

SAC MEETING HIGHLIGHTS

MAY 2025

This summary of the Stakeholder Advisory Council (SAC) public session discussions on 5–6 May 2025 in New York has been prepared for information purposes only.

Recordings of the meeting are available on the [IAASB YouTube](#) and [IESBA YouTube](#) channels.

SESSION 1: DIALOGUE WITH THE STANDARD-SETTING BOARDS

The SAC was updated on developments since the November 2024 SAC meeting, including the progress on ongoing projects and strategic considerations for the upcoming years. SAC members were generally supportive of the direction the standard-setting boards (SSBs) are taking.

Key Observations, Advice and Suggestions from the SAC

- Considering the rapid changes in the external reporting environment, it will be important for the SSBs to maintain regular and open dialogue with all stakeholders to ensure the SSBs' standard-setting work remains responsive to market needs and serves the public interest.
- In light of rapid changes in the environment caused by technology and the opportunities and challenges that technology brings, the SSBs were encouraged to assess the potential impact of technology on the standard-setting activities, and to consider the need for timely responses to emerging technologies and the need for flexibility in the SSBs' work plans. Assessing the role of standards relative to technology is also important for broader benefits as technology leveraged audits can help attract talent into the profession.
- The involvement of investors in the development of standards is important as investors are the ultimate beneficiaries of the SSBs' standards. Also, given the trend towards deregulation, investors can explain to policy makers the importance of the SSBs' standards (also see session 4). The SSBs can create further awareness of its standard setting activities to investors through user-friendly communications.
- Post-implementation reviews and pre-implementation activities (between approval and effective dates) are important. The SAC noted that such reviews are critical for the SSBs to identify and address key practical concerns from stakeholders. In relation to post-implementation reviews, one element is to determine whether the major standards achieved their expected objectives.

SESSION 2: TRENDS IN THE EXTERNAL REPORTING ECOSYSTEM

This session explored key trends and changes in the external reporting environment and their potential implications for international standard setting. SAC members participated in breakout discussions, sharing perspectives on how these trends could inform the SSBs' strategy for 2028–2031. SAC members generally supported the trends that were identified in **Agenda Item 2**.

Key Observations, Advice and Suggestions from the SAC

- **Technology.** Rapid digital transformation, including the widespread adoption of artificial intelligence, is reshaping audit and reporting. The SAC noted that while artificial intelligence may bring efficiencies, there are concerns about data reliability and over-reliance on such technologies which may limit critical thinking. SAC members encouraged the SSBs to explore all avenues, not restricted to standard setting (e.g. non-authoritative guidance), to respond on a timely basis to the changes in technology.
- **Sustainability.** While sustainability reporting has grown, there remain concerns about greenwashing and the lack of focus on social factors. SAC members also highlighted that the implementation of the sustainability assurance standard is still in the early stages, and recommended to issue guidance to provide clarity on the implementation of the standard and aid broad adoption.
- **Global Fragmentation.** There is an increased risk of jurisdictional divergence from global standards, driven by trends towards simplification and deregulation (also see session 4). They emphasized the critical role the SSBs play in maintaining consistency and coherence in financial reporting at a global level and therefore ensuring alignment across jurisdictions.
- In addition, maintaining and enhancing the relevance of the SSBs' standards through improved communications and more effective outreach efforts is important. The SAC also underscored the long-term nature of the SSBs' standards, highlighting the need for the SSBs to focus on issues that will shape the future of the profession over the long term.

SESSION 3: VALUE AND IMPACT OF RECENT REVISIONS AND ENHANCEMENTS TO INTERNATIONAL STANDARDS

The SAC discussed the value proposition of the SSBs and the different ways to gauge whether the SSBs standards are having the desired impact and effect.

Key Observations, Advice and Suggestions from the SAC

- It is critically important that the SSBs' standards remain consistent, scalable, principle-based and responsive to investor needs. Absent these characteristics, there is risk of jurisdictional divergence, which can impact investor confidence, the ability to attract investments and cross-border comparability.
- There is need for a compelling value proposition that clearly articulates the SSBs' public interest role, independence and impact. In this regard, suggestions included:
 - Reframing the value proposition to better highlight the direct beneficiaries, particularly investors, audit committees and preparers without, in any way, diminishing the importance of regulators.
 - Emphasizing how the SSBs' standards serve as a foundational element for public trust in capital markets.
 - Clearly spelling out the benefits of international standards and clarifying the public interest considerations.
 - Making the value proposition more tangible and accessible by adding examples of how the SSBs' standards add value.

- Recognizing the distinct roles of standard setting and enforcement.
- Using language in the value proposition that is clear and outcome-focused so that it better resonates with stakeholders both within and outside the profession. Also, to bring the value proposition to life, the SAC suggested making the principal / agent problem clear through real life cases and user-friendly communication mechanisms. This will improve the visibility of the SSBs' standards and will explain that the standards reduce the risks for investors.
- The SSBs are encouraged to leverage post-implementation reviews, root cause analyses and insights from regulators, including inspection finding reports, to better assess whether the standards are achieving their intended objectives. In this regard, suggestions for the SSBs included considering:
 - Conducting a comprehensive global survey to gain a deeper understanding of how effective the recently completed standards are.
 - Working closely with academics and investors to obtain a broader perspective on the effectiveness of the standards.
 - Gaining a better understanding of why aspects of the standards are not implemented.
 - Communicating results of post-implementation reviews and other surveys by sharing data and practical examples. The SAC members specifically highlighted the importance of sharing success stories—such as better auditor judgment, stronger independence, and improved accountability.

SESSION 4: DEREGULATION AND ITS POTENTIAL IMPLICATIONS FOR SUSTAINABILITY AND OTHER INTERNATIONAL STANDARDS

The SAC discussed the trend towards deregulation and simplification of regulations in certain jurisdictions and considered strategies for the SSBs to navigate this trend.

Key Observations, Advice and Suggestions from the SAC

- Deregulation will vary by region and can be broadly seen as cyclical. In the international context, it is therefore important not to overreact. Simplification of laws and regulations, however, is often aimed at enhancing competition, and therefore economic growth, by reducing administrative burden.
- In navigating these trends:
 - A clearly articulated value proposition is critical. This includes reinforcing:
 - The need for the current standard setting activities with careful consideration of tone and clear communications of why the standards and guidance issued serve the public interest.
 - The relevance of the SSBs' work and avoid being perceived as contributing to regulations overload.
 - The value of the SSBs' international standards is enhanced when the standards are principles-based, scalable, flexible and responsive to market needs, including for small and medium-sized entities and practices.

- Critically challenging whether there is a need for new standards or if the priority at the moment is developing non-authoritative guidance, workshops and educational materials to support the adoption and implementation of recently issued standards.
- There may be opportunities for the SSBs to collaborate with the International Federation of Accountants, regional professional accountancy organizations and other global institutions to support the adoption and implementation of its standards as well as to monitor the changes in deregulation and simplification of regulation.

NEXT MEETING

The next SAC meeting is scheduled for October 21–22, 2025 in New York, USA.