



## **PIOB's Public Interest Issues - IAASB projects**

**(document updated as of October 2025)**

The PIOB's Public Interest Issues presented in this document are based on the status of the IAASB's projects after the IAASB September 2025 meeting and the PIOB meeting in October 2025. For each selected project, brief background information and project status are provided, followed by the identified Public Interest Issues. The Public Interest Issues may contain questions or concerns relating to the responsiveness of specific initiatives and projects to the public interest. We encourage the IAASB to consider these questions and concerns during the due process of developing the relevant standards.

For further information and details about the IAASB projects, please refer to the website: <http://www.iaasb.org/consultations-projects>.

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### **Use of main acronyms and abbreviations**

Code	The IESBA's Code of Ethics
ED	Exposure Draft
IAASB	International Auditing and Assurance Standards Board
IESBA	International Ethics Standards Board for Accountants
ISA	International Auditing Standards
ISAE	International Standard on Assurance Engagements
ISSA	International Standard on Sustainability Assurance
ISQM	International Standard on Quality Management
ISRE	International Standard on Review Engagements
ISSA	International Standard on Sustainability Assurance
PIOB	Public Interest Oversight Board

## **1. ASSURANCE ON SUSTAINABILITY REPORTING (ISSA 5000)**

### **Background**

Following the PIOB certification of the IESBA and IAASB sustainability standards, completed in January 2025, market participants and policymakers around the world now have a robust global baseline to instill confidence in sustainability reporting. Sustainability reporting has wide relevance for users both within and outside of capital markets and it requires additional information sources and the exercise of key judgments beyond financial reporting. There are also heightened risks, such as greenwashing, where organizations might seek to misrepresent their performance. Avoiding such risks, which could undermine public trust and capital flows into sustainable development, is clearly in the public interest.

The IAASB sustainability assurance standard, ISSA 5000, was developed in an accelerated timeline, to meet, to the greatest extent possible, the expectations of users placing reliance on reported information. The next step is a successful implementation of ISSA 5000, which will not only require further work of the IAASB, but also significant input from assurance practitioners, regulators, preparers and those charged with governance<sup>1</sup>.

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<sup>1</sup> The PIOB notes that, in the context of implementation of the global standards on sustainability assurance, there are public interest matters beyond the remit of the IAASB. The implementation will require a robust level of public interest oversight, where regulators and those charged with governance have a role to ensure that preparers of the sustainability information as well as



As sustainability reporting and assurance are at the start of a long journey and the new IAASB standard is central to this journey, it will necessarily need to evolve in line with public interest needs. The PIOB is encouraging all stakeholders to share feedback from implementation, draw key lessons from experience, to enable timely refinements to the standard.

### **Status**

The IAASB approved ISSA 5000 in September 2024, and the PIOB certified in November 2024 that it followed due process and is responsive to the public interest. The Public Interest Issues below reflect the key matters noted in the “Background” section above and highlight those areas that require further refinement in the context of the necessary evolution of the standard.

#### **1.1. Supporting implementation through monitoring and rapid response**

As sustainability assurance is a relatively new field and ISSA 5000 is an overarching standard, it should be foreseen that questions will arise, and necessary clarifications will be needed across jurisdictions as sustainability assurance practitioners start implementing the standard.

The PIOB encouraged the IAASB to create an effective monitoring and rapid response mechanism(s) to monitor and identify implementation challenges and to respond to them appropriately. In this context, the PIOB welcomes the establishment by the IAASB of the “Sustainability Assurance Implementation Group” (SAIG) and the “ISSA 5000 Technical Implementation Group” (TICG) to provide insights, feedback or advice on identified areas relating to the implementation of ISSA 5000. Engaging all relevant stakeholders as an integral part of the monitoring and rapid response mechanism(s), will help ensure the successful adoption and implementation of ISSA 5000 through wide collaboration within the sustainability ecosystem, which is undergoing constant evolution in various jurisdictions.

The PIOB also emphasized the need for coordination with the IESBA and welcomes the appointments of an IESBA observer on the TICG and an IAASB observer on the corresponding working group of the IESBA as well as joint outreach activities and publication of supporting implementation materials.

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*assurance providers have the appropriate skills and experience and comply with ethical reporting and assurance standards.*

## **1.2. ISSA on Group sustainability assurance**

We expect that ISSA 5000 will most likely at first be applied on assurance engagements of sustainability reporting by large corporations, which mostly have group structures and require input of a diverse range of professionals. The PIOB welcomed the initiative of the IAASB to address our earlier concerns in respect of group structures, by, as an interim measure, including overriding principles within ISSA 5000 for group sustainability assurance engagements. The PIOB recommends the IAASB, as part of its future work on sustainability, addresses in further detail matters specifically related to group assurance engagements, potentially in a dedicated ISSA similar to ISA 600 (Revised) *“Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)”*, or in a future development of ISSA 5000. This could include matters such as materiality, supervision of the work of component practitioners, value chain components and communication among members of the engagement team, among others.

## **1.3. Communication between different assurance providers**

Based on the inter-connectivity between sustainability and financial reporting, the PIOB underlines the importance of broader two-way communication between various assurance providers, to ensure adequate and timely follow-up of identified issues in both the financial statements audit and the sustainability assurance engagements. While communication may be more straightforward where the financial statements auditor is from the same firm, or a member of the same network, as the sustainability assurance provider, the communication is necessary in all cases, including where different individuals and firms are involved.

The PIOB noted that, due to time constraints and recognizing the overall benefits of finalizing the new standard before the end of 2024, ISSA 5000 only contains requirements for one-way communication by the sustainability assurance provider, without consequential amendments to relevant ISAs. The PIOB encourages the IAASB to address the need for two-way communication in future sustainability-related work on the ISAs, including the issues of confidentiality and timing of sustainability and financial reporting.

## **1.4. Key audit matters in sustainability assurance reports**

One of the public interest considerations during the development of ISSA 5000 was whether to include a requirement for Key Audit Matters (KAMs) in the sustainability assurance report. The PIOB notes that the IAASB concluded not to include such a requirement, even in the instance of public interest entities (PIEs), with reasoning in this regard explained in terms of the balance between costs and benefits. We

acknowledge and support the IAASB's commitment to consider addressing the use of KAMs in the future development of sustainability assurance standards.

## **2. AUDIT EVIDENCE AND RISK RESPONSE (ISA 330, ISA 500 AND ISA 520)**

### **Background**

The IAASB undertook a public consultation in 2022 on ED-500 "Audit Evidence" but subsequently decided to pause the project with a re-scoping in mind, including a focus on Technology and Internal Controls. As a result, during 2024 the IAASB carried out further work to identify, understand and scope a new project: *"Standards that address Audit Evidence and the Auditor's Responses to Assessed Risks of Material Misstatement"* (the "Audit Evidence and Risk Response" project). This project envisages concurrent revisions of ISA 330 (*The Auditor's Responses to Assessed Risks*), ISA 500 (*Audit Evidence*), and ISA 520 (*Analytical Procedures*).

### **Status**

The IAASB approved the project proposal for Audit Evidence and Risk Response in December 2024 and the project team has been working on identified issues. In line with the update of priorities within the Strategy and Work Plan 2024-2027, the project is expected to be finalized in 2027.

### **2.1. Scoping and objectives of the project**

The PIOB continues to regard the overarching topics of audit evidence, risk response, technology and internal controls, which are fundamental to audit methodology, as highly relevant to the public interest by achieving enhanced audit quality. The PIOB welcomes that the project proposal sets out the specific objectives for this project as they relate to the [Public Interest Framework](#) (PIF). This will help to ensure that the entire project stays focused, and that its public interest objectives are achieved in a timely way.

In undertaking its detail drafting work, the PIOB encourages the IAASB to specifically focus on clarity and conciseness as key PIF qualitative characteristics, especially from the perspective of smaller practitioners who may have limited technical resources when implementing standards into their audit methodologies.

### **2.2. Audit evidence aspects of the project**

The PIOB welcomes the fact that the project proposal considers several important topics to strengthen the ISA requirements around audit evidence:

- the auditors' role in respect of evaluating the relevance and reliability of information which is used as audit evidence, including clarification of the principles behind the use of analytical procedures and identification of possible fraudulent information or unreliable sources of information;
- encouraging auditors, where appropriate, to seek external sources of specific information, which could contradict or corroborate audit evidence obtained from the client;
- strengthening of professional skepticism in evaluating whether there is sufficient appropriate audit evidence obtained to support the opinion and regarding the reliability of information which will be used as audit evidence, including cases when there is inconsistency in audit evidence;
- clarifying how the various stand-back requirements across the ISAs work together.

The PIOB emphasizes the importance of considering the balance between requirements in the standards and supporting Application Material relating to persuasiveness of audit evidence. The PIOB considers it crucial that amendments are made with reference to the PIF qualitative characteristics, in particular, clarity and enforceability, with a view to driving improved auditor behavior and increased audit quality.

### **2.3. Internal control aspects of the project**

The PIOB welcomes the IAASB's intention to address through this project instances of inconsistent requirements of ISAs in respect of internal controls to enhance audit quality:

- make clear in which circumstances an auditor is required to test internal controls, thereby overcoming the limitations of substantive testing;
- clarify how to address situations where there is a lack of internal controls or inconsistent operations of controls, including deficiencies in pervasive internal controls, such as IT general controls or segregation of duties, within an entity;
- enhance the exercise of professional skepticism in designing and performing tests of controls, strengthen or clarify relevant requirements and application material.

In the context of the intended enhancements of the standards, the PIOB emphasizes the importance of the public interest in achieving increased audit quality through clearer and enforceable requirements in the area of internal controls.

### **2.4. Importance of Using Technology**

The PIOB welcomes the IAASB's intention to address various aspects of technology in the standards relating to audit evidence and risk response through the project's focus on the following:

- Principle-based, scalable and proportional requirements and application material relating to the use of automated tools and techniques (ATT), including exploration of instances where the use of ATT may be appropriate or even required.
- Relevance and reliability of audit evidence when using ATT, including caution against the possible overreliance on information from certain sources. In this context, the PIOB encourages further outreach with regulators on the risks of improper overreliance on technology tools in audit or overreliance by auditors on IT General Controls of audited entities, according to their inspection findings.

The PIOB underlines that technology is not only relevant in respect of audit evidence and risk response but is a more pervasive theme throughout the whole suite of ISAs, and therefore important for the future evolution of audit (see section 3.1).

## **2.5. Auditor's role with respect to the authenticity of documentation**

When revising ISA 240, "The auditor's responsibilities related to fraud in an audit of financial statements", the IAASB decided to delete the following sentence from the standard: *"Unless the auditor has reason to believe the contrary, the auditor may accept records and documents as genuine"*. It was, however, retained in ISA 200, *Overall objectives of the independent auditor and the conduct of an audit in accordance with ISAs* (application paragraph A24). The retention of this sentence raises concerns about the degree of professional skepticism required of auditors across the ISAs, including requirements on robustness of audit evidence. The PIOB notes that some major scandals over recent years involved auditor failures with respect to falsified documents, which generated an expectation that audits should include some procedures to consider this risk.

The PIOB welcomes the IAASB's intention to address this concern in relation to the Audit Evidence and Risk Response project, including the need for consequential amendments in ISA 200. The PIOB emphasizes that it is in the public interest that the standards consistently reinforce the exercise of professional skepticism to adequately detect and respond to the above-mentioned risks.

## **3. LISTED ENTITY AND PUBLIC INTEREST ENTITY**

### **Background**

The IAASB has amended the ISQMs and the ISAs in response to the IESBA's revisions of the definitions of Listed Entity and Public Interest Entity (PIE) in the Code of Ethics. In a first phase transparency requirements regarding independence in the audit report (ISA 700) and in communication with those charged with governance (ISA 260) were addressed (Certified by the PIOB in 2023).





In a second phase, the IAASB aimed to converge the concepts between the Code, ISQMs and other ISAs, to the greatest extent possible and to consider whether differential requirements should be extended to all PIEs. During the development of this project, the IAASB noted that the adoption of the IESBA's definition of Public Interest Entity would pose the risk of jurisdictional differences in the application of the ISAs, as allowed by the IESBA's definition. Hence, in June 2025 the IAASB approved the adoption of the definition of Publicly Traded Entity (PTE), one of the categories of PIE in the IESBA Code, to replace the term "Listed Entity" in its standards, instead of adopting the PIE definition of the Code. This approach supports interoperability between the ISAs and the Code, while ensuring consistent implementation of the ISAs across jurisdictions. The IAASB has further introduced a framework to guide the auditor in determining whether other entities may warrant treatment similar to Publicly Traded Entities.

### **Status**

The PIOB certified in August 2025 that the narrow scope amendments followed due process and are responsive to the public interest.

The PIOB is of the view that further alignment towards a single Public Interest Entity definition is necessary in the public interest and note that IAASB and IESBA have committed to a joint action to address this matter.

### **3.1. Adoption of a Public Interest Entity definition in the IAASB Standards**

The definition of PIE is crucial to determine the categories of entities that are subject to stricter (differential) requirements in the ISAs, ISQMs and the Code of Ethics. This treatment is responsive to heightened expectations over the audit of these entities because of the significance of the public interest in their financial condition.

The PIOB views the IAASB's approach to adopt only the PTE definition to be a pragmatic and constructive first step towards alignment with the IESBA's broader PIE definition and to further consider extending differential requirements in the IAASB standards to all categories of PIEs.

The PIOB considers that the IAASB and IESBA should address underlying matters which have to date hindered the global adoption of an interoperable PIE definition with categories beyond PTEs. This requires a joint project by the IAASB and the IESBA as the most appropriate route to achieve such definition.

The joint initiative should commence as soon as practicable, integrating evidence from the IESBA's post-implementation review of its PIE definition, scheduled for 2027, as committed by the IAASB and IESBA.



## 4. TECHNOLOGY

### Background

Digitalization is profoundly impacting the role of auditors, transforming how they conduct their work, and the skills required to perform their role. The use of new or emerging technologies by management in their financial and non-financial reporting processes, as well as by auditors in performing audit procedures, introduces new or evolving risks for credibility of financial and non-financial information. The IAASB is currently working on addressing such risks in its standard setting activities.

### Status

In September 2024 the IAASB issued a document “The IAASB’s Technology Position”, which is a framework aimed to guide the Board’s activities relating to the impact of technology on audit and assurance engagements. At the March 2025 IAASB meeting, the Board considered a gap analysis of technological aspects of the International Standards on Quality Management (ISQMs) and the International Standards on Auditing (ISAs) (presented as “Catalog of Issues and Possible Actions”) and provided feedback on how to further enhance the Catalog. The first edition of the Catalog was published on the IAASB’s website in May 2025, subject to a semi-annual update cycle. Since the June 2025 IAASB meeting, a new Technology Quality Management Workstream has been working to understand how firms are applying the principles of ISQM 1<sup>2</sup> and ISA 220 (Revised)<sup>3</sup> to emerging technologies at the firm and engagement level, respectively, and to assess what additional support may be needed from the IAASB.

### **4.1. Scoping the theme of technology in auditing standards**

The PIOB welcomes the ambition of the IAASB around emerging technologies to enhance the value and relevance of audit.

The PIOB supports the IAASB’s focus on the pervasive impact of technology in the development and revision of its standards, to ensure timely response and enhancing audit quality. The PIOB welcomes the IAASB’s ongoing work on the gap analysis to identify specific opportunities to enhance the ISAs and ISQMs for technology related matters, and the finalization of the “Catalog of Issues and Possible Actions”, with a plan for regular update going forward.

The new and emerging technologies, such as advanced data analytics, artificial intelligence (AI), machine learning (ML) and block-chain, have not only brought new risks for auditors, but are reshaping the audit landscape, gradually transforming

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<sup>2</sup> International Standard on Quality Management 1 (ISQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements

<sup>3</sup> ISA 220 (Revised), Quality Management for an Audit of Financial Statements

perspectives on how to undertake the audit and how to maintain the audit trail. Data analytics already enables auditors to identify trends, patterns, and anomalies that may not be apparent through traditional methods. To this end, the revisions of relevant standards ought not only to embrace the current practice, but to continue to stay relevant in the evolving technological audit environment.

The PIOB therefore encourages the IAASB to clearly articulate, with reference to the public interest, the challenges that the technological initiative is aiming to address, including the opportunities and risks arising from technology, in the context of the current audit model. At the same time, a common understanding is needed between auditors and users with respect to the scope of the audit and the level of assurance, to avoid a possible widening of the expectation gap.

Considering the overarching impact of technologies on auditors, the PIOB emphasizes the need for co-ordination with the IESBA, beginning at the scoping phase of relevant projects. For both the IAASB and the IESBA, it is important that the Boards benefit to the fullest extent possible from their existing technology expert groups, to ensure an appropriate understanding of the strategic risks related to the theme of technology.

#### **4.2. The Need for Comprehensive Outreach**

The PIOB notes that the current activities of IAASB are focused on understanding how firms are applying the principles of the quality management standards to emerging technologies, with a goal to guide the firms to responsible innovation and consistent application of those principles. The PIOB welcomes the IAASB's initiative of roundtables with various stakeholders, considering it as an important part of the due process. The PIOB notes that other format of outreach, including one-to-one discussions, might be considered in addition to the roundtables, in order to achieve comprehensive and deep understanding of how firms are approaching the usage of emerging technologies.

Additionally, it is important to understand how the emerging technologies are used by preparers and users of both financial and non-financial information, and how it impacts the role of audit and assurance in enhancing the confidence in corporate reporting. Therefore, further outreach with these stakeholder groups is key to gaining a holistic understanding of public interest issues that should be addressed as part of the IAASB's technology initiative.

#### **4.3. Approach to the Theme of Technology**

The PIOB acknowledges the need for agility in order to address the challenges and opportunities brought by emerging technologies and has noted the IAASB's intention

to consider using non-authoritative materials as a timely and effective way of supporting consistent application of its Quality Management Standards to these technologies.

In this context, the PIOB acknowledges a need to identify possible mechanisms to remain agile while respecting the role of oversight in the public interest. Further discussion about those mechanisms may give rise to new considerations with respect to the evolution of standards where matters of due process under public oversight will also require attention.

## **5. ISRE 2410 REVIEW OF INTERIM FINANCIAL INFORMATION**

### **Background**

The International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* establishes the auditor's responsibilities to provide limited assurance on the interim financial information issued by companies. ISRE 2410 has remained largely unchanged since it was issued in 2005. It was not subject to the Clarity project, nor to conforming and consequential amendments of recent projects. This has resulted in inconsistencies in practice and challenges in its application, as well as increased the risk of jurisdictional fragmentation, due to the development of local standards to address such challenges. Consequently, the IAASB SWP for 2024-2027 included a project to revise ISRE 2410.

### **Status**

In June 2025, the IAASB approved the project proposal and since then has been deliberating on some of the issues and challenges identified. The IAASB expects to complete an exposure draft in March 2026.

### **5.1. Clear and robust interim review requirements**

Interim financial information provides periodic updates about the financial performance of an entity throughout the year and its review by the auditor enhances the confidence of the intended users of that information. Trustworthy and timely financial information becomes particularly relevant for investors and users in contexts of high volatility and rapid change.

The PIOB supports the revision of ISRE 2410 to support auditors in the performance of review engagements of interim financial information as a matter of public interest. As interim reviews are designed to achieve limited assurance, the revision of the standard should provide clear guidance to auditors on the work effort required and ensure that review reports are also clear for users in respect of the level of assurance achieved.

In addition, the revisions should incorporate robust procedures, proportionate to limited assurance, in areas such as going concern, fraud and group considerations that have been recently updated and strengthened.

## **6. INTEROPERABILITY OF ETHICS AND AUDIT: IAASB AND IESBA COORDINATION**

The PIOB notes that ethics and audit are two sides of the same coin, both from practitioners' and users' perspectives, as standards need to be interoperable to properly serve the public interest.

The PIOB acknowledges that the IAASB and IESBA coordinate their efforts at different stages of the development cycle of standards to determine potential implications on their respective projects, in alignment with the Public Interest Framework. In some instances, however, due to the complexity and nature of the topic and the challenge of achieving coherence in the standards, projects would require further joint efforts e.g. through joint board sessions, joint project teams, and potentially also by recasting some projects as joint projects.

A joint approach will enable the IAASB and IESBA to identify risks, opportunities, and impacts at an early stage for topics that overlap between ethics and audit and assurance. Clear communication of these matters will enhance stakeholders' understanding of the respective roles of ethics and audit and assurance, as well as their interdependence. The PIOB therefore encourages the IAASB and IESBA to consider whether to deepen the cooperation and coordination in the following projects:

- Implementation of Sustainability standards (see Section 1.1 and IESBA Public Interest Issues)
- Definition of Public Interest Entity (see Section 3)
- Technology (see Sections 2.4 and 3.1 and IESBA Public Interest Issues)
- Firm Culture and Governance and ISQM1 (see IESBA Public Interest Issues).

In this context, the PIOB strongly supports the proposal to launch a joint survey by the IAASB and IESBA to inform the preparation of the Boards' next Strategies and Work Plans, which raises awareness among stakeholders of the critical role that both standard-setting boards play in the development of high quality interoperable ethical and assurance standards.