

# Disruptive Technologies

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**IAASB Meeting**

**March 20, 2023**

**Agenda Item 3**

# March 2023 CAG Discussion

- Update provided on technology initiative activities
- Representatives asked for their views on the technology landscape in Audit and Assurance

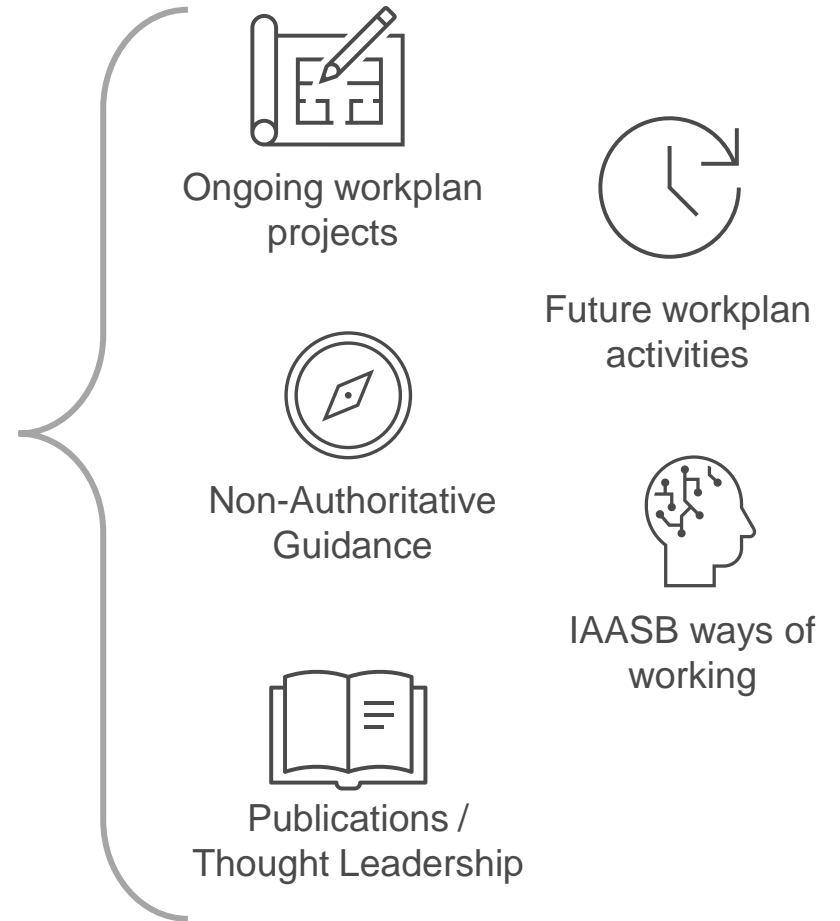
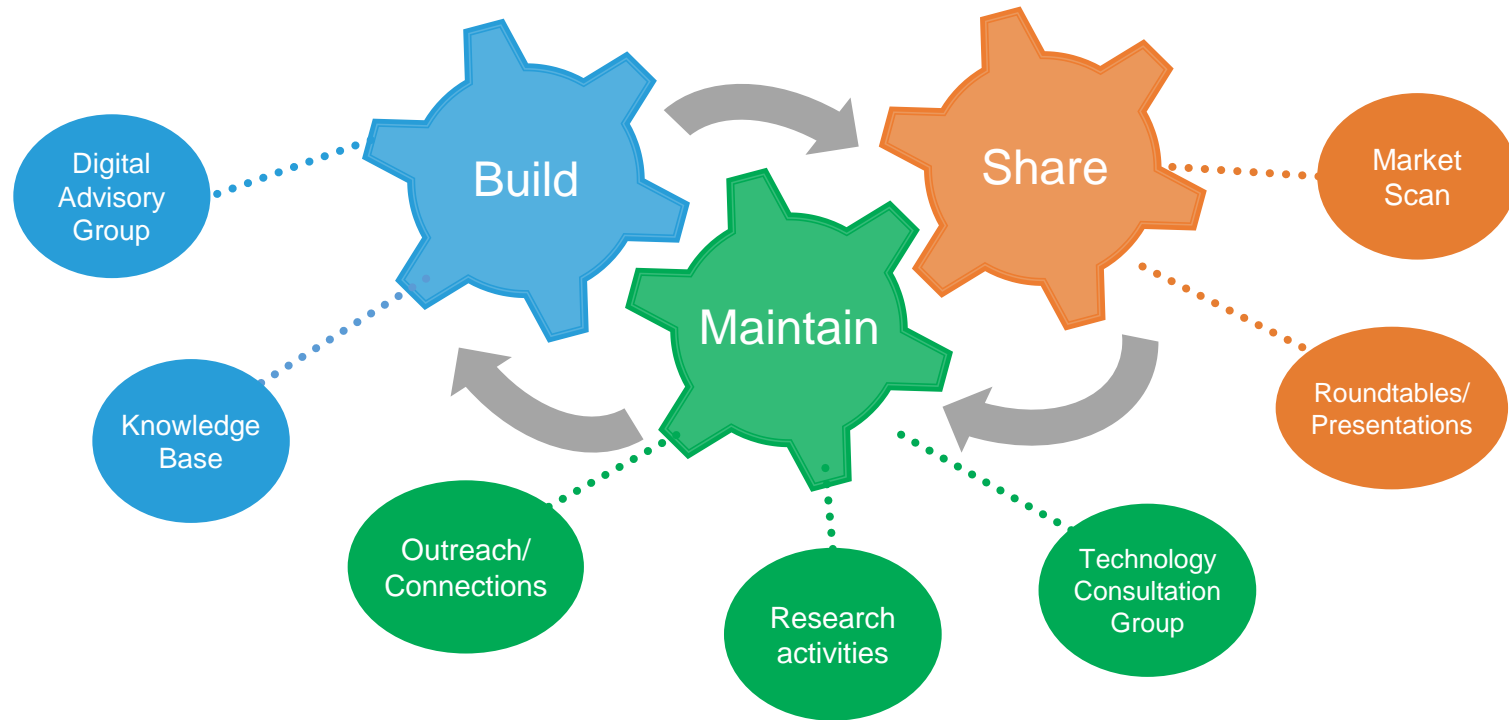


# Technology: IAASB Focus

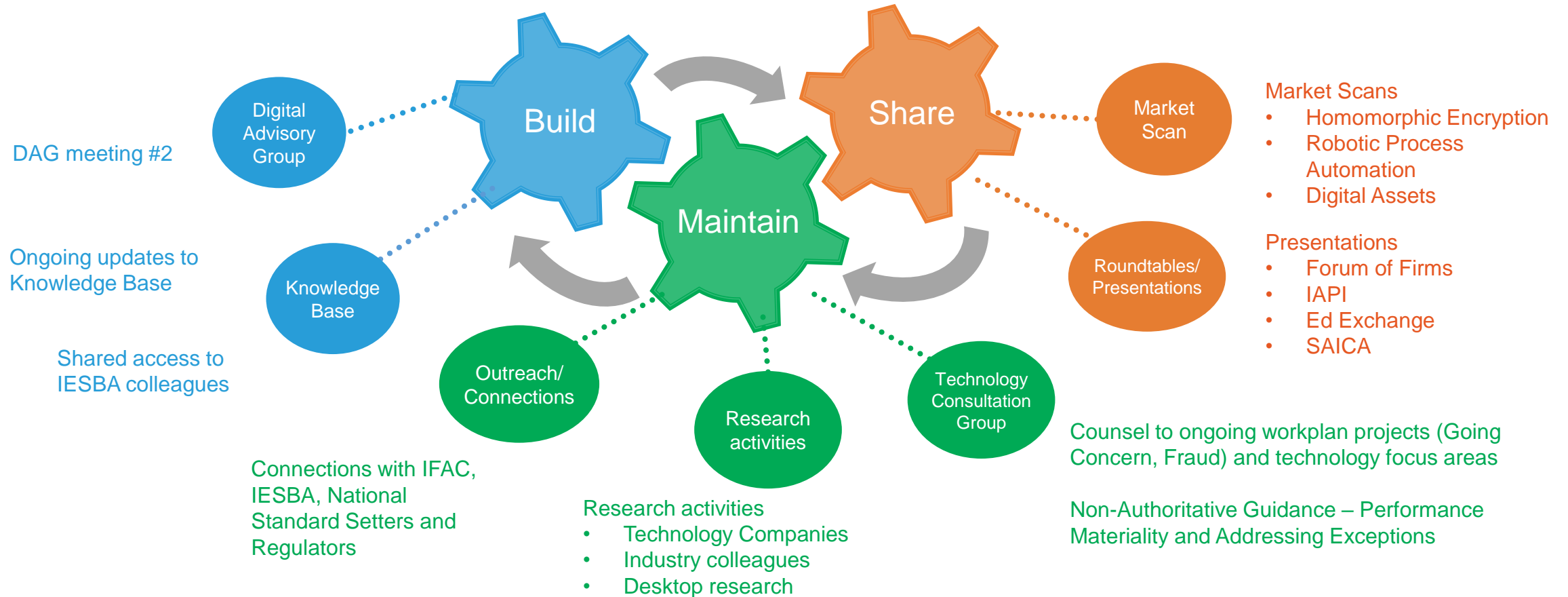
Support Current and Future Workplan Activities



Investigate Disruptive Technology Trends



# Technology: IAASB Focus



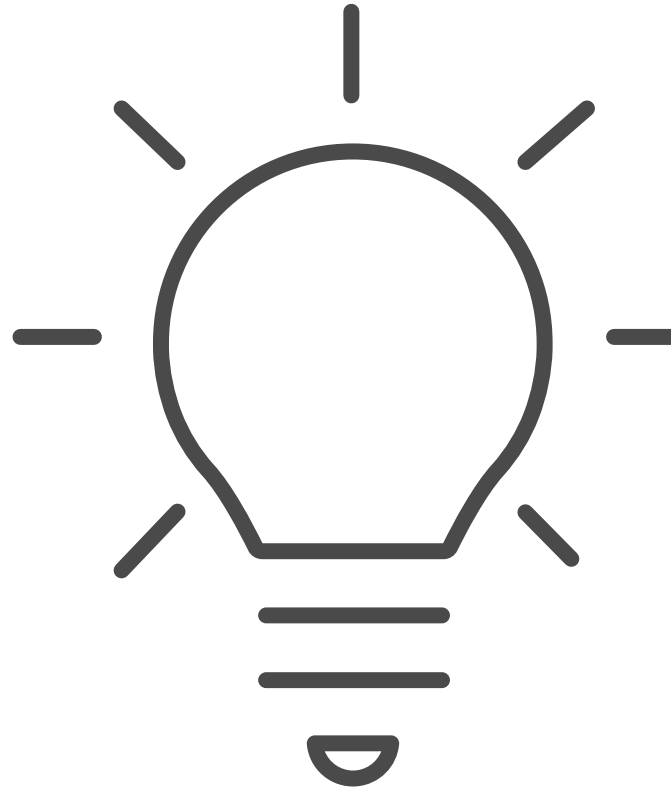
# Technology: Actions from Digital Advisory Group

## Technology in Auditing Standards

Identify opportunities for technology related standard setting activity including areas that may not be fully addressed through existing standards

## Accessibility and Consumption of Auditing Standards

Investigate options to make auditing standards more digital and capable of integration into audit technologies



## Encouraging the Use of Technology

Explore approaches to more clearly articulate the IAASB's position about the value of technology in the audit

## Addressing Barriers to Adoption of Technology – Data access

Examine opportunities to address data standardization requirements or opportunities with relevant stakeholders

# Thought Experiments

- Designed to enable a better understanding of the impact of different technologies on achieving the audit objective and on auditing standards
- Use of scenarios to determine where gaps may exist in the standards or where standards may be helping or hindering the adoption of technology.
- Scenarios covering entity-deployed technology and auditor-deployed technology – algorithms, machine learning, open banking and anomaly detection
- Participants with different backgrounds and experience to provide broad spectrum of perspectives



# Matters for Board Discussion

1. The Board is asked for its views on the technology initiatives update presented.

# Technology adoption in audit and assurance

## Person factors

- Training and skills – technology topics in audit curricula, timely tool training, availability of specialized skills
- Characteristics - Growth mindset, agility, critical thinking
- Audit firm culture that promotes technology adoption
- Confidence in audit quality value of technology
- Engagement budget and time pressures eased to support technology adoption

## Task factors

- Technology and tools to complement auditor judgement (e.g., Contract analytics)
- Automation solutions to replace time intensive, repetitive tasks
- Availability of appropriate exogenous data for benchmarking and deeper insight
- Judgement framework for systematic treatment of outliers (to address information overload and algorithm aversion)

## Environment factors

- Regional/Global investment in and development of technologies
- Client expectation of use of technology, support for data access and transformation journey
- Audit firm innovation investment to achieve/maintain competitive advantage
- Availability of necessary talent to develop and deploy emerging technologies
- Positive perceptions of stakeholders (inc. regulators) to audit quality benefits of technology

Source: [Digital Transformation & Innovation in Auditing: Insights from a Review of Academic Research](#) | IFAC



# Forum of Firms – Polling results

To what extent are the following technologies currently used in your audits?



To what extent are the following technologies being used by audited entities?

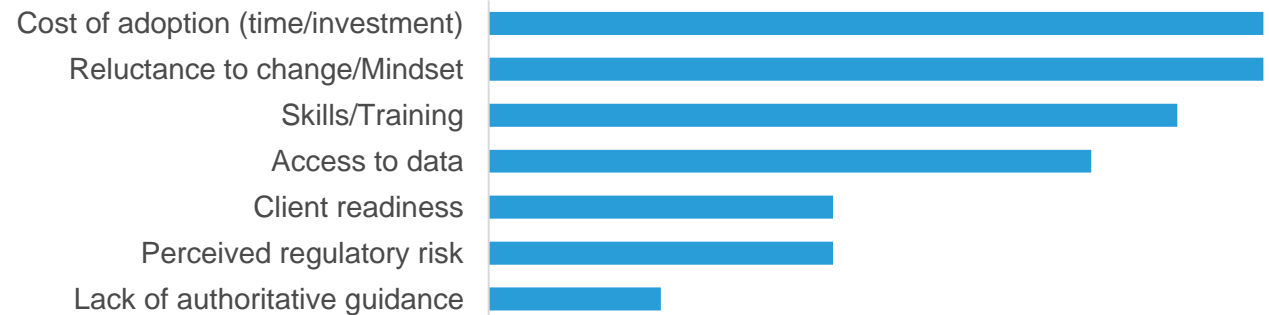


# Forum of Firms – Polling results

Where in the audit is technology most benefiting audit quality?



What do you think are the main barriers to adoption of technology in the audit?



How might the barriers identified be addressed?

- Education (including education for regulators and standard setters)
- Audit firm/network collaboration and cross sharing
- Case studies and examples of technology in standards
- Market driven change (client and/or regulatory)

# Matters for Board Discussion

2. The Board is asked for its views on the technology adoption research and adoption statistics from targeted outreach presented.