

SAC MEETING HIGHLIGHTS

APRIL 2026

This summary of the Stakeholder Advisory Council (SAC) public session discussions on April 27–28, 2026 in Madrid has been prepared for information purposes only.

Recordings of the meeting are available on the [IAASB YouTube](#) and [IESBA YouTube](#) channels.

INTRODUCTION

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

Mr. Alan Johnson thanked the Public Interest Oversight Board (PIOB) for hosting the SAC meeting.

SESSION 1: DIALOGUE WITH THE STANDARD-SETTING BOARD CHAIRS

The SAC considered SSB developments since the October 2025 SAC meeting, including an overview of the SSBs' current work plans, a focus on how emerging technologies are being addressed and an overview of the IESBA initiative related to strategic partnerships.

Key Observations, Advice and Suggestions from the SAC

IAASB Standard Setting Work Plan

- SAC members emphasized the importance of clear prioritization of projects and workstreams, particularly in relation to technology and the impact for the standards. SAC members noted the value of transparency around project selection and resource allocation. The IAASB Chair informed the SAC members that projects are selected based on the well-defined current strategy and work plan, the Framework for Activities, the impact of issues with respect to maintaining or enhancing engagement quality, the urgency of issues raised during outreach activities, and the global relevance and prevalence of those issues.
- Some SAC members noted the importance of strengthening the investor's perspective in standard-setting activities, while recognizing that this may need broader coordination with other stakeholder groups. This may include considering how the IAASB can leverage its reach and influence to facilitate actions by others that enhance accountability to investors.
- SAC members discussed the balance between principles-based and more prescriptive approaches, expressing mixed views but were generally supportive of a principle-based approach. They noted the importance of complementing principles-based requirements with sufficient guidance, as appropriate, whether as application material inside the standards or as non-authoritative material outside the standards, to enhance consistency and comparability.
- SAC members highlighted specific topics that warrant monitoring or exploring as part of the IAASB's current work plan or for the next strategy and work plan period, including materiality (ISA 320),¹ using the work of an auditor's expert (ISA 620),² cybersecurity (see also "Impact of

¹ International Standard on Auditing (ISA) 320, *Materiality in Planning and Performing an Audit*

² ISA 620, *Using the Work of an Auditor's Expert*

Emerging Technology” below), and the role of assurance services in supporting capital raising and restructuring transactions.

IESBA Standard Setting Work Plan

- The adoption and implementation of the IESBA’s sustainability-related standards were discussed as continuing priorities, particularly given the risk that inconsistent application could undermine trust in sustainability information, or that geopolitical uncertainties could detract from a focus on global adoption. In particular, SAC members noted that sustainability developments are moving at different speeds across jurisdictions, creating risks of fragmentation and uneven implementation.
- SAC members discussed why ethics and independence standards may face greater challenges in global adoption than auditing and assurance standards, given the closer connection of the former to local law, regulation, culture, and professional structures.
- SAC members also encouraged stronger coordination with regulators, professional accountancy organizations, global bodies, business organizations and development institutions to support more consistent adoption and implementation.
- SAC members supported IESBA’s decision to establish a workstream on private equity investment in accounting firms, noting possible implications for firm structures, governance, culture, independence, and business models, as well as for market concentration and public trust. SAC members noted that private equity investment may present both risks and opportunities, including possible effects on innovation, competition, capabilities and service delivery models.
- IESBA was encouraged to consider lessons from private equity investment in other sectors, as well as emerging academic research on private equity investment in accounting firms.
- SAC members supported coordination between IESBA and IAASB, given overlapping concepts such as firm, network firm, audit team, quality management, and independence.

Impact of Emerging Technologies

- SAC members broadly supported the SSBs’ prioritization of technology-related work, given the increasing use of advanced technologies by entities, auditors, assurance providers, and other actors in the external reporting ecosystem. They particularly noted the importance of focusing on the impact of artificial intelligence (AI) or generative AI (GenAI), including as used by entities and in respect of AI-enabled technological tools used by auditors and other practitioners.
- AI was discussed as both a risk and an opportunity, including implications for professional judgment, governance, accountability, audit quality, ethics and the future role of accountants.
- SAC members emphasized that human judgment, ethical behavior and accountability remain central as professional accountants increasingly use AI-enabled tools.
- Some SAC members mentioned the importance to look beyond AI and address specific technologies such as quantum computing.
- Cybersecurity risk was identified as an area for continued monitoring, given its possible implication for audit methodology, data security, assurance and professional roles. This is particularly important considering the increasing sophistication of technology used to breach security systems.

- SAC members noted the possible need to consider new or evolving forms of assurance engagements in the areas of cybersecurity, AI-enabled tools and AI-supported services.
- SAC members also supported practical and timely non-authoritative materials and encouraged the SSBs to understand how technology is being used before determining whether standards need to change.

Strategic Partnerships

- SAC members supported IESBA's strategic partnership framework as a pragmatic way to strengthen adoption and implementation through more structured and outcome-oriented collaboration. SAC members emphasized that any strategic collaboration should maintain clear boundaries to protect IESBA's independence, due process and public interest accountability.
- Governance, control, conflicts of interest and perceived regulatory capture were identified as important risks to manage.
- Some SAC members highlighted that the term "partnership" could imply too close a relationship, and therefore risking their independence, and that alternatives such as "strategic collaboration" or "strategic stakeholder engagement" may be clearer.
- SAC members suggested that development banks, regional institutions, business groups and chambers of commerce could help extend outreach and implementation support, particularly in emerging markets.

SESSION 2: POST-IMPLEMENTATION REVIEWS FEEDBACK

The SAC considered updates on the post-implementation reviews (PIRs) of the ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures* and Non-Compliance with Laws and Regulations (NOCLAR) standards. The SAC discussed the impacts of these pronouncements as experienced or observed from the vantage points of the SAC members, representing different stakeholder groups.

Key Feedback from the SAC

Post-Implementation Review of ISA 540 (Revised)

- Many SAC members acknowledged that ISA 540 (Revised) has driven more robust audit work. They have observed an increased audit effort and documentation, with auditors performing more extensive procedures and exercising greater professional skepticism. Although, this has not always translated into visible improvements in the quality of financial reporting.
- SAC members highlighted ongoing concerns about boilerplate disclosures and lack of transparency in auditor reporting, noting that both entities' disclosures in the financial statements and communication in auditor reports often lack entity-specific insights.
- SAC members noted that auditing accounting estimates continues to be reported in inspection reports as a key finding. Some questioned and suggested that additional guidance and examples may be beneficial for auditors to support the consistent application of the standard.
- SAC members emphasized challenges related to scalability and proportionality, particularly for simpler estimates and smaller entities, and encouraged consideration of more tailored or proportionate application guidance.

- SAC members noted potential duplication and overlap with ISA 315 (Revised 2019),³ particularly in the area of risk assessment, and encouraged further alignment to enhance efficiency and clarity. They acknowledged that the release of ISA 540 (Revised) in advance of ISA 315 (Revised 2019) may be at the heart of the duplication and overlap.
- SAC members observed that a vast majority of Key Audit Matters address accounting estimates, which raises questions about concentration in this area and the interaction between ISA 540 (Revised) and ISA 701.⁴

Post-Implementation Review of NOCLAR

- SAC members noted that the impact of NOCLAR may be difficult to assess because the application of the standard often operates behind the scenes through escalation, dialogue and internal response processes.
- Some SAC members observed that local laws and regulations, including provisions addressing whistleblowing, money laundering, and reporting of NOCLAR by public interest entities, may already cover similar territory in some jurisdictions.
- SAC members cautioned that the lack of formal adoption of NOCLAR in some jurisdictions may not necessarily mean that the underlying concepts in the standard are absent from local frameworks. Enforcement was identified as a key challenge, with SAC members noting that standards may not be effective if regulators do not support or enforce them.
- SAC members suggested that case studies and other non-authoritative material could help professional accountants, particularly in developing jurisdictions, navigate scenarios involving corruption, tax evasion, environmental violations and other high-pressure situations.
- There was a suggestion from the SAC that the post-implementation review may consider whether the “clearly inconsequential” threshold in the standard is being overused in practice.

SESSION 3: FIRM CULTURE AND GOVERNANCE VIEWPOINTS

The SAC considered an update on the IESBA’s Firm Culture and Governance (FCG) project, including the IESBA FCG viewpoints and the outreach undertaken to date. The discussion focused on the implications of the IESBA viewpoints for ethical behavior, accountability, public trust, firm resiliency and consistent application across jurisdictions.

Key Observations, Advice and Suggestions from the SAC

- There was broad support for the objectives of the project. SAC members recognized the importance of ethical culture to audit quality, ethical behavior, independence, public trust and the profession’s social license to operate.
- SAC members noted that changes in firm structures, ownership models including private equity investment, technology, and business models are increasing the importance of strong ethical culture and governance in firms.
- Some SAC members encouraged IESBA to clarify the scope of the project, including whether the FCG framework is intended to apply across the whole firm or mainly to the audit and assurance practice, and how it would interact with ISQM 1 and existing provisions in the IESBA Code.

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

⁴ ISA 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*

- Views differed on the appropriate form and authority of the final output. Some SAC members supported incorporation into the Code, while others favored practical guidance, a non-authoritative framework, or a phased approach before considering whether any of the elements of the FCG framework should become authoritative.
- Proportionality and scalability were emphasized, particularly for small and medium practices. SAC members remarked that concepts such as independent input or oversight should be framed flexibly, and cautioned against pursuing governance structures that may only be feasible for larger firms.
- SAC members encouraged IESBA to further consider the implementability of the IESBA FCG viewpoints, including by clarifying key terminology and focusing on elements that can be applied, assessed or evidenced in practice.
- Incentives and disincentives, accountability, leadership commitment, conflicts of interest, independent challenge and transparency were identified as important areas for further consideration.
- SAC members encouraged IESBA to ensure that the work remains clearly grounded in public interest considerations, including the perspectives of investors and other users of firms' services.
- There was a suggestion that more explicit attention should be given to structural and agency issues in the audit ecosystem, including how firm governance can better support independence, professional judgment and accountability to users.
- SAC members also supported continued outreach and evidence gathering before any decision is made on the next phase of the project, including further consideration of root causes, gaps in existing standards, and expected benefits vs. potential costs.

CLOSING REMARKS

Mr. Johnson invited Ms. Modise, the PIOB observer, to share her observations of the meeting. He also invited Ms. Gabriela Figueiredo Dias and Mr. Tom Seidenstein to share their final remarks.

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

NEXT MEETING

The next SAC meeting is scheduled for October 20–21, 2026 in New York, USA.