

**Minutes of the 151<sup>st</sup> Meeting of the  
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)  
Held on December 8-11, 2025, in New York, United States of America<sup>1</sup>**

**Voting Members**

Present: 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)

**Official Observers**

Present: Mr. Philippe Christelle – Public Interest Oversight Board (PIOB)  
Prof. Yoshihiro Sakuma – Financial Services Agency of Japan (JFSA)

**IAASB Technical Staff**

Present: Willie Botha (Program and Technical 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)

<sup>1</sup> The December 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.

## **Welcome and Introduction**

- The IAASB Chair welcomed members, technical advisors (TAs), official observers and public observers via YouTube to the December 2025 IAASB meeting.

## **Meeting Topics**

- [Approval of Minutes \(Agenda Item 1\)](#)
- [Strategy and Work Plan 2028-2031 \(Agenda Item 2\)](#)
- [The ISA for LCE \(Maintenance Approach and Project Proposal\) \(Agenda Item 3\)](#)
- [ISA 540 \(Revised\) Post-Implementation Review \(Consultation Survey\) \(Agenda Item 4\)](#)
- [Audit Evidence & Risk Response \(Issues\) \(Agenda Item 5\)](#)
- [ISRE 2410 \(1<sup>st</sup> Full Draft\) \(Agenda Item 6\)](#)
- [Sustainability Reporting \(Update from EFRAG\) \(Agenda Item 7\)](#)
- [Technology Quality Management \(Feedback and Issues\) \(Agenda Item 8\)](#)
- [Financial Reporting \(Update from IASB\) \(Agenda Item 9\)](#)
- [IESBA–Firm Culture and Governance \(Update\) \(Agenda Item 10\)](#)
- [Targeted Standards in ISA 500 Series \(Issues and Draft Project Proposal\) \(Agenda Item 11\)](#)
- [The ISA for LCE \(Illustrative Drafting\) \(Agenda Item 12\)](#)

## **Approval of Minutes (Agenda Item 1)**

### **Decisions**

1. The Board approved the minutes of the September 2025 IAASB meeting unanimously.

## **Strategy and Work Plan 2028-2031 (Agenda Item 2)**

### **Decisions**

2. In discussing [Agenda Item 2](#), which addressed the development of a survey as the first step in the development of the IAASB's and IESBA's (the SSBs) future Strategies and Work Plans for 2028–2031 (SWPs), the Board was supportive of:
  - Including an open-ended question in the SSBs' Strategic Positioning for 2028–2031 section of the survey to allow respondents to provide their general views on what the SSBs should aspire to achieve during their next SWPs.
  - Not including a joint value proposition in the survey.

Subject to the revisions discussed below, the Board agreed with the content of the joint survey. The IAASB and IESBA approved the joint stakeholder survey during a joint plenary session of the two Boards on December 10, 2025.

### *Revisions to the Joint Stakeholder Survey*

The IAASB and IESBA were presented with the same agenda papers but discussed them separately. Therefore, in addition to the changes as described below, additional changes to the joint stakeholder survey were made as a result of discussions at the IESBA Board. See the [minutes of the IESBA December 2025 meeting](#) for more information.

3. The following changes were made in finalizing the joint survey in response to substantive comments from the Board:

#### *SSBs' Strategic Positioning for 2028–2031*

- Clarified the context and intent of the open-ended question to make question 4 of the joint survey more concise and understandable for respondents. This includes:
  - Moving the paragraphs on how the SSBs are connected and impact their environment to this section; and
  - Incorporating the introductory text on the strategic positioning into the question; and
- Clarified that responses to question 4 of the joint survey are not limited to the examples included and may address broader considerations.

#### *Key Trends Impacting the SSBs*

- Made the following changes to Trend D – Evolving Structure and Business Models of Accounting Firms:
  - Changed the bullet referring to Private Equity Investment to Alternative Ownership Structures to reflect the existence of other ownership structures (e.g., listed firms); and
  - Removed reference to specific standards in the potential impact column, as it is premature to identify standards that could be impacted by the trends.
- Enhanced the questions related to the key trends to make these clearer, less complex and thereby more user-friendly. This includes:
  - Clarifying the meaning of the rating in question 5 of the joint survey;
  - Incorporating the option to provide views on the expected impact of the trends;
  - Merging questions 7 and 8 in [Agenda Item 2-A](#) which both deal with the identification of trends other than the ones included in the survey; and
  - Moving the question on the top five most important trends to the end of the section, allowing respondents to consider all trends before ranking them.

### **Other Substantial Matters**

#### *PIOB Observer Remarks*

4. Mr. Christelle thanked the Board and expressed his support for the joint survey.

#### *Next Steps*

5. The online survey will be published in January 2026.
6. The next IAASB discussion of the SWP is scheduled for September 2026, when the IAASB will be presented with a summary of responses to the joint survey and a first read of the IAASB's Consultation Paper on its SWP.

### **The ISA for LCE (Maintenance Approach and Project Proposal) (Agenda Item 3)**

#### **Decisions**

7. After presenting an updated version of the draft IAASB Approach Statement, as set out in [Agenda Item 3-C](#), and agreeing all necessary further changes as shown in [Agenda Item 3-E](#), the Board cleared the IAASB Approach Statement on Maintaining the ISA for LCE (the IAASB Approach Statement) with 15 affirmative votes out of 16 Board members. One Board member dissented.
8. After considering the proposed project proposal, as set out in [Agenda Item 3-D](#), the Board voted on, and unanimously approved, the project proposal with 16 affirmative votes out of the 16 Board members in attendance.

#### *Revisions to the IAASB Approach Statement*

9. The following key changes were made in finalizing the IAASB Approach Statement in response to substantive comments from the Board:
  - Clarified, in paragraph 3, that the ISA for LCE is a standalone standard that achieves reasonable assurance as the phrase “the ISA for LCE is an alternative to the ISAs” was deemed to be confusing and considered to mark a shift from the standard’s original positioning.
  - Enhanced the purpose of the IAASB Approach Statement by including that the revisions to the ISA for LCE should be relevant in the context of the typical nature and circumstances of an audit of an LCE. This is consistent with the first step of the maintenance process as set out in [Agenda Item 12](#). In addition, the phrase “to the greatest extent possible” was deleted as it lacked clarity. Throughout the IAASB Approach Statement changes were made to reflect the new wording.
  - Highlighted the importance of stakeholder engagement when performing a project on the maintenance of the ISA for LCE by adding a subheading. In addition, a new paragraph was added explaining how the IAASB may leverage public consultations on new or revised ISAs as a means of obtaining information to inform the pending maintenance of the ISA for LCE.

#### *Revisions to the Project Proposal*

10. The following key changes were made in finalizing the project proposal in response to substantive comments from the Board:
  - Given comments from the Board on the IAASB Approach Statement, aligned the wording in the project proposal with the wording in the updated IAASB Approach Statement, including in

the Introduction and Project Objective that Support the Public Interest sections.

- Clarified that the appendices are included for ease of reference.

## Other Substantial Matters

### *Reasons for Dissenting*

11. Mr. Kienhuis explained that the primary reason for his dissent was because the effective date of the revised ISA for LCE will generally be a year after the effective date of the new or revised ISAs. He noted that not having the same effective date could, theoretically, result in having a different outcome between an audit performed under the ISAs and the ISA for LCE, given that new core requirements and concepts may not yet be introduced in the ISA for LCE. He added that this risk is likely not significant but that coming to the same outcome for an audit using the ISA for LCE and the ISAs is an important principle for him. He also noted that the delay in effective date for certain new ISA requirements and concepts could discredit the ISA for LCE compared to the full ISAs.

### *PIOB Observer Remarks*

12. Mr. Christelle thanked the project team for the work performed.

## ISA 540 (Revised) Post Implementation Review (Consultation Survey) (Agenda Item 4)

### Decisions

13. After presenting an updated version of the public consultation survey of the post-implementation review (PIR) of ISA 540 (Revised), as set out in [Agenda Item 4-C](#) and [Agenda Item 4-D](#) and agreeing all necessary further changes as shown in [Agenda Item 4-E](#), the IAASB unanimously approved the public consultation survey with 16 affirmative votes out of the 16 Board members in attendance.

### *Updates to the Public Consultation Survey for the PIR of ISA 540 (Revised)*

14. The following key changes were made in finalizing the public consultation survey in response to substantive comments from the Board:
  - Moved the request to stakeholders to a new introductory text box.
  - Streamlined Section I: *Background and Purpose* to focus on information most relevant to respondents to the public consultation survey and to remove references to activities addressed in the PIR of ISA 540 (Revised) plan.
  - Added a new question to Section III: *Overall Questions* to obtain stakeholders' views on the usefulness of the non-authoritative guidance that was issued to support the implementation of ISA 540 (Revised).
  - Updated the response scales used throughout the survey to a four-point scale to provide clearer distinctions between options.
  - Revised Section V-A: *Potential Issues or Challenges Relating to ISA 540 (Revised)* to prompt respondents to indicate whether the observed issues or challenges were due to a lack of clarity or insufficiency of the requirements or application material in the standard. In addition, revised

the questions to ask respondents for specific suggestions for how the IAASB can best address the identified issues or challenges (i.e., to focus on possible actions within the IAASB's remit).

- Expanded questions 19 and 24 to request respondents to indicate whether the matters identified relate primarily to estimates with a high degree of estimation uncertainty or complexity as this information may be useful to understand the challenges.
- Revised statements in Section V-B for users of financial statements to focus on matters more observable to those stakeholders (e.g., communications in the auditor's report and the disclosures related to accounting estimates).

## Other Substantial Matters

### *PIOB Observer Remarks*

15. Mr. Christelle reiterated the importance of ensuring that the consultation process for the PIR includes all relevant stakeholders, and in particular, consultation with Monitoring Group members such as the Basel Committee, as indicated by the PIOB observer in attendance at the September 2025 IAASB meeting.

### *Next Steps*

16. The public consultation survey is targeted for release in February 2026, with a 90-120-day consultation period. In September 2026, the project team will present to the Board an analysis of respondents' feedback on the public consultation survey. The Board intends to discuss the views and recommendations regarding ISA 540 (Revised) in December 2026.

## Audit Evidence & Risk Response (Issues) (Agenda Item 5)

### Decision

#### *Proposals in Agenda Items 5–A to 5–O*

17. The Board agreed to:
  - Remove paragraph 18 of ISA 330,<sup>2</sup> and enhance requirements and application material in ISA 315 (Revised 2019)<sup>3</sup> to clarify certain aspects of the risk assessment process (e.g., the expectation for documentation when performing the 'stand-back' evaluation in paragraph 36 of ISA 315 (Revised 2019)). In addition, the Board agreed to explain in the explanatory memorandum accompanying the exposure draft(s) for the in-scope standards, its rationale, including why, for example, a conditional requirement<sup>4</sup> was not pursued.

<sup>2</sup> International Standard on Auditing (ISA) 330, *The Auditor's Responses to Assessed Risks*

<sup>3</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

<sup>4</sup> Option 3 as presented in [Agenda Item 5–A](#), *Material Classes of Transactions, Account Balances and Disclosures (COTABDs)*, is to modify the existing requirement in paragraph 18 of ISA 330 by making it conditional to perform substantive procedures only when specific criteria are met, such as the presence of specific information needs of users of financial statements.

- Revise paragraph A24 of ISA 200<sup>5</sup> through a conforming and consequential amendment as presented in paragraph 21 of [Agenda Item 5–C](#).<sup>6</sup>
- Replace the word ‘comprise’ with ‘include’ in the definition of substantive procedures in paragraph 4(a) of [Agenda Item 5–M](#),<sup>7</sup> given that this wording more effectively future-proofs the standards in view of technological change.
- Include the word ‘material’ in the proposed definition of substantive analytical procedures in paragraph 4(b) of [Agenda Item 5–O](#).<sup>8</sup>
- Explicitly recognize in the requirement in paragraph 5(d) of [Agenda Item 5–O](#) that the threshold to evaluate differences from expected amounts as acceptable without further investigation is an amount that does not exceed performance materiality.
- Clarify that less precise analytical procedures can contribute to the cumulative audit evidence obtained.
- Introduce a new requirement in paragraph 4A of [Agenda Item 5–O](#) addressing the results of analytical procedures performed as risk assessment procedures.
- The wording changes to the lead-in sentence in paragraph 5 and the application material in paragraph A16 of [Agenda Item 5–O](#).
- Revise the requirement in paragraph 5(c)(i) of [Agenda Item 5–O](#) and related application material paragraphs A12–A14 to refer to evaluating the reliability of the information from which the expectation is developed and to align with Proposed ISA 500 (Revised).
- The refinements to the requirements and related application material for investigating the results of substantive analytical procedures in paragraphs 5(e) and A16B–A16F of [Agenda Item 5–O](#).
- Revise the scope of ISA 520,<sup>9</sup> including the implications of proposed changes to the objectives in paragraph 3 of [Agenda Item 5–O](#), the alignment changes to ISA 315 (Revised 2019) in Appendix 1 of [Agenda Item 5–E](#)<sup>10</sup> and to proposed ISA 500 (Revised) in [Agenda Item 5–N](#).<sup>11</sup>
- Relocate and reword paragraph 15 of extant ISA 330 into a new subsection of the standard, titled ‘Controls Addressing Significant Risks,’ to follow paragraph 11 of extant ISA 330.
- The proposed revisions to paragraphs 13–14 of [Agenda Item 5–M](#) addressing using audit evidence about the operating effectiveness of controls obtained in previous audits. In addition, include a new requirement to test controls in the current period if the auditor plans to obtain

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<sup>5</sup> ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

<sup>6</sup> [Agenda Item 5–C](#), *Authenticity of Information*

<sup>7</sup> [Agenda Item–M](#), *Preliminary Drafting for Proposed ISA 330 (Revised), The Auditor’s Responses to Assessed Risks*

<sup>8</sup> [Agenda Item 5–O](#), *Preliminary Drafting for Proposed ISA 520 (Revised), Analytical Procedures*

<sup>9</sup> ISA 520, *Analytical Procedures*

<sup>10</sup> [Agenda Item 5–E](#), *Analytical Procedures*

<sup>11</sup> [Agenda Item 5–N](#), *Preliminary Drafting for Proposed ISA 500 (Revised), Audit Evidence*

audit evidence to address a risk of material misstatement (ROMM) at the assertion level by testing the operating effectiveness of controls alone (see paragraph 11B of [Agenda Item 5–M](#)).

- The revision proposed to paragraph 16 of [Agenda Item 5–M](#) addressing the evaluation of the operating effectiveness of controls.
- Reinstate paragraph 10 of extant ISA 500<sup>12</sup> relating to selecting items for testing, into paragraph 23A of [Agenda Item 5–M](#).
- Reinstate the requirement for the auditor to consider all audit evidence obtained into paragraph 34 of ISA 540 (Revised)<sup>13</sup> as presented in Appendix 1 of [Agenda Item 5–J](#).<sup>14</sup>

18. Subject to the directional feedback discussed below, the Board also supported the proposed:

- Revisions to the requirements to evaluate the relevance and reliability of information intended to be used as audit evidence, in paragraphs 9 and 10 of [Agenda Item 5–N](#).
- Requirement in paragraph 10B of [Agenda Item 5–N](#) to test the operating effectiveness of controls that support the integrity of information intended to be used as audit evidence.
- Changes to the application material and the clarifications to the description of authenticity as an attribute of information intended to be used as audit evidence, in paragraphs A56, A56B and A56Fa–A56H of [Agenda Item 5–N](#).
- Refinements to the definition of tests of details and the application material to the definition in paragraphs 4(c), A0B–A0C of [Agenda Item 5–M](#).
- Refinements to the requirements in paragraphs 25–27 and the new application material in paragraph A63A of [Agenda Item 5–M](#) regarding the evaluation of the sufficiency and appropriateness of audit evidence obtained.
- Integration of the conclusion on sufficiency and appropriateness of audit evidence obtained with the reasonable assurance conclusion in paragraph 11 of ISA 700 (Revised)<sup>15</sup> presented in [Agenda Item 5–J](#).

## Directions

19. The Board provided directional feedback for the substantial matters outlined below:

### *Material Classes of Transactions, Account Balances, and Disclosures (COTABDs)*

- Provide application material to the newly proposed documentation requirement in paragraph 38(e) presented in **Appendix 1** of [Agenda Item 5–A](#) to clarify the level at which the ‘stand-back’ evaluation is performed.

<sup>12</sup> ISA 500, *Audit Evidence*

<sup>13</sup> ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

<sup>14</sup> [Agenda Item 5–J](#), ‘Stand-Back’ Requirements

<sup>15</sup> ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*



- Clarify the final bullet in paragraph A235A presented in **Appendix 1** of [Agenda Item 5–A](#) given that the term ‘of particular importance to users’ may not be consistently understood.

#### *Relevance and Reliability of Information*

- Refine the drafting in paragraph 9(b) of [Agenda Item 5–N](#) to clarify that the auditor considers all attributes of reliability but focuses the evaluation only on those that are of significance in the circumstances to meet the intended purpose(s) of the audit procedures.
- Revise the wording in paragraph A14C of [Agenda Item 5–N](#) to avoid unintended implications that relevance is no longer to be considered when evaluating information.
- Refine the drafting in paragraph 10B of [Agenda Item 5–N](#) to avoid implying that the auditor is expected to always test controls to establish the reliability of information.
- Reconsider the revisions to paragraph 10(b) of [Agenda Item 5–M](#).

#### *Authenticity of Information*

- Consider whether by removing the term ‘inappropriately’ from the description of authenticity in Proposed ISA 500 (Revised), this could broaden the meaning for authenticity to capture documents altered in routine ways (e.g., scanning, endorsing, stamping).

#### *Definition of Tests of Details*

- Consider whether the phrase ‘certain types of audit procedures’ could unintentionally imply that some procedures are implicitly excluded.

#### *Analytical Procedures*

- Revise paragraph 5(c) of [Agenda Item 5–O](#), to refer to ‘financial or non-financial information’ rather than ‘financial and non-financial information.’
- Replace the term ‘payoff’ with ‘repayment’ in application material paragraph A16C of [Agenda Item 5–O](#).
- Improve the examples accompanying paragraphs A16B and A16C of [Agenda Item 5–O](#).

#### *Using Audit Evidence Obtained in Previous Audits*

- Clarify the time period referred to as ‘every third year’ (e.g., whether it refers to every third annual audit period) or consider reverting to the wording used in extant ISA 330.

#### *‘Stand-Back’ Requirements*

- Align the last sentence in paragraph 27 of [Agenda Item 5–M](#), with paragraph 34 of ISA 540 (Revised).
- Clarify the wording of paragraph 11 of ISA 700 (Revised) presented in [Agenda Item 5–M](#).

#### *Technology*

- Consider reverting the proposed drafting changes to paragraph 25 of ISA 220,<sup>16</sup> paragraph 8 of ISA 300<sup>17</sup> and paragraph 6 of ISA 600 (Revised)<sup>18</sup> presented in paragraph 4 of [Agenda Item 5–K](#),<sup>19</sup> to the wording presented in [Agenda Item 9–C](#) of the IAASB September 2025 meeting, to avoid introducing additional categories of resources which may not align with ISQM 1.<sup>20</sup>
- Based on the discussion in plenary the Board recognized the need to further consider whether guidance related to technology is appropriate as application material in the standard or as non-authoritative material outside the standard (this matter was also raised in the context of an “overarching approach” during the technology session (see Agenda Item 8 below)). Regarding application material (including in an appendix), the Board directed that it should be principles-based to remain future-proof.

#### *Explanation of Other Changes*

- Revise the second bullet point of the example in paragraph A0A of [Agenda Item 5–M](#) to refocus the evaluation on the reliability of information intended to be used as audit evidence rather than the reliability of information in the entity’s information system as a whole.
- Revise the example in paragraph A4A of [Agenda Item 5–M](#) to clarify the intention of the wording ‘this aspect of payroll.’

### **Other Substantial Matters**

#### *PIOB Observer Remarks*

20. Mr. Christelle noted appreciation for the work done and highlighted the PIOB’s interest in the ongoing work under the project to strengthen the auditor’s work relating to testing internal controls. In undertaking the revisions, he encouraged the Board and Staff to consider ways to enhance the clarity and implementability of the in-scope standards.

#### *Next Steps*

21. In March 2026, the Board will be presented with a first full draft of the standards: Proposed ISA 330 (Revised), Proposed ISA 500 (Revised) and Proposed ISA 520 (Revised), together with conforming and consequential amendments to other ISAs as a result of the revisions to the in-scope standards.

### **ISRE 2410 (1<sup>st</sup> Full Draft) (Agenda Item 6)**

#### **Decisions**

22. The Board considered the first full draft of Proposed ISRE 2410 (Revised)<sup>21</sup> in [Agenda Items 6A-1](#)

<sup>16</sup> ISA 220, *Quality Management for An Audit of Financial Statements*

<sup>17</sup> ISA 300, *Planning an Audit of Financial Statements*

<sup>18</sup> ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

<sup>19</sup> [Agenda Item 5–K](#), *Technology*

<sup>20</sup> 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*

<sup>21</sup> Proposed International Standard on Review Engagements (ISRE) 2410 (Revised), *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

and [6A-2](#) and expressed broad support for the direction of the revised standard.

23. In addition, the Board agreed that:

- Proposed ISRE 2410 (Revised) should remain financial reporting framework neutral; and
- The wording of the lead-in for the assurance conclusion should be retained as presented in [Agenda Item 6](#) (i.e., “Based on our review, nothing has come to our attention...”).

## Directions

24. The Board provided the project team with directional input as follows:

### *Overall*

- Identify opportunities for a clearer differentiation between ISRE 2400 (Revised)<sup>22</sup> and proposed ISRE 2410 (Revised), given that the engagement is performed by the auditor of the entity’s annual financial statements.

### *Definitions*

- Consider refinements to the definition of other information and the related application material in the context of interim financial information.

### *Materiality*

- Revise the application material, focusing on clarifying the applicable principles relating to materiality for the purpose of an interim review engagement, to support consistent interpretation.

### *Group Interim Review Engagements*

- Reconsider the balance of requirements and application material related to group interim review engagements.

### *Communications with Management and Those Charged With Governance*

- Reconsider the position of the overarching requirement to communicate matters of significance with management and those charged with governance, and consider the need for other specific communication requirements throughout the proposed ISRE 2410 (Revised).

### *Fraud, Non-Compliance with Laws and Regulations (NOCLAR) and Going Concern*

- Clarify and strengthen the link between the work effort requirements relating to fraud, NOCLAR and going concern, and when it is necessary for the auditor to perform additional procedures (i.e., the “deep dive”).

### *Going Concern Reporting Requirements*

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<sup>22</sup> ISRE 2400 (Revised), *Engagements to Review Historical Financial Information*

- Consider a closer alignment with the principles of ISA 570 (Revised 2024)<sup>23</sup>, including specific statements relating to a material uncertainty regarding the entity's ability to continue as a going concern;
  - Introduce requirements and, if necessary, application material to address the circumstance in which events and conditions have been identified that may cast significant doubt about the entity's ability to continue as a going concern, and based on management's judgment, there is no material uncertainty about the entity's ability to continue as a going concern (i.e., "close call" situations).
25. The Board noted that fraud and NOCLAR should be addressed in the explanatory memorandum (EM) to accompany the exposure draft of proposed ISRE 2410 (Revised), and provided input on other matters to include in the EM.

## Other Substantial Matters

### *Core Principles and Concepts Applicable to a Review Engagement*

26. The Board discussion relating to [Agenda Item 6](#) also broadly highlighted a need to clarify the operation of certain concepts and principles relevant to review engagements, including:
- the concept of materiality, and its application in the context of an interim review engagement;
  - how the auditor's work effort in an interim review engagement results in evidence that supports a review conclusion that is expressed in a negative form;
  - how the auditor's work effort on going concern specifically would support the explicit statements to be made in the auditor's interim review report; and
  - the relationship between the auditor's work in performing an audit of the entity's annual financial statements and the auditor's work in performing an interim review engagement.

### *Condensed Interim Financial Statements*

27. The Board reaffirmed its view from June 2025, that the form of the auditor's interim review conclusion should "follow the framework" and differ depending on whether the applicable financial reporting framework is a fair presentation framework or a compliance framework.
28. The Board noted that while the IAASB has a definition of a 'fair presentation framework', it is not the role of the IAASB to interpret financial reporting frameworks, and that there are diverse views about whether condensed interim financial reports prepared in accordance with IAS 34, *Interim Financial Reporting* are designed to achieve, or may achieve, fair presentation, and if so, of what. Accordingly, the Board did not form a view on this matter.

### *PIOB Observer Remarks*

29. Mr. Christelle thanked the project team for the work to date on the revision of ISRE 2410, noting that the PIOB supports the project and appreciates the new considerations related to fraud and going concern in particular. He expressed a preference for considerations for group interim review

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<sup>23</sup> International Standard on Auditing (ISA) 570 (Revised 2024), *Going Concern*

engagements to be addressed through appropriate requirements rather than being solely placed into application material.

30. Mr. Christelle also encouraged the project team to reflect on other changes that could be proposed to enhance the distinction between the auditor's interim review report and the auditor's annual audit report, to address confusion by users, who may not appreciate the distinction.

#### *Next Steps*

31. The Board will be presented with a complete draft of proposed ISRE 2410 (Revised) for approval as an exposure draft at its March 2026 meeting.

### **Sustainability Reporting (Update from EFRAG) (Agenda Item 7)**

#### **Other Substantial Matters**

32. Mr. de Cambourg, Chair of the European Financial Reporting Advisory Group (EFRAG) Sustainability Reporting Board, provided an update on their Board's activities and developments in the European Union with focus on simplification of the European Sustainability Reporting Standards (ESRS). Mr. de Cambourg responded to questions from the Board.

### **Technology Quality Management (Feedback and Issues) (Agenda Item 8)**

#### **Decisions**

33. The Board approved the development of non-authoritative material (NAM), as proposed in Section 4 of [Agenda Item 8](#), to support firms and practitioners in addressing quality management considerations relating to emerging technologies used in engagements that are characterized by opacity, non-determinism or adaptivity. The Board requested Staff to develop an action plan, including timing and key milestones, for the Board's consideration at its March 2026 meeting.

#### **Directions**

34. In developing the action plan and any future non-authoritative material, the Board directed Staff to ensure that the work is clearly anchored in the IAASB's quality management standards and focused on supporting consistent application of ISQM 1 and ISA 220 (Revised), without implying that those standards are deficient.
35. The Board directed Staff to explore how the layered lens approach outlined in [Agenda Item 8](#) could be used as a practical framework to conceptualize how quality management responsibilities apply across different artificial intelligence (AI) deployment models (for example, where firms develop AI tools on third-party foundational models, or rely on third-party end-to-end solutions), while remaining flexible as technology and practice evolve.
36. In that context, the Board directed Staff to further explore how a principles-based framework could:
- articulate how responsibilities under ISQM 1 apply at different levels (for example, network, firm, and engagement), including where third-party tools and services are used;
  - address considerations relating to governance, oversight, accountability, and monitoring over AI-enabled tools, including reliance on third-party information, while making clear that such

information does not replace the firm's own responsibilities; and

- avoid the introduction of new terminology where possible, instead leveraging existing concepts and language in the IAASB's standards.
37. The Board directed Staff to be mindful that any future non-authoritative material should be scalable and proportionate, including for small- and medium-sized practices. In addition, it should support confident adoption of technology where it has the potential to enhance audit quality, without creating unnecessary barriers or expectations of technological sophistication.
38. The Board further directed Staff to consider how stakeholder and regulatory expectations discussed during the meeting could be appropriately reflected in future work, including expectations relating to:
- transparency, explainability, and professional judgment when AI-enabled tools are used; and
  - the need to clearly communicate the capabilities and limitations of AI-enabled tools, particularly where perceptions of efficiency gains could give rise to expectation gaps among regulators and investors or other users of audit and assurance reports.
39. The Board directed Staff to ensure that the proposed action plan sets out a clear and realistic approach to delivery, including consideration of:
- the form and scope of potential non-authoritative material;
  - how stakeholder input, including from regulators and other relevant experts, would be obtained to support legitimacy and public interest credibility; and
  - how any non-authoritative material could be maintained and updated over time in response to developments in technology and practice.

#### Other Substantial Matters

40. The Board discussed the use cases and direction of travel for AI described in Section 1 of [Agenda Item 8](#) and generally agreed that these appropriately reflect members' experiences with how AI is currently being used, and how it is expected to be used, in audit and assurance engagements.
41. The Board discussed the "layered lens approach" presented in Section 2 of [Agenda Item 8](#) and noted that it provides a helpful way to conceptualize quality management considerations related to the use of AI, including as a potential input to future non-authoritative material.
42. The Board discussed and agreed with how stakeholder and regulatory expectations were described in [Agenda Item 8](#), including expectations relating to governance and oversight of AI, transparency, professional judgment, and the need for consistency in how AI-related quality management considerations are addressed across jurisdictions.
43. Following on from the technology guidance discussion relating to **Agenda Item 5** above, some Board members called for clarity and transparency regarding any decisions to develop guidance and how such guidance fits in the broader structure of the IAASB's work.

#### PIOB Observer Remarks

44. The PIOB Observer noted that AI-enabled technologies raise broader public interest considerations beyond the audit profession and therefore attract heightened scrutiny. He encouraged the Board to

continue to engage transparently with stakeholders as work progresses and expressed support for the Board's decision to pursue non-authoritative material at this stage, noting that it would be premature to consider new requirements.

#### Next Steps

45. Staff will develop a proposed action plan for the potential development of non-authoritative material related to quality management and the use of AI-enabled technologies, including timing and key milestones, for the Board's consideration at its March 2026 meeting.
46. Staff will also explore the notion of a "Terms of Reference" or "Overarching Approach" that is aligned with the IAASB Technology Position and that provides clarity on, for example, how the proposed technology quality management non-authoritative material fits in the broader structure of the IAASB's work.

### Financial Reporting (Update from IASB) (Agenda Item 9)

#### Other Substantial Matters

47. Ms. Suzuki, IASB member, and Ms. Minke-Girard, technical staff of the IASB, presented an update on the IASB's activities. The presentation highlighted new requirements arising from recently completed projects, an update on the IASB's work plan, including its agenda consultation. They also highlighted, and expressed their appreciation for, the ongoing liaison between the IASB and the IAASB.
48. Ms. Suzuki and Ms. Minke-Girard engaged with questions and comments from the Board, including on the IASB's research and standard-setting projects on Intangibles, and the Business Combinations – Disclosures, Goodwill and Impairment project.

### IESBA–Firm Culture and Governance (Update) (Agenda Item 10)

#### Other Substantial Matters

49. 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 coordination between the IAASB and IESBA since the September 2025 IAASB meeting, and IESBA's planned outreach activities on its FCG "viewpoints" and the development of non-authoritative and other support materials in Q1-Q2 2026. The presentation also covered the paper explaining the linkages between the IESBA FCG viewpoints and ISQM 1,<sup>24</sup> including the purpose and content of the paper. In addition, Messrs. Siong and Kwan updated the Board on discussions held by the IESBA at its December 2025 meeting.
50. The Board commented as follows:
  - The Board noted that the paper explaining the linkages between the IESBA viewpoints and ISQM 1 (**Agenda Item 10-A**) is useful in clarifying for stakeholders how the viewpoints interact

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<sup>24</sup> 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*



with ISQM 1. The Board also observed that this paper is likely to result in more informed stakeholder feedback.

- The Board encouraged the IESBA to consider publishing a detailed comparison for the remaining six FCG elements, noting that this comparison would in particular:
  - Demonstrate the close coordination between the IAASB and the IESBA;
  - Provide stakeholders with a more comprehensive understanding of the full set of viewpoints vis-à-vis ISQM 1, thereby supporting richer feedback on IESBA's proposals.
- The Board also discussed the process for agreeing on the approach to the FCG Framework at the IESBA's June 2026 meeting. In this context, the Board asked whether outreach with firms had been conducted, whether an additional round of consultation was planned following the June 2026 meeting and how feedback on the viewpoints would be obtained and considered.

#### *PIOB Observer Remarks*

51. The PIOB observer was encouraged about the joint approach and close coordination between the IAASB and the IESBA. He emphasized the importance of the two Boards working together, noting that such collaboration is critical to the future success of their respective standard-setting activities.

### **Targeted Standards in ISA 500 Series (Issues and Draft Project Proposal) (Agenda Item 11)**

#### **Decisions**

#### *Information-Gathering and Research Activities*

52. The Board confirmed that the information-gathering and research activities undertaken to date provide an appropriate basis for developing a standard-setting project proposal to revise the targeted standards in the ISA 500 Series.<sup>25</sup> In addition, the Board agreed that the outreach with stakeholders comprehensively included input from a broad range of stakeholder groups across all geographical regions, and that there is appropriate consideration of academic and other relevant literature as part of undertaking the research.

#### *In-Scope Standards for Standard-Setting Action*

53. The Board broadly supported the project team's recommendations discussed in paragraphs 20–21 of [Agenda Item 11](#) in relation to the scope of the standard-setting actions to be addressed by the project, which include revising the specific considerations with respect to inventory in ISA 501, and external confirmations in ISA 505. The Board acknowledged that there is a clear rationale for modernizing these standards to remain relevant and fit-for-purpose in a rapidly evolving audit and business environment shaped by technological advancements and emerging risks.
54. The Board also agreed to exclude the following from the scope of the standard-setting actions of the project:

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<sup>25</sup> The targeted standards in the ISA 500 Series include: the considerations in respect of inventory in the International Standard on Auditing (ISA) 501, *Audit Evidence—Specific Considerations for Selected Items*, ISA 505, *External Confirmations* and ISA 530, *Audit Sampling*.



- The other discrete topics of ISA 501 on litigation and claims, and segment information, given the limited concerns raised by stakeholders for these topics, which, from the outreach, were not widespread or systemic. In addition, in view of the structural preferences raised by certain stakeholder groups for relocating these discrete topics to other ISAs or removing them from the body of IAASB standards, the Board suggested to seek further input on these matters through the IAASB's planned post-implementation review for ISA 315 (Revised 2019).<sup>26</sup>
- ISA 530, given the broad recognition, across all stakeholder groups, that the principles for audit sampling remain sound and fit-for-purpose, including when technology is used. In addition, the Board suggested to continue monitoring the performance-related issues noted for audit sampling, and subject to project prioritizations and resource availability, pursue the development of non-authoritative materials as an appropriate response.

#### *Draft Project Proposal*

55. The Board supported the Draft Project Proposal presented in [Agenda Item 11-A](#), including the public interest issues, the possible project objectives, the project actions, and the project timeline for revising the in-scope standards.

### **Directions**

#### *Coordination with Jurisdictional Standard Setters (JSS)*

56. In undertaking the project, the Board emphasized the importance of coordination and leveraging the work of other JSS that have already revised or are currently revising their equivalent audit evidence standards on inventory and external confirmations.

#### *Draft Project Proposal*

57. The Board provided the following directional input and suggestions relevant to the Draft Project Proposal presented in [Agenda Item 11-A](#):
- Consider whether alignment with the concepts in the foundational ISAs (e.g., ISA 315 (Revised 2019), ISA 330<sup>27</sup> and ISA 500<sup>28</sup>) should be elevated as an overarching project objective.
  - Emphasize that any revisions contemplated by the project remain focused on the existing scope of ISA 501 relating to the existence and condition of inventory, rather than all assertions or aspects management's assertions about inventory.
  - Clarify that the alignment actions with ISA 330 and ISA 500 would consider the revisions being proposed under the Audit Evidence and Risk Response project, rather than be based on the extant standards.
  - Improve the consistency of the descriptions of the project actions.

<sup>26</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

<sup>27</sup> ISA 330, *The Auditor's Responses to Assessed Risks*

<sup>28</sup> ISA 500, *Audit Evidence*

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- Clarify the proposed action on the “implications of the use of technology by entities in managing inventory and by auditors in auditing inventory, respectively,” to avoid unintended implications that certain procedures (e.g., testing the operating effectiveness of controls) are mandatory in all cases.
- Refocus the proposed action on “inventory under custody and control of a third party” to clarify when sole reliance on third-party confirmations may *not* be appropriate, rather than when it is appropriate.
- Emphasize the role of an entity’s inventory controls—including controls performed at third-party service providers—in determining the nature, timing, and extent of substantive audit procedures.
- Consider whether the proposed actions should address enhancing application material in ISA 501 to address cycle counts and multi-location inventories, including providing linkages to ISA 600 (Revised).<sup>29</sup>
- Consider whether the proposed actions addressing the “sufficiency and appropriateness of audit evidence obtained,” particularly those relating to inventory movements and interim procedures, remain appropriately worded to avoid the impression that they intend to address performance-related matters.
- Consider whether the proposed action on the “considerations about the need to perform external confirmation procedure” would be better addressed in ISA 330 instead of ISA 505.
- Clarify circumstances where external confirmations may not provide sufficient appropriate audit evidence, to support the application of professional judgment and professional skepticism.

### **Other Substantial Matters**

#### *JFSA Observer Remarks*

58. Prof. Sakuma expressed caution with respect to requiring mandatory external confirmation procedures and the risk of undermining the exercise of professional judgment by auditors. He also commented that external confirmation procedures alone do not always provide sufficient appropriate audit evidence (e.g., for high-risk balances).

#### *PIOB Observer Remarks*

59. Mr. Christelle noted support for the information-gathering and research activities performed, and the public interest matters addressed by the Draft Project Proposal. In addition, he emphasized the importance of gathering feedback and perspectives from preparers and users of financial statements while scoping the project.

#### *Next Steps*

60. In March 2026, the Board will be presented with an updated Draft Project Proposal for the IAASB’s approval. The project team will liaise with the International Ethics Standards Board for Accountants (IESBA) and continue engaging with key stakeholder groups.

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<sup>29</sup> ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

## The ISA for LCE (Illustrative Drafting) (Agenda Item 12)

### Decisions

61. The Board supported the proposed structure of the agenda items, noting that it facilitates clear and complete information to inform the Board's discussions and decision making on proposed revisions to the ISA for LCE.
62. The Board supported the project team's proposed revisions to the following parts and appendices of the ISA for LCE:
- Part A, *Authority of the ISA for LCE*;
  - Part 1, *Fundamental Concepts, General Principles and Overarching Requirements*;
  - Part 2, *Audit Evidence and Documentation*;
  - Part 3, *Engagement Quality Management*;
  - Part 4, *Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements*; and
  - Appendix 1, *Glossary of Terms*.

### Other Substantial Matters

#### *PIOB Observer Remarks*

63. Mr. Christelle thanked the project team for the agenda papers and acknowledged the transparency and clarity of the papers, including how the public interest issues are taken into account when revising the ISA for LCE.

#### *Next Steps*

64. In March 2026, the project team will present to the Board a full draft of revisions to the ISA for LCE.