Technology Project
Significant Issues and Task Force Responses

IESBA CAG Meeting – September 2022

Mr. Rich Huesken, IESBA Member and Technology Task Force Chair
Objectives

Representatives to:

➢ **RECEIVE** an overview of the significant comments on the ED.

➢ **DISCUSS** the Task Force’s related responses.
Recap: Technology ED

INFORMED BY:

- Phase 1 Report
- Role and Mindset project
- NAS project
- Two global surveys
- Stakeholder outreach
- TWG preliminary insights

CONSIDERED:

- CAG feedback (Sept 2021)
- PIOB PI issues (Nov 2021)

“…generally, the Code currently provides high level, principles-based guidance for most technology-related ethics issues that professional accountants and firms might encounter...”

Phase 1 report available [here](#)
Stakeholder Engagement

March 2022:
- Malaysian Institute of Accountants CFO Circle
- IFIAR Standards Coordination Working Group

April 2022:
- Technology ED Global Webinar (> 70 jurisdictions)
- New York State Society of CPAs Professional Ethics Committee
- IFAC Small-medium Practices Advisory Group

May 2022:
- Accountancy Europe
  ➢ Professional Ethics and Competences Working Party
  ➢ Corporate Reporting and Digitalization Task Force
- South African Institute of Chartered Accountants

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<th>Stakeholder Group Indicated by Webinar Participant</th>
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<td>Preparers and other professional accountants in business, including internal auditors</td>
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May-June 2022:
Online Survey Trialed:
- Encourage TCWG and Investor Comments

Survey Responses Not Usable:
- Low response rate
- Incomplete responses
ED Respondents

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- ED Release: Feb 18
- Deadline: Jun 20

50 letters
On Balance, Clear Support for ED Proposals

Significant Issues

- Professional Skills *(ED 113.1 A1)*
- Confidentiality *(ED S114 & Glossary)*
- Complex Circumstances *(ED 120.13 A1-A3)*
- Use of Technology (ED S200, S220, S300 & S320)
- Close Business Relationships *(ED 520.3 A2, 520.7 A1 & 600.6)*
- Hosting *(ED 606.3 A1)*

✓ Suggestions to refine text
✓ Areas of clarification
Reserved support:
- Relevance of “soft skills’ in the Code, vs being important in practice.
- Generic, adds no value, will lead to inconsistent application.
- Inadvertent barrier into the profession; possible discriminatory effect.
- Lack of linkage to the technology project.

Suggestions:
- Clarify that level of soft skills and technology-related understanding is commensurate with PAs’ roles, responsibilities, type of service provided.
- Add “innovative thought leadership, adaptability, initiative, responsiveness, change management, managing technological disruption, evolving work practices.”
Serving clients and employing organizations with professional competence requires: (a) The exercise of sound judgment in applying professional knowledge and skills; and (b) The application of interpersonal, communication and organizational skills when undertaking professional activities.

New 113.1 A2:

113.1 A1 (b) The application of knowledge and skills necessary to provide a professional activity vary depending on the nature of the activity being undertaken. For example, activities that involve interaction with entities and individuals with which the professional accountant, the firm or the employing organization has a professional or business relationship might require interpersonal, communication and organizational skills. Activities that involve technology might require knowledge of a particular technology and its operation.
Maintaining professional competence requires a professional accountant to have a continuing awareness and an understanding of relevant technical, professional, business and technology-related developments relevant to the professional activities undertaken by the accountant. Continuing professional development enables an professional accountant to develop and maintain the capabilities to perform competently within the professional environment.

TF Response

- Clarifies that the level of skills in technology-related developments is dependent on the types of services the professional accountant is providing.
- Flows on from the concept in New 113.1 A2
ED: Prompt to secure CI over entire data governance cycle & CI definition

➢ **Broad Support. Clarifications & suggestions:**

- Add example: Using anonymized CI.
- Add expectation: Improper disclosure by others.
- ED 114.1 A1: Clarify PAs expectation to “secure.”
- ED CI definition: Clarify “public domain” as typically associated with copyright law.
- Add guidance: Complexities re multi-jurisdictional laws/ regulations, incl. privacy.
Revised R114.1

A professional accountant shall comply with the principle of confidentiality, which requires an accountant to respect the confidentiality of information acquired as a result of in the course of professional and business relationships. An accountant shall:

…

(h) Maintain confidentiality of information that has become publicly available even if the accountant is aware that such information has been improperly disclosed.
Revised 114.1 A1

TF Response
• Replace “secure” w/ specific expectation.

Revised 114.1 A1
Maintaining the confidentiality of information acquired in the course of professional and business relationships involves the professional accountant taking appropriate action to secure—protect the confidentiality of such information in the course of its collection, use, transfer, storage, retention, dissemination and lawful destruction.
In deciding whether to disclose or use confidential information, factors to consider, depending on the circumstances, include: ...

- Whether the parties to whom the information is to be provided addressed or access is to be granted are appropriate recipients.
- Any applicable law or regulation (including those governing privacy) in a jurisdiction where disclosure might take place.
New 114.1 A4

[The circumstances in which a firm or employing organization seeks consent to use confidential information, or disclose confidential information to third parties, include where the information is to be used for training purposes, in the development of products or technology, in research or as source material for industry or other benchmarking data or studies. When obtaining the consent of the individual or entity that provided such information, factors to be disclosed (preferably in writing) include:

(a) The nature of the information to be used;
(b) The purpose for which the information is to be used by the individual or entity obtaining consent (for example, training, development of technology, research or benchmarking data or studies);
(c) The individual or entity who will undertake the purpose for which the information is to be used;
(d) Whether the identity of the individual or entity that provided such information or any individuals or entities to which such information relates will be identifiable from the output of the purpose for which the information is to be used.]
Confidentiality serves the public interest because it facilitates the free flow of information from the professional accountant’s client or employing organization to the accountant in the knowledge that the information will not be disclosed to a third party. Nevertheless, the following are circumstances where professional accountants are or might be required to disclose confidential information or when such disclosure or use might be appropriate:

(a) Disclosure is required by law, for example:
   (i) Production of documents or other provision of evidence in the course of legal proceedings; or
   (ii) Disclosure to the appropriate public authorities of infringements of the law that come to light;

(b) Disclosure or use is permitted by law and is authorized by the client or the employing organization; and

(c) There is a professional duty or right to disclose, when not prohibited by law:
   (i) To comply with the quality review of a professional body;
   (ii) To respond to an inquiry or investigation by a professional or regulatory body;
   (iii) To protect the professional interests of a professional accountant in legal proceedings; or
   (iv) To comply with technical and professional standards, including ethics requirements.
Revised CI Definition

Any information, data or other material in whatever form or medium (including written, electronic, visual or oral) that is not publicly available is not in the public domain.

TF Response

- Refined definition avoids association w/ copyright law.
Mixed Views.

Reservations:
- Necessity of the AM:
  - Extension of “complicated.”
  - Addressed by Extant.
- Unclear, general & vague.
- Consistency with the IAASB.

Suggestions:
- Include in existing guidance for applying conceptual framework.
- Add technology-related example in EM.
- Develop of NAM: Explain & illustrate application in practice.

ED: Guidance to navigate complex circumstances.
Revised 120.5 A6 (ED 120.13 A1-A2)

The circumstances in which professional accountants carry out professional activities and the factors involved vary considerably in their range and complexity. The professional judgment exercised by accountants might need to take into account the complexity arising from the compounding effect of the interaction between, and changes in, some professional activities. Some professional activities might involve complex circumstances that increase the challenges when identifying, evaluating and addressing threats to compliance with the fundamental principles. 120.13 A2 Complex circumstances arise where the relevant facts and circumstances involve: (a) elements of the facts and circumstances that are uncertain; and (b) multiple variables and assumptions that are interconnected or interdependent. Such circumstances might also be rapidly changing.

TF Response

- 82% survey respondents support guidance.
- Relocated to existing “Exercising Professional Judgment.”
- Simplified drafting for understanding & applicability.
- Align w/ IAASB for consistency.

➢ New 120.5 A6 replaces ED para. 120.13 A1 & A2.
➢ New 120.5 A7 replaces ED para. 120.13 A3.
Revised 120.5 A7 (ED 120.13 A3)

Managing complexity the evolving interaction of such facts and circumstances as they develop assists the professional accountant to mitigate the challenges arising from complex circumstances. This might include:

- Analyzing, and investigating, as relevant, any uncertain elements, the multiple variables and assumptions and how they are connected or interdependent.
- Using technology to analyze relevant data to better inform the professional accountant’s judgment.
- Consulting with others, including experts, to ensure appropriate challenge and additional input as part of the evaluation process.
- Monitoring—Being alert to any developments or changes in the facts and circumstances and assessing whether they might impact any judgments the accountant has made. (Ref: Para. R120.9 and 120.9 A1)
- Making the firm or employing organization and, if appropriate, relevant stakeholders aware of the inherent uncertainties or difficulties arising from the facts and circumstances.
Identifying Threats (ED para. 200.6 A2 and 300.6 A2)

ED: Identifying threats when PAs rely upon the output from technology

➢ Generally supportive.

➢ Questions/ Clarify:
  • “Whether technology incorporates expertise or judgements of the accountant or the employing organization/ firm.”
  • “Whether the accountant has the professional competence to understand, use and explain the output from the technology.”

➢ Suggestions:
  • Link considerations to specific threats.
  • Add sub-heading.
  • Add considerations e.g., inputs/ data, technology sophistication/ maturity.
  • Add “safeguards” e.g., third-party certifications.
  • Add documentation expectations.
  • Add specific issues re AI systems.
TF Response:
- Revisions addressing questions/suggestions.
- Extant documentation provisions sufficient.
- AI-specific guidance too detailed for Code.

Revised 200.6 A2

Identifying Threats Associated with the Use of Technology

The following are examples of facts and circumstances relating to the use of technology is a specific circumstance that might create threats for a professional accountant when undertaking a professional activity: to compliance with the fundamental principles. Considerations that are relevant when identifying such threats when a professional accountant relies upon the output from technology include:

- Self-interest Threats
  - The data available is not sufficient for the effective deployment of the technology.
  - Whether information about how the technology functions is not available to the accountant.
  - Whether the technology is not appropriate for the purpose for which it is to be used.
  - Whether the accountant does not have sufficient expertise, or access to an expert with sufficient understanding, has the professional competence to understand, use and explain the output from the technology, for the purpose intended. (Ref: Para. 230.2).

- Self-interest or Self-review threats
  - Use of the technology incorporates requires the expertise/knowledge, expertise or judgments of the accountant or the employing organization.
  - Whether the technology was designed or developed using the knowledge, expertise or judgment of the accountant or employing organization and therefore might create a self-interest or self-review threat.
New 200.7 A4

The professional accountant’s evaluation of the level of a threat associated with the use of technology might also be impacted by the work environment within the employing organization and its operating environment. For example:

- Level of corporate oversight and internal controls over the technology.
- Assessments of the quality and functionality of technology are undertaken by a third-party.
- Training is provided regularly to all relevant employees so they obtain the professional competence to sufficiently understand, use and explain the output from the technology.
Using the Output of Technology
(ED para. 220.7 A2 and 320.10 A2)

**ED:** Factors to consider in determining whether reliance on/ use of the output of technology is reasonable/ appropriate.

- **Generally supportive. Suggestions:**
  - Add factors, e.g., controls over user access and management.
  - Clarify how reputation of software developer is assessed.
  - Emphasize PA’s accountability:
    - Particularly relevant where the decision-making is automated.
    - Add “decisions made by individuals relating to the operation of the technology.”

- **Reservations:**
  - Using the output of technology in same section as using the work of an expert.
  - Focus on “output” of technology vs whole process.
New R220.8

Using the Output of Technology

A professional accountant who intends to use the output of technology, whether that technology was developed internally or provided by third parties, shall exercise professional judgment to determine what steps to take, if any, in order to fulfill the responsibilities set out in paragraph R220.4.
Revised S220 (ED Mark-Up)

Revised 220.8 A1 (ED 220.7 A2)

Factors to consider when a professional accountant intends to use in determining whether reliance on the output of technology is reasonable include:

- The nature of the activity to be performed by the technology.
- The expected use of, or extent of reliance on, the output from the technology.
- The professional accountant’s ability to understand the output from the technology, assess the reasonableness, and explain the output of the technology having regard to for the context in purpose for which it is to be used.
- Whether the technology is established and effective for the purpose intended.
- Whether the new technology used has been appropriately tested and evaluated for the purpose intended.
- Prior experience with the technology and whether its use for specific purposes is generally accepted.
- The reputation of the developer of the technology if acquired from or developed by an external vendor.
- The employing organization’s oversight of the design, development, implementation, operation, maintenance, monitoring, updating or upgrading of the technology.
- The controls relating to the use of the technology, including procedures for authorizing user access to the technology and overseeing such use.
- The appropriateness of the inputs to the technology, including data and any related decisions, and decisions made by individuals in the course of using the technology.
Revised 220.9 A1 (ED 220.7 A3)
Another consideration is whether the professional accountant’s is in a position within the employing organization impacts the accountant’s ability to obtain information in relation to the factors required to determine whether to use reliance on the work of others or on the output of technology is reasonable.
ED: Technology-related example of close business relationship

➢ **Broad support. Suggestions:**

- Add examples:
  - Technology related products/solutions used internally by one/both parties.
  - Contained in EM, where firms license software:
    - (a) To their audit clients, who are in turn directly utilizing the technology in the delivery of services to their own customers/clients.
    - (b) From an audit client and directly using the technology in the delivery of services to their clients.
  - Add general principle for identifying/assessing “close business relationships.”
TF Response

- New 520.3 A3.
- “Might create:"
  - Facts & circumstances dependent.
  - Recognizes variety technology licensing uses.
- Development of general principle outside scope.

For Ref: 520.3 A2 (no change from ED)

Examples of a close business relationship arising from a commercial relationship or common financial interest include:

…

- Arrangements to combine one or more services or products of the firm or a network firm with one or more services or products of the client and to market the package with reference to both parties.

- Arrangements under which the firm or a network firm sells, resells, distributes or markets the client’s products or services, or the client sells, resells, distributes or markets the firm’s or a network firm’s products or services.

- Arrangements under which the firm or a network firm develops jointly with the client, products or solutions which one or both parties sell or license to third parties.

New 520.3 A3

Arrangements under which the firm or a network firm licenses products or solutions to or from a client might create a close business relationship.
CBR and NAS (ED para. 520.7 A1 and 600.6)

**ED:** Consider relevance of NAS provisions when technology is provided, sold, resold or licensed by a firm or a network firm to an audit client.

- **Broad support. Comments/Concerns:**
  - S600 reference in S520 potentially confusing:
    - Necessity of AM.
    - Different considerations in S520 & S600.
    - Impression that pure reselling creates NAS.
  - Consider “indirect” services:
    - Firms develop software for non-audit clients.
    - Software used to provide service to firm’s audit clients.

**TF Response**
- 24% survey respondents do not realize S600 apply when CBR performs NAS.
- Important to retain a signpost to S600 within S520.
- Added explicit consideration of indirect services.
Revised 520.7 A1 and 600.6 (ED Mark-Up)

Revised 520.7 A1
If a firm or a network firm provides, sells, resells or licenses technology:
(a) To an audit client; or
(b) To an entity that provides services using such technology to audit clients of the firm or network firm,
the requirements and application material in Section 600 apply.

Revised 600.6
The requirements and application material in this section also apply in those circumstances where a firm or a network firm:
(a) A firm or a network firm uses technology to provide a non-assurance service to an audit client; or
(b) A firm or a network firm provides, sells, resells or licenses technology that provides a non-assurance service:
   (i) To an audit client; or
   (ii) To an entity that provides services using such technology to audit clients of the firm or network firm.
Hosting (ED para. 606.4 A1 and A2)

ED 606.4 A3: “Examples of IT systems services that result in the assumption of a management responsibility include where a firm or a network firm: … Provides services in relation to the hosting (directly or indirectly) of an audit client’s data”.

➢ Broad support. Questions/ Reservations/ Suggestions:

- Prohibition too broad & unclear.
- Clarify prohibition scope:
  - What “provision of services..” and “indirectly” covers.
  - Whether it covers, e.g., vendor selection services for hosting platform, providing benchmarks on capacity requirements, portals to transfer client data for completion of a professional service.
Revised 606.3 A1 (ED Mark-Up)

Examples of IT systems services that result in the assumption of a management responsibility include where a firm or a network firm:

- Stores data or manages (directly or indirectly) the hosting of data on behalf of the audit client. Provides services in relation to the hosting (directly or indirectly) of an audit client’s data. Such hosting includes:
  - (a) Acting as the only access to a financial or non-financial information system of the audit client;
  - (b) Taking custody of or storing the audit client’s data or records such that the audit client’s data or records are otherwise incomplete; or
  - (c) Providing electronic security or back-up services, such as business continuity or a disaster recovery function, for the audit client’s data or records.

- Operates, maintains, or monitors the audit client’s IT systems or website.
- Operates an audit client’s network security, business continuity or disaster recovery function.

TF Response
- Ring-fenced scope:
  - Added (a) - (c).
  - Replaced lead-in.
Revised 606.3 A2

TF Response
- Added "transmission"
- Clarifies portals used for permissible service ≠ prohibited.

Revised 606.3 A2
The collection, receipt, transmission and retention of data provided by an audit client in the course of an audit or to enable the provision of a permissible service to that client does not result in an assumption of management responsibility.
### Next Steps

#### Q4 2022 – Q1 2023

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<td>Sept 2022</td>
<td>• IESBA to consider ED comments &amp; TF revisions</td>
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<td>• IESBA CAG to provide input</td>
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<td>• TF meeting</td>
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<td>Oct/ Nov 2022</td>
<td>• Targeted outreach, incl. with IFIAR SCWG &amp; IOSCO C1</td>
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<td>• IESBA to consider ED comments &amp; TF revisions</td>
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<td>Mar 2023</td>
<td>• IESBA CAG to provide final advice</td>
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<td>• IESBA to approve final revisions &amp; determine effective date</td>
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Representatives are asked to:

• Consider and react to the significant issues and Task Force responses highlighted in the presentation; and

• Provide any input that might be relevant to IESBA in finalizing the technology-related revisions to the Code.
Appendix 1:
Other Key Revisions
Revised R113.3

Where appropriate, a professional accountant shall make clients, the employing organization, or other users of the accountant’s professional services or activities, aware of the limitations inherent in the services or activities and provide them with sufficient information to understand the implications of those limitations.
Address questions over whether “demonstrate” = documentation requirements.

Revised 120.13 A3 (ED 130.14 A3)

Professional accountants are expected to:

(a) Encourage and promote an ethics-based culture in their organization, taking into account their position and seniority; and

(b) Exhibit—Demonstrate ethical behavior in dealings with business organizations and individuals with which the accountant, the firm or the employing organization has a professional or business relationship.
Revised 200.5 A3

The more senior the position of a professional accountant, the greater will be the ability and opportunity to access information, and to influence policies, decisions made and actions taken by others involved with the employing organization. To the extent that they are able to do so, taking into account their position and seniority in the organization, accountants are expected to encourage and promote an ethics-based culture in the organization and exhibit ethical behavior in dealings with those entities and individuals with which the accountant or the employing organization has a professional or business relationship in accordance with paragraph 120.134 A3. Examples of actions that might be taken include the introduction, implementation and oversight of: ....
For Ref: New 300.5 A2 (ED Mark-Up)

Extant R300.4
A professional accountant shall comply with the fundamental principles set out in Section 110 and apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to compliance with the fundamental principles.

Extant R300.5
When dealing with an ethics issue, the professional accountant shall consider the context in which the issue has arisen or might arise. Where an individual who is a professional accountant in public practice is performing professional activities pursuant to the accountant’s relationship with the firm, whether as a contractor, employee or owner, the individual shall comply with the provisions in Part 2 that apply to these circumstances.

Extant 300.5 A1
Examples of situations in which the provisions in Part 2 apply to a professional accountant in public practice include: …

New 300.5 A2
The more senior the position of a professional accountant, the greater will be the ability and opportunity to access information, and to influence policies, decisions made and actions taken by others involved with the firm. To the extent that they are able to do so, taking into account their position and seniority in the firm, accountants are expected to encourage and promote an ethics-based culture in the firm and exhibit ethical behavior in dealings with those entities and individuals with which the accountant or the firm has a professional or business relationship in accordance with paragraph 120.13 A3. Examples of actions that might be taken include the introduction, implementation and oversight of:
• Ethics education and training programs.
• Firm processes and performance evaluation and reward criteria that promote an ethical culture.
• Ethics and whistle-blowing policies.
• Policies and procedures designed to prevent non-compliance with laws and regulations.
Revised 606.4 A3

Examples of IT systems services that might create a self-review threat when they form part of or affect an audit client’s accounting records or system of internal control over financial reporting include:

• Designing, developing, implementing, operating, maintaining, monitoring or updating IT systems, including those related to cybersecurity.

• Supporting an audit client’s IT systems, including network and software applications.

• Implementing accounting or financial information reporting software, whether or not it was developed by the firm or a network firm.
601.5 A1
Accounting and bookkeeping services that are routine or mechanical:
(a) Involve information, data or material in relation to which the client has made any judgments or decisions that might be necessary; and
(b) Require little or no professional judgment.

Revised 601.5 A2
Accounting and bookkeeping services can either be manual or automated. In determining whether an automated service is routine or mechanical, factors to be considered include the activities performed by, and the output of, the technology, and how the technology functions and whether the technology is based on provides an automated service that is based on or requires the expertise or judgments of the firm or a network firm.

601.5 A3
Examples of services, whether manual or automated, that might be regarded as routine or mechanical include:…
Management Responsibility (ED Mark-Up)

- Clarifies AM applies whenever technology:
  - Supplements PA’s activities
  - Used in lieu of PA.

- AM needed:
  - Possible misconception automated services ≠ management responsibility.

- All technology use (even e-mail) must comply w/ R400.15 & R400.16.

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Revised 400.16 A1

When technology is used in performing a professional activity for an audit client, the requirements in paragraphs R400.15 and R400.16 apply regardless of the nature or extent of such use of the technology.
Revised 950.10 A1

A self-review threat might be created if, in an attestation engagement, the firm is involved in the preparation of subject matter information which subsequently becomes the subject matter information of an assurance engagement. Examples of non-assurance services that might create such self-review threats when providing services related to the subject matter information of an assurance engagement include:

…

(c) Designing, developing, implementing, operating, maintaining, monitoring, updating or upgrading IT systems or IT controls and subsequently undertaking an assurance engagement on a statement or report prepared about the IT systems or IT controls.

(d) Undertaking an engagement in relation to elements of non-financial information where the IT systems or IT controls that form part of or affect a client’s records or system of internal control over those elements of non-financial reporting were designed, developed, implemented, operated, maintained, updated or upgraded by the firm.
Appendix 2:
Other Concerns/ Questions
➢ Definition of PAIB does not include their EO (unlike a PAPP).
➢ Impacts ability of PAIBs to comply w/ revisions b/c must involve IT teams.

TF Response
• PAIB definition outside project scope.
• Extant recognizes use of the work of others (i.e., would include EO IT teams/ experts)
• Revisions recognize PAIB’s:
  o EO work & operating environment (Consideration in Identifying Threats)
  o EO oversight & relevant controls (Factors when Using Output of Technology)
  o PA’s position in EO to obtain information (Factors when Using Output of Technology)
• BfC elaboration.
Other Concerns/ Questions (2)

➢ Whether revisions apply to all technology (i.e., ranging from excel to AI).

TF Response

• “Technology” – intentionally broad – encompass commonly used to those unknown.

• PA should exercise professional judgment when determining level of knowledge, understanding, oversight, etc, required to use technology.

• Common usage (i.e., excel) does not preclude threats to FPs depending on facts & circumstances.

• BfC elaboration.
➢ Code’s pace of change, length & increasing rules-based requirements.

TF Response
• Outside project scope.
• Refer to Planning Committee/ IESBA in developing 2023-2027 SWP.
Appendix 3:
Recap—An Overview of Technology ED
Recap: Key Technology ED Proposals

- Draws attention to the competence, confidentiality, & leadership imperatives of the digital age.
- Considers the ethical threats from reliance on the output of technology & complex circumstances.
- Addresses the ethical dimension of reliance on, or use of, the output of technology.
- Strengthens auditor independence for technology-related services & business relationships.
- Applies to assurance on non-financial information (i.e. ESG disclosures).

- Comment Letters received available [here](#).
- Webinar explaining ED proposals available [here](#).
Recap: Builds on Role & Mindset Revisions

• Professional competence requires a continuing awareness and an understanding of relevant technical, professional, business and technology-related developments

• Exercise of professional or business judgment can be compromised by undue influence of, or undue reliance on, individuals, organizations, technology or other factors

• **Bias** affects the exercise of professional judgment when identifying, evaluating and addressing threats to compliance with the fundamental principles
  - e.g., **Automation bias**, which is a tendency to favor output generated from automated systems, even when human reasoning or contradictory information raises questions as to whether such output is reliable or fit for purpose
Recap: Builds on NAS Revisions

Under revised NAS provisions:

• Firms to consider the **manner** in which a NAS is to be provided in identifying and evaluating threats to independence

• New guidance explains how to determine "**routine or mechanical**" accounting and bookkeeping services

• Prohibition on services that might create a **self-review threat** (SRT) for PIE audit clients

• Prohibition on services involving **designing or implementing IT systems** for PIE audit clients that:
  
  (1) Form part of the internal control over financial reporting; or

  (2) Generate information for the client’s accounting records or financial statements

**Technology-related NAS**

Effective December 2022