

**Meeting:** IESBA CAG  
**Meeting Location:** Virtual  
**Meeting Date:** September 23, 2022

## Agenda Item

# E

### Technology Project

#### Objective

1. To *RECEIVE* an overview of the significant comments on the Exposure Draft, [Proposed Technology-related Revisions to the Code](#) (ED).<sup>1</sup>
2. To *DISCUSS* the Task Force's related responses

#### Project Status and Timeline

3. The IESBA unanimously approved the [technology project proposal](#)<sup>2</sup> at its March 2020 meeting to develop technology-related revisions that are necessary for the Code to continue to remain relevant and fit for purpose in response to the transformative effects of major trends and developments in technology on the work of the global accountancy profession. The IESBA CAG met virtually on three occasions, to provide input during the development of Task Force's proposals.
4. At the December 2021 meeting, the IESBA approved for exposure the proposed technology-related revisions to the Code. In February 2022, the IESBA released the Exposure Draft (ED), [Proposed Technology-related Revisions to the Code](#), which was open for public comment until June 20, 2022.
5. In March 2022, Representatives were provided a [report-back](#) on the discussion at the September 2021 IESBA CAG session relating to the proposed technology-related revisions to the Code.

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<sup>1</sup> The proposed technology-related revisions were made to the most current version of the Code, including all revisions that have been approved by the IESBA. Such approved revisions incorporate:

- (a) The following revisions that will become effective in December 2022.
  - o The revisions to the non-assurance services (NAS) and fee-related provisions of the Code.
  - o The revisions to address the objectivity of an engagement quality reviewer (EQR) and other appropriate reviewers.
  - o The quality management-related conforming amendments to the Code that were issued as a result of the finalization of the IAASB suite of quality management standards.
- (b) The recently issued revised definition of a public interest entity (PIE) which, among other matters, specifies a broader list of PIE categories, including a new category "publicly traded entity" to replace the category of "listed entity." The PIE-related revisions will become effective on December 15, 2024.

<sup>2</sup> The project proposal was informed by a Working Group Report which was issued in December 2019 (Phase 1 Report) and summarized the IESBA's 2018-2019 fact-finding and research on the impact of trends and developments in artificial intelligence (AI), big data, and data analytics on the ethical behavior of professional accountants, both in business (PAIBs) and in public practice (PAPPs).

6. The IESBA received [50 comment letter responses](#) to the ED. In September 2022, the IESBA considered significant issues raised by respondents to the ED and provided the Task Force with directional input on their responses, including proposed changes to the ED. Representatives will be briefed on the significant comments on the ED and the main takeaways from the IESBA's September 2022 Board meeting.

#### *Coordination with the Technology Task Force and other workstreams*

7. The Task Force considered the Working Group's preliminary observations and insights in finalizing the technology-related ED proposals<sup>3</sup> in December 2021.
8. The insights and recommendations detailed in the Working Group's draft [Final Phase 2 Report](#) was also considered by the Task Force within the context of its analysis of comment letters received on the Technology ED and assessment of whether further revisions to the Code are appropriate at this time.

#### *IAASB-IESBA Coordination Matters*

9. In developing the proposals, the IESBA coordinated with the International Auditing and Assurance Standards Board (IAASB) to maintain the alignment and interconnectivity between the two Boards' sets of standards. Steps have in particular been taken to ensure that the proposed enhancements preserve the existing consistency in Part 4B of the Code with the terms and concepts in the IAASB's International Standard on Assurance Engagements (ISAE) 3000 (Revised), [Assurance Engagements other than Audits or Reviews of Historical Financial Information](#).
10. This coordination will continue as the Task Force finalizes its revisions to the ED during Q4.

#### **Matters for CAG Consideration**

11. Representatives are asked to:
  - (a) Consider and react to the significant issues and Task Force responses highlighted in the presentation; and
  - (b) Provide any input that might be relevant to IESBA in finalizing the technology-related revisions to the Code.

#### **Next Steps**

12. In Q4 2022, the Task Force will meet to finalize revisions to the ED taking into account input from the IESBA September Board and the CAG discussions as well as targeted stakeholder input, including with International Organization of Securities Commissions (IOSCO) Committee 1 and the Standards Coordination Working Group (SCWG) of the International Forum of Independent Audit Regulators (IFIAR).
13. Appendix 1 to this paper provides a history of previous discussions with the IESBA and CAG on the technology project.

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<sup>3</sup> The IESBA-approved technology-related ED was issued in February 2022 and the comment period closed on June 20, 2022. Refer to **IESBA September 2022 [Agenda Item 8](#)** for a summary of the feedback on the technology-related ED and the Task Force's preliminary responses.

**Materials presented**

- Agenda Item E-1      Presentation Slides (Significant Issues and Task Force Responses)  
Agenda Item E-2      Proposed Revised Text (Mark-up from ED)  
Agenda Item E-3      Proposed Revised Text (Clean)

**CAG Reference Material – September 2022 IESBA Agenda Material**

- IESBA Agenda Item 8 [Technology Project Cover Note](#)
- IESBA Agenda Item 8-A [Presentation Slides \(Significant Issues and Task Force Responses\)](#)
- IESBA Agenda Item 8-B [Proposed Revised Text \(Mark-up from ED\)](#)
- IESBA Agenda Item 8-C [Analysis of Respondents Views on ED, Summary of Significant ED Comments and Task Force Responses](#)
- IESBA Agenda Item 8-D [Supplementary Material – Compilation of ED Comments \(General and by Question\)](#)
- IESBA Agenda Item 8-E [Reference Material – Proposed Revised Text \(Mark-up from Extant\)](#)
- IESBA Agenda Item 8-F [Reference Material – Proposed Revised Text \(Clean\)](#)

**Appendix 1**

**Project History Summary: Technology Initiative**

	<b>CAG Meeting</b>	<b>IESBA Meeting</b>
Information gathering/ Discussion <sup>4</sup>	<a href="#">March 2019</a> <a href="#">September 2019</a>	<a href="#">March 2019</a> <a href="#">June 2019</a> <a href="#">September 2019</a> <a href="#">December 2019</a>
Project commencement, including approval of project proposal	<a href="#">March 2020</a>	<a href="#">March 2020</a>
Phase 2 Information gathering/discussion <sup>5</sup>	<a href="#">September 2021</a> <a href="#">September 2022</a>	<a href="#">March 2021</a> <a href="#">June 2021</a> <a href="#">September 2021</a> <a href="#">December 2021</a> <a href="#">March 2022</a> <a href="#">June 2022</a> <a href="#">September 2022</a>
Development of proposed international pronouncement (up to exposure) <sup>6</sup>	<a href="#">September-October 2020</a> <a href="#">March 2021</a> <a href="#">September 2021</a>	<a href="#">June 2020</a> <a href="#">September-October 2020</a> <a href="#">November-December 2020</a> <a href="#">March 2021</a> <a href="#">June 2021</a> <a href="#">September 2021</a> <a href="#">December 2021</a>
ED issued and available on <a href="#">IESBA Website</a> – February 2022 with a June 20, 2022 comment deadline		
Consideration of responses to ED	<a href="#">September 2022</a>	<a href="#">September 2022</a>

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

<sup>5</sup> Report on [Phase 2 fact-finding](#) presented to the CAG and IESBA in September 2022; scheduled to be issued in Q4 2022.

<sup>6</sup> ED incorporated the feedback on Technology [surveys](#) that were issued in 2020..