

**Minutes of the 148<sup>th</sup> Meeting of the  
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)  
Held on March 18-21, 2025, in New York, United States of America<sup>1</sup>**

**Voting Members**

Present <sup>2</sup>:

Tom Seidenstein (Chair)

Josephine Jackson (Vice-Chair)

Sami Alshorafa

Hernan Casinelli

Nancy Cheng

Vishal Doshi

William Edge

Amaro Gomes

Edo Kienhuis

Robert Koethner

Neil Morris

Mikiko Ono

Chrystelle Richard

Greg Schollum

Wendy Stevens

Xiaoyue Sun

**Technical Advisors (TA)**

Svetlana Berger (Ms. Cheng)

Wolf Böhm (Mr. Koethner)

Antoine Boitard (Ms. Richard)

Juan Carlos Guerra (Mr. Casinelli)

Piyush Sohanrajji Chhajed (Mr. Doshi)

Rene Herman (Mr. Edge)

Susan Jones (Mr. Morris)

Sachiko Kai (Ms. Ono)

Misha Pieters (Mr. Schollum)

Jamie Shannon (Mr. Kienhuis)

Wenjing Shi (Ms. Sun)

Brian Wilson (Ms. Stevens)

**Public Interest Oversight Board (PIOB) Observer**

Present: Mr. Phillipe Christelle

**IAASB Technical Staff**

Present: Willie Botha (Program and Technical Director), Nathalie Baumgaertner Dutang, Ida Diu, Ana Espinal-Rae, Angelo Giardina, Claire Grayston, Michelle Harrison, Megan Hartman, Megan Leicht, Fadi Mansour, Isabelle Raiche, Kevin Reinhardt, Kalina Shukarova Savovska, Hankenson Jane Talatala, Jasper van den Hout, Kazuko Yoshimura, Kristie Zhang and Dan Montgomery (Senior Advisor – Technical Projects)

<sup>1</sup> The March 2025 IAASB meeting was held in-person in New York, New York, United States of America. Dial-in was made available for all sessions and the meeting was live broadcast on the IAASB YouTube channel.

<sup>2</sup> Participants were present in person, except for those marked with "V," who joined via videoconference using Zoom.

## **Welcome and Introduction**

- The IAASB Chair welcomed members, technical advisors (TAs), official observers and public observers via YouTube to the March 2025 IAASB meeting.

## **Meeting Topics**

- [Approval of Minutes \(Agenda Item 1\)](#)
- [Fraud \(Agenda Item 2\)](#)
- [ISSA 5000 Implementation \(Agenda Item 3\)](#)
- [Experts Narrow Scope Amendments \(Agenda Item 4\)](#)
- [Technology Position \(Agenda Item 5\)](#)
- [ISRE 2410 \(Agenda Item 6\)](#)
- [Audit Evidence-Risk Response \(Agenda Item 7\)](#)
- [Withdrawal of ISAE 3410 \(Agenda Item 8\)](#)

### **Approval of Minutes (Agenda Item 1)**

#### **Decisions**

1. The Board approved the minutes of the December 2024 IAASB meetings unanimously.

### **Fraud (Agenda Item 2)**

#### **Decisions**

#### *Approval of ISA 240 (Revised)<sup>3</sup>*

2. After presenting an updated version of proposed ISA 240 (Revised) and the conforming and consequential amendments to other ISAs, the Board approved the final standard with 16 affirmative votes out of 16 Board members in attendance.
3. The Board agreed with the Fraud Task Force's (Fraud TF) conclusion, as presented in [Agenda Item 2](#), that the changes made to ISA 240 (Revised) since the exposure draft did not require re-exposure and unanimously voted against re-exposure.
4. The revisions made in finalizing ISA 240 (Revised), which addressed Board members' comments, are reflected in the approved agenda items:
  - [Agenda Items 2-I and 2-J APPROVED](#) ISA 240 (Revised).
  - [Agenda Items 2-K and 2-L APPROVED](#) Conforming and Consequential Amendments to Other ISAs Arising from the Revision of ISA 240 (Revised).

#### *Revisions to Proposed ISA 240 (Revised)*

5. The following key changes to the requirements and application material were made in finalizing ISA 240 (Revised) in response to substantive comments from the Board:

---

<sup>3</sup> International Standard on Auditing (ISA) 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

#### Linkage with ISA 250 (Revised)<sup>4</sup>

- Paragraph 14 was revised to reflect the fact that not all instances of fraud are necessarily instances of non-compliance with laws and regulations. The Board ~~recognized, for example, acknowledged~~ that fraud perpetrated by a third-party affecting the entity may not always meet the definition of non-compliance in ISA 250 (Revised). The Board also acknowledged that the definition of fraud in paragraph 18(a) of ISA 240 (Revised) leaves open the possibility that a fraudulent act may confer an unjust advantage without necessarily violating a law or regulation. Nevertheless, However, the Board ~~also acknowledged~~ agreed that ~~instances of identified or suspected~~ fraud will “ordinarily” meet the definition of non-compliance in ISA 250 (Revised) and that, accordingly, the auditor should, accordingly, ordinarily treat identified instances of fraud or suspected will ordinarily represent instances of them as instances of identified or suspected non-compliance with laws and regulations.

#### Reaffirmed the Link Between Risks of Material Misstatement Due to Fraud and Significant Risks

- The Board reaffirmed that risks of material misstatement (ROMMs) due to fraud assessed at the financial statement level are significant risks. This addresses a misinterpretation of ISA 315 (Revised 2019),<sup>5</sup> described in Agenda Item 2, ~~which suggested~~ that an assessed financial statement level risk due to fraud under ISA 240 (Revised) cannot be treated as a significant risk ~~under ISA 240 (Revised)~~. The Fraud TF clarified that this was incorrect and traced the misunderstanding to a misdirected footnote in paragraph 12(I)(ii) of ISA 315 (Revised 2019). That footnote, which refers to risks required to be treated as significant risks by other standards, should have referenced paragraph 28 of extant ISA 240<sup>6</sup> instead of paragraph 27. Paragraph 28 of extant ISA 240 states that ROMMs due to fraud (i.e., both those assessed at the financial statement level and assertion level) shall be treated as significant risks.
- The Board included paragraph A126 to provide additional guidance on how auditors may respond to ROMMs due to fraud assessed at the financial statement level.

#### Stand-Back Requirement

- The Board introduced a stand-back requirement in proposed ISA 240 (Revised) to respond to renewed concerns expressed by a Monitoring Group member about the lack of a stand-back requirement in ISA 240 (Revised). The Board also reflected on the new insights that emerged from the analysis of stand-back requirements developed by the Audit Evidence-Risk Response project team presented in Agenda Item 7-A when deliberating on the need for a stand-back requirement in proposed ISA 240 (Revised). This analysis supported the introduction of a stand-back requirement in ISA 240 (Revised).

#### Written Representations

- The Board revised the required written representation from management relating to fraud or suspected fraud, including allegations of fraud. The Board was of the view that having

<sup>4</sup> ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*

<sup>5</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

<sup>6</sup> ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

management represent their knowledge of any fraud or suspected fraud affecting the entity involving “others” was too broad and therefore changed it to “others where the fraud could have an effect on the financial statements” as ISA 250, paragraph 17 uses a similar construct.

#### *Revisions to Proposed Conforming and Consequential Amendments to Other ISAs*

6. The following key change to the requirements was made in finalizing the conforming and consequential amendments to other ISAs arising from the revisions to ISA 240 (Revised) in response to substantive comments from the Board:
  - The Board introduced a threshold in the proposed consequential amendment to paragraph 45(h) of ISA 600 (Revised)<sup>7</sup> to require component auditors to only communicate identified or suspected fraud involving others for matters that are not clearly inconsequential. The Board felt that the introduction of the threshold was necessary to introduce scalability and proportionality into the communication requirement.

#### **Directions**

7. The Board directed the Fraud TF to leverage the Basis for Conclusions to clarify the intended work effort and expected auditor’s behavior when applying the requirements included in paragraph 5 above.

#### **Other Substantial Matters**

##### *Due Process Considerations*

8. The IAASB Program and Senior Director confirmed that the Fraud TF had followed due process effectively and with proper regard for the public interest in the development of ISA 240 (Revised). The IAASB agreed that significant matters identified by the Fraud TF as a result of its discussions since the beginning of the project had been presented in the issues papers for the IAASB’s deliberation, and that there were no significant matters that were not brought to the attention of the Board. In addition, the IAASB agreed that no further consultation (such as roundtables or further consultation with particular stakeholder groups) or field testing was needed. The IAASB Program and Senior Director advised the IAASB that it had adhered to its stated due process in finalizing the standard.

##### *PIOB Observer Remarks*

9. Mr. Christelle expressed his support for the direction the Board took in reaffirming the link between financial statement level ROMMs due to fraud and significant risks and congratulated the Board on the approval of ISA 240 (Revised), noting that the revised standard has taken into account the PIOB’s public interest issues identified for the project.

##### *Next Steps*

10. The IAASB will formally release ISA 240 (Revised) after PIOB certification, which is expected in July 2025.

---

<sup>7</sup> ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

## ISSA 5000 Implementation Update (Agenda Item 3)

### Other Substantial Matters

*International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements, Adoption and Implementation Plan*

11. The IAASB staff presented the ISSA 5000 adoption and implementation (A&I) plan and the activities undertaken so far. The Board members were supportive of the A&I plan, noting that it is comprehensive. The Board members suggested IAASB staff:
  - Consider if IAASB can influence the process to accelerate translation of the standard to enable adoption.
  - Also include users and preparers as targeted stakeholders to engage with regarding mandatory and voluntary adoption, noting the importance of hearing from users especially on limited assurance.
12. The Board asked about the coordination with IESBA. The IAASB staff explained that ongoing coordination is taking place at both board and staff levels covering outreach efforts, direct stakeholder engagement, technical matters, and appointment of observers to each Board's respective implementation advisory groups meetings.

## Experts Narrow-Scope Amendments (Agenda Item 4)

### Decisions

*Approval of the Project Proposal on Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project*

13. After discussing the draft project proposal on narrow-scope amendments to IAASB standards arising from the International Ethics Standards Board for Accountants' (IESBA) Using the Work of an External Expert project, the IAASB approved the project proposal with 16 affirmative votes out of the 16 Board members present.
14. The revisions made in finalizing the project proposal, which addressed Board members' comments, are shown in [Agenda Item 4-A.1](#). These revisions included further explaining why ISSA 5000<sup>8</sup> is out of the scope of the project.

*Approval of [Exposure Draft of Proposed](#) Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project*

15. After discussing the proposed narrow-scope amendments to IAASB standards arising from the IESBA's Using the Work of an External Expert project as set out in [Agenda Item 4-B](#) and agreeing all necessary further changes as shown in [Agenda Item 4-B.1](#), the IAASB approved the [exposure draft of proposed](#) narrow-scope amendments with 16 affirmative votes out of the 16 Board members present.

---

<sup>8</sup> International Standard on Sustainability Assurance (ISSA)<sup>TM</sup> 5000, *General Requirements for Sustainability Assurance Engagements*

16. The following changes were made in finalizing the proposed narrow-scope amendments in response to comments from the Board:
- Added application material in ISA 620 and ISAE 3000 (Revised) to acknowledge the presumption that the work of an expert cannot be used if the expert does not have the necessary competence, capabilities and objectivity (CCO).
  - Added application material to ISRE 2400 (Revised).<sup>9</sup>
  - Included additional footnote references to specific sections or paragraphs in the IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

### Other Substantial Matters

#### *Due Process Considerations*

17. The IAASB Program and Senior Technical Director confirmed that the significant matters identified by the Experts Project Team as a result of its discussions since the beginning of the project have been presented in the issues papers presented to the IAASB for deliberation, and that there are no significant matters that have not been brought to the attention of the Board. In addition, he noted that in the Experts Project Team's view, no further consultation (such as roundtables or further consultation with particular stakeholder groups) or field testing is needed at this stage of the project.

#### *PIOB Observer Remarks*

18. Mr. Christelle noted that the PIOB welcomes this initiative to improve the alignment and coordination between IAASB and IESBA and congratulated the Project Team for the speed of execution. Mr. Christelle also expressed a view that the standards should be transparent about the inability to use the work of the external expert if that expert does not have the necessary CCO.

#### *Next Steps*

19. In April 2025, the Experts Project Team will publish the exposure draft and accompanying explanatory memorandum for a 90-day comment period.

### Technology Position (Agenda Item 5)

#### Decisions

20. The Board deliberated on the updated Gap Analysis: Catalog of Issues and Proposed Actions (the "Catalog") presented in [Agenda Item 5-A](#) for purposes of finalizing the current version of the Catalog, marking the completion of the first activity of Component 2 of the Technology Position.
21. The Board also provided feedback on the IAASB's process to monitor, and adapt to as appropriate, emerging technological trends (i.e., component 3 of the IAASB's Technology Position) presented in [Agenda Item 5-D](#).
22. The Board broadly supported the Catalog as presented and provided feedback on how to further enhance the Catalog for clearance. The Board decided to "clear" the Catalog through an offline

---

<sup>9</sup> International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

process that would be undertaken in Q2 2025, following the March 2025 IAASB meeting.

23. The Board also supported the function of the Catalog and Technology Team as follows:
- The Catalog is the Board's cross-functional repository for technology-related issues that have been identified by the Technology Team based on, among other sources, feedback from stakeholders. The version cleared after the March 2025 meeting will serve as "Version 1.0" and be considered and, if appropriate, updated on a semi-annual basis beginning at the September 2025 meeting.
  - The Catalog informs the prioritization of projects in the IAASB's current and future work plans. It also outlines project-level insights and high-level proposed actions that will first be considered by the Board and subsequently by project teams.
  - The Technology Team is accountable for keeping the Catalog current (i.e., evergreen) based on the identification of new issues as a result of the Technology Team's activities (i.e., monitoring activities in Component 3 of the IAASB's [Technology Position](#)) that emerge as the technology landscape evolves.
  - The Board retains ultimate accountability for the Catalog, including oversight of the issues listed and the actions proposed. Periodic updates will be reviewed by the Board, ensuring transparency and strategic alignment.

## Directions

### *Directions Regarding the Catalog's Issues and Proposed Actions*

24. Recognizing that the Catalog would be made publicly available on the IAASB's website, the Board directed the Technology Team to include contextual information, such as its purpose and function, to help users navigate and understand the document effectively.
25. The following lists directions provided by Board members at either the thematic level or for specific issues within each theme:
- *Theme 1 - Terminology:* The Board supported the prioritization of the issue and the proposed action described for Issue 1(a).
  - *Theme 2 - Conceptual Framework:* The Board supported the prioritization of the issues and directed the Technology Team to:
    - Revisit the tone of the issue descriptions to ensure they appropriately balance both the opportunities and challenges of the use of technology.
    - Reduce references to "black-box technologies" and emphasize the importance of principle-based guardrails to more generically capture current and future technologies.
  - *Theme 3 - Quality Management:* The Board expressed support for the proposed actions related to all three issues, specifically the approach of conducting further information gathering. The Board emphasized the importance of clearly communicating to stakeholders that the need for further information gathering does not imply a predetermined outcome or necessarily lead to a standard-setting project. Instead, the process will be data-driven, and the findings may point to

the need for non-authoritative guidance or other forms of response. The Board also provided the following directions:

- Revisit the tone used in the issue descriptions to ensure they do not inadvertently suggest that the extant quality management standards are flawed.
  - Avoid suggesting that different quality management principles apply to internally developed technological resources versus those that are licensed through a service provider.
  - *Theme 4 - Determining Whether to Use Technology-Enabled Procedures:* The Board broadly supported the descriptions of issues within Theme 4 and the proposed actions relating to each issue.
  - *Theme 5 - Technologies Used by Entities:* The Board supported the revised prioritization of issue 5(b) as “Medium.”
  - *Theme 6 - Performing Technology-Enabled Procedures:* The Board directed the Technology Team to revisit the description of Issue 6(b) to ensure it accurately reflects the certification processes firms use when certifying black-box technologies. Several Board members also recommended that the issue highlight the importance of appropriately balancing the quality management responsibilities between the firm and the engagement team.
  - *Theme 7 - Use of Experts:* The Board discussed the scope of the Experts Narrow Scope Amendments Project (See [Agenda Item 4](#)) when discussing Issue 7(a). That included, for example, whether the Experts project should be broadened to incorporate technology-related revisions. Ultimately the Board decided to continue to monitor this issue and agreed that the prioritizations associated with each proposed action in this theme were appropriate.
  - *Theme 8 - Professional Skepticism:* The Board broadly supported the direction taken on this theme and directed the Technology Consultation Group and Professional Skepticism Consultation Group to collaborate to deal with the intersection of technology and professional skepticism.
26. [A Board member also requested that Staff incorporate a prioritization framework for all proposed actions in the Catalog. The Board member observed that, for example, prioritization had only been provided for the proposed standard-setting action related to Issue 4\(b\), while no such prioritization was indicated for the development of non-authoritative materials. The Board member noted that including prioritizations for all actions would help clarify the relative importance and sequencing of the proposed initiatives.](#)

#### *Directions Regarding Component 3 Activities*

27. The Board broadly supported the Technology Team’s planned Component 3 activities while directing the Technology Team to:
- Ensure certain stakeholders are involved in outreach activities, including, financial statement preparers and users, small- and medium-sized practitioners, public sector organizations, academics, and technology-focused industry experts.
  - Diversify outreach activities within the practitioner group to include global methodology teams,



national offices, and client-facing practitioners.

## Other Substantial Matters

### *PIOB Observer Remarks*

28. Mr. Christelle acknowledged the significance of the Technology Project, expressing support for the IAASB's technology gap analysis and commending the Board and staff for the quality of the discussions.
29. Mr. Christelle encouraged the Board to consider the following comments:
  - Revisit the tone of the Catalog to ensure it positively promotes the use of technology and supports public confidence and trust.
  - Recognize that the technology landscape is evolving rapidly, and there is significant public interest in establishing sound principles for the responsible use of emerging technologies.

### *Next Steps*

30. The Technology Team will address the feedback described above in the final draft of "Version 1.0" of the Catalog that will be circulated to the Board for clearance.

## ISRE 2410 (Agenda Item 6)

### Decisions

#### *Scope of Project to Revise ISRE 2410*

31. The Board agreed that the scope of the project to revise ISRE 2410 may include conforming and consequential amendments to ISRE 2400 (Revised) and other standards as appropriate, but that a full revision to ISRE 2400 (Revised) was not in scope of the project. Such a project would need to be considered as part of the IAASB's future strategy and workplan.
32. The Board further agreed to not explore the inclusion of 'key audit matters' in the report for interim review engagements under ISRE 2410. The Board noted the concerns identified during the Auditor Reporting Post-Implementation Review that such communication in limited assurance reports may lead users to inappropriately perceive a greater level of assurance than intended.

### Directions

#### *Information-Gathering Activities to Understand Issues Relating to ISRE 2410*

33. The Board indicated broad support for the information-gathering activities performed, and agreed they were sufficient to develop a project proposal to revise ISRE 2410.
34. The Board directed the project team to continue performing targeted outreach with other stakeholder groups whose needs would be served through the project, including users of interim financial information and the auditors' review report on that information.

#### *Key Issues to be Addressed in a Project to Revise ISRE 2410*

35. The Board expressed broad support that the issues identified were appropriate but asked the project

team to consider whether principles and concepts in the ISAs relating to ‘other information’ may be relevant to interim review engagements under ISRE 2410.

*The Draft Project Proposal to Revise ISRE 2410*

36. The Board directed the project team to consider the following matters in finalizing the project proposal:
- Further highlighting the importance of proportionality;
  - Clarifying the meaning of the ‘heightened stakeholder expectations’ referred to in the project objectives;
  - Ensuring that the issue identified relating to first-time engagements is included with a proposed action to address it; and
  - Specifically stating that the revised standard is intended to be in a format consistent with ‘clarity’ principles.
37. Additionally, the Board directed the project team to continue coordination and collaboration with IESBA in a timely manner.

**Other Substantial Matters**

*PIOB Observer Remarks*

38. Mr. Christelle thanked the project team for providing an example of how the public interest framework can be implemented in practice. He encouraged the project team to proactively perform outreach to understand stakeholders’ needs so that the project may appropriately serve those needs. In line with this encouragement, he suggested some editorials to the project proposal to avoid unintentionally suggesting that a project may progress to an exposure draft without having consulted stakeholders; for example, highlighting the importance of *serving* stakeholders, to satisfy their needs, rather than suggesting that the project would simply *affect or impact* stakeholders.

*Next Steps*

39. The IAASB will be presented a project proposal for approval at its June 2025 meeting, and issues for consideration on selected topics including, where appropriate, indicative drafting proposals.

**Audit Evidence and Risk Response (Agenda Item 7)**

**Decisions**

40. The Board agreed to:
- The identified criteria to use in determining the need for ‘stand back’ requirements in the ISAs and the circumstances when it is appropriate to consider including subject matter-specific ‘stand-back’ requirements.
  - For the current project and going forward, pursue enhancements to the checkpoint ‘stand-back’ requirements, such as improving the consistency of terminology used in the requirements and

streamlining the accompanying proactive considerations required from the auditor when performing the required evaluations, determinations or conclusions.

- Retain a stronger work effort on the spectrum<sup>10</sup> (e.g., to ‘evaluate’, ‘determine’ or ‘conclude’) for the ‘stand-back’ requirements and the related documentation expectation.
- Relocate paragraph 26 of ISA 330<sup>11</sup> into ISA 700 (Revised)<sup>12</sup> and add a new evaluation requirement in ISA 330 (about the audit evidence obtained from the further audit procedures ) and a new evaluation requirement in Proposed ISA 500 (Revised)<sup>13</sup> (about the audit evidence obtained from all audit procedures) (i.e., Option 3 as presented in paragraph 47 of [Agenda Item 7](#)). Additionally, seek respondents’ views during exposure about the alternative placement for paragraph 26 of ISA 330.
- Consolidate extant terminology on ‘dual-purpose test’ and descriptions of ‘multi-purpose procedures’ under a broader notion of ‘an audit procedure used for more than one purpose.’
- Introduce a requirement to specify the auditor’s responsibilities when using an audit procedure for more than one purpose.
- Place the description of automated tools and techniques (ATT) in the quality management standards,<sup>14</sup> rather than in Proposed ISA 500 (Revised), as, in the context of the ISAs, ATT are understood as technological resources used directly in the performance of audit engagements.
- Undertake further outreach with stakeholders, including investors or users of financial statements, regulators and audit practitioners regarding the auditor’s work for material classes of transactions, account balances, and disclosures (material COTABDs).
- Introduce a requirement in ISA 330 to design and perform further audit procedures in an unbiased manner.

41. Subject to the directional feedback discussed below, the Board also broadly supported:

- Pursuing further refinements to the description of ATT.
- Further exploration of the principle that, under certain circumstances and on a conditional basis, tests of controls alone may provide sufficient appropriate audit evidence in response to risks of material misstatement at the assertion level.
- The continued appropriateness of the distinction between a test of details and substantive analytical procedures.

---

<sup>10</sup> See Appendix 2: ‘Work Effort Verbs’ of the [CUSP Drafting Principles and Guidelines](#).

<sup>11</sup> International Standard on Auditing (ISA) 330, *The Auditor’s Responses to Assessed Risks*

<sup>12</sup> ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

<sup>13</sup> See the [‘Proposed ISA 500 \(Revised\) Pre-finalization Holding Package’](#) in Agenda Item 5 discussed by the IAASB at its March 2024 meeting.

<sup>14</sup> The ‘quality management standards’ refer to International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, ISQM 2, *Engagement Quality Reviews* and ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*.

## Directions

42. The Board provided directional input and suggestions for the substantial matters outlined below.

### *‘Stand-Back’ Requirements*

- Caution against the proliferation of ‘stand-back’ requirements in the standards, given that:
  - This may undermine the iterative nature of an audit whereby the auditor should continuously reevaluate judgments previously made or matters previously determined throughout an audit.
  - The objectives stated in individual ISAs already include criteria for the auditor to evaluate whether sufficient appropriate audit evidence has been obtained.<sup>15</sup>

### *An Audit Procedure Used for More Than One Purpose*

- Provide additional context to clarify and enhance the proposed examples of an audit procedure used for more than one purpose.
- Expand the range of examples to reflect various scenarios when an audit procedure may be used for more than one purpose (e.g., when performing risk assessment and further audit procedures facilitated using ATT).
- Provide guidance on documentation considerations when using an audit procedure for more than one purpose, addressing challenges in practice related to demonstrating how each purpose is achieved. In addition, continue to engage with stakeholders to gain further insights on these challenges.
- Consider whether the concept of a procedure used for more than one purpose could extend to procedures performed in other engagements for the entity (e.g., sustainability assurance engagements).

### *Description of ATT*

- Consider whether the description of ATT should be placed in either or in both ISQM 1 and ISA 220 (Revised), and ensuring appropriate guardrails are in place to address whether ATT used on engagements operates as intended or designed.
- Pursue a replacement term for ATT as the term ‘automated’ in the title may be misleading and outdated.
- Include principle-based criteria for which technology is included within the scope of the term.
- Reconsider whether reference to ‘IT applications’ within the description of the term is too narrow, as it may not encompass all relevant technologies in scope of the term, and could create confusion with IT applications in the entity’s information system referred to in the definition of ‘information processing controls.’<sup>16</sup>

---

<sup>15</sup> ISA 220, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph 21

<sup>16</sup> See ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*, paragraph 12(e)

*IAASB Main Agenda (March 2025)*

- Assess whether the specific exclusion that refers to a general-purpose spreadsheet without further programming remains appropriate or whether a more principle-based approach to the description should be pursued.
- Continue to engage with the Technology Consultation Group and external stakeholders to understand the nature and scope of ~~and how~~ ATT, and how they are deployed on audit engagements.

*Material COTABDs*

- Gather insights from the outreach about the nature, size and frequency of material COTABDs that are not also significant COTABDs identified on audit engagements, including whether such balances surface more often on certain types of audit engagements. In addition, gain insights on other aspects related to the auditor's work on material COTABDs that are not significant (e.g., decisions about which assertions to test and the frequency of misstatements identified for such items).

*Tests of Controls*

- Consider whether, in circumstances involving highly automated information processing within an entity's information system, testing controls may be necessary to obtain sufficient appropriate audit evidence at the assertion level (as well as describing such circumstances).

*Substantive Procedures*

- Consider separately defining 'tests of details' and 'substantive analytical procedures.'
- Perform further outreach to inform the Board in determining whether performing substantive analytical procedures may, in some circumstances, result in sufficient appropriate audit evidence to respond to a significant risk of material misstatement, without also performing tests of details.

*Professional Skepticism*

- Consider whether the proposed evaluation in ISA 330 is worded appropriately, taking into account previous IAASB projects that have recognized the terms 'sufficient appropriate audit evidence,' 'reasonable assurance,' and 'acceptably low level of audit risk' as different expressions of the same underlying concept.
- Explore opportunities to streamline and enhance the effectiveness of references to the critical assessment of all audit evidence (both corroborative and contradictory and regardless of whether consistent or inconsistent) in the ISAs, which drive auditor behaviors that demonstrate the exercise of professional skepticism.

**Other Substantial Matters**

*PIOB Observer Remarks*

*IAASB Main Agenda (March 2025)*

43. Mr. Christelle commended the Board's work on audit evidence and risk response. He also expressed a concern about audit approaches that rely exclusively on substantive testing (i.e., substantive audit approaches). Such approach may result in the auditor opining on whether the financial statements as a whole are free from material misstatement, with little or no insight into potential material weaknesses in the entity's internal control system due to lack of tests of controls.
44. Mr. Christelle emphasized the public interest importance of the auditor's testing of internal controls and reporting their findings to management on the design or operating effectiveness of an entity's internal control system. He encouraged the IAASB to further strengthen the standards by requiring a minimum level of internal control assessment to provide baseline assurance that no significant deficiencies exist in the entity's system of internal control.

*Next Steps*

45. In June 2025, the Board will continue to deliberate the Audit Evidence and Risk Response Project, including proposals to address the key issues identified for technology-related matters and the auditor's work on internal controls. Staff will undertake further outreach with stakeholders as part of its project-specific outreach or the IAASB general outreach program to inform the work under the project.

**Withdrawal of ISAE 3410 (Agenda Item 8)**

**Decisions**

46. After considering the IAASB Staff proposal as presented in Agenda Item 8, the Board approved the withdrawal of ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, with 16 affirmative votes out of 16 Board members in attendance.
47. This decision follows the approval and certification in 2024 of the International Standard on Sustainability Assurance (ISSA)<sup>TM</sup> 5000, General Requirements for Sustainability Assurance Engagements, which addresses assurance of all types of sustainability information, including greenhouse gas emissions, regardless of how that information is presented.
48. The Board confirmed that the withdrawal of ISAE 3410 will take effect from the effective date of ISSA 5000, i.e., for assurance engagements on sustainability information reported for periods beginning on or after December 15, 2026, or as at a specific date on or after December 15, 2026.

**Other Substantial Matters**

Due Process Considerations

49. The IAASB Program and Senior Director highlighted the due process considerations for the withdrawal of ISAE 3410 presented in Part B of Agenda Item 8. The IAASB agreed that there were no significant matters in relation to the withdrawal of ISAE 3410 that have not been brought to the attention of the Board and noted the qualitative standard-setting characteristics of the Public Interest Framework (PIF) that were of most relevance in considering the withdrawal of ISAE 3410. The IAASB Program and Senior Director advised the IAASB that it had adhered to its stated due process in this matter.