



IAASB

International Auditing and Assurance Standards Board

AN IFEA BOARD

# Targeted Standards in the ISA 500 Series

## Agenda Item 11

December 2025 IAASB Meeting



# Project Team and Project Board Members



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IAASB Member and  
Project Board Member



# Basis for the Development of the Project Proposal

# Information-Gathering and Research Activities



**Stakeholder Outreach**



**Academic Research Review**



**Benchmarking to Analogous Auditing Standards**



**Other Research Activities**



**Deep-Dive Sessions with Monitoring Group Members**



**Engagement with Regulators and Audit Oversight Authorities**



**Input from IAASB-Jurisdictional Standard Setters (JSS) Liaison Group**



**Individual meetings with Accounting Firms and engagement with the Forum of Firms (FoF)**



**Engagement with the SMPAG**



**Meeting with digital confirmation platform provider**

# Input from the Board and from Coordination



**Breakout group  
discussion with the  
Board in June 2025**



**Ongoing coordination  
with AE&RR**



**Input from the  
Technology  
Consultation Group**



# ISA 501 – What We Heard

## Support for:

- The need to modernize the standard in view of the increased use of technology
- Emphasizing the importance of inventory-related controls and use of specialists, including when entity performs cycle counts
- Clarifying whether attendance at inventory counting can include remote observations
- Alignment with foundational concepts addressed by other standards (e.g., ISA 315 (Revised 2019), ISA 330 and ISA 500)
- Enhancing auditor's procedures for inventory under the custody and control of a third party (i.e., concerns about overreliance on third-party confirmations)

## Structural preferences from some stakeholder groups:

- For example, suggestions from firms to reconsider the structure and form of ISA 501 as a stand-alone standard

**Some, but limited  
concerns raised for  
litigation and  
claims, and  
segment  
information**



# ISA 505 – What We Heard

## **Support from all stakeholder groups for:**

- Modernizing the standard in view of the increased use of technology
- Reflecting the impact of using technology-enabled confirmation procedures

## **Views from certain stakeholders for the need to:**

- Emphasize that external confirmations alone may not provide sufficient appropriate audit evidence for all or certain assertions
- Enhance auditor's procedures about reliability of responses to confirmation requests
- Strengthen sufficiency and appropriateness of alternative procedures addressing non-responses, investigation of exceptions, and evaluation of impact of misstatements

## **Divergency of approaches across firms and jurisdictions for:**

- Use of negative confirmations
- Considerations about the need to perform external confirmation procedures for certain account balances and transactions



# ISA 530 – What We Heard

## Broad agreement across stakeholder groups:

- That the principle-based requirements for audit sampling remain appropriate, as they continue to apply regardless of whether technology is used or not
- That recurring challenges in audit sampling are predominately performance-related
- That the standard should remain principle-based and avoid embedding prescriptive methodology style revisions that could be better addressed through non-authoritative guidance

## Some stakeholder groups suggest:

- Clarifying aspects related to audit sampling in foundational standards such as:
  - Selecting appropriate means for testing
  - Using technological tools to analyze entire populations of items and when investigating identified exceptions

**Suggestions for guidance as an appropriate means to enhance consistency in practice**



# Matter for IAASB Consideration



## Agenda Items 11– B to 11–E

### Question 1:

The Board is asked for their reflections on the information-gathering activities undertaken to date and the feedback received—specifically, whether they agree that the outreach that has been undertaken and that is still planned provide an appropriate basis for a standard-setting project proposal.



# Development of the Project Proposal

# In-Scope Standards for Standard-Setting Action

## Staff's Recommendations Based on Information Gathering and Research Activities:

- 1 **Modernization of considerations in respect of inventory in ISA 501 and external confirmations in ISA 505**
- 2 Standard setting is not warranted at this time for the other topics in ISA 501—litigation and claims, and segment information
- 3 Revisions to ISA 530 are not currently justified, but ongoing monitoring and stakeholder engagement are important (\*)

(\*) *The topic of audit sampling will go into **Category A** under the IAASB's Framework for Activities, for ongoing monitoring of global developments*

# Matters for IAASB Consideration



## **Agenda Item 11–A Draft Project Proposal – Section I, Paragraphs 1–2**

**Question 2:** The Board is asked for their views on Staff’s recommendations discussed in paragraphs 20–21 above. Specifically:

- (a) To pursue a standard-setting project to address audit evidence related to inventory and external confirmations by revision of the considerations in respect of inventory in ISA 501 and external confirmations in ISA 505, respectively (the ‘in-scope standards’).
- (b) That standard setting is not warranted for the other topics in ISA 501—litigation and claims, and segment information.
- (c) That ISA 530 will not be in-scope for purposes of this standard-setting project.

**Question 3:** Are there any other matters that should be considered in relation to determining the in-scope standards for standard-setting action?

# Key Issues Identified

## Two new issues identified based on information-gathering and research:

- Alignment with concepts for the identification, assessment and responding to risks of material misstatement
- Emphasizing *professional skepticism* when obtaining and evaluating audit evidence about inventory and when designing and performing external confirmation procedures



## Agenda Item 11–A

### Draft Project Proposal – Section V, Paragraphs 17– 19

## Matter for IAASB Consideration

### Question 4:

The Board is asked for their views on whether the key issues identified are complete and appropriately reflect the issues to be addressed by this project (see **Agenda Item 11–A, Section V**).

# Other Sections of the Draft Project Proposal

Introduction

Project Objectives that  
Support the Public Interest

Stakeholders Impacted



**Agenda Item  
11–A**  
**Draft Project  
Proposal –  
Section II, III, IV,  
Paragraphs 3–  
16**

## **Matter for IAASB Consideration**

### **Question 5:**

The Board is asked for their views on the proposed Introduction, Project Objectives that Support the Public Interest, and Stakeholders Impacted sections of the Draft Project Proposal (see **Agenda Item 11–A, Sections II, III and IV**).

# Other Sections of the Draft Project Proposal (cont.)

## Considerations in Respect of Inventory in ISA 501

*Key Issues:*

*A.1–A.2*

*B.1–B.4*

## External Confirmations in ISA 505

*Key Issues:*

*A.3*

*B.5–B.10*



## Agenda Item 11–A Draft Project Proposal – Section VI, Paragraphs 20– 26

### Matter for IAASB Consideration

#### Question 6:

The Board is asked for their views on whether the proposed actions are sufficient and appropriate to address the issues identified and achieve the project objectives (see **Agenda Item 11–A, Section VI**, right-hand column of table in paragraph 20).

# Other Sections of the Draft Project Proposal (cont.)

**Project Timeline, Priorities  
and Resources**

**Project Output and Impact**



**Agenda Item 11–A**  
**Draft Project**  
**Proposal – Section**  
**VII, VIII**  
**Paragraphs 27– 34**

## **Matters for IAASB Consideration**

### **Question 7:**

The Board is asked for their views on the proposed project timeline, priorities and resources, and project output and impact (see **Agenda Item 11–A, Sections VII–VIII**).

### **Question 8:**

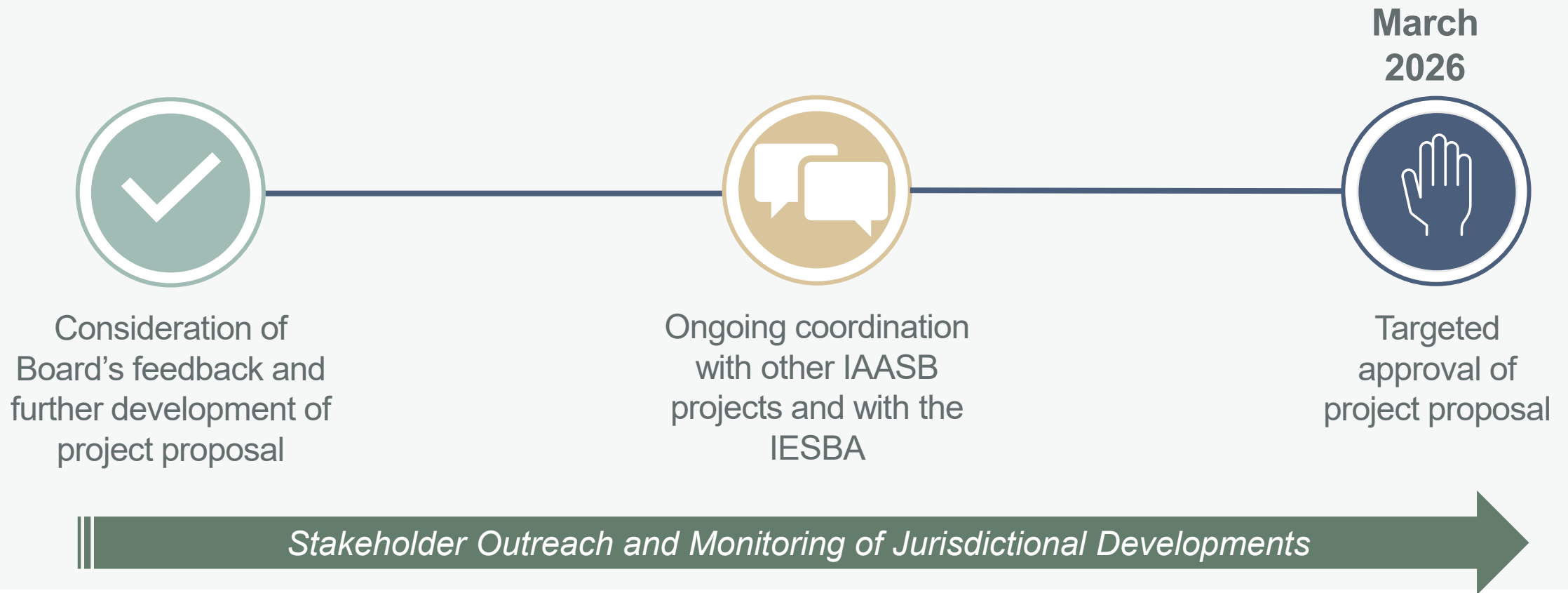
Are there any other matters that the Project Team should consider in updating the Draft Project Proposal for the March 2026 IAASB meeting?



A large, stylized tree graphic in a light teal color, positioned on the right side of the slide. The tree has a thick trunk and several curved branches extending upwards and outwards. The background is a solid light teal color.

# Way Forward

# Way Forward to Approval of Project Proposal



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