

SAC MEETING HIGHLIGHTS

OCTOBER 2025

This summary of the Stakeholder Advisory Council (SAC) public session discussions on October 21–22, 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.

INTRODUCTION

Mr. Alan Johnson, SAC Chair, welcomed SAC members, the Chairs of the IAASB and IESBA (the standards-setting boards (SSBs)) and the Vice-Chair of IAASB, staff from the International Foundation for Ethics & Assurance (IFEA), official observers and public observers.

SESSION 1: DIALOGUE WITH THE STANDARD-SETTING BOARDS

The SAC was updated on developments since the May 2025 SAC meeting, including the progress on ongoing projects, the impact of SAC input on the SSBs' work, the development of a joint-stakeholder survey for both SSBs' Strategy Work Plans for 2028–2031 and the revised strategic approach to IESBA's Firm Culture and Governance project.

Key Observations, Advice and Suggestions from the SAC

Standard Setting Work Plans

- The SSBs were commended for the progress on their respective workplans since the last SAC meeting. There was also support for the SSBs' decision not to issue any new major standards until the end of 2027. SAC members emphasized the importance of continuing to focus on post-implementation reviews, targeted implementation guidance, and outreach to promote consistent global application emphasized.
- The mandatory adoption of the sustainability assurance standards is advancing at different speeds but maintaining global interoperability must remain a core goal. The extensive implementation guidance and outreach accompanying ISSA 5000¹ was welcomed, and there was support for flexible, jurisdiction-sensitive adoption approaches. It was also noted that sustainability reporting and assurance continues to grow even though regulation is evolving more slowly.
- Other emerging areas, such as digital assets and other technology-specific topics, were identified as potential topics for further exploration by the SSBs.
- Recognizing there is an increased interest within investor community on sustainability reporting, members highlighted the importance of seeking investors input in the SSBs' sustainability standards and their other work were highlighted.
- Maintaining stability for the recently issued International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE) is important as regular revisions could discourage jurisdictions to adopt the standard, particularly smaller jurisdictions.

¹ International Standard on Sustainability Assurance 5000, *General Requirements for Sustainability Assurance Engagements*.

Key Takeaways from the Multi-Stakeholder April 2025 IFAC–IESBA Summit in Paris (Paris Summit) and the September 2025 IESBA Conference in Lisbon (IESBA Ethics Conference)

- The Paris Summit reinforced the importance of coordinated standard-setting, transparency of due process, and effective global adoption of the new sustainability ethics and assurance standards. The IESBA Ethics Conference highlighted ethics and independence as pillars of trust and competitiveness in a changing market. IESBA was commended for holding a conference that brought together a diverse group of stakeholders to engage on key ethics topics, with a suggestion to consider holding future conferences to explore other important topics.

Joint-Stakeholder Survey for the SSBs' SWPs 2028–2031

- Members supported the SSBs' initiative to issue a joint survey as the first step in developing the IAASB's and IESBA's Strategy and Work Plan for 2028-2031. The SAC suggested to articulate a clear joint value proposition and noted that the survey should include topics where both SSBs have a role to play such as sustainability, technology and assurance of non-financial information. With respect to the questions asked, it was recommended to have different questions per stakeholder group, to balance open and closed questions.

IESBA's Firm Culture and Governance Project

- The IESBA's revised approach of re-sequencing its focus first on developing a series of principles-based viewpoints and other supporting materials as well as its outreach plan were welcomed. The importance of coordination with IAASB and the need to highlight linkages with ISQM 1 were also emphasized. Other comments raised include the adoption of the final products, consideration of root causes and importance of transparency and incentives.

SESSION 2: TECHNOLOGY AND THE IMPACT ON AUDIT, ASSURANCE AND ETHICS

The SAC discussed how emerging and increasingly complex technologies, particularly artificial intelligence (AI), are transforming the audit, assurance, and ethics landscape. The SSBs jointly presented on how both Boards are coordinating their efforts to ensure that their standards remain responsive, relevant and aligned with the public interest in a rapidly evolving environment.

Key Observations, Advice and Suggestions from the SAC

- It was noted that AI tools offer opportunities to enhance audit quality, efficiency and expand capabilities. These tools also pose ethical and professional judgment challenges. Maintaining accountability and objectivity remains crucial as professional accountants increasingly rely on AI-enabled tools. Therefore, it remains important for professional accountants to retain responsibility for outputs generated through such technologies and ensure that ethical behavior and human oversight are preserved. The SSBs were encouraged to develop additional timely guidance given the benefits it could have for stakeholders.
- There are growing expectations for professional accountants to establish robust governance and oversight frameworks addressing the acquisition, development and deployment of emerging technologies. Also, an ethical mindset and quality management systems are essential to safeguard trust and mitigate risks associated with bias, misinformation and over-reliance on “black box” models.

- There was support the SSBs continued collaboration in promoting consistent interpretation of existing quality management and ethics principles as they apply to new technologies. The SSBs were encouraged to consider issuing non-authoritative guidance to clarify how existing principles, such as those in ISQM 1² and the IESBA Code³, should be applied to generative AI and other emerging tools.
- Proactive engagement by both SSBs is essential to prevent regulatory fragmentation, ensure coherent global approaches and support the responsible adoption of technology within the profession.
- Non-professional accountants (e.g. recruitment of technology specialists) impact the ethical culture and governance and blur the lines between audit, assurance and advisory, which may affect independence
- The importance of developing and strengthening certain skills, such as analytical reasoning and critical thinking, alongside the technical expertise necessary for the responsible use and interpretation of AI tools was emphasized. As technology's effectiveness is ultimately determined by user competence, both SSBs and the wider profession have a role to play as continuous training and education remain essential for professional accountants to sustain competence and confidence amidst technological advancements.

SESSION 3: REVIEWS OF INTERIM FINANCIAL INFORMATION BY THE ENTITY'S INDEPENDENT AUDITOR

The SAC was updated on the IAASB's project to revise ISRS 2410⁴ and discussed the usefulness of interim financial information in the context of the financial reporting ecosystem and the maintenance of capital markets, and the differences between interim review engagements and audit engagements.

Key Observations, Advice and Suggestions from the SAC

The Use of Interim Financial Information

- Interim financial information is meaningful to users when it is relevant and reliable. That is, when it is timely, and when it contains complete and accurate information about significant events or conditions, especially that which may have a negative effect on investments. The timeliness of information is of most significance to users, who view more detailed and less timely information as less useful for decision-making. Also, users in some jurisdictions appeared reluctant to require enhanced work efforts by auditors if the enhanced work effort might result in delayed information.
- Users of interim financial information are particularly interested in areas that may indicate that there are risks to investors' returns. In that regard, users are particularly interested in matters outside of the entity's control (for instance, movements in foreign exchange or interest rates), and matters related to going concern, disclosures of significant events and transactions (such as acquisitions) and other qualitative disclosures.

² 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*

³ The IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code)

⁴ International Standards on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

- Some members encouraged the IAASB to develop principle-based requirements relating to specific topics in an interim review engagement, thereby encouraging auditors to use their professional judgment.

Differences Between Interim Review Engagements and Audit Engagements

- It was acknowledged that there is a lack of understanding of the difference between interim review engagements (limited assurance) and annual audit engagements (reasonable assurance) This is evidenced by:
 - Market reactions appear to be similar whether or not the interim financial information is subject to a review by the auditor. This implies that the market places similar levels of trust in the information irrespective of the level of assurance provided.
 - The wide range of methodologies applied by practitioners within and between jurisdictions may indicate that auditors have different views about the scope of an interim review and the related work effort. This may also result in difficulties with enforcing the standard.
- The following contributing factors were identified to the lack of understanding of the difference between interim review engagements and annual audit engagements by users:
 - The look and feel of an auditor's report and an interim review report is similar. Despite the differences in the content of the reports, users of these reports may not sufficiently distinguish the engagements. In addition, the reports are signed by the same auditor.
 - The lack of clear, positive expression of the work performed in an interim review report. Users of these reports may understand that interim financial information is not audited but are unclear about what procedures the auditor has performed in the review compared to the audit.
- The confusion about the difference between limited and reasonable assurance may increase with the introduction and growth of sustainability reporting and assurance on sustainability information.
- The IAASB was encouraged to consider:
 - Enhancements to the interim review report in a manner that would clearly distinguish an interim review report from an audit report, such as including caveats for users or a description of the procedures performed in an interim review engagement.
 - Existing interim review standards in other jurisdictions when developing proposals for the revised standard, bearing in mind the benefits of international convergence.

CLOSING REMARKS

Mr. Johnson invited Mr. Sullivan, the PIOB observer, to share his remarks from this observation of the meeting. He also invited Ms. Gabriela Figueiredo Dias and Mr. Tom Seidenstein to share any final remarks.

Mr. Johnson thanked all SAC members for their valuable contributions and insightful advice to the SSBs. He also extended his appreciation to the IFEA staff for their efforts in preparing the meeting papers and facilitating the discussions.

NEXT MEETING

The next SAC meeting is scheduled for April 27–28, 2026 in Madrid, Spain.