

**Minutes of the 149th Meeting of the
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)
Held on June 16-18, 2025, in New York, United States of America¹**

Voting Members

Present ²: 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. Mark Smith

IAASB Technical Staff

Present: Willie Botha (Program and Senior 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)

¹ The June 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.

² 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 to the June 2025 IAASB meeting.

Meeting Topics

- [Approval of Minutes \(Agenda Item 1\)](#)
- [ISRE 2410 \(Project Proposal\) \(Agenda Item 2\)](#)
- [Listed Entity and Public Interest Entity \(PIE\) – Track 2 \(Agenda Item 3\)](#)
- [Audit Evidence & Risk Response \(Agenda Item 4\)](#)
- [IESBA – Firm Culture and Governance \(Agenda Item 5\)](#)
- [ISA 500 Series \(Agenda Item 6\)](#)
- [ISRE 2410 \(Issues\) \(Agenda Item 7\)](#)
- [Technology – Focus on Quality Management \(Agenda Item 8\)](#)

Approval of Minutes (Agenda Item 1)

Decisions

1. The Board approved the minutes of the March 2025 IAASB meetings unanimously.

ISRE 2410 (Project Proposal) (Agenda Item 2)

Decisions

2. After considering revisions to the draft project proposal to revise ISRE 2410 presented in [Agenda Item 2-C](#), the Board voted on, and unanimously approved, the project proposal, with 16 affirmative votes out of 16 Board members present.
3. The following changes were made in finalizing the project proposal in response to substantive comments from the Board:
 - Added a description of the term “interim review engagements” to clarify that such engagements are performed by the auditor of the entity’s financial statements.
 - Revised the wording of the objective in paragraph 7 for clarity.
 - Revised the language in Section IV to better align with the Public Interest Framework.
 - Revised the following proposed actions in Section V:
 - Proposed Action 1.1 – added a separate overarching action to redraft ISRE 2410 in the Clarity format.
 - Proposed Action 1.2 – added “as appropriate, other IAASB standards” to clearly express the intention to consider all relevant IAASB standards in revising ISRE 2410.
 - Proposed Action 2.1 – added a reference to the applicable financial reporting framework for interim financial information to acknowledge that the requirements of such frameworks are often different from the requirements for annual financial statements.
 - Proposed Action 3.2 – removed the reference to fraud-related matters in the context of

the interim review report (see paragraph 4 below).

- Proposed Action 4.3 – added a specific action related to procedures performed for the purpose of an interim review engagement versus procedures the auditor may elect to perform concurrently to the interim review engagement for purposes of the annual audit.
 - Revised the proposed timeline for the project to approve the final pronouncement of ISRE 2410 (Revised) in March 2027.
4. In approving the project proposal, the Board confirmed that no changes were needed in response to the following matters:
- Proposed action 2.1 (b) – The Board agreed not to include a specific reference to using auditors' experts, or any other topics, given that the list was intended to capture topics related to recently revised IAASB standards.
 - Proposed action 3.2 – The Board maintained that the project will not explore including a section analogous to Key Audit Matters in the interim review report, consistent with its decision at the [March 2025](#) IAASB meeting. The rationale for this decision will be explained in the Explanatory Memorandum accompanying the exposure draft of proposed ISRE 2410 (Revised).

Directions

5. The Board reminded the project team to plan and perform outreach with all relevant stakeholder groups, including preparers and intended users of interim financial information, during the development of proposed ISRE 2410 (Revised).

Other Substantial Matters

PIOB Observer Remarks

6. Mr. Smith congratulated the project team on the quick turnaround of a project proposal that incorporated the Board's input. He reiterated the importance of obtaining perspectives from preparers and users of interim financial information in developing the revised standard.

Listed Entity and Public Interest Entity (PIE) – Track 2 (Agenda Item 3)

Decisions

Approval of the Narrow Scope Amendments to the ISQMs,³ ISAs⁴ and ISRE 2400 (Revised)⁵

7. After being presented an updated version of the proposed narrow scope amendments relevant to Track 2 of the Listed Entity and PIE project, the Board approved the final narrow scope amendments to the ISQMs, ISAs, and ISRE 2400 (Revised) as a result of the revisions to the definitions of listed

³ International Standards on Quality Management (ISQMs)

⁴ International Standards on Auditing (ISAs)

⁵ International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements

entity and PIE in the IESBA Code⁶ (collectively referred to as “narrow scope amendments” hereafter) with 16 affirmative votes out of 16 Board members in attendance.

8. The Board agreed with the PIE Project Team’s conclusion, as presented in [Agenda Item 3](#), that re-exposure was not necessary and unanimously voted against it. This decision was based on the rationale provided in the Post-Exposure Consultation – Invitation to Comment (the ITC), which supported the narrow scope amendments agreed to by the Board in December 2024. Additionally, the responses to the ITC did not raise any new observations that warranted a change in the Board’s position.
9. The revisions made in finalizing the narrow scope amendments, which addressed Board members’ comments, are reflected in [Agenda Item 3-D](#) (marked from the version that was posted for the June meeting) and [Agenda Item 3-E](#) (the approved text of the narrow scope amendments).

Other Matters

10. The Board agreed with the PIE Project Team’s summary of respondents’ comments to questions from the [Post-Exposure Consultation: Invitation to Comment Before the IAASB Finalizes the Narrow Scope Amendments to the ISQMs and ISAs as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code](#) presented in [Agenda Item 3](#).
11. The Board agreed with the PIE Project Team’s recommendation for the narrow scope amendments to be effective for audits (or reviews) of financial statements for periods beginning on or after December 15, 2026. The Board also reaffirmed its position, consistent with when the Going Concern and Fraud projects were finalized, that, if early adoption is contemplated, the collective changes arising from the Going Concern, Fraud and Listed Entity and PIE projects should preferably be early adopted as a package, rather than on a piecemeal basis.

Directions

Narrow Scope Amendments

12. The Board provided directional input on the definition of publicly traded entity (PTE) and advised the PIE Project Team to revisit the accompanying essential explanatory material. The Board expressed the view that the examples of alternative terms to designate PTEs lacked clarity and could cause confusion. The Board indicated a preference to use a construct similar to that used in the IESBA Code in relation to other terms used to describe PIEs.

Forward Looking Matters

13. The Board expressed its support for joint action between the IAASB and IESBA as set out in paragraph 52 of [Agenda Item 3](#). Board members emphasized the strategic importance of such joint action for this project and advised that, when such joint action commences, the two Boards align on the objectives, scope of activities and associated timelines.

⁶ The International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*

Other Substantial Matters

Due Process Considerations

14. The IAASB Program and Senior Director confirmed that the PIE Task Force and Project Team had effectively followed due process in developing the narrow-scope amendments. The IAASB agreed that significant matters identified by the PIE Task Force and Project Team over the course of the project had been appropriately presented in the issues papers for Board deliberation, and that there were no significant matters that had not been brought to the Board's attention. In addition, the IAASB agreed that no further consultation was needed. The IAASB Program and Senior Director advised that the narrow-scope amendments had been finalized in accordance with due process, with appropriate regard for the public interest. This was reflected in the achievement of the project's objectives for the finalized elements of the exposure draft and the rationale supporting their finalization.

PIOB Observer Remarks

15. Mr. Smith inquired why the definition of PTE appears to present fewer concerns regarding potential divergence across jurisdictions than the definition of PIE, given that both are subject to refinement by jurisdictional authorities. In response, the Chair explained that the majority of entities classified as PTEs are listed entities, which are typically governed by securities law or regulation across jurisdictions. As a result, the potential for divergence in the application of the PTE definition is expected to be limited.
16. With respect to the definition of PIE, Mr. Smith acknowledged the challenges to reaching an interoperable definition arising from jurisdictional differences and suggested that if this was not achievable, the Board considers using a term other than PIE for purposes of identifying those entities for which firms and auditors will apply the differential requirements of the ISQMs and the ISAs. The Chair emphasized that an interoperable definition between the IAASB and IESBA standards is in the public interest but noted that the Monitoring Group respondent to the ITC had also indicated that, absent convergence, the IAASB may need to reconsider a definition appropriate for use in the ISQMs and ISAs.
17. Mr. Smith suggested that the Board report back to the Monitoring Group member who had submitted comments during the post-exposure consultation, specifically to communicate the Board's decision on the way forward regarding the definition of PIE.

Next Steps

18. The IAASB will formally publish the narrow scope amendments after PIOB certification.

Audit Evidence & Risk Response (Agenda Item 4)

Decisions

19. The Board agreed to (matters highlighted are as presented in [Agenda Item 4](#), unless otherwise indicated):

- Place the proposed definition for the term “substantive analytical procedures” in ISA 520.⁷
 - Clarify the definition of the term “analytical procedures” in ISA 520 to remove the repetition of the requirement in paragraph 7 of ISA 520 to investigate, as necessary, the results of analytical procedures.
 - Revise the scope of ISA 520 to provide clarity regarding the auditor’s use of analytical procedures across all stages of an audit.
 - Explore Option 1 regarding the use of audit evidence about the operating effectiveness of controls obtained in previous audits – Retain the requirements in paragraphs 13-14 of ISA 330⁸ with limited refinements.
 - Undertake further outreach with stakeholders to explore viewpoints on whether the explanation in paragraph A24 of ISA 200⁹ creates uncertainty regarding the auditor’s expected work effort under the ISAs in relation to the attribute of authenticity of information.
 - The preliminary drafting and re-positioning of the overall conclusion on whether sufficient appropriate audit evidence has been obtained (i.e., extant paragraph 26 of extant ISA 330), as presented in [Agenda Item 4-A](#). This includes new evaluation requirements in paragraphs 25A and 25B of ISA 330, and the decision not to pursue a new evaluation requirement in Proposed ISA 500 (Revised).¹⁰
 - The revised description and illustrative examples of “Automated Tools and Techniques,” as presented in [Agenda Item 4-B](#), and to include the revised description in both ISQM 1¹¹ and ISA 220 (Revised).¹²
 - Replace the term “Automated Tools and Techniques” with the term “Technological Tools.”
 - Include the proposed requirement and application material in ISA 330 and ISA 520 regarding performing further audit procedures in an unbiased manner.
20. Subject to the directional feedback discussed below, the Board broadly supported introducing a new requirement in ISA 330 to test the operating effectiveness of general IT controls (GITCs) to establish the reliability of the information used in further audit procedures, when such information depends on the continued effectiveness of GITCs.

Directions

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

⁷ ISA 520, *Analytical Procedures*

⁸ ISA 330, *The Auditor’s Responses to Assessed Risks*

⁹ ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

¹⁰ Proposed ISA 500 (Revised) Pre-finalization Holding Package.

¹¹ 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*

¹² ISA 220 (Revised), *Quality Management for An Audit of Financial Statements*

Defining Tests of Details

- Consider whether further clarifications to the proposed definition of “tests of details” are necessary to:
 - More clearly differentiate “tests of details” from “substantive analytical procedures,” given that the proposed reference to the “application to some or all items in a population” may apply to substantive analytical procedures as well.
 - Distinguish “tests of details” from “analytical procedures” given that the proposed reference to “one or more types of audit procedures” may introduce confusion whether a test of detail can encompass analytical procedures. In addition, if such a reference is retained, consider adding illustrative examples of types of audit procedures that qualify as tests of details.
 - Reevaluate the proposed reference to “items” to better convey the intended notion of performing the test on an ‘item-by-item’ basis. In addition, consider the applicability of the definition in a scenario where the population consists of a single item.
 - Consider clarifying in the definition the purpose of tests of details as substantive procedures.
- Consider whether it is more appropriate to pursue a description of the term “tests of details” rather than a definition to achieve the objective of improving clarity and understanding. In addition, consider whether pursuing a definition may inhibit innovation and cause complexity.

Defining Substantive Analytical Procedures

- Consider adding “material” to the proposed definition of “substantive analytical procedures” to align with ISA 330 or removing the reference “to determine whether there is a *material* misstatement” from the proposed definition.
- Consider simplifications to the definition or use of abbreviations when referring to ‘recorded amounts or amounts derived from recorded amounts.’
- Consider whether the definition should refer to “financial *and* non-financial information.”

Scope of ISA 520

- Consider the sequence of the reference to investigating the results of analytical procedures performed as risk assessment procedures, recognizing that these occur earlier in the audit process than those that assist the auditor in forming an overall conclusion on the financial statements.

Designing and Performing Substantive Analytical Procedures

- Consider clarifying paragraph A15 of ISA 520 by:
 - Adding external factors, e.g., significant events, changes in the business environment, among those that may increase the precision of the auditor’s expectation.

- Incorporating the need for the auditor to identify plausible and predictable relationships prior to developing an expectation.
- Revising the illustrative examples provided as some may not qualify as substantive analytical procedures in practice.
- Addressing the reliability of the information, which is currently not covered in the paragraph.

Using Audit Evidence in Previous Audits

- Consider Option 2 – Modify the requirements to permit a rotational testing strategy for automated controls only, as an alternative option to the preferred Option 1, in view that such controls support consistency in circumstances where the auditor uses audit evidence obtained in previous audits as audit evidence for the current audit.

Accepting Records and Documents as Genuine

- Consider whether paragraph A24 of ISA 200 for the auditor “to accept records and documents as genuine unless the auditor has reason to believe the contrary” could be worded in a more balanced and/or neutral manner, while remaining cognizant of the overall objective of an audit of financial statements and the limitations relating to the nature of audit procedures as presented in paragraph A52 of ISA 200 (e.g., the auditor is neither trained as, nor expected to be, an expert in the authentication of records or documents).

Alignment with Concepts of ISA 315 (Revised 2019)

- Reconsider the revisions made to paragraph A19 of ISA 330 and evaluate whether the examples included are appropriate to reflect the link between inherent risk and control risk.
- Reconsider whether the introduction of the term “further audit procedures” in paragraph 25 of ISA 330 has changed the objective of this paragraph.
- Clarify the proposed requirement in ISA 330 to test the operating effectiveness of GITCs by:
 - Addressing that if the auditor chooses to rely on GITCs to support the reliability of system-generated information, then those controls must be tested. Alternatively, if GITCs are not tested, the information must be tested directly for reliability.
 - Developing application material, including illustrative examples to reinforce the requirement and to ensure scalability, recognizing that in certain circumstances, the reliability of system-generated information may be established without the need to test GITCs.

Proposed Drafting Related to the Repositioning Paragraph 26 of ISA 330

- Consider whether the resulting streamlining changes to ISA 540 (Revised)¹³ are appropriate.

¹³ ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

Automated Tools and Techniques (ATT)

- Consider adding an illustrative example of a physical tool and clarifying whether “engagement software” is a technological tool.

Professional Skepticism

- Consider clarifying that targeted professional judgment based on risk is expected and compatible with maintaining professional skepticism.
- Consider revising proposed application material paragraph A5A in ISA 520 to clarify that the use of reliable prior-year audited data may be appropriate and does not automatically imply bias, provided the auditor exercises appropriate professional judgment.
- Consider further refinements to the proposed application material in ISA 330 (paragraph A8B) and ISA 520 (paragraphs A3A and A5A) regarding professional skepticism, particularly the framing of examples, to ensure the tone remains constructive rather than overly cautionary.

Other Substantial Matters

Designing and Performing Substantive Analytical Procedures

22. There were mixed views by the Board whether ISA 520 should require the auditor to determine for substantive analytical procedures the amount of difference between the expectation and recorded amounts that is acceptable without further investigation at a level that is at or below performance materiality:
- Some Board members noted that this approach would be too restrictive because the auditor could determine the acceptable amount of difference to be higher than performance materiality, based on professional judgement (e.g., considering the relative size of the account or when substantive analytical procedures are used in combination with tests of details).
 - Some Board members supported the notion that for a substantive analytical procedure to meet the purpose of a substantive procedure it is necessary to specify a sufficiently precise threshold for further investigation at or below performance materiality.

PIOB Observer Remarks

23. Mr. Smith reminded the Board of the importance of ensuring that the proposed changes to the standards align with the public interest characteristics of the project proposal. Mr. Smith also encouraged the Board and Staff to consider ways to enhance the clarity and implementability of the standards for practitioners.
24. Mr. Smith asked the Board to clarify whether the Board is reconsidering the position taken in Proposed ISA 500 (Revised) to introduce strengthened requirements regarding the attribute of “authenticity.”

Next Steps

25. In September 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 continue to engage with stakeholders as part of their project-specific outreach or the IAASB general outreach program to inform the work under the project.

IESBA – Firm Culture and Governance (Agenda Item 5)

Other Substantial Matters

26. Messrs. Siong, Program and Senior Director at the International Ethics Standards Board for Accountants (IESBA), and Kwan, Director at the IESBA, provided an update on IESBA's Firm Culture and Governance (FCG) project. Their presentation highlighted the key elements of the FCG framework, the initial considerations in its development, and an overview of outreach activities performed in the second quarter of 2025—including a summary of the feedback received from the stakeholder roundtables. In addition, Messrs. Siong and Kwan updated the Board on the discussions held by the IESBA in its June 2025 meeting with respect to the FCG project and highlighted the approach taken on the coordination between the IESBA and IAASB.
27. The Board provided the following comments:
- *Interoperability between the FCG Framework and ISQM 1:* Board members noted that firms may have already addressed elements of the FCG framework in their implementation of ISQM 1. They raised questions about the potential impact of the FCG Framework on ISQM 1 and how ISQM 1 and the FCG Framework would align and operate together in practice.
 - *Development of non-authoritative guidance:* The Board emphasized the importance of grounding non-authoritative materials in existing requirements. In this context, members questioned whether the proposed non-authoritative guidance would be based on requirements in ISQM 1 or in the IESBA *International Code of Ethics for Professional Accountants (including International Independence Standards)*, or both.
 - *Use of similar frameworks in other jurisdictions.* The Board inquired about the existence of frameworks comparable to the FCG framework in other jurisdictions and questioned how the use of such frameworks have influenced auditors' behavior in practice.

PIOB Observer Remarks

28. Mr. Smith noted the shift from developing a formal framework to preparing non-authoritative guidance represents a significant change in direction. Mr. Smith indicated that the PIOB will take this development into consideration during its meeting in July 2025.

ISA 500 Series (Agenda Item 6)

Decisions

29. In its discussion of [Agenda Item 6](#)—which addresses the issues identified to date in connection with revising ISA 501¹⁴ (with a focus on inventory), ISA 505¹⁵ and ISA 530¹⁶ (i.e., targeted standards in the ISA 500 Series)—the Board agreed with the following:
- The proposed approach to developing a project proposal, as outlined in Section II.
 - The relevance of the issues identified in Sections III–V, which should be further explored as part of the project scoping process.

Directions

30. The Board provided the following directional input and suggestions:

Development of Project Proposal

- Consider a phased approach to the project, comprising two sequential tracks: one track focused on modernizing ISA 501 and ISA 505, which could be completed on a faster timeline; and a second addressing revisions to ISA 530. Board members noted that this approach may be more efficient and timely, given that revisions to ISA 501 and ISA 505 could be developed independently of those for ISA 530. It was further suggested that the revisions to ISA 530 could be considered alongside potential revisions to ISA 320.¹⁷
- Continue to gather information to refine the scope of the project—specifically, to assess whether other topics in ISA 501 (i.e., litigation and claims and segment information) would also warrant revisions.
- Not to prejudge the potential project scope (referring to the issues paper stating that the revisions to the targeted standards are anticipated to be full-scope revisions).

ISA 501

- Consider clarifying that the increased use of technology in entities' management of inventories gives rise to two distinct considerations: (i) it changes the risk profile associated with the existence and condition of inventory; and (ii) it impacts the auditor's approach in auditing the existence and condition of inventory.
- Align with concepts and requirements in ISA 315 (Revised 2019)¹⁸ and ISA 330.¹⁹ For example, making the requirements in ISA 501 conditional based on whether inventory is "significant to the financial statements" rather than "material to the financial statements" (noting to also consider any implications of such change in the context of other requirements in these

¹⁴ International Standard on Auditing (ISA) 501, *Audit Evidence—Specific Considerations for Selected Items*

¹⁵ ISA 505, *External Confirmations*

¹⁶ ISA 530, *Audit Sampling*

¹⁷ ISA 320, *Materiality in Planning and Performing an Audit*

¹⁸ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

¹⁹ ISA 330, *The Auditor's Responses to Assessed Risks*

standards). Consideration should also be given to the entity's internal controls over inventory management and counting processes.

- Retain the requirement in ISA 501 for attendance at physical inventory counting, unless impracticable and explicitly allow remote inventory observations only when physical inventory counting is impracticable. In addition, provide additional examples of when physical inventory counting is impracticable.
- Incorporate concepts and requirements in ISA 600 (Revised)²⁰ as they relate to inventory, particularly for audits involving multi-locations. More examples should be provided to illustrate how to address multi-location inventory audits effectively.
- Enhance guidance dealing with the exercise of professional judgment and professional skepticism in ISA 501. This includes addressing the risk of overreliance on confirmations from third-party service providers concerning the existence and condition of inventory held in custody and under the control of a third party.

ISA 505

- Address in ISA 505 the increased use of technology in external confirmation procedures. This includes the use of automated confirmation platforms provided by third-party intermediaries (or used by shared service centers) as well as the direct access of information held by third parties through web portals, software interfaces or other digital means.
- Consider whether the use of firm-acquired or developed confirmation tools—designed to facilitate secure communication—should be addressed at the engagement performance level in ISA 505, or more appropriately at the firm level under ISQM 1.²¹
- Provide more examples of when it may be appropriate to use negative confirmation requests. While some Board members cautioned against explicitly prohibiting the use of negative confirmations, others questioned their continued relevance in practice.
- Provide more guidance on when external confirmations can provide relevant and reliable audit evidence for specific assertions. Some Board members expressed concerns about mandating external confirmation procedures for specific accounts (e.g., cash held by third parties and accounts receivable) emphasizing the need for professional judgment.
- Consider whether the requirements on the reliability of responses to confirmation requests in paragraphs 10-11 of ISA 505 may also be relevant to letters of inquiry about litigation and claims involving the entity in accordance with paragraph 10 of ISA 501.

ISA 530

- Address the increased use of technology to facilitate audit sampling in ISA 530, while cautioning against mandating the use of technology in audit sampling.

²⁰ ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

²¹ 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*

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- Highlight the impact of using technology-facilitated sampling tools to support the customization of audit sampling based on entity-specific data and characteristics.
- Emphasize that while the use of data analytics or more advanced technologies such as AI may impact when and how substantive sampling is applied, audit sampling remains an important means of selecting items for testing when obtaining audit evidence for tests of details.
- Consider the impact of internal controls, including general information technology controls (GITCs), on the design and execution of audit sampling procedures.
- Consider the appropriateness of applying audit sampling when investigating exceptions identified from interrogating or analyzing large data sets, including entire populations, when using technological tools to perform audit procedures.
- Provide guidance in ISA 530 (e.g., through examples) regarding when audit evidence obtained from other procedures can reduce sample sizes such that sampling risk is reduced to an acceptably low level.
- Provide guidance in ISA 530 on how to appropriately combine or stratify populations.
- Consider including documentation requirements in ISA 530.

Other Matters

- Coordinate with other IAASB projects and workstreams (e.g., with the Audit Evidence and Risk Response project and the Technology workstream) and leverage jurisdictional developments relevant to revising the targeted standards.
- Endeavor through the ongoing information gathering to more clearly distinguish whether identified performance issues represent deficiencies in auditors' application of the requirements of the standards or reflect gaps in the targeted standards that warrant revision.
- Consider whether certain deficiencies in the application of the standards could be more effectively addressed through the development of non-authoritative materials, rather than standard-setting.
- Reinforce the importance of maintaining a principles-based approach in revising the standards. The Board cautioned against adopting overly prescriptive language or embedding methodology within the targeted standards, particularly with respect to ISA 530.

Other Substantial Matters

Private Breakout Session

31. Following the conclusion of the public session, the Board transitioned to a private breakout session. Board members participated in breakout groups to explore and provide deeper input on specific issues identified in Appendix 4 to **Agenda Item 6**.

PIOB Observer Remarks

32. Mr. Smith thanked the Board for the constructive discussion and encouraged continued information gathering to assess whether additional discrete topics within ISA 501—such as litigation and claims

and segment information—may warrant revisions. He also underscored the importance of obtaining feedback from both preparers and users of financial statements while scoping the project.

Next Steps

33. In December 2025, the Board will be presented with feedback obtained from further information-gathering activities and an initial draft outline of a project proposal for revising the targeted standards in the ISA 500 Series.

ISRE 2410 (Issues) (Agenda Item 7)

Decisions

Introduction, Objectives, Definitions, and General Requirements

34. The Board supported the direction for the proposed introduction, objectives, definitions and general requirements as presented in [Agenda Item 7-A](#). Additionally, the Board recommended certain revisions and clarifications, which are captured in the Directions section below.

Structure of the Interim Review Report

35. The Board supported the proposed restructuring of the interim review report described in [Agenda Item 7](#). This structure includes placing the Conclusion section first, followed by a “Basis for Conclusion” section.

Form of the Auditor’s Conclusion on the Interim Financial Information

36. The Board agreed with the principle that the form of the auditor’s conclusion on the interim financial information should vary depending on whether the applicable financial reporting framework is a fair presentation framework or a compliance framework. The Board also supported the project team’s proposed approach to liaise with the IASB to gain insight into whether condensed interim financial information prepared under International Accounting Standard (IAS) 34 may achieve fair presentation.

Directions

37. In addition to providing specific suggestions on the drafting proposed in [Agenda Item 7-A](#), the Board requested that the project team further consider the following matters in progressing the drafting of proposed ISRE 2410 (Revised):

Introduction, Including the Scope of the Proposed Revised Standard

- Reconsider the use of the term “audit client”, as it may not be appropriate or clearly understood in the context of a review engagement.
- Avoid use of the term “audit-level understanding,” as it may not be consistently understood.
- Use caution in referring to any specific financial reporting framework for interim financial information to maintain the framework-neutrality of the ISRE.
- Consider whether there is a need for additional application material to explain that the ISRE is a standalone standard. Also, to clarify how the ISRE relates to the ISAs, for example,

emphasizing that while the ISAs are not required to be applied in a review engagement, auditors may refer to the requirements and application material in the ISAs to inform their approach, adapted as necessary to reflect the limited assurance nature of the engagement.

Definitions

- Consider including a definition of “engagement risk” for consistency with ISRE 2400 (Revised).

Other Elements of the Interim Review Report

- Further consider whether to include an “Auditor’s Responsibilities” section separate from the Basis for Conclusion section.

Coordination Activities

38. The Board directed the project team to continue timely coordination efforts with the following:
- The IESBA, to address matters related to relevant ethical requirements; and
 - The Audit Evidence and Risk Response project team, specifically regarding the definition of “analytical procedures”.

Other Substantial Matters

Limited and Reasonable Assurance

39. A Board member encouraged the project team to consider including definitions for both *limited assurance* and *reasonable assurance* in the revised standard. While agreeing that further clarification of the difference between limited and reasonable assurance may be useful for intended users or other stakeholders, the Board concluded that such a clarification may be more appropriately addressed through educational or other non-authoritative materials, rather than through formal definitions in proposed ISRE 2410 (Revised).

PIOB Observer Remarks

40. Mr. Smith thanked the project team for the work to date on the revision of ISRE 2410. He encouraged the project team, in both the drafting of the revised standard and the development of illustrative reporting examples, to apply the Public Interest Framework characteristics of conciseness, clarity and understandability—both for users of interim financial information and for users of the IAASB’s standard. He also emphasized the importance of ensuring that interim review reports remain proportionate to the nature and scope of an interim review engagement.
41. Mr. Smith also reiterated the possible need for educational material to help intended users better understand the difference between reasonable assurance and limited assurance.

Next Steps

42. At its September 2025 meeting, the Board will be presented with the project team’s recommendations, including proposed drafting, to address issues related to:
- Quality management at the engagement level;

- The auditor's understanding of the entity and its environment as a basis for determining review procedures to be performed;
- First-time review engagements; and
- Going concern considerations in an interim review engagement.

Technology – Focus on Quality Management (Agenda Item 8)

Decisions

Overall Direction and Posture

43. The Board expressed strong support for the overall direction, scope, and timing of the Technology: Quality Management Workstream. Board members endorsed the exploratory, information-gathering phase focused on how the principles in ISQM 1 and ISA 220 (Revised) are applied to emerging technologies used in audit and assurance engagements. The Board agreed with the current position to refrain from prematurely determining whether the Workstream will result in non-authoritative materials, standard-setting, or another form of support.

Strategic Alignment

44. The Board endorsed the Workstream's alignment with the IAASB's Technology Position, including its focus on promoting responsible innovation and enhancing clarity, consistency, and public trust in the application of the IAASB's quality management standards to emerging technologies such as generative AI.

The Scope

45. *Technological Tools Used in the Performance of Engagements:* The Board supported the Workstream's focus on technological tools used directly in the performance of audit and assurance engagements—distinct from those used solely to support firm-level quality management systems. The scope, centered on how such tools are obtained or developed, maintained, and used by engagement teams, was considered appropriately targeted for this phase.
46. *Support for Evidence-Driven Approach:* The Board expressed broad agreement with an open-ended, evidence-driven approach. Board members emphasized that future outputs of the Workstream should be guided by insights from global roundtables and stakeholder engagements. The importance of inclusivity and geographic diversity in outreach activities was also highlighted.

Directions

Outreach and Stakeholder Engagement

47. *Breadth of Engagement:* The Board encouraged outreach to a wide spectrum of stakeholders—including audit firms of all sizes, regulators (including in adjacent areas such as cybersecurity and data privacy), investors, academics, and third-party technology vendors (i.e., referred to in ISQM 1 as service providers). Particular emphasis was placed on engaging jurisdictions at different stages of technological maturity.
48. *Regulatory Expectations and Fragmentation:* Several Board members emphasized an important role

of the IAASB is to support global consistency in regulatory expectations. The Workstream was seen as a valuable opportunity to help reduce regulatory fragmentation by clarifying how the IAASB's quality management standards apply to emerging technologies—including how they are obtained, developed, maintained and used—in a manner consistent with the IAASB's public interest mandate.

Quality Management of Third-Party Tools

49. *Use of Third-Party Tools:* The Board acknowledged practical challenges arising from the increasing use of third-party and opaque technologies, including those employing AI and machine learning. Members affirmed that while such technologies can support audit quality, ultimate responsibility for engagement outcomes must remain with the firm that is approving the use of these tools in the performance of engagements. The importance of clarity on roles, oversight mechanisms, and quality evaluation processes for third-party tools was highlighted.

Breakout Discussion Report Back

50. *Structured Breakout Discussions:* Following the plenary and guest presentation, the Board participated in private breakout sessions. Discussions focused on:
- Challenges in applying ISQM 1 and ISA 220 (Revised) to emerging technologies.
 - Opportunities to leverage global governance frameworks (e.g., NIST, IOSCO, BCBS, OECD);
 - The IAASB's role in promoting consistency in application across jurisdictions.
51. *Themes from Breakout Groups:* Some of the common themes identified across breakout groups were as follows:
- ISQM 1 and ISA 220 (Revised) remain broadly fit-for-purpose.
 - The IAASB has an important role in developing non-authoritative materials to clarify how key principles in these standards apply to emerging technologies—especially for technological tools that exhibit one or more of the following characteristics: opacity (the tool's logic is not transparent), non-determinism (identical inputs can produce different outputs), and adaptivity (the tool evolves post-deployment through updates, retraining, or user interaction).

Other Substantial Matters

52. The Board received a keynote presentation from Reva Schwartz, an expert in AI governance and contributor to the U.S. National Institute of Standards and Technology (NIST) AI Risk Management Framework. Ms. Schwartz outlined leading cross-sector governance practices and emphasized the importance of transparency, accountability, and context-aware oversight when evaluating the use of AI systems. Members noted that her insights provided valuable context for the IAASB's workstream within broader developments in technology assurance and regulation.

PIOB Observer Remarks

53. Mr. Smith commended the quality of the session, including both the materials presented and the depth of the Board discussion. He noted that the public session and the breakout groups had facilitated a good initial discussion of the relevant issues and that he was encouraged by the broad consensus among Board members in support of the direction of travel of the Workstream. Mr. Smith

also encouraged further reflection about the nature and extent of the expertise in emerging technologies that it will need and how and from where such expertise will be obtained.

54. Mr. Smith indicated that the PIOB will give further consideration to the implications of the likely result of the Workstream being non-authoritative materials rather than standard setting, given that the development of non-authoritative materials is outside agreed due process and the oversight procedures of the PIOB.

Next Steps

55. IAASB staff will undertake a six-month period of information gathering, including global roundtables and bilateral stakeholder engagements. The Technology Team will present the feedback received together with their initial views and recommendations for the Board's consideration at the December 2025 Board meeting.

PIOB Observer – Final remarks

56. Mr. Smith commended the quality of the Board materials across the agenda items and the depth of Board members' contributions. In closing, Mr. Smith reiterated his previous comments on the following items:
- The finalization of the PIE Track 2 project with an acknowledgement of the need for follow up regarding the definition of PIE.
 - A reminder to constantly keep in mind the qualitative characteristics in the Public Interest Framework during revisions of the ISAs and ISRE 2410.
 - The direction of travel of the Technology Quality Management Workstream supported by a broad consensus among IAASB members.