

**Minutes of the 152nd Meeting of the
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)
Held on March 16-19, 2026, in New York, United States of America¹**

Voting Members

Present: Tom Seidenstein (Chair)
Edo Kienhuis (Vice-Chair)
Sami Alshorafa
Hernan Casinelli
Nancy Cheng
Vishal Doshi
William Edge
James Ferris
Amaro Gomes
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)
Chandrashekar Chitale (Mr. Doshi)
Rene Herman (Mr. Edge)
Susan Jones (Mr. Morris)
Akiko Tsuji (Ms. Ono)
Jamie Shannon (Mr. Kienhuis)
Wenjing Shi (Ms. Sun)
Brian Wilson (Ms. Stevens)

Official Observers

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

IAASB Technical Staff

Present: Willie Botha (Program and Senior Director), Ana Espinal-Rae, Angelo Giardina, Claire Grayston, Dan Montgomery (Senior Advisor), Fadi Mansour, Ida Diu, Isabelle Raiche, Hankenson Jane Talatala, Jasper van den Hout, Kalina Shukarova Savovska, Kazuko Yoshimura, Kristie Zhang, Nathalie Baumgaertener Dutang, and Sachiko Kai (Senior Advisor).

¹ The March 2026 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 (in the room and via YouTube) to the March 2026 IAASB meeting.

Meeting Topics

- [Approval of Minutes \(Agenda Item 1\)](#)
- [ISRE 2410 \(2nd/Final Full Draft\) \(Agenda Item 2\)](#)
- [Technology Initiatives \(Agenda Item 3\)](#)
- [Targeted Standards in ISA 500 Series \(Project Proposal\) \(Agenda Item 4\)](#)
- [Sustainability and Other Assurance \(Update\) \(Agenda Item 5\)](#)
- [The ISA for LCE \(1st Full Draft\) \(Agenda Item 6\)](#)
- [Audit Evidence & Risk Response \(1st Full Draft\) \(Agenda Item 7\)](#)
- [Targeted Standards in ISA 500 Series \(Issues\) \(Agenda Item 8\)](#)

Approval of Minutes (Agenda Item 1)

Decisions

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

ISRE 2410 (2nd/Final Full Draft) (Agenda Item 2)

Decisions

Approval of Proposed ISRE 2410 (Revised)²

2. The Board unanimously approved proposed ISRE 2410 (Revised) for exposure, with 16 affirmative votes out of 16 Board members in attendance.
3. The revisions made in finalizing proposed ISRE 2410 (Revised), which addressed Board members' comments, are reflected in the approved agenda items, and explained below:
 - [Agenda Item 2-F3 - Proposed ISRE 2410 - Requirements \(Approved - Clean\)](#)
 - [Agenda Item 2-G3 - Proposed ISRE 2410- Application Material \(Approved - Clean\)](#)
 - [Agenda Item 2-D3 - Appendix 1 - Illustrative Interim Review Reports \(Approved - Clean\)](#)
 - [Agenda Item 2-E2 - Appendix 2 - Illustrative Going Concern Sections \(Approved - Clean\).](#)
4. The Board agreed with the proposed consultation period of 120 days.

Directions

Updates to Proposed ISRE 2410 (Revised)

² Proposed International Standard on Review Engagements (ISRE) 2410 (Revised), *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements*

5. The following substantive changes were made in finalizing proposed ISRE 2410 (Revised) in response to comments from the Board. All changes are shown in mark up in [Agenda Items 2-I, 2-F2, 2-G2, 2-D2, and 2-E1](#).

Introduction and Definitions

- Reintroduced the definition of ‘review procedures’ in paragraph 15 (f1) and revised paragraph 8 to indicate that the auditor performs review procedures to obtain sufficient appropriate evidence as the basis for the limited assurance conclusion . In doing so, the Board acknowledged that review procedures *primarily* consist of inquiries and analytical procedures but also include any other procedures performed for the purpose of achieving the objective of an interim review engagement.
- Revised the wording of paragraph 11 to align with the equivalent wording in the illustrative interim review report.
- Clarified the definition of ‘other information’ so that it is restricted to information included in a document that contains interim financial information, that is not subject to the interim review engagement.

Acceptance and Continuance

- Moved the requirement of paragraph 34(f) to application material (paragraph A46), as such a requirement may not be applicable in some jurisdictions.

Materiality

- Revised paragraph A52 to introduce an explicit reference to the need to include qualitative considerations in determining materiality.
- Revised paragraph A53 to avoid unintentionally appearing to suggest that any specific mechanism of determining materiality was being prescribed, while retaining the explicit explanation that materiality is determined for the interim financial information as a whole.

Designing and Performing Review Procedures

- Revised paragraph 41 to:
 - Require the auditor to design and perform inquiries, analytical procedures, and other review procedures, to highlight the notion that ‘review procedures’ may include any procedure that is necessary, in the auditor’s judgment, to achieve the objective of the interim review engagement; and
 - Delete the reference to addressing “all material areas of the interim financial information” in paragraph 41 (b), to reflect the Board’s more recent thinking in the context of limited assurance engagements. This reflects that the auditor is able to approach an engagement under ISRE 2410 (Revised) with a risk-based focus, given the auditor’s knowledge of the entity obtained in the audit. This reaffirms the importance of a risk-based framework for determining the scope of the auditor’s work in assurance

engagements, and further distinguishes an interim review engagement under proposed ISRE 2410 (Revised) from a review engagement performed under ISRE 2400 (Revised).

- Clarified in paragraph A60 that, for a first-time interim review engagement, the auditor may decide to perform the procedures that are required for purposes of the audit of the annual financial statements in accordance with ISA 315 (Revised 2019).
- Clarified the scope of certain inquiries in paragraph 42, particularly in relation to first-time engagements. This included clarifying that inquiries are made on new significant accounting estimates, not just on changes to existing estimates.

Fraud and Non-Compliance with Laws and Regulations

- Clarified in paragraph 49A that, if the auditor becomes aware of fraud or suspected fraud, it is necessary to obtain further information to understand the matter, in order to evaluate whether the fraud or suspected fraud may have a material effect on the interim financial information.

Agreeing Interim Financial Information to Underlying Records

- Clarified the requirement in paragraph 59A and introduced application material in paragraph A96a to explain considerations the auditor may make in determining the appropriate work effort for agreeing or reconciling group interim financial information to the underlying accounting records.

Reporting on Going Concern

- Simplified the reporting requirements for matters related to going concern by deleting paragraphs 98A and 99A, and adding a new conditional requirement in paragraph 100A, to address circumstances in which a matter related to going concern, other than a material uncertainty, was disclosed in the interim financial information, and in the auditor's professional judgment, the matter is of such importance that it is fundamental to users' understanding of the interim financial information.

Other Substantial Matters

Due Process Considerations

6. The IAASB Program and Senior Director confirmed that the significant matters identified by the project team as a result of its discussions since the beginning of the project have been presented in the issues papers presented to the IAASB for deliberation, and that there are no significant matters that have not been brought to the attention of the Board. In addition, he noted that in the project team's view, no further consultation (such as roundtables or further consultation with particular stakeholder groups) or field testing is needed at this stage of the project.

Explanatory Memorandum

7. Through the discussions related to the draft standard, the Board directed the project team to include the following substantial matters in the explanatory memorandum:

- Explain the approach to introducing cross-references to, or linkages to the ISAs, in proposed ISRE 2410 (Revised).
- Explain the rationale for including a presumed time period of 12 months from the date of approval of the interim financial information as the time period to be covered by management's going concern assessment at the interim date, and seek further information about this from respondents.

PIOB Observer Remarks

8. Mr. Sullivan expressed appreciation for the robust discussion on the various topics and noted his perspective in respect of the public interest issues that were mentioned in the PIOB's report —fraud, going concern, and group considerations — and that the changes reflected in the draft standard seemed appropriate. He also encouraged active engagement with stakeholders throughout the exposure process.

Next Steps

9. The project team will prepare an explanatory memorandum for negative clearance by the Board as part of the exposure draft of proposed ISRE 2410 (Revised) to be issued for public comment in early May 2026. The project team will further develop its outreach plan to support obtaining perspectives from all stakeholder groups.

Technology Initiatives (Agenda Item 3)

Decisions

10. After presenting updated drafts of the proposed *IAASB's Technology Catalog Process: Approach to Addressing Technology-Related Matters* (the Approach), as set out in [Agenda Item 3-C](#), and of the proposed Action Plan to Develop Non-Authoritative Material for the Technology Quality Management Workstream (the Action Plan), as set out in [Agenda Item 3-D](#), respectively, the Board unanimously approved both documents with 16 affirmative votes out of 16 Board Members in attendance.
11. In relation to the Approach, the Board agreed that:
 - it clearly describes how technology-related matters are identified, included in, and monitored through the Catalog;
 - the qualitative considerations outlined in the Approach provide an appropriate basis for the Board to apply judgment in determining whether a matter should be addressed through standard-setting or non-authoritative material (NAM); and
 - the proposed tailored development and approval process for technology-related non-authoritative material is appropriate, including using guides as the preferred form of NAM and Board approval of final content in public session.
12. In relation to the Action Plan, the Board agreed that the proposed coverage map appropriately supports coherent and complete topic coverage across the non-authoritative material.

Directions

Changes to the IAASB's Technology Catalog Process: Approach to Addressing Technology-Related Matters

13. The following key changes were made in finalizing the Approach in response to substantive comments from the Board:
- Clarified that the development of non-authoritative material does not replace standard setting where standard setting is needed in the public interest, and that the IAASB will undertake standard setting when appropriate.
 - Clarified that the process for developing non-authoritative material also takes into account, as appropriate, some key elements of the Public Interest Framework.
 - Clarified that the IAASB may develop guidance in partnership with other organizations or bring awareness to relevant technology-related material developed by others in order to support a timely response to technology-related matters.

Changes to Action Plan to Develop Non-Authoritative Material for the Technology Quality Management Workstream

14. The following key changes were made in finalizing the Action Plan in response to substantive comments from the Board:
- Revised the description of the guide series and the proposed timeline to allow greater flexibility in the format, prioritization and delivery of the guidance, so that the approval and publication can be timely and responsive to market needs.
 - Clarified the meaning of non-firm-approved tools to avoid any misunderstanding that the term refers to prohibited tools.
15. The Board directed Staff to explore how guidance developed by other organizations could be leveraged and emphasized the need to be open to collaboration with others. The Board noted that timeliness is critical in responding to technology-related matters and encouraged Staff to explore different means of addressing such matters.
16. The Board further directed Staff to break down the development of non-authoritative material into smaller, more targeted topic guides in order to provide the flexibility needed to respond to the market needs. Such guides may address one or more themes, as contemplated in the Action Plan.

Other Substantial Matters

PIOB Observer Remarks

17. Mr. Sullivan thanked the team for the clarification added to the Approach on how the Board will take into account the Public Interest Framework in the development of non-authoritative material. He also noted the importance of the IAASB's technology initiatives being undertaken to respond to the market demand.

18. Mr. Sullivan supported the use of NAMs, noting their practical value, but emphasized that they do not replace the need for formal standard setting, including appropriate due process and oversight, where standards are required.

Next Steps

19. Staff will prepare a proposed list of topics and draft content of non-authoritative material for selected topics, for the Board's consideration at its June 2026 meeting, in accordance with the Action Plan.

Targeted Standards in ISA 500 Series (Project Proposal) (Agenda Item 4)

Decisions

20. After considering the changes to the draft project proposal to revise audit evidence standards related to inventory in ISA 501³ and external confirmations in ISA 505,⁴ as set out in [Agenda Item 4-C](#), the Board voted on, and unanimously approved, the project proposal with 16 affirmative votes out of the 16 Board members in attendance.

Directions

Changes to the Project Proposal

21. The following key changes were made in finalizing the project proposal in response to substantive comments from the Board:
- Clarified that further insights obtained throughout the course of the project may indicate that certain of the key issues presented in the project proposal may be solely performance issues stemming from deficiencies in auditors' application of the requirements that would not warrant standard-setting actions.
 - Reconsidered and changed in certain proposed actions:
 - The verb used from "enhance" to "determine appropriate revisions" in instances where the proposed action is to be determined at this stage of the project.
 - The conjunction used from "and" to "or" where appropriate revisions to the standards would likely be to requirements or application material.
 - Highlighted that, where appropriate, the project will seek to leverage relevant jurisdictional developments, including relevant standard-setting projects, and engage with jurisdictional standard setters in developing proposals to address the identified key issues for global application.

Other Substantial Matters

PIOB Observer Remarks

22. Mr. Sullivan congratulated the IAASB for the approval of the ISA 500 Series project proposal and noted that the PIOB is supportive of the project.

³ International Standard on Auditing (ISA) 501, *Audit Evidence—Specific Considerations for Selected Items*

⁴ ISA 505, *External Confirmations*

Sustainability and Other Assurance (Update) (Agenda Item 5)

Decision

Other Subject Matter-Specific Assurance Engagements

23. The Board expressed support for further information-gathering activities with the objectives to (and as further elaborated under the heading “Landscape of Other Subject Matter-Specific Assurance Engagements” in [Agenda Item 5](#)):
- Better understand “other” subject matter-specific assurance engagements being undertaken or evolving in regions and jurisdictions, including Assurance on eXtensible Business Reporting Language (XBRL) or other digital reporting tagging, and their possible global relevance.
 - Identify the standards in accordance with which these engagements are undertaken, including existing jurisdictional standards or guidance for such engagements.

Directions

Other Subject Matter-Specific Assurance Engagements

24. The Board provided directional feedback emphasizing the importance of maintaining clarity on the objectives to be addressed and developing clear criteria to assess the options arising from the information-gathering activities.

Other Substantial Matters

International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements, Adoption and Implementation (A&I) Update

25. The IAASB staff presented an update on the ISSA 5000 A&I plan, and related activities, including updates on ISSA 5000’s adoption status based on information from the IAASB Jurisdictional Standard Setters Liaison Group and through partnerships with regional professional bodies. It was also noted that the IAASB is closely engaging with the Committee of European Auditing Oversight Bodies and the European Commission to support the use of ISSA 5000 as the basis for limited assurance requirements in the European Union.
26. The Board shared updates on developments in adoption, including:
- Canada has adopted ISSA 5000, with an effective date of December 15, 2027, with early adoption permitted and an amendment related to Indigenous matters to be incorporated once finalized;
 - The AICPA Auditing Standards Board in the United States has issued proposed changes to align their attestation standards with ISSA 5000;
 - Brazil adopted ISSA 5000 in December 2025, with regulated entities required to obtain reasonable assurance on their sustainability reports starting in the first year of mandatory reporting;
 - South Africa adopted ISSA 5000 and IESSA⁵ earlier this year, and several other countries in

⁵ International Ethics Standards for Sustainability Assurance

Africa are also considering adoption;

- Saudi Arabia has adopted ISSA 5000 and translated the standard into Arabic;
- Australia is the first country to provide assurance using ISSA 5000 and no major concerns around the standard have come up to date; and
- In Europe, individual countries are taking steps towards adopting ISSA 5000 for voluntary assurance.

27. The Board shared its views on the A&I plans, including:

- The need to support a broader range of stakeholders, such as preparers and investors, and differing perspectives on which stakeholder groups need to be prioritized;
- Consideration of collaborating with reporting standard setters for developing implementation materials;
- The importance of understanding why some jurisdictions mandate reporting but not assurance;
- Considerations relating to scalability;
- That the IAASB's A&I plan is effective, with momentum strengthened through IAASB's active engagement with stakeholders, for example, through webinars; and
- In Australia, as an early adopter, there is a greater need for developing standards on particular areas of an assurance engagement, rather than additional implementation guidance.

Other Subject Matter-Specific Assurance Engagements

28. The Board shared examples of other subject matter-specific assurance engagements being conducted or in demand in their regions, including assurance on:

- Digital reporting tagging (e.g., XBRL);
- Internal controls, including controls over Artificial Intelligence tools provided by service organizations; and
- A range of other topics were raised, including compliance, governance, and management commentary.

29. The modernization of ISAE 3000 (Revised)⁶ was raised; however, caution was expressed that the standard is intended to serve as an umbrella standard and should not become overly specific.

30. Some Board members suggested remaining alert to the need for further sustainability assurance standards in due course if non-authoritative material is insufficient.

PIOB Observer Remarks

31. Mr. Sullivan noted that the PIOB is supportive of the direction of work on both sustainability and other subject matter-specific assurance engagements.

⁶ International Standards on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

The ISA for LCE (1st Full Draft) (Agenda Item 6)

Decisions

32. The Board broadly agreed with the Project Team's revisions to the International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (the ISA for LCE), including as it relates to how the Project Team proposes to address:
- The public interest issues related to technology as included in the [fraud](#) and [going concern](#) project proposals.
 - Fraud risk factors and events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in Part 6, *Risk Identification and Assessment*.
 - Fraud or suspected fraud in Part 7, *Responding to Assessed Risks of Material Misstatement*.
 - Testing the method, significant assumptions and data for management's going concern assessment in Part 7.
 - The addition of Appendix 4A with examples of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Directions

33. The Board provided the following directional input and suggestions relevant to the proposed revisions to the ISA for LCE presented in [Agenda Item 6-C](#):
- Redraft paragraph 6.2.4 to address circularity in the proposed requirement (i.e., one cannot consider or determine something that the procedures are designed to identify);
 - Add Essential Explanatory Material (EEM), based on paragraph A122 of ISA 240 (Revised)⁷, that clarifies that the significance of fraud risk factors related to revenue recognition, individually or in combination, ordinarily makes it inappropriate for the auditor to rebut the presumption that there are risks of material misstatement due to fraud in revenue recognition. The Board noted that such guidance is applicable to all audits and that in less complex entities (LCEs) there may be greater opportunities for management override due to fewer segregation of duties and controls, and it should not be easier in these audits to rebut the presumption of risks of material misstatement due to fraud in revenue recognition;
 - Add EEM in Part 7, based on paragraph A11 of ISA 240 (Revised), that clarifies that although an identified misstatement due to fraud may not be "quantitatively material", it may nevertheless be "qualitatively material" depending on who instigated the fraud and why the fraud was perpetrated. The Board noted that such guidance will support the auditor's understanding of qualitative circumstances that may be relevant when determining whether a misstatement due to fraud is material; and
 - Add EEM in Part 7, based on paragraph A51 of ISA 570 (Revised 2024),⁸ that the date of approval of the financial statements is the date on which those with the recognized authority

⁷ ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

⁸ ISA 570 (Revised 2024), *Going Concern*

determine that all the statements that comprise the financial statements have been prepared and that they have asserted taking responsibility for those financial statements. The Board noted that such EEM provides auditors with essential guidance on what is meant by the date of approval of the financial statements.

Other Substantial Matters

PIOB Observer Remarks

34. Mr. Sullivan welcomed the updates to the ISA for LCE, noting the importance of updating the ISA for LCE for the revisions in relation to fraud and going concern. He also noted that scalability and proportionality seem to be addressed. Mr. Sullivan supported the creation of the LCE Advisory Group and noted that users of the ISA for LCE are not limited to small and medium-sized practices, as larger firms may also apply the standard.

Next Steps

35. In June 2026, the Board will be presented with an updated draft of proposed ISA for LCE for approval as an exposure draft.

Audit Evidence & Risk Response (1st Full Draft) (Agenda Item 7)

Other Substantial Matters

36. The Board considered the first full drafts of Proposed ISA 330 (Revised),⁹ Proposed ISA 500 (Revised)¹⁰ and Proposed ISA 520 (Revised)¹¹ ('in-scope standards'), together with conforming and consequential amendments to ISQMs¹² and other ISAs.
37. The Board agreed to:
- Retain the extant requirements in ISA 330 requiring the performance of substantive procedures that are specifically responsive to a significant risk, including performance of tests of detail when the auditor's approach to a significant risk consists only of substantive procedures.
 - Seek views from respondents on the proposed technology-related application material in the format of an appendix that is relevant to the in-scope standards.
 - Reposition the conclusion on whether sufficient appropriate audit evidence has been obtained into a new paragraph in ISA 700 (Revised),¹³ following and linked to the requirement to conclude as to whether the auditor has obtained reasonable assurance.
38. In addition, the Board reaffirmed its previous agreement for certain proposals deliberated to date, including for:

⁹ International Standard on Auditing (ISA) 330 (Revised), *The Auditor's Responses to Assessed Risks*

¹⁰ Proposed ISA 500 (Revised), *Audit Evidence*

¹¹ Proposed ISA 520 (Revised), *Analytical Procedures*

¹² International Standards on Quality Management

¹³ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

- Defining tests of details and revising the definition of substantive procedures to *include* tests of details and substantive analytical procedures.
- Clarifying that the ISAs are permissive of an approach, with appropriate guardrails, to responding to risks of material misstatement (ROMM) at the assertion level through tests of controls alone.
- Retaining and clarifying the requirements for using audit evidence that was obtained in a previous period about the operating effectiveness of controls.
- Replacing paragraph 18 of ISA 330 with enhancements to requirements and application material in ISA 315 (Revised 2019).¹⁴
- Revising the scope of ISA 520 to provide clarity regarding the auditor's use of analytical procedures across all stages of an audit.

Directions

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

Proposed ISA 330 (Revised) ([Agenda Item 7-B](#))

- Consider whether the definition of tests of details should be clarified to avoid potential circularity with the definition of substantive procedures.
- Clarify in the application material in paragraph A4A, the expected nature of the circumstances in which it may be appropriate for an auditor to determine that tests of controls alone may provide sufficient appropriate evidence.
- Simplify the language of paragraph 8 to avoid an unintentional interpretation that controls are always required to be tested.
- Revise paragraph 10(b) to clarify its intended application and in doing so:
 - Reconsider whether it remains appropriate for the requirement to be restricted to applying to “indirect controls” or whether it should also apply to direct controls that “the controls to be tested” depend on.
 - Avoid using language that may be read as discouraging a controls-based approach, or as inhibiting its scalable application.
- Strengthen the guardrails in the application material related to the requirements that apply if the auditor decides to use audit evidence about the operating effectiveness of manual controls, that was obtained in a previous audit.
- Clarify the difference between deviations in the operation of a control and deficiencies in internal control.
- Consider presenting paragraph 17(c) as a separate conditional requirement, for ease of understandability.

¹⁴ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

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- Consider ways of addressing concerns that the collective revisions to the standard may unintentionally suggest that tests of controls are considered more important than substantive procedures, including enhancements to the flow and readability of the standard.
- Clarify paragraphs A45–A46A addressing how analytical procedures that are not substantive procedures may contribute to the cumulative audit evidence obtained, including reinstating the notion that tests of details may be performed in combination with substantive analytical procedures.
- Reconsider the clarity of paragraph 27, and whether the verb “attempt” is necessary.
- Consider refinements to paragraph A63A, to avoid the interpretation of the example as implying any view on appropriateness of an audit that may primarily consist of tests-of-controls-only responses to assessed risks of material misstatement.

Proposed ISA 500 (Revised) ([Agenda Item 7–C](#))

- Remove the phrase “design and perform audit procedures” in the lead-in of paragraph 9, to avoid the interpretation that the evaluation of relevance and reliability necessarily requires a separate level of work (i.e., to clarify that the evaluation itself *is* the procedure).
- Clarify, through application material, the meaning of “significance” in the context of “attributes of reliability that are *of significance* in the circumstances.”
- Consider whether the word ‘unreliable’ is appropriate to be retained in the description of authenticity of information.
- Replace the word ‘either’ in paragraph 10B with ‘one or more of the following.’
- Remove paragraph 10C and introduce application material to link 10B to the principles in ISA 315 (Revised 2019).
- Consider introducing a reference to ethical requirements applicable to a management’s expert in paragraph A73, in addition to competence-related matters.

Proposed ISA 520 (Revised) ([Agenda Item 7–D](#))

- Clarify the drafting of paragraph A4, to avoid unintentionally implying that a response to an assessed ROMM now requires both tests of details and substantive analytical procedures.

Significant Consequential Amendments ([Agenda Item 7–E](#))

- In relation to the significant consequential amendments proposed to ISA 315 (Revised 2019), reconsider:
 - The appropriateness of the examples used in paragraphs A203 and A204A, to ensure they are realistic and appropriate.
 - The need to retain the factors in paragraph A230B, intended to guide the auditor through the new stand-back evaluation, given they are duplicative of the requirements as part of performing risk assessment procedures.
 - The use of the word “conversely” in paragraph A233B.

Other Substantial Matters

PIOB Observer Remarks

40. Mr. Sullivan acknowledged the progress of the project and highlighted the robustness of the Board's discussion, including the focus on addressing the public interest issues. He highlighted the critical focus on maintaining professional skepticism throughout the audit and encouraging a control-based approach. He suggested that further guidance would be useful to support implementation for small and medium sized practitioners, and encouraged the IAASB to continue collaborating with Professional Accounting Organizations in this regard.

Next Steps

41. At its May 2026 mid-quarter call, the IAASB will consider selected drafting paragraphs on tests of controls and evaluating the relevance and reliability of information intended to be used as audit evidence, ahead of the anticipated approval of the exposure drafts for Proposed ISA 330 (Revised), Proposed ISA 500 (Revised) and Proposed ISA 520 (Revised) in June 2026.

Targeted Standards in ISA 500 Series (Issues) (Agenda Item 8)

Decisions

42. The Board broadly supported the project team's recommendations on the following matters:

Alignment with Concepts for the Identification and Assessment of, and Responding to, Risks of Material Misstatement

- Replacing the materiality-based conditionality in ISA 501 with a risk-based conditionality, supported by enhanced application material with stronger linkages to ISA 315 (Revised 2019)¹⁵ and proposed ISA 330 (Revised).¹⁶
- Clarifying that the conditional requirements in ISA 501 apply in all instances where the inventory's existence or condition (related to its valuation assertion) are identified as relevant assertions in accordance with ISA 315 (Revised 2019).

Inventory Under the Custody and Control of a Third Party

- Reinforcing the linkages in ISA 501 to foundational requirements in ISA 315 (Revised 2019), proposed ISA 330 (Revised) and proposed ISA 500 (Revised),¹⁷ including that auditors need to obtain more persuasive audit evidence the higher the assessment of inherent risk.

Negative Confirmations

- Continuing to allow the use of negative confirmation requests when all specified preconditions are met, and only when performed in combination with other substantive procedures.

¹⁵ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

¹⁶ Proposed ISA 330 (Revised), *The Auditor's Responses to Assessed Risks*

¹⁷ Proposed ISA 500 (Revised), *Audit Evidence*

- Retaining the list and construct of the preconditions in accordance with paragraph 15 of ISA 505.

Consideration About the Need to Perform External Confirmation Procedures

- Requiring auditors to consider whether to perform external confirmations procedures for certain account balances, including that it:
 - Covers cash and cash equivalents held by third parties, and accounts receivable.
 - Applies when the assessment of risks of material misstatement for relevant assertions of those account balances is not at the lower end of the spectrum of inherent risk.
 - Not include exceptions to the requirement.
 - Applies to all audits of financial statements.

Directions

43. The Board provided directional input for the substantial matters outlined below:

Alignment with Concepts for the Identification and Assessment of, and Responding to, Risks of Material Misstatement

- Improve linkages between audit procedures in ISA 501 for inventory and the risk assessment and the risk response requirements in ISA 315 (Revised 2019) and proposed ISA 330 (Revised), including how best to incorporate guidance on tests of controls.
- Provide examples illustrating how the nature, timing, and extent of audit procedures on inventory vary, beyond just changes in sample size, depending on the assessed risks of material misstatement.
- Clarify the relationship between the inventory's condition and the valuation assertion, including that not all valuation-related risks are addressed through the inventory audit procedures in ISA 501 (e.g., market risks).

Inventory Under the Custody and Control of a Third Party

- Clarify that the determination whether sole reliance on third-party external confirmation procedures may be appropriate depends not just on the level of assessed risk of material misstatement, but also on other considerations, including the relevance and reliability of information intended to be used as audit evidence (e.g., the information provided in response to a confirmation request in accordance with paragraph 8(a) of ISA 501).
- Clarify the potential limitations of the sufficiency and appropriateness of audit evidence regarding the existence and condition of inventory held by third parties obtained from performing external confirmation procedures.

- Emphasize the importance of auditors' considerations of inventory-related controls at both the entity and the third party, and clarify whether inventories held by third parties fall within the scope of ISA 402.¹⁸
- Reinforce linkages between performing external confirmation procedures for inventory under the custody and control of a third party (as in paragraph 8(a) of ISA 501) with relevant requirements in proposed ISA 330 (Revised) and proposed ISA 505 (Revised).¹⁹

Negative Confirmations

- Develop examples illustrating when the use of negative confirmation requests is appropriate.
- Provide examples of other substantive procedures that can be performed in combination with negative confirmation requests.

Consideration About the Need to Perform External Confirmation Procedures

- Address in ISA 505 the use of direct access to information as an alternative means of obtaining relevant and reliable audit evidence.
 - Prioritize determining appropriate revisions to address this key issue as further insights obtained throughout the course of the project may indicate that it can be better addressed through revisions in proposed ISA 330 (Revised) than in proposed ISA 505 (Revised).
44. The Board emphasized the importance of addressing the use of technology by entities, auditors and organizations that they interact with. In that regard, they directed the project team to:
- Reflect in ISA 501 the use of new and evolving technologies by entities in inventory management.
 - Address in ISA 501 the use of technological tools for remote inventory observations by the auditor, and reconsider whether attendance at physical inventory counting in all cases is the most effective way to obtain sufficient appropriate audit evidence regarding the inventory's existence and condition.

Other Substantial Matters

PIOB Observer Remarks

45. Mr. Sullivan noted that the PIOB looks forward to future developments in the project.

Next Steps

46. In June 2026, the Board will discuss the remaining actions included in the approved project proposal.

¹⁸ ISA 402, *Audit Considerations Relating to an Entity Using a Service Organization*

¹⁹ Proposed ISA 505 (Revised), *External Confirmations*