



IESBA

International Ethics Standards Board for Accountants
AN IFEA BOARD

IESBA Update: Technology

IAASB Meeting, Germany

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IESBA's Response to Technology Developments

A THREE-PILLAR APPROACH

IESBA's response to technology operates across three mutually reinforcing fronts:

A Code Fit for Purpose

- 2023 technology-related revisions — in force December 2024
- Principles-based and technology-agnostic: built to withstand the pace of change

Continuous Horizon Scanning

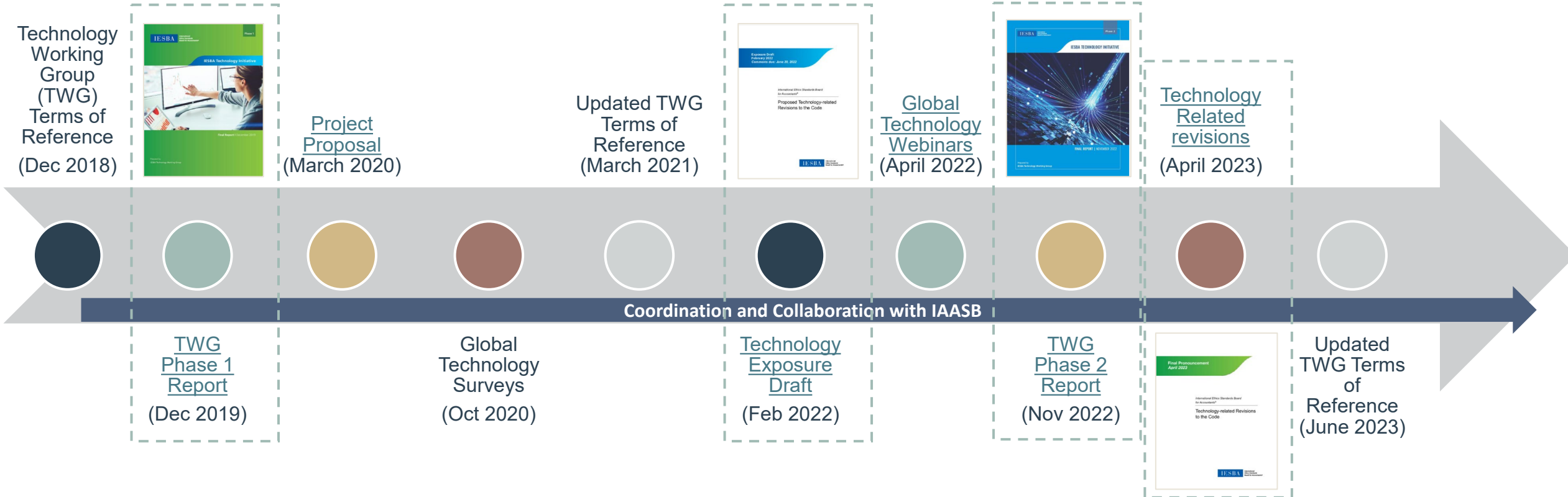
- Technology Experts Group (TEG) monitors emerging developments in real time
- Highlights: AI and agentic AI, digital assets, cybersecurity, quantum
- **Ongoing coordination with IAASB**

Supporting Awareness, Adoption and Implementation

- Non-authoritative material (NAM) to support professional accountants (PAs), targeted outreach, dedicated communication
- Moving thoughtfully and not reactively

Pillar 1: A Fit for Purpose Code

MULTI-YEAR INITIATIVE



Technology-Related Revisions to the Code

APPROVED APRIL 2023 | EFFECTIVE DECEMBER 2024

- **Principles-based**, governing professional conduct, not specific technologies or tools
- The revisions arising from the Role and Mindset and Non-assurance Services (NAS) projects introduced changes relevant to technology
 - Professional competence requires a continuing awareness and an understanding of relevant technical, professional, business and technology-related developments
 - Exercise of professional or business judgment can be compromised by undue influence of, or undue reliance on, individuals, organizations, technology or other factors
 - Bias affects the exercise of professional judgement when identifying, evaluating and addressing threats to compliance with the fundamental principles
 - ✓ Automation bias (Section 120)

Technology-Related Revisions to the Code

APPROVED APRIL 2023 | EFFECTIVE DECEMBER 2024

Sharpened focus on **professional competence and due care** (Section 113)

- PAs must **understand the technology** they use **and be able to explain the outputs**

- Recognize that professional knowledge and skills needed vary depending on the nature of the activity
- Level of understanding *relevant to the activities undertaken by the PA*

Technology-Related Revisions to the Code

APPROVED APRIL 2023 | EFFECTIVE DECEMBER 2024

Transparency (R113.3)

- A strengthened focus on transparency to support trust
- **Requirement to make clients aware of limitations** inherent in the professional activities and **explain implications of those limitations**

Implication

Be clear to clients about any limitations of the technology used and implications of those limitations

Technology-Related Revisions to the Code

APPROVED APRIL 2023 | EFFECTIVE DECEMBER 2024

Confidentiality extended across the full data lifecycle (Section 114)

- **Ethical guardrails** around confidentiality strengthened given today's data-driven world
- Seek **authorization** to use client or external non-public information for any training purposes (including training AI) [Section 114.3 A3]
- **Strict prohibition** on using confidential client information for *any advantage* (whether for the PA, the firm or any third party)



Technology-Related Revisions to the Code

APPROVED APRIL 2023 | EFFECTIVE DECEMBER 2024

Strengthened accountability in the age of digitalization

PA cannot surrender responsibility to outputs to technology

- Assess **fitness for purpose** of the technology used
- Consider **key factors**: data quality, extent of oversight and controls over the technology, access to expert, etc.
- **Understand limitations** of the technology
- Guard against **automation bias** by having an inquiring mind and critically evaluating technology-generated outputs

Technology-Related Revisions to the Code

APPROVED APRIL 2023 | EFFECTIVE DECEMBER 2024

Complexity is a factor that influences the exercise of professional judgement (Section 120)

- Managing complexity involves:
 - Making the firm and, if appropriate, clients aware of any **inherent uncertainties** or difficulties arising from the facts and circumstances
 - **Being alert** to any developments or changes in facts and circumstances and their impact on any judgments already made

Work environment impacts **evaluation of threats** from use of technology, e.g.,

- Internal oversight and internal controls
- Third-party assessments
- Regular training

Technology-Related Revisions to the Code

APPROVED APRIL 2023 | EFFECTIVE DECEMBER 2024

Independence standards reinforced (Sections 520, 600 and 900)

- Non-assurance services (NAS) provided **indirectly** to an audit client are covered by the International Independence Standards (IIS)
 - E.g., Firm licenses technology resulting in a NAS to an entity that provides services using such technology to an audit client
- Data-hosting services to an audit client are strictly **prohibited**

Pillar 2: Continuous Horizon Scanning

IESBA Technology Expert Group: 8 practitioners providing horizon scanning

- **Highlights** from most recent exercise:
 - **AI:** firms deploying AI in audit and reporting, but governance and oversight lag
 - **Agentic systems** – agent-to-agent frameworks, autonomous execution – raise critical questions about traceability, human oversight, and accountability
 - **“Shadow AI”:** employees independently adopting AI tools without organizational approval is growing and is an underappreciated risk
 - Also monitoring **digital assets** and stablecoins, **AI-assisted cybersecurity** threats, **quantum computing**
- **Key signal:** speed of adoption is outpacing professional understanding and control environments across the profession

Pillar 3: Supporting Awareness, Adoption and Implementation

Outreach and stakeholder engagement

- Participation in international events, regulatory forums, and standard-setters dialogues
- Active engagement at different stages at jurisdiction level and with the profession

Communication

- [Decoding Ethics](#): Building Trust in a Tech-Driven World
 - Monthly podcast
 - Episodes include agentic AI; quantum computing; automation bias; human judgment in a digital age; and education
- [Plain-language explanation](#) of IESBA's approach to technology and how the Code responds to emerging risks
- Review of older guidance to ensure continued fitness for purpose in a rapidly evolving environment

Providing Practical Guidance

EXISTING NAM

- [Exploring the IESBA Code, A Focus on Technology - Artificial Intelligence](#)
- [Ethical leadership in a Digital Era: Applying the IESBA Code to Selected Technology-related Scenarios](#)
- [IESBA Staff and JICPA Joint Guidance: Illustrating Application of IESBA Code to Technology-related Scenarios](#)
- [Ethical Leadership in an Era of Complexity and Digital Change: Paper 1](#)
- [Technology is a double-edged sword with both opportunities and challenges: Paper 2](#)
- [Identifying and mitigating bias and mis-and disinformation: Paper 3](#)
- [Mindset and enabling skills of professional accountants: Paper 4](#)

IESBA Technology Working Group Phase 2 Report

- [Multidisciplinary Teams](#)
- [Public Interest Accountability of Professional Accountants](#)
- [Technology Landscape - Artificial Intelligence](#)
- [Technology Landscape - Blockchain](#)
- [Technology Landscape - Cloud Computing](#)
- [Technology Landscape - Focus on Data Governance](#)
- [Technology Landscape - Other Technologies](#)
- [Potential Ethics Impact on the Behavior of PAs - Competence and Due Care](#)
- [Potential Ethics Impact on the Behavior of PAs - Independence](#)
- [Potential Ethics Impact on the Behavior of PAs - Objectivity](#)
- [Potential Ethics Impact on the Behavior of PAs - Responsibility for Transparency and Confidentiality](#)

Technology Landscape: Artificial Intelligence

BUILDING AND USING AI ETHICALLY

- Understand the data going into the model, how the model operates, and the potential unintended consequences of operating the model
- Be comfortable with the inputs and the control structure monitoring the system and its output in order to reasonably rely on the technology
- Utilize a “human in the loop” approach to ensure human expert oversight of, and accountability for, the AI system
- Have the ability and competence to ask the “right” questions so that appropriate and fit-for-purpose AI is procured or developed is important
 - ✓ Can be achieved by the PA keeping current and educating themselves on relevant practical guidance and “best practices” specific to their role



Providing Practical Guidance

NAM PLANNED FOR 2026

	Overarching NAM (High-level, Technology-agnostic)	Technology-specific NAM (More Targeted)
Nature of NAM	Applying the Code to emerging technologies	Dedicated NAM focused on Artificial Intelligence
General approach	- Common characteristics - Related ethical and independence risks and challenges - Conceptual framework and governance considerations	- Description of technology - Common applications and use cases - Ethical and independence risks and challenges - How the Code applies in practice
Consultation	IESBA Technology Expert Group	
Indicative timing	Q3 2026	Q4 2026



IAASB Members are asked to:

Share any comments or questions regarding IESBA's update on Technology

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