

Agenda Item 3-C.02 (Supplemental)

IESBA and IAASB Joint Stakeholder Survey – A.1 Digital Transformation – Increasing Use of Emerging Technologies

03.01. 4 – Slightly increasing in importance

07. Accounting Firms

Forvis Mazars Global Limited (Mazars)

4 – Slightly increasing in importance

Although technological developments are clearly important, they do not necessarily always warrant a standard setting response. Given the pace of change, standard setting may not always be the most effective way to address emerging technologies.

The SSBs should instead focus on development of non-authoritative material to support adoption and implementation of existing principles-based standards. Our score reflects a balance of the importance of the issue in this context, reflecting a need for guidance rather than standard setting.

A clear definition of the auditors' responsibilities, including consideration of ethical factors, in relation to adoption of emerging technologies would be helpful as guidance to support the application of the IESBA Code.

José María Hinojal (BNFIX)

Use of AI in analytical procedures and data analysis

4 – Slightly increasing in importance

12. Others

Eri Murakami (Wood Design Studio Inc.)

4 – Slightly increasing in importance

Still, I don't understand SSBs. Higher impacts for the IESBA than IAASB. Key trend future are 2029 to 2030 mostly.

03.02. 5 – Increasing in importance

02. Users of Financial or Non-Financial Information

CFA Institute

5 – Increasing in importance

AI-enabled tools and agents seem to be more important than internet of things and digital assets.

First Nations Financial Management Board

5 – Increasing in importance

Investment Company Institute

Educating stakeholders

Practical implementation support

5 – Increasing in importance

Jane Wilson (Wilsojay Investments)

5 – Increasing in importance

I think companies will just ask AI to make up a nice sustainability statement to keep you happy.

Takeshi Kimura (Nippon Life Insurance Company (Board Member, PRI) (Steering Committee Member, TISFD))

5 – Increasing in importance

As the use of AI and other emerging technologies expands, it is important that standards reinforce professional skepticism, transparency regarding the use of technology, and accountability. From an investor perspective, the key issue is not the adoption of technology itself, but the preservation of audit quality, independence, and trust in an increasingly automated environment.

03. Preparers or Issuers of Financial Statements or Other Information

Japan Business Federation – Keidanren

5 – Increasing in importance

Given limited resources, the effective use of technology by all stakeholders - including companies, assurance providers, and users of disclosed information as well as regulators is indispensable to maintaining the quality of disclosure and assurance while ensuring the stable and timely execution of related work.

As corporate disclosure practices evolve, assurance providers must avoid becoming a constraint on such progress.

Accordingly, in addition to deepening the understanding of technology among assurance professionals, it will become increasingly important to advance flexible institutional and regulatory design that enables the smooth adoption of assurance procedures utilizing new technologies.

Sevdalina Paskaleva

5 – Increasing in importance

5 – Increasing in importance

05. Regulators and Oversight Authorities

Martina Morrissey (IAASA)

5 – Increasing in importance

National Association of State Boards of Accountancy (NASBA)

5 – Increasing in importance

NASBA supports the SSBs in identifying and monitoring emerging technologies as a key trend and acknowledges that there are many emerging technologies trends such as digital assets, cryptocurrency and cybersecurity advancements. In particular, NASBA (and the state boards of accountancy it represents)

consider the use of artificial intelligence (AI) by preparers as well as auditors/practitioners as a key trend and question whether there should be some standard-setting around when the use of AI is appropriate and what quality management considerations should be in place for its use.

Will the use of AI change professional competencies, requiring a higher degree of ethical training or perhaps educating audit managers on how to better evaluate the AI results/output and the work of more junior staff? Should the focus be on how to authenticate legitimate work by auditors/practitioners? And would standards around defining and identifying sources of truth or source integrity be appropriate?

Preferring to focus on non-authoritative guidance and resources, U.S. accounting and auditing standard-setters have generally been cautious in setting standards for AI and point to existing standards (for example, on evidence and documentation) that already apply to AI-generated work. However, AI's integration into the profession presents risks related to accuracy, data security and professional accountability that necessitate structured oversight. Standards are needed to ensure that AI-generated data is transparent, auditable and that human oversight is maintained in high-stakes financial reporting.

Tokyo Stock Exchange

With regard to auditing and assurance standards, it is desirable to establish standards clear enough to ensure consistent judgement across jurisdictions. Furthermore, with regard to ethics standards, it is necessary to develop comprehensive standards with a view to universal application.

Given the expectation that digital transformation (DX) continues to accelerate, increasing importance is anticipated in areas such as providing audit guidance for digital assets (e.g., blockchain and crypto-assets) and emerging technologies in general, as well as establishing ethical and independence standards for assurance engagements other than audits and reviews—such as those involving AI utilization or sustainability disclosures. Furthermore, in Japan, accounting standards for crypto-assets currently consist only of practical guidance, and self-issued crypto-assets are excluded from their scope. In light of this situation, it is expected that standards will be established in coordination with the IASB and other relevant bodies as appropriate. While it goes without saying that efforts should be made to ensure these standards are adopted in as many jurisdictions as possible, it is expected that measures will be taken to prevent the rules from becoming overly abstract and lacking in specificity—including those concerning the treatment of digital assets with ambiguous legal rights and obligations.

It is considered important to establish a framework that ensures DX investments by audited companies yield tangible benefits—such as reduced audit workload and lower audit costs resulting from lower audit risk—as the digital transformation of financial reporting at audited companies progresses and the reliability of their systems is verified.

5 – Increasing in importance

06. Jurisdictional and National Standards Setters (JSS)

Brazil Institute of Independent Auditors (IBRACON)

5 – Increasing in importance

Although this is an emerging theme that has a meaningful impact, it's already partially covered by the revisions on ISA 240 and current Audit Evidence Project, that bring additional requirements and guidance on audit documentation authenticity and other attributes.

Regarding use of AI by professional accountants, this is a matter that currently has opportunity for improvement when it comes to requirements and guidance on challenges related to professional judgement and professional skepticism in a context of broad use of AI.

Compagnie Nationale des Commissaires aux Comptes (CNCC) - Conseil National de l'Ordre des Experts Comptables (CNOEC)

5 – Increasing in importance

The pace of technological change is so fast that it would not be efficient for standards to try to follow technological evolutions as they occur. Standards would always run behind; it is therefore essential to maintain standards and a Code of Ethics which are principle-based, and to monitor technological developments while ensuring that professional accountants and auditors maintain their appropriate skills and professional skepticism (through appropriate initial qualifications and continuous education).

Instituto Mexicano de Contadores Públicos (IMCP)

5 – Increasing in importance

We agree that digital transformation is rapidly increasing in emerging countries such as Mexico, where there may be opportunities to make assurance engagements more efficient and effective over the next few years and therefore, having this topic on the agenda will allow practitioners from local jurisdictions to get access to sources of information, guidance and other materials in benefit of these types of assignments. We also recognize that digital transformation is affecting company's operations and practitioners are being challenged to gather and obtain sufficient and robust audit evidence to support their audit work; in addition, disruptive technologies may have an impact on independence and ethics.

Royal Netherlands Institute of Chartered Accountants (NBA)

5 – Increasing in importance

The increasing use of emerging technologies offers significant opportunities to enhance audit quality and efficiency, but also introduces new risks, including over-reliance on technology. Technology evolves quickly and it is not the role for standards to keep pace with every change in technology. It is therefore essential that standards remain principle based and continue to rely on the exercise of professional judgment and professional skepticism. The accountant must remain responsible for decisions and critically assess output generated by technologies such as AI.

It is important that accountants are supported in the transformations driven by the adoption and increasing use of emerging technologies. This requires focus from the boards. If necessary, standards should be adequately and timely revised. Additionally, non-authoritative guidance could support practitioners in applying principles in a rapidly evolving technological environment, for example by addressing the assessment of technology outputs such as AI and maintaining professional skepticism.

We notice an opportunity for the audit to be more relevant (for instance continuous auditing). Standard setters can contribute to this by enhancing standards to facilitate to implement these innovations. For instance, by the present standards there are only two types of procedures possible: substantive procedures and test of controls. By new technology these procedures are mixed and the procedures do not comply to the strict definition and the need to classify the procedures can be a complicating factor.

Saudi Organization for Chartered and Professional Accountants (SOCPA)

5 – Increasing in importance

Wirtschaftsprüferkammer (WPK)

IESBA:

The increasing use of emerging technologies is not considered relevant for the Code of Ethics. A principles-based code seems to be most appropriate to be applied also in new technological environments; therefore, an expansion is not deemed necessary. IAASB:

Technology is basically a very important topic. However, digital transformation is primarily not an issue for new standard-setting, as standards should generally be technology-agnostic. The key question is whether the existing standards are suitable and practicable in digital environments.

5 – Increasing in importance

07. Accounting Firms

Alan Am

Same comment applies to 3 subsections:

While focus is needed, there is always a risk of "overwhelming" the professional with significant procedures to be made in order to supposedly "comply" with the SSBs requirements. These has been seen all over the profession, with several examples on these Boards requirements and other Boards (like PCAOB).

Looks like we are missing the focus from a "Principle" based rules, to a "Procedures" based rules, leaving the professional judgement aside. These doesn't mean template/guidance is needed, but that doesn't is aligned with "stick to the procedures" rules.

E.g. There are current rules/procedures that apply for certain "new technologies/digital assets/financial crimes" that seem to exceed the Profession needs and final goal. Focus seems to be on Fraud. If significant Fraud risks exists, then "accounting profession" shouldn't be the focus, but Fraud/IT specialists. Suggesting accountants to involve Fraud specialists under certain circumstances (providing template analysis/guidance) would be preferable, but making the professional to almost certainly need to perform a task, just because is needed by a rule, seems too much.

We need proactivity/adaptability to understand clients' actual needs.

5 – Increasing in importance

Kudos International

5 – Increasing in importance

Piotr Witek (Moore Polska)

5 – Increasing in importance

Influence of AI technologies

08. Sustainability Assurance Providers other Than Accounting Firms

Anum Atique (Islamic Non Banking Financial Institution)

5 – Increasing in importance

Booking of installment subject to market risks and the impact of the transaction is recorded in the later stages of transaction.

10. Member Bodies or Other Professional Accountancy Organizations

Belgian Institute of Tax Advisors and Accountants (ITAA)

5 – Increasing in importance

Accounting tools and sustainability reporting tools are being created left and right.

Chartered Accountants Ireland (CAI)

5 – Increasing in importance

The increasing use of emerging technologies is recognised as a real and evolving development that will continue to shape business models, audit and assurance practices. However, based on our assessment, it is not clear that this trend exposes a gap in the fundamental ethical principles themselves. Rather, the challenges that arise relate primarily to how the existing fundamental principles are applied in practice in an evolving technological environment.

Accordingly, concerns associated with the use of emerging technologies are better addressed through practical, application-focused guidance rather than through the introduction of additional ethics standards. Such an approach would enable responsiveness to change while maintaining a stable and principles-based ethical framework.

There may, however, be value in further guidance that highlights key matters for auditors to consider when applying the ISAs in an environment characterised by increasing use of advanced technologies, including the risks of over-reliance on automated outputs and the continued importance of human judgement and accountability.

More broadly, the standard-setting boards (SSBs) could usefully support adoption and implementation through application-focused, non-authoritative materials that demonstrate how existing principles and requirements should be applied when using advanced technology tools. Such materials are necessary to support consistency of application without risking obsolescence or unintended regulatory overlap.

We also note that the increasing use of emerging technologies will likely affect the standard-setting process itself, including the development of non-authoritative materials and stakeholder engagement. This presents opportunities for the SSBs to leverage technology to enhance outreach, collaboration and the practical relevance of their outputs.

Consejo General de Economistas de España

5 – Increasing in importance

SSBs:

Governance and evaluation of the IT control environment: The increase in the use of emerging technologies must be supported both by the knowledge of the tools used and by the identification of the threats and risks they generate. The purpose of the guide to be developed by SSBs should be to reinforce the professional judgment of auditors and accounting professionals on the internal control system and IT governance. The use of new technological tools must contribute to improving the internal control system of the audited companies and not be left out of internal supervision, along the lines of information defense (operational control, risk management and, where appropriate, internal audit) and external supervision, through the auditors. The use of AI must be accompanied by a security layer (human supervision) that detects design errors and prevents algorithmic biases.

Identification of audit risks: In AI-managed business processes, the risk that the information used by the auditor may be incomplete, manipulated, or incorrect must be addressed by the auditor in a specific and different way than the traditional assessment. The aim should not be to replace professional judgement, but to reinforce it. The future agenda should include guidance on AI-generated evidence, algorithmic transparency, bias, human oversight, confidentiality, and documentation of professional reasoning when using technological tools.

In the SME field, control environments are linked to the developer and provider of the AI service that must comply with the regulatory framework of each jurisdiction. However, the protection and confidentiality of data and information must be ensured in the environments of providers of auditing, accounting or tax advisory services; therefore, we propose to develop a non-binding Guide of good practices for SMEs and SMS, users of AI models, against developers/providers of AI models that overcomes regulatory fragmentation between jurisdictions.

All of the above makes it necessary for auditors to use multidisciplinary teams and training to understand the risks. Transparency: Technological tools must have the ability to make their decisions, predictions or actions understandable, transparent and justifiable, that is, access to artificial intelligence (AI) algorithms or models to be able to exercise professional judgment. Non-transparency about the algorithms used and the processes reduces the ability to question and investigate the answers obtained by the tools used and the professional judgment of the auditor.

Independence: The increase in demand for other types of insurance is a consequence of the increase in the use of technological tools by companies and the need to ensure safe environments both internally and with external stakeholders. Aspects such as the responsibility of service providers, the scope of the work and the participation of auditors in these assurance tasks, as well as the use of them in the audit of accounts and verification work on sustainability must be analysed to determine the need to define the necessary safeguards to ensure independence, even if the auditor and the audited entity share the AI provider.

IESBA should analyze the independence risks arising from the use of common technology providers by the audit firm and the audited entity, especially when these providers intervene in financial information systems, AI tools, automation of controls or generation of data used as evidence. Threats of self-review, technological dependence, confidentiality, access to data and appearance of independence must be analyzed.

Generational change- Practical training: Another impact of the use of AI, and in particular on future auditors, is its learning curve and the management of generational change, since it produces an alteration of the learning process that was traditionally carried out through practical experience. Today's auditors have learned to develop their professional judgment based on their practical experience, inquiries and execution of the designed procedures, identification and analysis of the exceptions from which to draw conclusions. The use of technological tools and especially AI can have a double impact; a reduction in recruitment and a deterioration due to the lack of working knowledge of procedures and algorithms on the part of the members of the teams in training. It is necessary to strengthen the training of teams, not only on the tools themselves and their use, but also on the financial and non-financial risks of the audited companies, their control systems and the identification of possible biases in the algorithms; that is, the audit of the internal control of AI applied to processes.

The adoption of AI requires a transformation in the competencies of audit professionals. Auditors must acquire knowledge in data analysis, technology, and information systems, as well as develop a more analytical and adaptive mindset. This change also implies an evolution in training models and in the organization of work teams, promoting interdisciplinary collaboration between experts in accounting, technology and data analysis.

IAASB :

Audit evidence: Change the way findings are documented, evidence from AI-managed processes.

Institute of Public Accountants (IPA)

IPA agrees with the potential impact on audit, assurance and quality management, ethics and independence matters as outlined in Section IV. Given the rapid pace of digital transformation, any developed standard that are prescriptive in nature and addresses specific technologies may risk being redundant by the time the standard is issued for application. Consequently, we think a better approach is to develop principles-based standards that deal with technologies as a whole and can apply across a wide range of technological innovations and evolutions. The application of the standards' principles can be supported by guidance that deals with the specific technology. The use of guidance ensures that the SSB standards remain relevant and responsive to its stakeholders' needs.

We think the principles in the existing standards maybe sufficient to address the increasing use of emerging technologies. However, we recommend the SSB review the existing standards' principles are fit for purpose and develop any necessary guidance to support the standards.

5 – Increasing in importance

Malta Institute of Accountants (MIA Malta)

5 – Increasing in importance

Given the ever-evolving trend of digitalisation, we believe that setting standards for multidisciplinary service models should focus on establishing universal systems that help reduce fragmentation-related risks. At the same time, the rising importance of emerging technologies, particularly AI, calls for timely and regularly updated guidance from standard-setting boards. Rather than introducing new or revised standards, which may require lengthy approval processes and risk becoming quickly outdated, existing principles should be clarified and supplemented with practical guidance.

From an IESBA perspective, the increasing use of AI and other emerging technologies underscores the need for accountants to maintain professional judgment and uphold ethical responsibilities when using such tools.

Pan African Federation of Accountants (PAFA)

5 – Increasing in importance

From an African perspective, the increasing use of emerging technologies such as AI, data analytics, blockchain, and IoT is fundamentally reshaping audit, assurance, and ethical practice, but the pace and depth of adoption are uneven across jurisdictions due to differences in infrastructure, regulatory maturity, and professional capacity.

For the IAASB and IESBA, a key priority should be to ensure that standards and guidance remain both technologically relevant and practically implementable across diverse global contexts. This includes strengthening and updating standards to address the use of AI-enabled audit tools, automated decision-making systems, and data-driven assurance processes, while ensuring they continue to support professional skepticism and judgment in highly automated environments.

For IAASB, there is a need for more practical implementation guidance on auditing in technology-driven environments, including the use of AI tools in audit procedures, reliance on system-generated evidence, and assurance over IT-dependent controls. For IESBA, the focus should be on ethical implications of technology use, particularly threats to competence, objectivity, confidentiality, and over-reliance on automated systems. A critical African consideration is the implementation capacity gap, particularly among SMEs, SMPs, and regulators in developing economies. Emerging technology standards risk widening disparities unless accompanied by accessible guidance, training, and scalable application tools that support different levels of technological maturity.

Both SSBs should also broaden engagement with technology experts, regulators, and emerging digital ecosystems, including African fintech and innovation sectors, to ensure standards reflect real-world applications rather than assumptions based on highly digitised environments alone.

Overall, the priority should be to ensure that the increasing use of emerging technologies strengthens audit quality and ethical behaviour globally, without creating an implementation divide between advanced and developing economies.

Pavel Dimitrov (Union of Accountants in Bulgaria)

5 – Increasing in importance

Digital transformation and emerging technologies are highly important for maintaining the relevance and quality of global standards. While not the sole priority, they represent a major driver of change in audit, ethics, and professional practice. A rating of 5 reflects their significant impact on assurance methodologies, data governance, AI-enabled systems, and the ethical responsibilities of professional accountants.

12. Others

AIDS Committee of Toronto

5 – Increasing in importance

Wai Man (Emily) Ho

5 – Increasing in importance

03.03. 6 – Strongly increasing in importance

02. Users of Financial or Non-Financial Information

Goro Kumagai (The Securities Analysts Association of Japan)

6 – Strongly increasing in importance

Audit firms, particularly, the big four accounting firms, are rapidly introducing the AI-based audit and assurance system. Audit and assurance procedures appear to have already become impossible to conduct without AI or other emerging technologies, making audit and assurance process a black box even to audit and assurance professionals. I believe the implications of this trend is extremely important both for the IAASB and IESBA.

Impax Asset Management

Impax believes this trend will require:

- Clear expectations around human accountability, professional judgment and skepticism when technology is used.
- Guidance on assurance over AI-enabled systems, internal controls, and governance arrangements.
- Strong coordination between IAASB and IESBA to ensure ethical safeguards, competence and independence keep pace with technological adoption.

6 – Strongly increasing in importance

International Corporate Governance Network (ICGN)

6 – Strongly increasing in importance

The SSBs will need to ensure their standards remain future-fit and adaptable to the increasing use of AI and other emerging technologies by preparers, accountants and auditors. This should include consideration of how technology is designed, built, trained, governed, and used, and how this affects professional judgement, professional scepticism, competence, accountability, objectivity and confidentiality.

The SSBs should reinforce that principles-based assurance remains grounded in professional judgement and professional scepticism. Technology may support audit and assurance quality, but it should not displace accountability or weaken the exercise of professional judgement. The SSBs should respond where necessary through targeted guidance, non-authoritative material or narrow-scope amendments, but avoid premature or overly broad standard-setting unless there is a clear link to audit quality, assurance quality or ethical quality.

This area is also linked to multidisciplinary teams and the involvement of non-professional accountants, given the role of technology, data and AI specialists in designing, assessing and using technology-enabled tools.

Jose Esposito (Credicorp Ltd.)

6 – Strongly increasing in importance

Kei Tsuchiya (The Securities Analysts Association of Japan)

6 – Strongly increasing in importance

The use of AI has the potential to bring about significant transformation not only in audit and assurance engagements, but also in the way corporate information is disclosed more broadly, and is therefore considered to be a highly important matter. From a user perspective, there are concerns that the process by which AI outputs are generated may become increasingly opaque, leading to the so-called "black box" effect.

With regard to the impact of the use of AI on audit and assurance as well as on ethics, coordination should not be limited to the IAASB and the IESBA. I consider that coordination with accounting standard setters and sustainability disclosure standard setters, as well as with IOSCO and regulators in individual jurisdictions, is also indispensable.

Koei Otaki (SMBC Nikko securities Inc)

6 – Strongly increasing in importance

Auditing and assurance will change dramatically in the near future due to AI. To utilize AI that lacks ethical considerations, those using the AI must also possess ethical standards. This need to be addressed urgently.

Martin Lawrence (Ownership Matters Pty Ltd)

6 – Strongly increasing in importance

Need to focus on how AI is used in auditing and financial reporting and potential pitfalls for users of financial & sustainability statements and trust in these statements

The European Federation of Investors and Financial Services Users (BETTER FINANCE)

6 – Strongly increasing in importance

The growing use of AI-enabled tools and other emerging technologies is likely to significantly reshape the audit and assurance environment. While these technologies may improve efficiency and analytical capabilities, they also create risks related to opacity, bias, explainability and excessive reliance on automated outputs. The IAASB and IESBA should ensure that standards continue to reinforce core principles such as professional skepticism, professional judgment and accountability. Technology should support, rather than substitute for, human responsibility and critical assessment. Guidance may also be needed on transparency around the use of technological tools within audit and assurance processes.

03. Preparers or Issuers of Financial Statements or Other Information

Ajinomoto Co., Inc.

At present, AI is positioned as a tool both within companies and audit firms, and is considered to contribute to enhancing corporate data compilation and management, as well as audit and assurance processes.

At the same time, there is a risk that responsibility for judgment may become unclear (or "black box"), or that excessive reliance on AI could make it difficult to trace audit trails in the future.

The SSBs are encouraged to clearly articulate relevant principles and ethical considerations to support the appropriate use of technology by both companies and audit and assurance practitioners.

6 – Strongly increasing in importance

Ascendia EOOD

6 – Strongly increasing in importance

Business Europe

6 – Strongly increasing in importance

The rapid development and adoption of emerging technologies is reshaping how information is generated, processed and assured. This is driving a fundamental change in data handling (both at the level of the preparer, the users and in the audit processes themselves), audit evidence and the design of assurance procedures. The implications include both threats and opportunities, with relevance for efficiency, audit quality, competence and ethical oversight. It is important that this is addressed constructively and that it results in a change in approach rather than an addition of new requirements. Hence, it should warrant a more fundamental review of the processes and the standards

04. Those Charged With Governance

Kaori Ito (Yourmysyar Inc.)

6 – Strongly increasing in importance

The increasing use of AI and advanced data analytics is reshaping how professional judgment is exercised and evidenced, raising important questions about accountability and escalation in more automated environments.

05. Regulators and Oversight Authorities

Botswana Accountancy Oversight Authority (BAOA)

6 – Strongly increasing in importance

Strengthening and emphasizing IT risk assessment at all stages of the audit rather than treating IT considerations as isolated technical matters during planning stage. This is because entities are increasingly adopting AI systems, block chains, data analytic tools etc. and as such financial reporting processes are becoming deeply technology dependent.

Hellenic Accounting and Auditing Standards Oversight Board (HAASOB)

6 – Strongly increasing in importance

Given the rapidly changing environment and new technologies emerging it is difficult in recognizing the importance and identifying which technology trends will exist in five years. Examples : Auditing firms are exploring agentic AI systems and are moving from single-task automation toward orchestrating multiple audit activities. Shift from standalone tools to unified audit platforms embedding multiple ATTs in a single workflow.

The use of Emerging Technologies is of utmost importance and should be a top priority for the SSBs for the next strategy period starting in 2028. More empirical evidence will be available this year and next year to see the new trends and to identified impacts for the the new digital era.

Oversight frameworks must keep pace with rapidly evolving technology.

Independent Regulatory Board for Auditors (IRBA)

The increasing use of emerging technologies such as AI-enabled tools, advanced data analytics and automation is not only transforming how audits and assurance engagements are performed, but also how professional judgment, skepticism and accountability are exercised in practice.

This trend heightens the need for standards and guidance that remain conceptually robust while being sufficiently agile to address emerging risks without requiring wholesale revision. In particular, it underscores the importance of modular, targeted standard-setting approaches and timely non-authoritative materials to support consistent application as technologies evolve.

From a collective IAASB–IESBA perspective, the trend also reinforces the value of coordinated responses where technological developments give rise to both audit and ethics considerations, including the responsible use of technology, over-reliance risks, and implications for competence and due care.

6 – Strongly increasing in importance

Irish Auditing & Accounting Supervisory Authority (IAASA)

6 – Strongly increasing in importance

ISAs and ISQMs should further clarify the extent to which an auditor can rely on AI and other emerging technologies to perform audit procedures and the appropriate governance, controls and documentation around its use.

In addition, the SSBs should consider the implications of increased technology use for professional judgement and skepticism, as well as the ethical considerations that arise.

Public Accountants and Auditors Board Zimbabwe (PAABZ)

6 – Strongly increasing in importance

The accelerating rate of technological advancement introduces a competency lag at the client acceptance stage. A significant ethical risk arises from the widening digital divide, while large firms possess the capital to match client innovation, smaller firms may find themselves technologically stranded. This creates a risk where a firm, initially deemed competent, becomes unable to exercise professional skepticism or perform a quality audit as the client's systems evolve beyond the firm's technical reach. The definition of "Professional Competence" may need to be updated to include a minimum threshold of digital literacy.

UK Financial Reporting Council (UK FRC)

6 – Strongly increasing in importance

The SSBs should continue to monitor the use of emerging technologies (including those that may develop beyond what is emerging now – e.g. quantum computing) and consider whether they give rise to threats to address or opportunities to exploit (we commend the recent IESBA 'decoding ethics' podcasts that have explored technology related developments, including quantum computing and AI). For information, we draw your attention to the UK government press release in October 2024 about the G7 Cyber Expert Group recommendation for action to combat financial sector risks from quantum computing: <https://www.gov.uk/government/news/g7-cyber-expert-group-recommends-action-to-combat-financial-sector-risks-from-quantum-computing>

We support the enhancements in recently revised standards that give more recognition to the use of information technology and encourage continuing attention to that going forwards. It is important, however, to ensure judgement can be applied in determining tools to be used and not give the impression certain tools are essential in all cases. There also needs to be clear provision for proportionality and scalability, recognising there might be a range of complexity/sophistication of tools appropriate for different circumstances.

Principles established by the current requirements could be reviewed to determine whether they remain fit for purpose in identifying and responding to risks of material misstatement related to emerging technologies and digital assets. Updated examples in application material, including the appendices, may be particularly beneficial.

For the challenges that are created by developments and innovation in IT and models of service delivery for professional accountants there is likely to be considerable overlap of interests between the SSBs in developing an understanding of such implications. We encourage the SSBs to co-operate closely in this respect.

Other matters of importance relating to this trend include:

- The possible need to obtain an understanding/training to have the necessary competencies for an engagement or use of a particular tool (including for PAIBs).
- There may be challenges to effective professional judgment when machine learning and AI are used to support professional judgments if the 'audit trail' of the machine-based decisions and judgments is not transparent or requires specialized skills and knowledge.

To address these issues, it may, in part, be helpful to express required outcomes having regard to examples of developments in technology, but we would caution against being too specific, which could result in a lack of adaptability in an area where there is a relatively rapid rate of development.

Given the speed and importance of developments in emerging technologies, particularly the impacts of AI, we believe the SSBs should devote proportionally more resource to this going forwards. If the SSBs are not able to increase the overall total resource they have, consideration needs to be given to ensuring projects relating to emerging technologies are sufficiently prioritised ahead of other projects. These projects and the PIRs (see our comments above) should be the highest priorities of both SSBs.

06. Jurisdictional and National Standards Setters (JSS)

Auditing and Assurance Standards Board of Canada (AASBC)

- Supporting the application of professional judgment: Increasing use of complex technologies by both entities and auditors provides an opportunity but may also increase the risk of undue reliance on system outputs. There is a need for clear guidance and standards to support appropriate professional judgement and professional skepticism.
- Divergent adoption maturity: Larger firms may have the resources to adopt new technologies more rapidly than SMPs. Any consideration of standard-setting related to technology needs to be scalable, supporting application across different levels of technological use.
- Emergence of AI assurance services: Demand for AI assurance engagements is increasing. Internationally developed principles-based standards or guidance may be needed to support this emerging assurance service.

6 – Strongly increasing in importance

GLASS Group of Latin American Accounting Standard Setters (GLENIF)

- Regulating Ethics in the Use of AI in the Accounting Profession.
- The use of emerging technologies such as AI in business requires special attention from both organizations, so that auditing and assurance standards take into account risk assessments and responses to those risks in transactions and evaluations that utilize AI. In terms of ethics, this means that the fundamental principles of the Code of Accounting must be analyzed to accommodate potential situations that affect the professional activity of accountants and their teams, due to the disruptive nature of AI in the business environment.

- It is important to highlight that technological advancements, particularly artificial intelligence, not only transform audit and assurance processes but also redefine the risks associated with obtaining and evaluating evidence. For the IAASB, it will be crucial to develop more specific guidelines on: the use of automated tools in audit procedures, the reliability and traceability of evidence generated by AI-based systems, and the auditor's responsibility when using third-party models.
- The use of technology is becoming increasingly sensible for accounting and financial operations; therefore, regulations must be involved in relation to technology to ensure the reliability and quality of information.
- Ethical robustness in the face of technological innovation, as well as the mitigation of "Greenwashing" and fraud.
- In the 2024–2027 plan, technology went from being a cross-cutting issue to an explicit strategic driver. By 2028–2031, technology will no longer be a line of work but an intrinsic component of all standards.

6 – Strongly increasing in importance

Hong Kong Institute of Certified Public Accountants (HKICPA)

Hong Kong is rapidly embracing AI-driven tools and other emerging technologies across finance and other industries. Auditors, in particular the Small and Medium Practitioners, in Hong Kong face new opportunities and risks from these developments. There is a growing need for guidance on using AI/automation in audits and on auditing technology-intensive environments to support consistent and responsible use of such technologies, particularly in reinforcing professional judgment, professional skepticism and accountability.

The IAASB should continue to modernise standards such as ISAE 3402 to reflect AI's impact on systems and controls and, in the near term, prioritise timely non-authoritative guidance—supported by practical non-authoritative materials such as Q&As, guidance and real-life examples—to clarify how existing, principles-based requirements apply in AI-enabled audits, thereby supporting consistent implementation and helping to mitigate expectation and performance gaps. Stakeholders in Hong Kong would welcome practical guidance on the use of AI tools in audits and assurance engagements, including how such tools interact with existing requirements on audit evidence, risk assessment, and quality management.

Emerging technologies also raise ethics and independence considerations. Accountants remain responsible for professional judgement when using AI and should not over-rely on outputs they cannot reasonably explain. They should remain alert to automation bias and maintain an inquiring mind and professional skepticism when evaluating technology-generated information. These considerations are particularly important where tools rely on opaque models that limit users' ability to understand or challenge the outputs, or are developed or provided by parties with commercial interests—such as technology vendors, strategic partners, or the accounting firm itself—giving rise to potential self-interest or self-review threats where the firm has a financial or business interest in the tool. The IESBA should continue to reinforce accountable use of technology, address confidentiality risks associated with third party AI tools, and consider whether targeted, non-authoritative materials could assist practitioners and professional accountants in business in addressing emerging ethical risks without unduly constraining innovation. Clear global guidance would help maintain public trust and support consistent regulatory approaches across jurisdictions.

6 – Strongly increasing in importance

Japanese Institute of Certified Public Accountants (JICPA)

Unlike more traditional forms of AI, whose outputs are relatively predictable, generative AI involves a much greater "black box" element and therefore requires consideration from both audit and ethics perspectives. From an ethics perspective, the technology-related revisions to the Code in 2023 have provided a basis for addressing some of these matters. However, additional guidance may be needed on how the existing requirements should be applied to this fundamentally new type of technology. From an audit perspective, it will be important to continue monitoring technology-related developments on an ongoing basis, including through the Technology Position. We also strongly support the IAASB's ongoing project to develop non authoritative material (NAM).

6 – Strongly increasing in importance

New Zealand Auditing and Assurance Standards Board (NZAuASB)

6 – Strongly increasing in importance

EMERGING TECHNOLOGY: RAPID GROWTH, MEASURED IMPLICATIONS FOR STANDARDS

The use of emerging technologies has grown rapidly, and we expect it to accelerate over the next few years. While we will continue to monitor future challenges, we caution against overstating implications for the standards. Standards should remain principles-based and emphasise how emerging technology can improve audit quality and support consistent application

TECHNOLOGY MAY RESHAPE THE AUDIT MODEL

Emerging technology is already changing the way audits are conducted. Emerging technologies have the potential for transactions to be audited in real time rather than annually, disrupting the traditional annual audit model. This may fundamentally change the audit product, and we encourage the SSBs to consider whether audit as we know it continues to be fit for purpose. Increasing use of emerging technology may expand the expectation gap, with stakeholders expecting absolute assurance, given technology is capable of covering complete data sets, and expecting more efficiencies and declining fees. However, assurance practitioners' use of technology may be restricted by the way in which clients use technology and the quality of their data. We encourage the SSBs to consider the impact of entities' use of AI in financial reporting on the auditing, assurance and ethical standards. Such consideration could include the need for a bespoke principles-based assurance standard with accompanying practical non-authoritative guidance material when providing AI assurance services. Like other countries, we expect to see an increase in entities' use of AI due to government initiatives to accelerate private sector AI adoption and innovation while still managing risks responsibly.

HUMAN OVERSIGHT REMAINS ESSENTIAL

While use of emerging technologies increases, with the need for a human in the loop, ethics and competence remain core.

IMPACTS ON WORKFORCE AND TRAINING

Agentic AI is already changing the make-up of the audit and assurance workforce and training model. The more routine, repeatable tasks that were historically completed by graduates can be completed by AI. This means that a different go forward skillset is required for audit and assurance.

If graduate roles are replaced by AI, this challenges the typical pyramid structure of the firms and the pipeline from new hire to partner or signing roles. Technical skills and supervisory skills may need to be brought in as new hires rather than developed over time as an employee progresses from a junior to a senior role.

The way in which the SSBs carry out their own work could also be transformed by use of emerging technologies. As a standard setter, we are exploring ways in which emerging technology can enhance productivity and accessibility of standards and enable us to enhance our stakeholder engagement processes.

SCALABILITY: DIFFERENT IMPACTS FOR SMALL VERSUS LARGE FIRMS

Technology impacts can vary depending on the size of the firms. Smaller firms have fewer resources and would place more reliance on off-the-shelf or free-to-access tools where larger global network firms can create and tailor bespoke solutions that include built-in controls and have transparent methodologies. The use of off-the-shelf or bespoke technological tools may require different approaches to setting standards in this area.

07. Accounting Firms

AFCA Desarrollos Profesionales

6 – Strongly increasing in importance

Aumento de volumen de transacciones digitales

Baker Tilly International

6 – Strongly increasing in importance

Guidance and standards need to be principles based, not focused on specific solutions. Solutions on the market will evolve at pace, so for standards to maintain their relevance, they need to be nimble and based on principles and spirit, not detail

BDO International Limited

– Strongly increasing in importance

Strong support for consideration of the increasing use of emerging technologies

This important for both SSBs, to:

- Show how an already principles-based set of standards can support a technology-enabled financial reporting ecosystem o This would include identifying where standards may need to change to reflect the use of technology, including emerging technology (e.g., can sufficient appropriate audit evidence be obtained when auditors are using data analytics to consider an entire population and there are no outliers and so no items are investigated)
- o Challenges around using professional judgment and being professionally sceptical when using technology (e.g., management estimates, auditing estimates and how much reliance preparers and auditors can place on technology)
- o Over-reliance on use of technology.
- Highlight the potential impact on assurance, non-assurance and related ethics perspectives.
- Establish how entities use of technology (often behind the scenes a 'black box' approach) has the potential to impact practitioners (including preparers) and assurance practitioners. In addition, how the practitioner 'authenticates' this technological information produced by the entity (IPE) to be used by the practitioner as audit evidence, and how this impacts the audit strategy and overall audit plan.
- Questions about 'who' is the expert (management, auditor, etc.) when the expertise is being provided by a technology-enabled solution, include:
 - o What ethical challenges does this create?
 - o How does the human (assurance practitioner) engage with the technology-enabled expert?
 - o What are the potential skills and training needs for assurance practitioners and preparers?
 - o What this means for how extant standards (especially ISAs) are worded especially when 'the auditor shall' – results in 'the auditor' being a piece of technology or technology-enabled procedures including both a human and technology elements?
 - o How does use of technology (e.g., iterative risk assessment procedures being performed by technology) impact existing models of auditing which underpin the ISAs (e.g., control risk, detection risk and inherent risk)?
- Both SSBs to consider potentially working together to see the challenge as a joint initiative (rather than separate catalogue or trends committee approaches), to include:
 - o Technology expertise at each Board or through working groups
 - o Pool of technology experts that can be used by both SSBs to help inform each SSB and Task Forces about technology angles

Deloitte Touch Tohmatsu Limited

6 – Strongly increasing in importance

Digital transformation represents a seismic shift for society and is fundamentally changing the corporate reporting ecosystem. To stay relevant, the SSBs will need to be closely engaged with key stakeholders to understand how emerging technologies are being used and the impact they are having on entities and their environments, including processes and controls, the impact of ecosystem changes on audit and assurance engagement performance and behavior, and firm systems of quality management.

IAASB – From an audit and assurance perspective, agility is paramount for the IAASB to effectively address stakeholder needs. The current standard-setting lifecycle may be too time-consuming to keep up with the pace of technological change and demands for guidance. The IAASB should focus on determining areas where clarity is needed and developing processes and protocols to enable timely publish of non-authoritative guidance or educational material to support the consistent implementation of existing standards in specific technology-related contexts. For example, guidance may be needed to address the application of direction, supervision and review concepts and engagement team responsibilities to agentic AI or when testing management's accounting estimates developed using "black box" AI models. We recommend the IAASB consider creating a body like the IFRS Interpretations Committee (IFRIC) operating under the IASB, with transparent due process and clarity related to the authority of any guidance issued.

We acknowledge and support the recently formed multi-stakeholder Technology Expert Panel to support the development of guidance. As technologies continue to modernize business operations, corporate reporting processes, and auditing techniques, it will be important for the IAASB to stay connected with the profession on ways technology is being used in the audit and whether more substantive changes are needed to keep the standards relevant and workable in practice.

IESBA – We do not believe the IESBA should focus on standard setting in response to specific technological developments. The recent technology-related revisions to the Code provided enhancements that were designed to keep the Code relevant in the ever-evolving technological landscape. The pace of technological change only serves to emphasize the importance of robust, principles-based ethical standards that remain relevant into the future. Trying to address specific technologies through prescriptive requirements risks creating standards that lag emerging practices and potentially undermine the usefulness of the principles already in the Code. Based on outreach, it may be beneficial for IESBA to develop educational materials addressing how existing standards for ethical behavior are expected to apply in the use of emerging technologies.

Gats-Ratings Professionals

6 – Strongly increasing in importance

Grant Thornton International Ltd (GTI)

Technology will change quickly over the next two to five years. We encourage the SSBs not to focus too narrowly on the specific examples listed above. By 2028, some of these examples may no longer be 'emerging,' and new technologies may become more important. See also our response to Trend B.3 for additional considerations.

The rapid pace of change in recent years has made clear that a) standards must remain principles-based so they can apply to both known and new technologies; and b) timely non-authoritative guidance is necessary to support consistent application of existing standards as technology changes. For example, the IAASB's ISA 500 Series modernization project addresses specific changes due to technology in ISAs 501 and 505, however based on the potential effective date in 2029, such modernization revisions may no longer be relevant if they are not principles-based. We believe timely non-authoritative guidance would help to demonstrate that the SSBs are "thought leaders" as it relates to how such technologies impact auditors and practitioners performing audit and assurance engagements.

We support the SSBs' outreach to professionals who currently perform, regulate, or inspect audit and assurance work performed using emerging technologies. Additionally, where non-authoritative guidance on emerging technologies is available from jurisdictional standard-setters and other reputable sources, we recommend the SSBs evaluate such materials and provide a central location for users to find resources that the SSBs consider consistent with their standards. We believe this may improve quality and consistency across jurisdictions while also focusing the SSBs' limited resources on those matters which cannot be outsourced; thus providing more flexibility in the work plan for staff to keep up with the rapid pace of change impacting the suite of IAASB standards and the IESBA Code.

6 – Strongly increasing in importance

Jack Schoeman (PWC)

6 – Strongly increasing in importance

The most significant impact of the digital transformation trend is the shift toward autonomous AI and real time data environments which outpace current manual audit procedures. The SSBs' focus must be on updating existing standards to facilitate the use of these emerging technologies as primary sources of audit evidence rather than just secondary tools. We do not need more legislation or additional layers of regulation that add complexity without value. Instead, the boards should modernize current requirements to ensure they remain relevant to the innovation seen in the world today. This is the only way to effectively bridge the expectation gap on fraud and going concern while maintaining the public interest in a digital first economy.

Krzysztof Burnos

standards should be more open and based on principles and not rules. in other case the standards will not support developing but became a burden for SMPs and SMEs.

6 – Strongly increasing in importance

MAH, Chartered Accountants

6 – Strongly increasing in importance

AI use is increasing dramatically. We have come across some audit risks ourselves or when speaking with other auditors:

1) using tools like Chat GPT or Gemini to help write documents or working papers: the AI tools made things up / hallucinated and inserted things that were not true. We had to delete them. But there is a risk that as the use of these kinds of tools increase people rely on them more and more and don't check them carefully and the working papers or documents could be incorrect.

2) Data analytics: the AI tools can make lots of charts and analysis and graphs etc, there is a danger that auditors just put this in the audit file and don't really think about the findings. Or they could use AI to try and analyse the findings without thinking about it themselves.

If the AI tools are poorly setup/calibrated the results may not be reliable.

3) There are now also AI audit software tools available which will perform sample testing, build working papers and complete various audit tests. There is a danger that auditors will not check the work or think about the results. The AI tools could have made mistakes, they're not 100% perfect, but the audit team could miss things

PricewaterhouseCoopers International Limited (PWC)

6 – Strongly increasing in importance

Our approach to assessing importance

We assessed this trend as strongly increasing in importance, while acknowledging that addressing the impact of emerging technologies is already a significant focus for both SSBs, as reflected in the IAASB's current technology-related projects and the IESBA's dedicated technology working group. We believe technological developments will continue to raise new considerations for the SSBs, for example, how AI may impact incentives and ability to commit fraud. To keep pace, efforts will need to be translated into timely guidance and, given the pace of change, may need to be updated more frequently than the Boards have anticipated to date.

Overarching comments

The impact of emerging technologies on corporate reporting and audit and assurance services will continue to intensify. There is also growing risk of an expectation gap for users and the potential for criticism of preparers, auditors, and standard setters if this impact is not carefully evaluated and addressed. We support ongoing efforts to clarify how existing auditing, assurance and ethical principles apply in relation to the use of emerging technologies, including AI, supported by timely non-authoritative materials to mitigate expectation and performance gaps. Proactive monitoring of whether these developments affect the core principles underpinning international standards will remain important in evaluating the need for standard-setting or the development of non-authoritative guidance. We support the formation, by both IAASB and IESBA, of expert working groups focused on technology. It is important that such groups have the right combination of stakeholder representation, including the profession.

In this context, we caution against presumptive standard setting. Where existing principles remain robust, a guidance-first approach is likely to best serve stakeholders. Where standard-setting action is warranted in the public interest, maintaining a principles-based approach is paramount. Excessive prescription or technology-specific requirements risks rapid obsolescence; the focus should remain on the objectives to be achieved rather than the means of achieving them. See also our views in response to question 4 regarding mechanisms to enhance agility.

Matters specific to the IAASB

In addition to the IAASB's existing work on technology, including but not limited to its application in an audit context, the increasing use of AI is likely to have broader implications for specific assurance engagements, such as the need for ISAE 3402 engagements to reflect the impact of AI on system and organisation controls. As AI is increasingly used by both companies and auditors, including through third-party tools, demand may also emerge for assurance over AI-related matters under the IAASB's assurance framework. The IAASB should engage with stakeholders to assess such emerging needs and determine whether any response is warranted.

These are areas where professional accountants are well placed to provide assurance services in accordance with the IAASB's existing standards, including ISAE 3000 (Revised). However, as other emerging standards in this area continue to develop (e.g., International Organization for Standardization (ISO) and U.S. National Institute of Standards and Technology (NIST)), it is important that the IAASB carefully considers developments in the ecosystem. This may necessitate the Board responding to affirm that its standards remain fit for purpose in addressing such emerging engagements and/or seeking to work with other stakeholders in the ecosystem to build consensus around consistent assurance principles and objectives. As a prelude to the potential development of new topic-specific assurance standards, the Board may determine that it is appropriate to develop initial non-authoritative guidance to address certain questions that may arise about the application of existing assurance standards to emerging subject matter engagements. In doing so, there may be opportunities to leverage resources developed by JSS and other professional organisations to enhance the timelines of any such materials.

Matters specific to the IESBA

The increasing use of AI and emerging technologies raises important considerations across several of the Code's fundamental principles. Professional competence and due care will require ongoing attention as practitioners are expected to exercise informed judgement over the outputs of AI-enabled tools (understanding their limitations, potential biases, and appropriate use). As AI tools increasingly inform or contribute to professional judgements (for example, in generating risk assessments, valuations, or audit evidence summaries), the Code should reinforce that the professional accountant remains personally responsible for the exercise of professional judgement, and that the use of AI does not diminish that individual's ethical accountability. The IESBA should also be mindful of the risk that over-reliance on AI-enabled tools may create threats to objectivity and professional scepticism, and should consider whether the existing conceptual framework is sufficient to guide practitioners in identifying and addressing such threats. We recommend the IESBA assess whether the existing provisions on confidentiality adequately address the implications of when client data is input into and retained on third-party AI platforms. As the use of such tools becomes more widespread, the risk of inadvertent disclosure or loss of control over confidential information increases, and the Code's guidance should reflect these evolving risks.

More broadly, we encourage the IESBA to consider non-authoritative guidance to support the application of the fundamental principles. Such practical guidance could usefully illustrate how to apply the conceptual framework to these emerging threats, while being mindful of tensions of setting perceived requirements that may introduce inappropriate barriers to competition within the broader profession or inadvertently stifle innovation or the appropriate use of technology.

RSM International Limited

Preference for guidance over new requirements

We believe that practical guidance, likely in the form of non-authoritative materials, would be more efficient and effective in addressing issues arising from the increasing use of emerging technologies than introducing new or revised requirements or updates to professional standards. Emerging technologies evolve rapidly, which makes prescriptive requirements difficult to maintain and increases the risk of them becoming obsolete. Instead, we recommend the development of non-authoritative materials, including guidance, illustrative examples and implementation support, to assist practitioners in applying existing principles to new technologies in practice. Such materials may also support firms in evidencing and defending professional judgements, including when they are subject to regulatory challenge without undermining the principles-based nature of the standards.

Maintaining principles-based standards while supporting application and implementation

We emphasise the importance of maintaining a principles-based approach, particularly in the context of rapid technological change, to provide a framework for the practitioners to follow. While we acknowledge that firms may face challenges when standards do not explicitly address new technologies, especially under regulatory scrutiny, we consider that additional guidance is one of the most effective ways to bridge this gap while retaining principles-based standards. We encourage the SSBs to consider providing guidance, such as examples and 'frequently asked questions', that are able to be updated in real time as technology continues to evolve.

We suggest that the SSBs consider partnering with regulators, such as the United States Securities and Exchange Commission or the United Kingdom's Financial Reporting Council, that have similar matters on their current agendas.

This approach supports innovation in a timely manner while maintaining engagement quality and professional judgement and is consistent with IAASB's approach to technology-related developments, which has favoured non-authoritative materials over new or revised requirements or professional standards.

Coordination between assurance and ethics perspectives

While there may be differences in perspectives when considering emerging technologies from an assurance lens and an ethics lens, we believe that these technologies impact both domains and should be addressed in a coordinated manner. We encourage the SSBs to adopt a holistic approach, ensuring that ethics and assurance guidance are aligned and complementary to each other, rather than developed in isolation.

Increased demand for assurance on emerging technologies

We expect increasing demand for assurance on emerging technology and related tools, controls, governance and cybersecurity, including systems utilising generative and agentic AI. For example, when service organisations use generative or agentic AI in delivering services to their clients, there may be a need for assurance reports on the AI system to support their clients in monitoring and assessing their own system of internal controls.

6 – Strongly increasing in importance

Shreekant Prasad (Govindham Consultancy Services)

6 – Strongly increasing in importance

08. Sustainability Assurance Providers other Than Accounting Firms

Keung Ho Keung Ricky

6 – Strongly increasing in importance

09. Public Sector Organizations

Audit Board of Republic Indonesia

6 – Strongly increasing in importance

For effective engagement with users both SSBs should deploy digital transformation as part of their short, middle and long-term planning

Sanford Rich (NYC Board of Education Retirement System)

6 – Strongly increasing in importance

Development of Agentic AI tools may tend to reduce transparency. Disclosure of the use and controls over these tools will be key to maintaining confidence in financial reporting.

10. Member Bodies or Other Professional Accountancy Organizations

Asociación Interamericana de Contabilidad (AIC)

6 – Strongly increasing in importance

Los reportes financieros, se basan en resultados obtenidos en base a procesos tecnológicos (incluso con autonomía) y que deben ser validados por pares o entes técnicos, para su confiabilidad.

Association of Chartered Certified Accountants (ACCA)

6 – Strongly increasing in importance

requiring a combination of standard setting, non-authoritative materials, and implementation support.

The importance of emerging technologies, including AI-enabled tools and other innovations, is expected to continue to increase over the next strategy period. These developments are reshaping how audits and assurance engagements are performed and raise new considerations relating to audit evidence, professional judgment, and risk assessment.

From an IAASB perspective, while there is already ongoing work addressing technology-related matters in light of the Technology Position adopted in 2024, the change suggests a continued need for monitoring, targeted enhancements, and the potential development of guidance to support consistent application in practice.

From an IESBA perspective, recent revisions addressing technology-related considerations provide an important foundation and represent a positive step in responding to emerging developments. However, given the rapid pace of technological change and increasing use of AI-enabled tools, continued monitoring and consideration of evolving ethical implications will remain important.

Areas that may warrant further attention include professional competence and due care, objectivity, professional judgment, and potential over-reliance on automated tools and outputs. In addition, evolving risks relating to financial crime, cybersecurity, and changing business and governance models may give rise to further ethical and independence considerations over time.

At this stage, a period of implementation experience, monitoring, and post-implementation review may be appropriate to assess whether the recent revisions remain fit for purpose, whether NAM support may be needed before considering further standard setting.

Overall, this trend is expected to remain a significant and evolving driver for both Boards, requiring

Chamber of Hungarian Auditors (MKVK)

We agree with the potential impacts listed by SSBs, essential need for the development of guidances.

6 – Strongly increasing in importance

Chartered Accountants Australia and New Zealand (CAANZ)

6 – Strongly increasing in importance

The application of emerging technologies presents both opportunities and risks.

For the IAASB: The use of AI audit tools can enhance the effectiveness and efficiency of an audit. However, AI audit tools must be used appropriately, or audit quality may be compromised.

Increased use of AI and other emerging technologies by clients also present challenges to auditors in relation to internal controls, understanding the models used by the technology and potential for documentation to be faked. Clients may also have increased demand for assurance over aspects of emerging technology other than the impact on financial statement or sustainability reporting.

The board has three current projects (audit evidence and risk response, the ISA 500 series, and technology quality management) which should be complete by the time the 2028 strategy is in place and the feedback above is also applicable to those projects.

For the IESBA: Professional accountants in both business and practice roles need to understand the ethical impacts of AI and other emerging technologies.

In determining the appropriate responses to these risks and opportunities, it is important for the SSBs to consider which issues need to be addressed via standard setting and where, due to the rapid pace of technological change, issues relating to specific technologies are best addressed via guidance. Unless there is clear evidence that a principle in a standard or the Code of Ethics is not adequate, standard setting should not be the default response.

European Federation of Accountants and Auditors for SMEs (EFAA)

6 – Strongly increasing in importance

Overall, EFAA for SMEs believes that digital transformation will be a defining trend for the SSBs' next strategy period. Its successful integration into standards and guidance will depend on a balanced, principle-based, and proportionate approach that supports innovation while safeguarding professional judgment, ethics, and public trust.

The SSBs should emphasize that technology is an enabler, not a substitute, for professional judgment and professional skepticism. Clear messaging and guidance are needed to avoid over-reliance on automated tools, especially in environments where data quality, governance, or model transparency may be weak. Proportionality is critical. Standards and guidance relating to emerging technologies should be scalable and implementable for SMPs, avoiding implicit assumptions that firms have access to advanced in-house technological expertise.

The IAASB should carefully assess whether and how new forms of assurance engagements (e.g., over systems, cybersecurity, or AI governance) can be developed in a way that remains accessible and economically viable in the SME context. Importantly, technological efficiency does not imply a reduction in the substantive effort to carry out the audit of the assignment; it implies a greater effectiveness of the auditor's work.

Institute of Singapore Chartered Accountants (ISCA)

6 – Strongly increasing in importance

In January 2026, Singapore's Minister for Digital Development and Information, Josephine Teo, announced that the Government will invest more than S\$1 billion under the National AI Research and Development (NAIRD) Plan for the period 2025 to 2030. The NAIRD Plan signals a shift toward long term fundamental AI research and national capacity building.

Malaysian Institute of Accountants (MIA Malaysia)

6 – Strongly increasing in importance

Our approach to assessing importance

We have rated this trend as strongly increasing in importance. Emerging technologies are already high on both Boards' agendas, with the IAASB advancing its technology-related projects and the IESBA having established a dedicated technology working group. In our view, ongoing technological developments will continue to introduce new considerations for the SSBs, including how AI may affect both the incentives and the ability to commit fraud. Translating this work into timely guidance will therefore be key — and, given the speed of change, such guidance may need to be revisited more frequently than initially expected.

Overarching comments

Technology is reshaping corporate reporting, audit and assurance practice at an accelerating pace, and this trajectory shows no sign of slowing. If the implications of these developments are not thought through and acted upon carefully, there is a real possibility that users' expectations will drift further from what auditors, preparers and standard setters can reasonably deliver — opening up all three to greater scrutiny. We therefore see considerable value in the work currently underway to articulate how the existing auditing, assurance and ethics frameworks apply in the context of AI and other emerging technologies. Complementing such work with timely non-authoritative materials would, in our view, help to narrow both expectation and performance gaps.

The Boards should continue to monitor whether these developments challenge the core principles that underpin the international standards — as this will shape future decisions on whether new standard-setting is warranted, or whether guidance would be a more appropriate response. In this regard, we support the decision by both the IAASB and the IESBA to establish expert working groups focused on technology. It will be important that such groups draw on a balanced mix of stakeholder perspectives, with meaningful representation from the profession.

In this context, we would caution against presumptive standard-setting. Where existing principles remain sound, a guidance-first approach is likely to best serve stakeholders. If and when there is a clear public interest case for standard-setting, we would encourage the Boards to maintain a principles-based model. Highly prescriptive requirements — particularly those built around specific technologies become outdated quickly. Standards serve stakeholders best when they are framed around the outcomes expected, rather than on the mechanics of how they are achieved. Please also refer to our response to Question 4 on mechanisms to enhance agility.

Matters specific to the IAASB

While much of the IAASB's current technology work is oriented around the audit context, the growing use of AI is likely to have broader ramifications for specific assurance engagements. ISAE 3402 engagements, for instance, may need to adapt to capture the effect of AI on system and organisation controls. With AI being

taken up more widely by both entities and auditors — including through third-party tools — it is also plausible that demand will grow for assurance over AI-related subject matter under the IAASB's assurance framework. We believe it would be helpful for the IAASB to engage with stakeholders on these emerging needs and to consider whether a response is warranted.

As other emerging standards in this area continue to develop — for example, those issued by the International Organization for Standardization (ISO) and the U.S. National Institute of Standards and Technology (NIST) — it will be important for the IAASB to keep abreast of these developments. Depending on how these frameworks evolve, the Board may need to reaffirm that its own standards remain fit for purpose for such emerging engagements or alternatively engage with other stakeholders to help build consensus on a common set of assurance principles and objectives.

As a precursor to any new topic-specific assurance standards, the Board may wish to consider developing non-authoritative guidance as a first step, focused on the practical application questions that practitioners are likely to encounter when applying the existing assurance standards to emerging subject matter. Tapping into resources already produced by the Jurisdictional Standard Setters (JSS) and other professional organisations could, in this context, accelerate the delivery of such materials. From a regulatory perspective, implementation support, scalability and proportionality will also remain important considerations, particularly for SMPs and emerging economies that may face resource, expertise and technological constraints in adopting increasingly sophisticated technologies. The SSBs should therefore continue considering how standards and guidance can remain operable across firms of varying sizes and levels of technological maturity without compromising audit quality or ethical standards.

Matters specific to the IESBA

The expanding role of AI and other emerging technologies brings into focus a number of considerations that cut across several of the Code's fundamental principles. Chief among these is professional competence and due care — with practitioners now expected, to a greater extent than before, to exercise informed judgement in relation to outputs produced by AI-enabled tools. This requires a sound understanding of how such tools work, where they fall short, the biases they may carry, and the circumstances in which their use is appropriate. As AI is increasingly drawn upon in the formation of professional judgements — whether in the preparation of risk assessments, valuations or audit evidence summaries — it will be important for the Code to make clear that accountability for professional judgement continues to rest with the individual practitioner, and that the use of AI neither dilutes nor displaces that ethical responsibility. Attention should also be given to the risk that over-reliance on AI may, over time, erode objectivity and professional skepticism; the IESBA should accordingly consider whether the existing conceptual framework provides sufficient support for practitioners in identifying and addressing such threats. Maintaining professional skepticism, human oversight and accountability will remain critical to sustaining public confidence in the profession. We would also encourage the IESBA to take a closer look at whether the Code's existing confidentiality provisions remain fit for purpose in a world where client information is often input into — and potentially stored on — third-party AI platforms. With these tools being adopted at pace across the profession, the scope for information to be inadvertently disclosed, or for firms to lose effective control over confidential data, is only set to grow. In our view, the Code's guidance should evolve to reflect these risks. From a wider perspective, we see a strong case for the IESBA to develop non-authoritative guidance to help practitioners navigate the application of the fundamental principles in the context of these new technologies. Practical illustrations of how the conceptual framework applies to these emerging threats would be particularly valuable. Any such guidance would, however, need to be carefully crafted to avoid being seen as a new set of mandatory rules, which could have the unintended consequence of creating barriers to competition or discouraging the appropriate use of innovative technologies.

Polish Chamber of Statutory Auditors (PIBR)

6 – Strongly increasing in importance

South African Institute of Chartered Accountants (SAICA)

6 – Strongly increasing in importance

Emerging technologies are fundamentally reshaping audit, assurance, and ethical decision making and are becoming increasingly central to how the profession operates. In particular, the use of artificial intelligence in audits is evolving at a rapid pace, with several large firms already signaling that AI will be used to perform testing in low risk audit areas. These developments have the potential to enhance efficiency and quality, but they also raise important considerations around professional judgment, accountability, transparency, and ethical compliance.

With developments in artificial intelligence and data analytics becoming more prominent, the SSBs have an opportunity to provide practical guidance that supports their responsible and effective use. This might include considerations around data integrity, professional judgment, and ethical implications in increasingly automated environments.

While there is an evident need for guidance to address technological developments and their impact on audit and ethics, SAICA cautions that this should not be interpreted as a justification for revising existing standards or introducing new ones as a default response. Given the fast paced and evolving nature of technology, any standards based response risks becoming outdated shortly after issuance—artificial intelligence being a prominent example today, but potentially superseded by other innovations in the near future.

It is therefore critical that the standards remain firmly principles based, providing a stable and enduring foundation, while the Boards develop agile mechanisms to respond swiftly through non authoritative guidance and other flexible tools.

From an IESBA Code perspective, SAICA's view is that the existing principles and fundamental principles remain appropriate and sufficiently robust to accommodate technological developments. It is only in those instances where a clear public interest need has been identified and where non-authoritative guidance alone may be insufficient that amendments to the Code should be made. Non authoritative guidance should serve to reinforce and elevate the importance of the fundamental principles in a technology enabled environment, rather than suggesting that technological change necessitates amendments to the Code itself.

The IESBA Code remains principles based and recent revisions already accommodate the use of technology. However, targeted non-authoritative guidance is required to support consistent application in practice.

For the IESBA, SAICA believes that there is currently no need for a revision to the Code on Technology due to the revisions that have recently taken place. A post implementation review of the technology revision should first take place before considering further update to the Code. We recommend that the IESBA should consider developing the following guidance:

- Clarifying accountability when using third-party AI tools,
- Reinforcing application of professional judgment, skepticism and competence, and
- Providing guidance on confidentiality and data governance risks.

11. Academics

European Accounting Association (EAA) Auditing, Assurance and Ethics Standard Committee

The Committee welcomes the initiatives already undertaken in the area of digital transformation and AI, and shares the concern about the significant challenges that remain. In this regard, the Committee wishes to highlight two main impacts. First, the need for greater practical guidance on how existing standards apply in AI-enabled environments, particularly regarding audit evidence, professional judgement, professional skepticism, and the reliability of outputs generated by complex systems, given that current technology-neutral standards may not fully address the distinctive challenges posed by generative AI. Second, the growing reliance on a small number of dominant third-party AI and cloud providers, which expands the auditor's responsibilities beyond the traditional organizational boundary and calls for coordinated oversight arrangements. The Committee encourages the ongoing coordination between IAASB and IESBA enhancing consistency and implementability, and practical guidance and coordination in this area.

6 – Strongly increasing in importance

Kenichi Akiba (Waseda University)

6 – Strongly increasing in importance

Kiran Seth (Sunway University)

To be abreast and relevant to the current trend

6 – Strongly increasing in importance

Nicole Ratzinger-Sakel (University of Hamburg Business School)

6 – Strongly increasing in importance

Deskilling of young talents caused by increasing use of emerging technologies.
Changed requirements profile for entry-level professionals caused by increasing use of emerging technologies.

12. Others

Cristian Emmanuel Munariz

6 – Strongly increasing in importance

There is a huge impact of the use of IA and IA agents in financial reporting and assurance.

Kazuhiro Yoshii (Securities Firm)

6 – Strongly increasing in importance

Louise Willdrige (LBW Global)

6 – Strongly increasing in importance

Mahmoud Bilal (Unimar)

6 – Strongly increasing in importance

Wenzel Reyes (MindBridge)

6 – Strongly increasing in importance

03.04. Letters providing separate ratings for IAASB or IESBA

06. Jurisdictional and National Standards Setters (JSS)

Accounting Professional & Ethical Standards Board (APESB)

Matters relating to IESBA:

APESB considers the increasing use of emerging technologies to have significant implications for the IESBA's future work program. The rapid evolution of technologies such as artificial intelligence, automation, data analytics, digital assets and cybersecurity tools is reshaping the ethical landscape in ways that require a forward-looking and principles-based response.

A key challenge is the speed at which technology develops relative to the pace of standard-setting (discussed further below). This pace of change highlights the potential need for the IESBA to complement the Code's principles-based foundation with more agile approaches to standard-setting, such as more timely guidance, staff alerts and interpretive material to support practitioners in applying ethical requirements in fast-moving areas.

In addition, some Australian stakeholders noted that the growing reliance on large datasets and automated processes also creates ethical considerations related to data governance, data quality, and transparency. Concerns about "black box" systems arise when practitioners may have limited visibility into how information is produced. The Code may need to reinforce expectations around competence, due care, and the ethical implications of using tools or data sources that are not fully understood.

Technology-enabled services may also continue to create new independence considerations. The use of proprietary tools in both audit and non-audit engagements may introduce new forms of dependence or influence that existing independence provisions may not fully address. APESB considers this an area that may require further consideration by the IESBA.

Also refer to trend O1 – AI Governance and Explainability.

APESB supports an evidence-based approach to standard-setting and suggests that a post-implementation review of the technology-related changes to the Code be undertaken before any significant revisions are introduced.

6 – Strongly increasing in importance

American Institute of Certified Public Accountants - Professional Ethics Executive Committee and Auditing Standards Board (AICPA PEEC & AICPA ASB)

6 – Strongly increasing in importance

IESBA rating: 4

Though this is an important global trend, because IESBA has already issued applicable guidance, IESBA focus should be on reinforcing trust regarding how existing standards address emerging issues.

The technology-related revisions to the code were informed by extensive fact finding and stakeholder outreach. These revisions are principle based, apply to all technologies, and are designed to guide the ethical mindset and behavior of professional accountants in both business and public practice as they use technology and adapt to ongoing innovation. This approach helps ensure that the code remains relevant and fit for purpose and minimizes the fragmentation threat as technologies evolve. With respect to emerging technologies — such as artificial intelligence — absent specific, clearly articulated concerns that cannot be addressed through existing authoritative guidance, IESBA's focus should remain on the development of educational materials to help professional accountants apply the existing guidance to these emerging technologies such as the recent "Decoding Ethics: Building trust in a tech-driven world" podcasts.

To minimize the impact this trend has on IESBA limited resources, IESBA could explore opportunities to leverage educational material developed by JSSs or other connected stakeholders. For example, the AICPA Professional Ethics Division staff, with input from PEEC, issued Q&As related to blockchain and digital assets as well as an Ethics Staff Insights article addressing ethical considerations relevant to professional accountants' use of AI, including confidentiality, professional judgment, due professional care, bias, and independence.

During the March 2026 meeting, the board discussed the need for organizations to develop governance practices for AI use. Though such practices are important, they appear to extend beyond the code's intended scope. That said, organizations may nevertheless find it useful to consider the code's fundamental principles when developing their own AI-related practices. IAASB rating: 6

Rapid developments in technologies are having a profound effect on audit and assurance engagements, including • the introduction of new concepts (for example, modern technology terms and definitions); • the need to gain an understanding of new and innovative technologies (for example, artificial intelligence) used by entities in their financial reporting and internal control processes;

• the increased use of technology-assisted audit procedures (for example, the use of artificial intelligence by practitioners); and • adjustments in how engagement teams are structured and interact. The use of technology and reliance on its outputs is often a focus of audit and assurance engagements, which is another reason appropriate involvement of the IAASB can be beneficial.

Smaller and medium-sized practitioners need "how to" guidance as they struggle with technology selection, managing their technology stacks, change management, activities and examples and use cases employing technology on engagements. These types of resources are best provided through non-authoritative guidance.

Australian Auditing and Assurance Standards Board (AUASB)

6 – Strongly increasing in importance

The pace of digital transformation, including the rapid development of artificial intelligence, can be addressed through existing principles in the standards, supplemented by appropriate guidance. Prescriptive standards would take time to develop and risk being outdated.

A principles-based response is better suited to evolving technologies and business practices, providing flexibility without requiring continual revision of standards.

We support the IAASB's approach of prioritising guidance and education over new standard-setting in this area. Timely, practical

guidance is seen as the most effective way to help practitioners apply existing standards in technology-enabled environments, while maintaining agility and relevance.

Where changes to standards are required, these should be targeted and incremental, such as updating outdated terminology or references to manual processes, rather than comprehensive rewrites.

This applies for both financial reporting and sustainability assurance engagements.

Institut der Wirtschaftsprüfer (IDW)

5 – Increasing in importance

IAASB

Emerging technology, particularly artificial intelligence, is increasingly seen as a key trend in the activities of the IAASB due to its growing integration into business processes. Entities are adopting AI at different speeds, but the overall direction is clear and accelerating, with applications ranging from established tools such as OCR for invoice processing to more advanced systems like automated purchasing and agent-based AI. These developments raise important questions around governance, including data access, permissions, performance monitoring through AI-specific indicators, and the reliability of third-party services, all of which require attention by the standard-setting boards.

At the same time, audit firms are beginning to use AI to enhance their procedures, especially by combining multiple sources of information and supporting complex evaluations. Although responsibility for audit quality remains with the auditor, the increasing use of such tools creates challenges for quality management, regulatory compliance, and consistent adoption across firms of different sizes. This is particularly relevant for smaller practices, which may rely more heavily on external technology providers. In addition, both entities and audit firms are becoming more dependent on technology service providers, which introduces further risks related to control, resilience, and concentration. Ethical considerations also play a growing role, as

there is potential for misuse of AI by both management and auditors. These combined factors explain why emerging technology is a central focus for standard setters, as they seek to ensure that standards are robust despite rapid change and guidance is there when it is needed.

IESBA

Although this is a significant global trend, the IESBA has already updated the Code in response to technology developments and has published related non-authoritative support materials. On that basis, we consider the current Code to remain fit for purpose. The recent amendments were shaped by substantial fact-finding and stakeholder engagement; they are principles based, technology-neutral, and intended to support the ethical mindset and conduct of professional accountants in business and in public practice as they use technology and respond to ongoing innovation. This approach helps keep the Code relevant over time and reduces the risk of fragmentation. Accordingly, we expect this trend to become less strategically significant for the IESBA, with the emphasis instead on sustaining confidence that the existing revisions continue to address emerging issues.

In support of this view, and notwithstanding the continued pace of digital transformation, we are not aware of evidence to date indicating that further changes to the Code are needed to respond to new developments. This reinforces the value of a principles-based framework, which is more likely to remain appropriate as circumstances evolve. So far, the 2022 technology related revisions—together with earlier changes (for example, refinements to the wording of the objectivity fundamental principle arising from the Role and Mindset project)—appear to have remained effective over time.

Regarding emerging technologies (including artificial intelligence), unless specific and clearly articulated concerns arise that cannot be addressed through existing authoritative requirements, we believe the IESBA's efforts should be directed toward educational and illustrative materials that help professional accountants apply the current provisions in practice—such as the recent "Decoding Ethics: Building trust in a tech-driven world" podcast series. We welcome this initiative and the way it demonstrates how the Code can be applied to continuing technological developments, including topics such as quantum computing.

To limit demands on the IESBA's constrained resources, the Board could also consider drawing on existing educational materials. For example, GAA member bodies will continue to monitor ethical issues arising from the use of AI applications and would bring to the IESBA's attention any matters that, in our view, are not adequately addressed by the existing provisions of the Code.

We also note the discussion at the March 2026 meeting about the importance of organizations establishing appropriate governance arrangements for AI use. While such arrangements are clearly relevant, we believe that governance over the use of AI in entities is outside the IESBA's mandate.

Nordic Federation of Public Accountants (NRF)

4 – Slightly increasing in importance

We anticipate increasing use of emerging technologies, both within firms' audit processes and within their clients' systems. Over the next strategy period, it will therefore be important to regularly stress test the standards to ensure they remain fit for purpose and continue to encourage the effective and responsible use of technology and AI. At the same time, it will be neither feasible nor desirable to attempt to keep pace with every technological development through changes to the standards. This is an area where the importance of truly principles based standards becomes particularly evident. Emerging developments should be carefully assessed and, in most cases, primarily addressed through non authoritative guidance rather than through frequent changes to the standards themselves. The substantial technology related projects already underway at the IAASB are expected to address many of the current needs in this area.

Regarding the IESBA, we would rate this area as 3. The fundamental principles in the Code are, in our view, sustainable and sufficiently robust to accommodate technological developments. As with the IAASB, any increasing use of emerging technologies that affects the profession's services should, as a general approach, be dealt with outside the Code unless a clear and compelling need for authoritative change is identified.

07. Accounting Firms

Ernst & Young Global Limited (EY)

Our impact rating for this trend is based on our considerations for the IAASB. With regard to the IESBA, we believe the impact rating would be 4 (Slightly increasing in importance).

We agree that the rapid pace of development and adoption of emerging technologies is changing the financial reporting ecosystem, with significant implications for audit and assurance quality as well as public confidence in reported information. As noted in response to question 4, it is critical for the Boards to develop NAM to support implementation of existing standards and conduct a parallel assessment of their ongoing suitability in the context of technology. Such NAM should be subject to appropriate due process and practitioner input to ensure relevancy. In addition, while we support coordination between the IAASB and IESBA on technology considerations, we believe that establishing a separate IESBA panel would be more costly, burdensome to participants and potentially duplicative. The pool of relevant experts is already limited, meaning the same individuals would likely be called upon to serve on both panels. It would be more efficient to incorporate ethics expertise within the IAASB's Technology Expert Panel rather than creating a separate IESBA panel.

The following paragraphs provide further recommendations specific to each Board:

IAASB matters

We encourage the IAASB to respond to this transformation by maintaining technology-agnostic, principles-based requirements in its standards, supported by targeted NAM where speed and flexibility are essential. This approach should focus on two core areas: (1) the auditor's use of technology, and (2) the entity's use of technology in financial and non-financial reporting and related processes.

A central challenge is the rapid expansion of artificial intelligence (AI), including generative applications. Stakeholders are increasingly focused on how AI-enabled outputs are produced, governed, and relied upon in reporting. This underscores the need for prioritizing the timely issuance of NAM developed in collaboration with the Technology Expert Panel to address the implications of AI for audit and assurance evidence, professional judgment, and entity-level risks and controls.

With respect to auditors' and practitioners' use of AI, the IAASB should prioritize the accelerated development of NAM, within the current Strategy and Work Plan, to promote consistent application of existing requirements. Priority areas include the reliability of AI-assisted outputs, management of automation bias, and the use of generative and agentic AI, including implications for supervision and evaluation of evidence. Such NAM should also help educate stakeholders on the important differences between an assurance engagement on AI under the IAASB standards and certifications under ISO 42001 (AIMS).

As entities increasingly embed AI into financial and non-financial reporting, the IAASB should also identify where NAM is needed to support auditor judgment across the audit and assurance cycle, particularly where AI is embedded in third-party applications. Key focus areas include risk identification, control evaluation, and responses to assessed risks. Given the pace and complexity of AI adoption, timely guidance is essential to support consistent, high-quality application.

IESBA matters

With the issuance of the final pronouncement on Technology related Revisions to the Code in April 2023, which included guidance on how the fundamental principles apply in an evolving technological environment, we believe the IESBA Code is robust and well positioned to withstand the changes brought about by digital transformation.

Under the Fundamental Principle of Professional Competence and Due Care, professional accountants are required to attain and maintain appropriate knowledge and skills and to act diligently in accordance with professional standards. While emerging technologies introduce new forms of complexity, this obligation is not new. Accountants have always been expected to keep pace with complex subject matter, and the existing principles sufficiently address responsibilities related to developing and maintaining competence in

emerging technologies. Moreover, as technology has advanced, access to education and professional resources has expanded accordingly.

That said, the IESBA Board could further support the profession by developing NAM illustrating how the fundamental principles apply to different technology related scenarios. NAM in the form of case studies would both enhance practical application and allow the Board to respond more quickly to emerging issues.

6 – Strongly increasing in importance

KPMG International Limited

IAASB – 6 Strongly increasing in importance, IESBA – 6 Strongly increasing in importance

We consider "Digital Transformation - Increasing Use of Emerging Technologies" to be the most critical of the trends identified by the SSBs, and we expect this trend to strongly increase in importance over the 2028-2031 strategy period. The impacts of emerging technologies are expected to be wide-ranging, and we expect the pace of change to accelerate. Emerging technologies are affecting both how entities prepare financial and non-financial information for external reporting, as well as how audit and assurance engagements are conducted, with increasing integration of AI enabled and other emerging technologies.

As certain emerging technologies are being developed by the profession in response to the evolving use of technology by entities subject to audit and assurance, it is crucial that the SSBs' standards enable responsible use of emerging technologies by the profession. If standards were to hinder or create barriers to adoption or use, it may become difficult or inefficient for auditors to obtain sufficient appropriate audit evidence over aspects of the financial information of certain entities, with such challenges becoming increasingly significant as the technology implemented by such entities becomes more complex/sophisticated.

While the adoption of emerging technologies introduces new risks that must be appropriately considered and managed, it is also critical to recognize that there are potentially significant opportunities to enhance audit and assurance quality through the responsible use of these technologies. Therefore, it is very important that the SSBs closely monitor this trend over the strategy period and ensure that the standards remain fit for purpose, principles-based, and evergreen to enable the responsible adoption and use of emerging technologies on audit, assurance and related services engagements, and in respect of business relationships with audit and assurance clients.

IAASB

We believe it is critical for the IAASB to recognize that certain core concepts/principles underpinning the existing IAASB standards may need to be reconsidered and possibly revised in the near future, to avoid barriers to the adoption and use of emerging technologies. In this regard, we believe that the IAASB should take the following actions:

- convene a working group of key stakeholders, including regulators, jurisdictional standard-setters, the profession and others, and facilitate discussions to understand and explore the benefits and challenges regarding use of AI-enabled and other emerging technologies (by both the auditor or assurance practitioner, and by the entity when preparing information subject to assurance). The Technology Consultation Group (TCG) could be used for this purpose;
- undertake specific standard-setting activities in the near term, to enable responsible use of emerging technologies by the profession;
- when appropriate, issue timely and targeted non-authoritative material that clearly demonstrates the application of existing principles and requirements in the IAASB standards to support the adoption and use of emerging technologies. We consider this to be more agile and responsive to user needs than introducing new and more prescriptive requirements through standard setting activities to respond to technological developments given the extent and pace of change, (see B3); and

- consider opportunities to enhance current processes to identify when an urgent standard-setting response is needed. We believe these proposed actions will enable the IAASB to remain agile and responsive to developments, thereby enabling the profession to innovate and responsibly adopt technologies that can enhance audit and assurance quality in the public interest when performing engagements using the IAASB standards.

With respect to identifying instances where targeted standard-setting activities in the near term may be necessary, we highlight three examples below, which we do not believe the current IAASB technology project is sufficiently directed to address, that we recommend the IAASB consider exploring further as a matter of priority:

- Using technology to design or perform audit procedures

ISA 200.13(d) defines the "auditor" as the "person or persons" conducting the audit, usually the engagement partner or other members of the engagement team. Many requirements in the ISAs include "the auditor shall...", for example, ISA 315.13 states: "The auditor shall design and perform risk assessment procedures...". While ISA 220 (Revised) recognizes that engagement resources comprise human, technological and intellectual resources, many ISA requirements are premised on the expectation that audit procedures are designed and performed by humans, who may use technology to assist them.

As AI-enabled technology evolves, it will increasingly be capable of performing certain types of audit procedures autonomously without any human involvement (e.g. inspecting and summarizing documents, performing certain types of analytical procedures, and drones may be able to autonomously perform inventory counts or measure biological assets).

Consequently, we recommend that the IAASB explore this topic further as a priority and consider what changes may be appropriate to the IAASB standards to enable the responsible use of such technologies, which would include recognizing that technology in certain circumstances is (or soon will be) capable of autonomously designing and/or performing audit procedures. This could also include exploring relevant considerations regarding the direction, supervision and review of work performed autonomously by AI-enabled or similar technologies, including whether there would always need to be a human-in-the-loop to perform such direction, supervision and review. In the shorter term, such considerations may include how a human might direct and supervise such technological tools (including prompt engineering and iterative or progressive prompting), and review the output and question/challenge the basis for the tool's output/findings, as well as how such direction, supervision and review should be documented.

- Inclusion of outcome-based requirements within the ISAs to enable a more flexible approach to how the auditors' objectives are achieved

Although the ISAs recognize that obtaining sufficient appropriate audit evidence is an iterative process, they are based on a linear and sequential concept of an audit, with distinct procedural categories, comprising risk assessment procedures to identify and assess risks and further audit procedures to respond to assessed risks. Additionally, further audit procedures are differentially classified between procedures that are performed to evaluate or test controls, and those that are substantive procedures, with the latter also discretely categorized as tests of details and substantive analytical procedures. Whilst this taxonomy has historically supported consistency and audit quality, we have concerns that, with the increasing use of multi purpose/hybrid procedures, e.g. the use of AI and advanced analytics, the lines between these types of procedures are becoming increasingly blurred in application. As a result, such procedures may not clearly be identifiable as a particular type of procedure, or may constitute hybrid procedures with elements of different types. Furthermore, as auditors are able to interrogate 100% of a population, this can present challenges in designing and performing procedures and evaluating the results, as the ISAs direct the auditor to evaluate these differently, depending on the categorization of the procedure. Where such procedures are able to address audit risk holistically in the form of a single analysis, rather than address the components of audit risk individually, it is unnecessary, and sometimes not feasible, to evaluate the results based on the current categorizations of procedures as described in the ISAs. However, if the auditor does not do so, this may raise questions as to whether they have complied with the IAASB standards. To illustrate, we highlight the following two examples:

- The use of advanced anomaly detection capabilities that perform multiple analytical algorithms on each individual item in a population, the aggregation of which produces a 'risk score' that is indicative of the likelihood of each item being misstated. Such analysis can be designed with sufficient precision to reduce the risk of failing to detect a misstatement to an acceptably low level. This technique may be considered as an extremely robust and precise risk assessment, as a substantive procedure (as it is designed to detect a material misstatement), or a combination of both in that the quantified risk score is reflective of the residual audit risk in the population rather than specific components (inherent or detection risk). If the procedure is considered to contain a substantive element, it may be open to debate as to whether it is a test of detail (as the analysis is performed on specific characteristics of individual items) or whether it is a substantive analytical procedure as it uses analysis as the primary evidence-gathering technique. Furthermore, certain individual algorithms may also be designed to identify potential control deviations (for example empty authorization data fields) but be incorporated into an aggregated risk score with the results of other analyses which do not directly evaluate the operation of controls (for example identifying unusual transaction values). We refer the IAASB to the AICPA AU-C 500, Audit Evidence, which takes a progressive approach in terms of the use of automated tools and techniques. This includes a comprehensive example, at A68 Exhibit A – Using ADAs to Simultaneously Accomplish Multiple Audit Procedures, which illustrates in detail the use of an audit data analytic (ADA) to perform anomaly detection as described above, in which the auditor uses a revenue transaction scoring model that simultaneously accomplishes the objectives of both risk assessment and response in the form of substantive audit procedures;

- Statistical predictive models (for example regression analysis or other data-driven models) are analytical procedures that can be used as risk assessment procedures to identify relationships, relevant drivers and deviations, thereby informing (and potentially revising) an auditor's assessment of inherent risk. However, as the predictive precision of a model is improved and appropriately validated, it may also be capable of generating sufficiently precise independent expectations against which financial statement elements can be compared, thereby providing substantive audit evidence, with the degree of precision directly affecting the level of detection risk. A highly precise model, characterized by low residual error and narrow prediction intervals, with a pre-defined high confidence level can provide persuasive audit evidence capable of detecting relatively small misstatements, hence contributing to the reduction of detection risk. Conversely, a model with low precision (reflected in wide prediction intervals or low explanatory power) may only be capable of identifying larger and/or unusual deviations. Furthermore, in the latter circumstances, it may not be entirely clear whether the confidence obtained is due to more precisely measuring inherent risk, or whether it is reducing detection risk in response to an assessed risk of material misstatement, but not to an acceptably low level.

We also highlight that the confidence level and precision of such a predictive procedure can generally only be evaluated as the procedure itself is performed and validated, with the nature and persuasiveness of the audit evidence obtained therefore ultimately being dependent on the empirical performance of the model, including the stability of relationships and the distribution of residuals. As a result, it may not be possible, at the audit planning stage, to define such a procedure as being capable of providing sufficient appropriate audit evidence such that it would be initially classified as a substantive audit procedure, or whether it will remain primarily as a risk identification and assessment tool. Furthermore, given the iterative nature of an audit, and the fact that regression-based analytics operate along a spectrum, such tools may initially be used for risk assessment purposes (to inform assessment of inherent risk) but, depending on their demonstrated precision and reliability, may evolve as the audit progresses into further audit procedures that are capable of reducing audit risk by reducing detection risk.

Accordingly, we recommend that the IAASB explore more explicit recognition/facilitation within the ISAs (in particular, ISA 315(R), ISA 330, ISA 500(R) and ISA 530) of an outcome-based approach to the performance of audit procedures i.e., that is focused on the primary objective of the overall reduction of audit risk to an acceptably low level, as we believe that such an outcome-based perspective would better accommodate the use of emerging technologies without undermining audit quality (indeed, these technologies may enhance audit quality). Such an approach would continue to be a risk-based audit model, however, auditors would not be constrained in terms of an expectation of a sequential risk/response approach that separately addresses the individual components of audit risk, i.e. inherent risk, control risk and detection risk and instead would emphasize the nature and persuasiveness of the audit evidence

obtained, and the extent to which (in combination with other audit procedures) such evidence reduces overall audit risk.

- Different Ways of Obtaining Audit Evidence

Over the next few years, entities are expected to significantly expand their use of AI modelling, e.g., within the banking industry entities are expected to utilize machine learning to enhance predictive accuracy of expected credit losses. The ISAs currently direct auditors to understand the detailed internal architecture and decision-making logic of such models, and to identify inherent risks and control risks based on such understanding, in order to address risks of material misstatement (RMMs) at the assertion level. However, as models become increasingly sophisticated, using advanced techniques and complex algorithms that enable them to operate with greater processing volumes, it is becoming significantly more challenging to obtain sufficient appropriate audit evidence in this way.

Accordingly, we recommend that the IAASB explore alternative ways to obtain sufficient appropriate audit evidence, for example, when performing audit procedures to evaluate the reliability of information generated by such models that we intend to use as audit evidence, audit procedures may be better directed to evaluating the attribute of credibility of such information, including assessing the strength of governance over such models and then focusing on evaluating the results that they produce.

IESBA

Use of emerging technologies is a critical trend for ethics and independence, with broad, systemic effects rather than small incremental ones. AI and other emerging technologies can affect multiple parts of the ecosystem at the same time, including:

- how auditors use AI within audit methodologies and tools;
- reliance on third party technology providers embedded in those tools;
- how reporting entities use AI in the preparation of financial and non financial information;
- expectations around transparency and disclosure in AI influenced information; and
- responsible use of emerging technologies in other services provided to, and business relationships with, audit and assurance clients.

These developments raise questions about whether some existing requirements of the Code remain fit for purpose in an increasingly AI enabled environment. As technology becomes more embedded in professional services, some aspects of the current standards may need a fundamental reassessment. Ethics and independence requirements should remain grounded in clear principles and intended outcomes, including integrity, objectivity, accountability, and independence in fact and appearance. Standards should remain sufficiently robust while allowing flexibility and scalability in increasingly automated and technology driven environments. This does not lower ethical or independence expectations; it recognizes that the same ethical objectives may be achieved in a manner that is operable across different jurisdictions and in evolving, technology-enabled environments.

Rather than adding new, more prescriptive requirements through standard setting, the IESBA should, when appropriate, issue timely and targeted non-authoritative materials that clearly demonstrate the application of existing principles and requirements in the IESBA Code to support the adoption and use of emerging technologies, especially in relation to non-assurance services.

The IESBA should also consider, and rectify where necessary, existing standards that unnecessarily restrict the responsible use of emerging technologies in audit, assurance and non-assurance services including where technology use impacts business relationships with audit and assurance clients. Specific considerations include how emerging technology may affect the evaluation of 1) permissibility of a business relationship, 2) assuming a management responsibility, 3) hosting client data and 4) creating a self-review threat. In doing so, the IESBA should ensure that its standards do not unnecessarily constrain auditor or assurance practitioner choice where the fundamental principles can otherwise be met.

- The use of advanced anomaly detection capabilities that perform multiple analytical algorithms on each individual item in a population, the aggregation of which produces a 'risk score' that is indicative of the likelihood of each item being misstated. Such analysis can be designed with sufficient precision to reduce the risk of failing to detect a misstatement to an acceptably low level. This technique may be considered as

an extremely robust and precise risk assessment, as a substantive procedure (as it is designed to detect a material misstatement), or a combination of both in that the quantified risk score is reflective of the residual audit risk in the population rather than specific components (inherent or detection risk). If the procedure is considered to contain a substantive element, it may be open to debate as to whether it is a test of detail (as the analysis is performed on specific characteristics of individual items) or whether it is a substantive analytical procedure as it uses analysis as the primary evidence-gathering technique. Furthermore, certain individual algorithms may also be designed to identify potential control deviations (for example empty authorization data fields) but be incorporated into an aggregated risk score with the results of other analyses which do not directly evaluate the operation of controls (for example identifying unusual transaction values).

6 – Strongly increasing in importance

09. Public Sector Organizations

United States Government Accountability Office (GOA)

5 – Increasing in importance

For the IAASB: We agree that emerging technologies, including the use of artificial intelligence and blockchain by both entity management and practitioners, are increasing in importance. However, we believe that practitioners need guidance to apply the existing standards to understand, apply, and evaluate these technologies, not necessarily new standards. If there is demand by regulators or the public for assurance over an entity's use of these technologies, the IAASB should consider whether to develop new standards or update existing standards, such as ISAE 3000.

10. Member Bodies or Other Professional Accountancy Organizations

Accountancy Europe (AE)

6 – Strongly increasing in importance

The digital transformation is not primarily a standard-setting issue. Technology is evolving quickly and it is not the role of standards to keep pace, rather the aim is for them to remain principle-based and robust in the face of change. Attempting to respond at a detailed level through new standards can create obsolete requirements and increase complexity without solving practical issues. The appropriate steps should be non-authoritative guidance and practical implementation support. IAASB rating: 6 (Strongly increasing importance)

Technology is clearly important in general, but IAASB already has projects addressing technology. The issue is not a lack of detail in standards, the issue is whether existing standards are fit for purpose and robust. IESBA rating: 4 (Slightly increasing in importance)

Despite the rapid pace of technological change, it is important to maintain a robust, principle-based Code that remains applicable across evolving scenarios. At the same time, recent developments have made the Code increasingly rules-based, moving away from its original principles-based foundation.

The recently issued Technology provisions have already strengthened the Code's ability to address such changes. Further standard-setting in response to specific technological developments is not necessary. Instead, greater emphasis should be placed on non-authoritative material (NAM) to illustrate how the principles-based framework can be applied in practice to emerging technologies.

Global Accountancy Alliance (GAA)

6 – Strongly increasing in importance

This trend is already highly significant and we expect this to continue in the years ahead. Ongoing adoption of AI tools and continued marketplace innovation are likely to sustain this momentum.

We have set out below our views on the implications of this for the respective Boards.

IAASB Rating: 6

Emerging technology—particularly artificial intelligence—is increasingly viewed as a key trend affecting the work of IAASB, driven by its growing integration into both reporting entity and firm processes.

Accordingly, while technology should remain a high priority for the IAASB, the Board should continue to monitor this trend closely and assess whether it gives rise to a systemic global practice issue that requires action. The IAASB will need to closely monitor matters related to human oversight, data integrity and security, and the implication of internally developed and third party applications.

If IAASB action is warranted, the Board should first consider whether non-authoritative materials would be sufficient and proceed to new or revised standards only if clearly necessary.

IESBA Rating: 4

Although this is a significant global trend, IESBA has already updated the Code in response to technology developments and has published related non-authoritative support materials. On that basis, we consider the current Code to remain fit for purpose. The recent amendments were shaped by substantial fact-finding and stakeholder engagement; they are principles-based, technology-neutral, and intended to support the ethical mindset and conduct of professional accountants in business and in public practice as they use technology and respond to ongoing innovation. This approach helps keep the Code relevant over time and reduces the risk of fragmentation. Accordingly we expect this trend to become less strategically significant for the IESBA, with the emphasis instead on sustaining confidence that the existing revisions continue to address emerging issues. In support of this view, and notwithstanding the continued pace of digital transformation, we are not aware of evidence to date indicating that further changes to the Code are needed to respond to new developments. This reinforces the value of a principles-based framework, which is more likely to remain appropriate as circumstances evolve. So far, the 2022 technology related revisions—together with earlier changes (for example, refinements to the wording of the objectivity fundamental principle arising from the Role and Mindset project)—appear to have remained effective over time.

Regarding emerging technologies (including artificial intelligence), unless specific and clearly articulated concerns arise that cannot be addressed through existing authoritative requirements, we believe the IESBA's efforts should be directed toward educational and illustrative materials that help professional accountants apply the current provisions in practice—such as the recent "Decoding Ethics: Building trust in a tech-driven world" podcast series. We welcome this initiative and the way it demonstrates how the Code can be applied to continuing technological developments, including topics such as quantum computing.

To limit demands on the IESBA's constrained resources, the Board could also consider drawing on educational materials developed by JSSs or other closely connected stakeholders. GAA member bodies will continue to monitor ethical issues arising from the use of AI applications and would bring to the IESBA's attention any matters that, in our view, are not adequately addressed by the existing provisions of the Code. We also note the discussion at the March 2026 meeting about the importance of organizations establishing appropriate governance arrangements for AI use. While such arrangements are clearly relevant, they appear to sit outside the IESBA's mandate.

Institute of Chartered Accountants in England and Wales (ICAEW)

IAASB rating: 4

IESBA rating: 4

ICAEW acknowledges the rapid pace of innovation and development of AI and other technology in use by auditors and other professional accountants. This is absolutely an increasing trend for firms of all sizes, and SSB focus on emerging technologies should remain a key part of their strategies.

However, ICAEW considers that such complex and rapidly evolving issues are best addressed through non-authoritative guidance which can be quickly updated, rather than by the development of new standards.

Indeed, the UK's regulator, the FRC has issued two pieces of guidance (in 2025 and 2026) on the use of generative AI and agentic AI in audit. This helps make audit firms aware of acceptable usage of these technologies, without introducing standards that may prove inflexible. ICAEW supports the existing IAASB projects in relation to technology – the Technology Position and its gap analysis, and outreach on the interaction between technology and ISQM 1.

In relation to ethical use of AI and technology, ICAEW considers that the fundamental principles and existing standards and application material in the Code of Ethics is flexible enough to be adapted to any new developments in this sector.

4 – Slightly increasing in importance

Institute of Chartered Accountants of Scotland (ICAS)

We believe that this trend is already highly important, and this will undoubtedly continue in the years to come with increased adoption of AI tools and further innovation in the marketplace likely to continue at pace. We have set out below our views on the implications of this for the respective Boards.

IESBA – Rating - 4

Despite the ongoing pace of digital transformation, to the best of our knowledge no evidence has, as yet, emerged to suggest there is a need to consider potential revisions to the IESBA Code of Ethics to reflect any such developments. This highlights the importance of the Code remaining principles-based and that such an approach increases the likelihood of it remaining fit for purpose over a longer time period. To date, the 2022 approved technology-related revisions, coupled with earlier revisions, e.g. to the wording of the objectivity fundamental principle (as part of the Role and Mindset project revisions), appear to have stood the test of time. A key part of the Code, which is extremely prevalent in this regard, is section 110 which highlights the need for a professional accountant not to be associated with misleading information. As illustrated in this ICAS article the Code already covers effectively any potential ethical dilemmas relating to AI hallucinations. Given the above we believe that the role of IESBA is to continue to monitor developments in this area to determine if any new type of threat emerges that needs to be considered and also to help educate professional accountants on the applicable risks and how the Code deals with these.

IAASB – Rating - 6

As noted above, the pace of technological developments is undoubtedly a key societal trend. A significant element of this is the increased adoption of AI tools across society including in audited entities and firms. Accordingly, this is a trend that the IAASB has to continue to monitor and assess whether there are any matters within its purview, that give rise to the need for it to take action on a specific matter. If any such matters are identified, it is essential that careful consideration is given to the extent of that action. Initiation of a project to revise or create new standards should only occur where it has been determined that non authoritative material would not be sufficient.

6 – Strongly increasing in importance

International Federation of Accountants (IFAC)

5 – Increasing in importance

IFAC acknowledges that the increasing use of emerging technologies, including AI-enabled tools and agents, is highly relevant to the environment in which audit, assurance, ethics and independence standards operate. However, rating this trend as important should not be interpreted as support for new or expanded standard-setting.

The SSBs need to be realistic about the difficulty of standards development keeping pace with technological innovation. Standards are intended to be principles-based and should be capable of application as technology changes. The priority should therefore be to determine whether there is an evidenced gap in

existing standards, or whether the issue is instead one of application, implementation, education or guidance.

IFAC has rated this trend as a 5, but this rating does not apply equally to both Boards. For the IAASB, emerging technologies may be relevant to the application of existing auditing and assurance standards, and any response should first consider whether guidance, implementation support, education or other non-authoritative material would be sufficient.

For IESBA, the relevance appears less direct. The starting point should be whether the existing fundamental principles, following the fairly recent technology related revisions to the Code, already provide an adequate basis for addressing ethical issues arising from emerging technologies. Any IESBA action should be based on evidence of a gap in the Code, not simply on the emergence of new technologies. Therefore, this trend could be rated lower for IESBA.

03.05. No rating provided but with comments

01. Monitoring Group

International Federation of Independent Audit Regulators (IFIAR)

Increasing Use of Emerging Technologies

11. The increasing use of emerging technologies, including artificial intelligence, along with greater automation is already affecting and will continue to shape the future of auditing. IFIAR Members have noted challenges related to the consistent application of standards when using data-enabled audit tools and in audits of technology-enabled businesses.

12. IFIAR encourages the IAASB and IESBA in the rapidly evolving environment to monitor evolutions and ensure that the international standards and pronouncements remain relevant and fit for purpose. Amongst other trends, strong systems of quality management are critical within audit firms in supporting the development or acquisition, testing, deployment and on-2 support this objective, IFIAR encourages the IAASB and IESBA to include in the priorities:

- Clarifications around the expectations for nature and sufficiency of audit evidence obtained through automated tools.
- Timely development of pronouncements that will support consistent application of the International Standards on Auditing (ISAs) in a technology-enabled environment, including through guidance where appropriate.
- Consideration of how to best deal with governance, oversight, approval or other mechanisms to be developed to support confidence that audit tools are fit for purpose, operate as intended, are used appropriately by auditors, and produce reliable audit evidence.

13. The evolution in the timeliness of entities' reporting, and the implications for the audit thereon should also be taken into consideration in setting the strategy. As reporting increasingly relies on digital formats (e.g. digitized financial statements, sustainability related information or other information that is used in financial reporting), there is a need for continued consideration of the related assurance implications.

14. IFIAR also continues to highlight the importance of fostering coordination and cooperation in the setting of auditing, assurance and ethical standards. When defining strategic priorities, emerging technologies should be jointly addressed by the IAASB and IESBA to ensure consistency and completeness.

International Organization of Securities Commissions (IOSCO) Committee

A.1 Increasing Use of Emerging Technologies – High Influence

The increasing use of emerging technologies will be a major driver of audit and ethics standard-setting activities in the coming years. As both companies and auditors adopt emerging technologies, including AI-enabled systems and advanced data-driven tools, the nature of risks evolves. Companies' increasing use of emerging technologies introduce new risks related to data integrity, model governance, and susceptibility to financial crimes enabled by technology that could have a material impact on financial reporting. At the same

time, auditors' use of automated tools, capable of processing an entire population of data rather than samples, reshapes how materiality is understood in practice. These tools can also create risks of technology bias or over-reliance on system-generated outputs as audit evidence without sufficient evaluation. These developments have important implications for how auditors identify and assess risks of misstatement, determine materiality, evaluate the sufficiency and appropriateness of audit evidence, and maintain an appropriately high level of professional skepticism. In addition, we agree that the use of emerging technologies raises ethics and independence considerations. As we highlighted at the top of this letter, these issues require closely coordinated action among the IAASB, IESBA, and other relevant reporting standard setters to ensure aligned terminology, guiding principles, and expectations across accounting, auditing, assurance, ethics, and independence standards.

As this trend continues to evolve, we encourage the SSBs to consider, based on emerging evidence and practical experience, whether this will lead to further clarification of existing standards or other forms of support to ensure that technological developments are addressed in a manner consistent with the public interest. As part of that consideration, we highly encourage the SSBs to leverage the feedback gathered from their ongoing technology-related projects and, where appropriate, draw on the perspectives of other regulators and standard setters around the globe to inform a complete assessment of where additional clarity is needed.

05. Regulators and Oversight Authorities

Canadian Public Accountability Board (CPAB)

Digital Transformation – Increasing Use of Emerging Technologies

The increasing use of emerging technologies, including AI-enabled tools, advanced data analytics, and reliance on third-party technology providers, will continue to grow in importance. Digital transformation has already had a significant impact on business models, and the pace of change is accelerating. These developments are affecting both entities subject to audit and audit firms' systems of quality management. Through CPAB's oversight activities, we have observed some auditors are not able to consistently apply the existing principle-based standards when auditing complex or technology-based business models. CPAB has observed that challenges can arise when transactions, financial information, or the reporting issuers' control environments are highly automated or technology driven.

In addition, CPAB has observed some challenges experienced by audit firms that deploy proprietary tools and audit firms that use tools developed externally by third parties. When these tools are used appropriately by firms and supported by a strong system of quality management, they can support the consistent execution of high-quality audits.

CPAB encourages the IAASB and IESBA to prioritize:

The development of timely, practical guidance to support consistent application of principle-based standards in technology-enabled environments.

Clarification of expectations regarding the nature and sufficiency of audit evidence obtained through automated tools.

Consideration of oversight, certification, or other mechanisms to support confidence that the audit tools are fit for purpose, including whether they operate as intended, are used appropriately by auditors, and produce reliable audit evidence.

The development of timely guidance with input from multiple stakeholders will be critical to support auditors in identifying and assessing the risks related to the digital transformation to develop robust systems of quality management that support the consistent execution of high-quality audits. This includes guidance to support auditors in using technology in a way that supports the application of professional skepticism and judgment.

Committee of European Auditing Oversight Bodies (CEAOB)

Digital Transformation

9. The growing use of emerging technologies will strongly influence audit, ethics, and independence standards. As companies and auditors adopt new technologies such as Artificial Intelligence and advanced data-analytics tools, new risks arise and standards must evolve to stay relevant and effective. Automated tools that analyze full data populations also change how materiality is applied and can introduce risks like technology bias or excessive reliance on system-generated results. These shifts affect auditors' approaches to risk assessment, materiality, evidence evaluation, and professional skepticism, while also raising important ethical and independence considerations.

10. Furthermore, the SSBs will need to provide clarity on the secure and responsible use of new digital tools, including AI-based applications, and/or on how existing requirements in the standards should be interpreted in technology-enhanced environments. This could include issuing updated pronouncements, practical implementation materials, and FAQs, as appropriate, to support auditors and practitioners in applying professional judgment, protecting data confidentiality, and maintaining audit quality as digital technologies are rapidly expanding.

Public Company Accounting Oversight Board (PCAOB) – Views of the PCAOB Chief Auditor

Responses to Questions or Matters for Stakeholder Input

What do you believe the SSBs should aspire to achieve during their next strategy period, 2028 – 2031?

In considering the key trends identified in the Stakeholder survey, I believe the most important key trend and area for working together relates to digital transformation.

As artificial intelligence and other technologies are rapidly changing the financial reporting and audit processes, I stress the need for greater coordination across the global standard-setting and regulatory ecosystem, including accounting, auditing, ethics and independence standard setters, securities regulators, and oversight bodies. Strong coordination is critical to avoid 1 See Demetrios (Jim) Logothetis, Chairman, PCAOB, [Chairman Logothetis Delivers Remarks at Standards and Emerging Issues Advisory Group Meeting](#) (May 6, 2026).

fragmented or misaligned developments across standards, reduce unnecessary complexity in audit work and support consistent, high-quality application of standards worldwide.

As autonomous technology becomes increasingly prevalent, the very survival of the auditing profession depends upon the ability to adapt to its use. Key to this is to have auditing standards evolve accordingly to remain relevant and to ensure a level of investor protection and trust in capital markets. While rapid developments in technology call for agile standard-setting approaches, they also call for principle-based requirements that lessen the risk of becoming too quickly outdated. At the same time, significant standard-setting activity in the area could stifle innovation that would otherwise increase the effectiveness of the audit. A balanced approach is a necessity.

I agree with the three areas included in the survey as examples of digital transformation that will influence the future of standard setting, specifically, the increasing use of emerging technologies, digital assets and institutionalization of digital assets, and financial crimes enabled by technology.

In general, I believe the current projects on audit evidence and risk response and other standards in the ISA 500-Series may encompass consideration of changes to some standards due to increased use of autonomous technology.

10. Member Bodies or Other Professional Accountancy Organizations

CPA Australia

0 – I do not agree that this is a trend to be considered

A.1 Increasing use of emerging technologies (e.g., AI):

Treat as a cross-cutting application and implementation challenge, not an automatic trigger for new requirements. For the IAASB, prioritise ongoing gap analysis and practical support on applying existing ISAs (evidence, professional judgement/scepticism, use of automated tools) and consider only narrow-scope

amendments where durable gaps are demonstrated. The ISA's have stood up for many years as principles based standards with the evolution of technology and technology tools. AI today is the data mining of a few years ago. For the IESBA, reinforce technology-neutral application of the Code (accountability, competence and due care, confidentiality) and focus on post-implementation learning from the 2024 technology revisions, supplemented by targeted education/practice alerts materials.

03.06. No specific response

02. Users of Financial or Non-Financial Information

Sarasin & Partners