IESBA International Ethics Standards Board for Accountants®

529 Fifth Avenue, New York, NY 10017
T + 1 (212) 286-9344 F +1 (212) 286-9570
www.ethicsboard.org

Meeting:	IESBA
Meeting Location:	Nashville, TN
Meeting Date:	September 12-16, 2022

Agenda Item

4

Technology Working Group – Fact Finding Final Report

I. Objective

1. To receive the Working Group's[1] Phase 2 final report (the "report"), and consider the related:

   (a) Insights and recommendations; and

   (b) 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 community[2] 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 relevance[3] and applicability of the Code.

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[1] The Working Group comprises:

- Brian Friedrich, Chair, IESBA Member
- Vania Borgerth, IESBA Member
- Christelle Martin, IESBA Member
- David Clark, IESBA Technical Advisor
- Sundeep Takwani, former IESBA Technical Advisor

Liaison with the IAASB's technology work is provided by Correspondent Member Johanna Field, and additional support for the Working Group is provided by Laura Friedrich, IESBA Technical Advisor.

[2] 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).

[3] For example, modernization of terms and concepts in addition to those recommended in the Phase 1 Final Report, page 23

III. Activities since last IESBA Meeting

3. Since the June 2022 meeting, the Working Group completed its outreach activities and focused its efforts on analyzing, synthesizing, and evaluating the learnings from its various outreach meetings and desktop research to inform the development of the report.

4. The Working Group held an in-person meeting and three virtual meetings to prepare and finalize the report. In addition, the Working Group benefited from input from its Technology Experts Group (TEG), which met virtually in July 2022 to consider the key themes in the report.

5. Separately, the Working Group and representatives and standard setting staff of the Japanese Institute of CPAs (JICPA) have progressed and finalized non-authoritative guidance for PAs in business and in public practice to help navigate practical technology-related issues in ethical leadership. Appendix 1 provides a status update of the various thought leadership and other materials that the Working Group has produced or is committed to producing.

IV. Matters for IESBA Information

Consideration of IESBA and Consultative Advisory Group (CAG) Feedback

6. At its June 2022 meeting, the IESBA was briefed on the eight key themes observed from stakeholder outreach and a selection of related insights arising from the Working Group's analysis and evaluation. IESBA members' feedback and reactions have been considered in finalizing the report.

7. The Working Group Chair will present the report to the CAG at its September 2022 meeting and will brief the IESBA on any significant CAG comments raised.

Public Interest Oversight Board (PIOB) Public Interest Issues

8. In finalizing its report, the Working Group considered the PIOB's public interest issues in relation to the Technology Fact Finding workstream. The Chair of the Working Group will highlight how those issues have been dealt with as part of his September presentation to the IESBA.

Coordination with the Technology Task Force and other workstreams

9. The Working Group shared its preliminary observations and insights with the Technology Task Force and these were considered by the Task Force in finalizing the technology-related ED proposals[4] in December 2021.

10. In finalizing this report, the Working Group's insights and recommendations were shared with the Task Force for its consideration 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.

11. The Working Group staff will share relevant insights and recommendations with other IESBA Task Forces, Working Groups, and the Planning Committee, as appropriate.

[4] ` The IESBA-approved technology-related ED was issued in February 2022 and the comment period closed on June 20, 2022. Refer to **Agenda Item 8** for a summary of the feedback on the technology-related ED and the Task Force's preliminary responses.

IAASB-IESBA Coordination Matters

12. Input from representatives of the IAASB's technology initiative was considered throughout. In addition, audit and assurance stakeholder observations have been shared as relevant.

Working Group Fact Finding Activities and Process to Inform the Report

13. The Working Group's Final Phase 2 Report (**Agenda Item 4-A**) details, in *Section I: Background*, the activities and process undertaken to inform and develop the Report.

V. Next Steps

14. The Working Group plans to meet in-person immediately after the September 2022 IESBA meeting to consider the input received from the IESBA and CAG to finalize the report's content, followed by a final quality control and consistency review check.

15. A design-enhanced format of the report will be published in Q4 2022 and will be available on the IESBA's website.

VI. Action Requested

16. The IESBA is asked to note and react to the Working Group's final report, in particular on:

    a) Insights and recommendations; and

    b) Suggestions for the future of IESBA's technology initiative.

Materials presented

Agenda Item 4-A Draft – Technology Working Group – Final Phase 2 Report

Appendix 1

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
Complexity and the Professional Accountant	CPA Canada, ICAS, IFAC	• Released in Aug 2021
Technology is a Double-Edged Sword	CPA Canada, ICAS, IFAC	• Released in Dec 2021
Managing Bias and Mis/Disinformation	CPA Canada, ICAS, IFAC	• Released in Feb 2022
Mindset and Enabling Skills	CPA Canada, ICAS, IFAC	• Released in Apr 2022
Applying the Code's Conceptual Framework to technology-related scenarios	JICPA	• Anticipated release in Q4 2022
Technology-related considerations for Auditor Independence	APESB	• In progress; being aligned with material in final NAS FAQs
Exploring the IESBA Code: Technology-related instalments	IFAC staff	• Artificial Intelligence installment 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