

Meeting: IESBA CAG Meeting
Meeting Location: Virtual
Meeting Date: September 6, 2022

Agenda Item

D

Technology Working Group – Fact Finding Final Report

I. Objective

1. To:
 - (a) Receive a presentation on the Working Group's Phase 2 final report on its technology fact-finding activities.
 - (b) Obtain CAG representatives views on the Working Group's Phase 2 final report, including the insights and recommendations and suggestions for consideration in determining the future of IESBA's technology fact finding initiative.

II. Recap of Working Group's Objectives

2. The objectives of the Working Group, outlined in its [terms of reference](#) approved in March 2021, are:
 - (a) To develop, or facilitate the development of, non-authoritative resources or materials on technology-related topics that would benefit PAs and the wider stakeholder community¹ through (i) raising their awareness of the ethical implications of technology-related developments for PAs and/or (ii) supporting PAs in consistently applying the Code in addressing related ethical dilemmas or conflicts, including with respect to independence; and
 - (b) To identify and assess the potential impact of technology on the behavior of PAs and the relevance² and applicability of the Code.

III. Matter for CAG Consideration

3. The Working Group has finalized its Phase 2 report (**Agenda Item D-1**) and is seeking Representatives' input and reactions before issuance.
4. Representatives will be asked for views on the Working Group's final report, including the recommendations and suggested next steps for IESBA.

IV. Activities since Last CAG Update in September 2021

5. Since the September 2021 CAG meeting, the Working Group established IESBA Technology Experts

¹ In this regard, see the Working Group's [Technology Focus Webpage](#), which compiles ethics and technology-related resources that the Working Group developed/facilitated, and technology-related resources developed by IAASB and others (e.g., national standard setters and professional accountancy organizations).

² For example, modernization of terms and concepts in addition to those recommended in the [Phase 1 Final Report](#), page 23.

Group (TEG),³ which consists of eight members experienced in using and implementing technology. The TEG is a “sounding board” to the Working Group, providing advice and other input to help inform the Working Group’s fact-finding work and its final report.

6. Separately, the Working Group have been facilitating the development of non-authoritative resources and guidance. During the CAG meeting, the TWG Chair will highlight some of the key resources that have been issued since the September 2021 CAG meeting.
7. Appendix 2 to this paper provides a history of previous discussions with the CAG about the IESBA’s Technology workstreams.

V. Report Back on September 2021 CAG Discussions

8. Below are relevant extracts from the minutes of the September 2021 CAG meeting and an indication of how the Working Group or IESBA has responded to the CAG’s comments.

Matters Raised	Working Group/ IESBA Response
<p>With respect to the Working Group’s remit to develop, or facilitate the development of, non-authoritative resources or materials on technology-related topics, Mr. Hansen questioned whether any materials would be developed with respect to the topics of confidentiality and data hosting.</p>	<p>Point taken into account.</p> <p>Mr. Friedrich highlighted that the thought-leadership materials being developed raise awareness of the ethics implications underlying both topics. He also pointed out the Technology Task Force’s work in developing revisions to the Code on both topics and stressed the importance of the Working Group not providing any preemptive or interpretative guidance before the proposed revisions are finalized.</p>
<p>Support was expressed for establishing the IESBA TEG (formerly Technology Advisory Group), with Mr. Hansen noting that the IESBA TEG would be a helpful avenue to obtain knowledgeable insights from technologists.</p>	<p>Support noted.</p>
<p>Dr. Chen (PIOB CAG Observer) noted that the Working Group’s proposed IESBA TEG is an interesting undertaking as it would allow an avenue for technologists to share their knowledge and experience. He reminded the Working Group that the TEG’s remit should avoid undue influence from the accounting profession.</p>	<p>Support noted.</p> <p><i>(See paragraph 5 which notes the March 2022 establishment of the IEBSA TEG).</i></p>

³ See news release and details of the members appointed: <https://www.ethicsboard.org/news-events/2022-03/iesba-technology-experts-group-members-appointed-0>.

Material Presented

Agenda Item D-1	Draft – Technology Working Group – Final Phase 2 Report	
Material Presented – FOR IESBA CAG REFERENCE PURPOSES ONLY		
September 2022 IESBA Meeting Agenda Item 4	Technology Working Group – Fact Finding Final Report	https://www.ethicsboard.org/meetings/september-12-16-2022-hybrid

Overview of Technology Thought Leadership and Other Materials

The table below provides an overview, including the anticipated completion/ release date of the various thought leadership and other materials.

Topic/ Title of Thought leadership and Other Materials	Developed by/ In Collaboration with	Status as of August 2022
<u>Complexity and the Professional Accountant</u>	CPA Canada, ICAS, IFAC	<ul style="list-style-type: none"> Released in Aug 2021
<u>Technology is a Double-Edged Sword</u>	CPA Canada, ICAS, IFAC	<ul style="list-style-type: none"> Released in Dec 2021
<u>Managing Bias and Mis/Disinformation</u>	CPA Canada, ICAS, IFAC	<ul style="list-style-type: none"> Released in Feb 2022
<u>Mindset and Enabling Skills</u>	CPA Canada, ICAS, IFAC	<ul style="list-style-type: none"> Released in Apr 2022
<i>Applying the Code's Conceptual Framework to technology-related scenarios</i>	JICPA	<ul style="list-style-type: none"> Anticipated release in Q4 2022
<i>Technology-related considerations for Auditor Independence</i>	APESB	<ul style="list-style-type: none"> In progress; being aligned with material in final NAS FAQs
<i>Exploring the IESBA Code: Technology-related instalments</i>	IFAC staff	<ul style="list-style-type: none"> <u>Artificial Intelligence installment</u> released in March 2022 High-level awareness-raising publication: In progress IFAC to consider developing topic-specific technology installments following the issuance of the final technology-related provisions anticipated in March 2023

Project History Summary: Technology Initiative

	CAG Meeting	IESBA Meeting
Phase 1 Information gathering/discussion ⁴	March 2019 September 2019	March 2018 June 2018 September 2018 December 2018 March 2019 June 2019 September 2019 December 2019
Project commencement, including approval of project proposal	March 2020	March 2020
Development of proposed international pronouncement (up to exposure) ⁵	September-October 2020 March 2021 September 2021	June 2020 September-October 2020 November-December 2020 March 2021 June 2021 September 2021 December 2021
Phase 2 Information gathering/discussion ⁶	September 2021	March 2021 June 2021 September 2021 December 2021 March 2022 June 2022

Refer to the [IESBA Technology Project webpage](#) for links to all meetings outlined above.

⁴ Report on [Phase 1 fact-finding](#) was issued in February 2020.

⁵ Technology [surveys](#) issued in 2020; [ED](#) issued in February 2022 with comment deadline in June 2022.

⁶ Report on Phase 2 fact-finding presented to the CAG and IESBA in September 2022, anticipated to be issued in Q4 2022.