted by the increasing use of technology-enabled procedures in engagements.</u> <u>The IAASB also received feedback from other stakeholders, including on ED-500, that the IAASB should not overemphasize the challenges associated with using technology-enabled procedures as that type of messaging may serve to unintentionally stifle innovation.</u>	- ISQM 1 - ISA 200⁴¹ - ISA 220 (Revised) ISA 300⁴² ISA 3 (Revised 2019) ISA 330 Pre-finalization Holding Package of Proposed-ISA 500 (Revised) ISA 520 ISA 530⁴³	AERR Project Technology Quality Management Workstream	This matter is in scope of the AERR project, primarily through Issues #2, #3 and #17 of the project proposal. The current proposals would strengthen the requirements and application material (including the proposed technology appendix) that support the auditor's exercise of professional skepticism when evaluating the relevance and reliability of information intended to be used as audit evidence. They would also reinforce the need to design and perform audit procedures in an unbiased manner, respond appropriately to doubts about the relevance or reliability of information or inconsistencies in audit evidence, and address potential auditor biases, including automation bias. This matter is also relevant to the Technology Quality Management Workstream (see Matter 3(a)), particularly insofar as that workstream is expected to provide further insight into challenging AI-generated outputs and recognizing and responding to technology-related biases in practice.

⁴¹ ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph 17

⁴² ~~ISA 300, *Planning an Audit of Financial Statements*~~

⁴³ ~~ISA 530, *Audit Sampling*~~

#	Technology-Related Matter	Related Standards ²²	Active Project or Workstream	How the Matter is Being Addressed ²³
	The IAASB's Technology Position Statement's Guiding Action #5 now directs the Board to appropriately balance references to challenges and opportunities associated with using technology-enabled procedures in engagements. To act on Guiding Action #5, the Fraud Task Force highlighted the benefits of using technology-enabled procedures as a means of enhancing the exercise of professional skepticism—see paragraph A9 of ISA 240 (Revised)⁴⁰ that was approved at the March 2025 IAASB meeting. The Audit Evidence Task Force also addressed feedback on ED-500 by relocating application material that referred to automation bias in the Pre-finalization Holding Package of Proposed ISA 500 (Revised) to follow the description of the benefits of using technology. This was intended to offer a balanced perspective. There may be other opportunities throughout the standards to consider whether matters related to professional skepticism remain appropriately balanced within the context of the growing use of technology in engagements. Also, additional matters may need to be highlighted from professional skepticism perspective.			

⁴⁰—ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

Table 3: Resolved and Closed Technology-Related Matters

#	<u>Technology-Related Matter</u> Including basis for concluding that it is a matter	<u>Related Standards</u>	<u>Related Project</u>	<u>How the Matter was Addressed</u>
	<i>[Not applicable as at June 2026]</i>			

Appendix 1—Inventory of references in ISAs and ISQMs to technology used in audits and systems of quality management

This inventory was created through a key word search of the following terms in the ISAs and ISQMs: automated tools and techniques (ATT), computer-assisted audit techniques (CAAT), technology, and technological resources.

	ISQMs and ISAs											
	ISQM 4	ISA 200	ISA-220 (Revised)	ISA-240 (Revised)	ISA-300	ISA-315 (Revised 2019)	ISA 330	Proposed ISA 500 ²	ISA 550	ISA-570 (Revised 2024) ⁴⁴	ISA-600 (Revised) ⁴⁵	ISA for LCE
Requirements:	32F	None	None	None	None	None	None	10A	None	None	None	None
Application material:	A47	A73	A19	A9	None	A21	A16	A2A	A36	A13	A68	2.3
	A72		A35	A36		A31	A27	A4		A42	A129	6.2.3
	A86		A60	A40		A35		A18		A46		6.3.8
	A98		A64	A41		A57		A42				6.7
	A99		A65	A56		A137		A65A—A65M				7.3.16
	A100		A66	A66		A161						
	A101		A67	A126		A203						
	A103		A68	A128								
	A104		A72	A129								
	A105			A145								
	A107			A146								
	A108			A147								
				A151								
				A155								
Other:	None	None	None	Appendix 2 Appendix 3	Appendix	Appendix 3 Appendix 5 Appendix 6	None	Appendix 1 Appendix 2	None	None	None	None

* Per Agenda Item 5-A of the March 2024 Board Meeting papers

Updated October 2025

⁴⁴—ISA-570 (Revised 2024), *Going Concern*

⁴⁵—ISA-600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*