

PIR-ISA 540 (Revised)

Agenda Item 8

September 2026



Objective of the Session



Present the overview of the key themes identified in analyzing the responses to the survey



Obtain the Board's view on the possible actions suggested by the respondents and the Project Team's initial views

Activities Since December 2025 and Planned Outreach



Public Consultation Survey

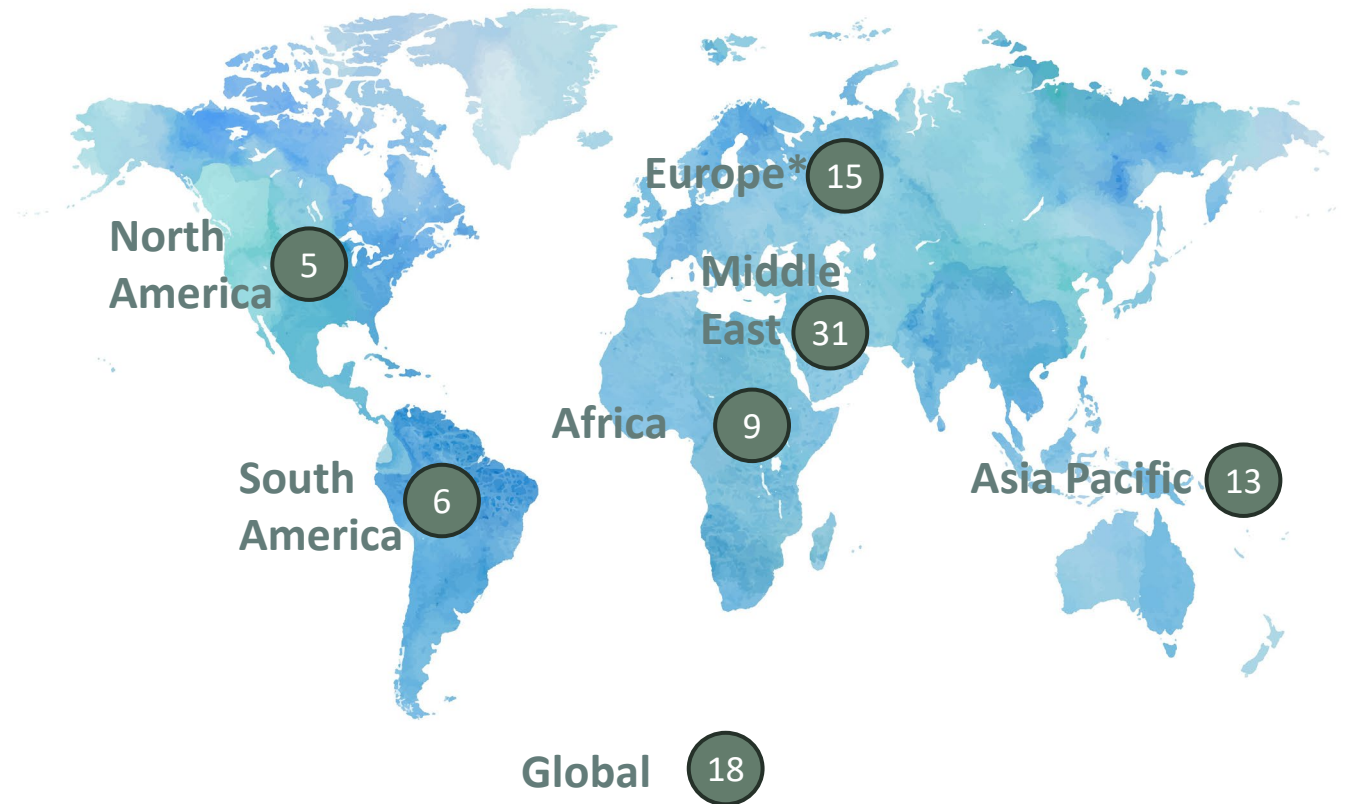
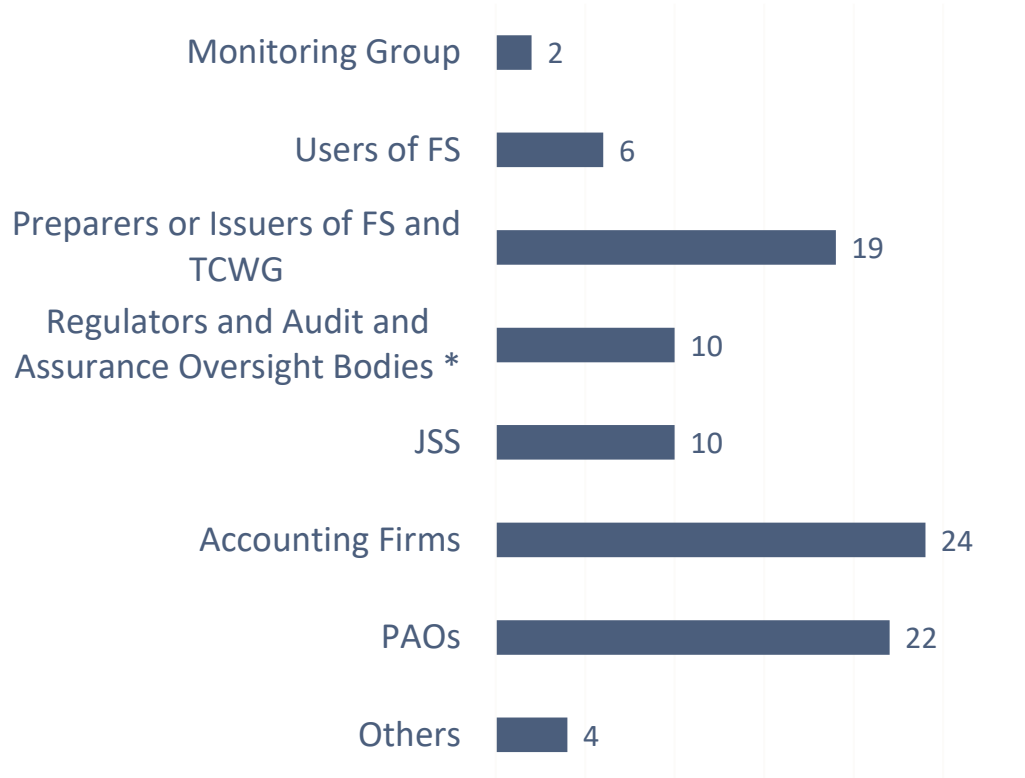
- Launched on February 17, 2026
- Tailored for different stakeholder groups
- Focused on:
 - Overall views
 - Perceived benefits or improvements
 - Issues or challenges experienced or observed, or other impacts



Coordination and Outreach Activities

- Discussion with the Stakeholder Advisory Council – April 2026
- Ongoing coordination with IESBA and PIR-315 (Revised 2019) Project Team
- Upcoming outreach activities
 - Focused on preparers and users of financial statements
 - JSS, SMPAG and FoF

97 Responses



* Includes one late response, not included in the Issues Paper

Public Consultation Survey Feedback Summary

Overall Comments

General agreement that the revised standard has largely achieved its intended objectives

Strengthened audit of accounting estimates and related disclosures

Non-authoritative guidance and support tools are useful and effective

Some challenges remain in applying the revised standard

Perceived Benefits

Strong agreement with the perceived benefits or improvements listed in the survey

Top rated benefits (over 90% agreement)

- Better or **more focused assessment of the risks** of material misstatements;
- **Enhanced exercise of professional skepticism** when auditing accounting estimates; and
- Greater attention to **understanding management's process for making estimates**

Mixed views on:

- Greater **consideration of the skills and competencies** of the engagement team;
- Greater focus on **understanding and testing controls** related to accounting estimates; and
- Enhanced **interactions and communications** between the auditor and management and TCWG related to the audit of accounting estimates

Matters for Board Consideration



1. The Board is asked whether they agree with the Project Team's analysis and summary of respondents' feedback to the survey related to **overall comments** and **perceived benefits** as presented in Parts B–C of Agenda Item 8.

Issues or Challenges

Part D of Agenda Item 8 summarizes the 69 responses from:

- ✓ Accounting firms;
- ✓ JSS;
- ✓ PAOs;
- ✓ Regulators and audit and assurance oversight bodies; and
- ✓ Others.

Issues or Challenges



Scalability and
Proportionality



Risk Assessment
Procedures



Responses to the
Assessed ROMMs



Other Matters

Issues or Challenges



Scalability and
Proportionality

- Risk assessment procedures
- Interaction with ISA 315 (Revised 2019)
- Documentation



Responses to the
Assessed ROMMs



Other Matters

Issues or Challenges

- Interaction with ISA 315 (Revised 2019)
- Performing retrospective reviews
- Other challenges, including technology



Risk Assessment
Procedures



Responses to the
Assessed ROMMs



Other Matters

Issues or Challenges



Scalability and
Proportionality



Risk Assessment
Procedures



Responses to the
Assessed ROMMs

- Determining the appropriate response
- Developing an auditor point estimate or range
- Testing management's estimation process
- Involvement of experts

Issues or Challenges



Scalability and
Proportionality

- Documentation
- Exercise of professional skepticism
- Communication with management and TCWG
- Group audits



Risk Assessment
Procedures



Other Matters

Matters for Board Consideration



1. The Board is asked whether they agree with the Project Team's analysis and summary of respondents' feedback to the survey related to **issues and challenges** experienced or observed, as presented in Part D of Agenda Item 8, particularly regarding:
 - Scalability and proportionality;
 - Interaction between ISA 315 (Revised 2019) and ISA 540 (Revised); and
 - Responses to assessed ROMM, including developing an auditor's point estimate or range.

Matters for Board Consideration



1. The Board is asked whether they agree with the Project Team's analysis and summary of respondents' feedback to the survey related to **issues and challenges** experienced or observed, as presented in Part D of Agenda Item 8, particularly regarding:
 - Scalability and proportionality;
 - Interaction between ISA 315 (Revised 2019) and ISA 540 (Revised); and
 - Responses to assessed ROMM, including developing an auditor's point estimate or range.

Other Impacts

Part D of Agenda Item 8 summarizes the 25 responses from:

- ✓ Users of FS; and
- ✓ Preparers and Issuers of FS, including TCWG

Other Impacts

General agreement that the revised standard had a positive impact on the audit of accounting estimates and related disclosures

Improved interactions between auditors and management

Improved audit quality, consistency and transparency

Some challenges remain in applying the revised standard

Matters for Board Consideration

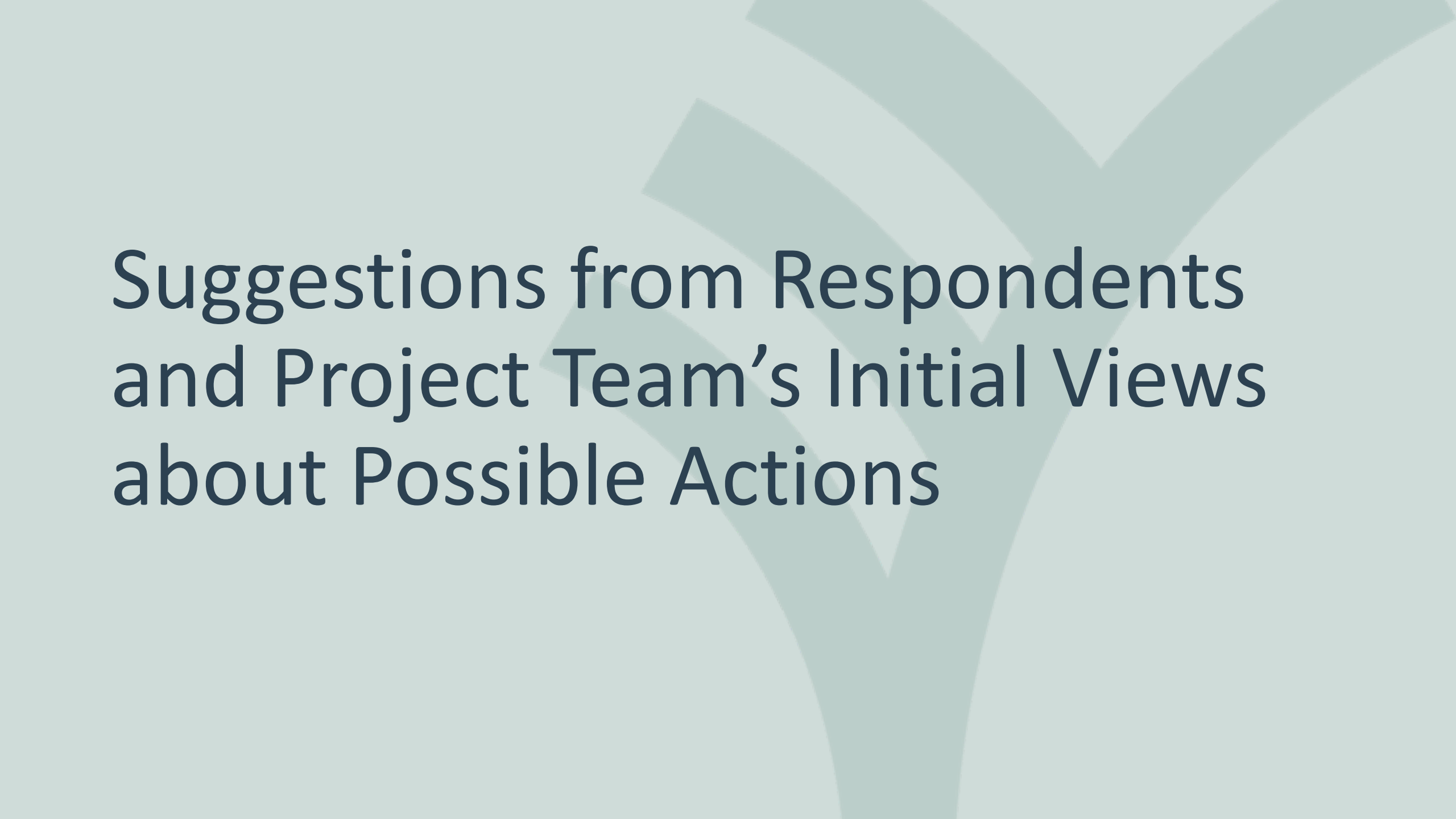


1. The Board is asked whether they agree with the Project Team's analysis and summary of respondents' feedback to the survey related to **other impacts** as presented in Part E of Agenda Paper 8.

Matters for Board Consideration



2. Are there any other significant points raised by respondents that have not been included in the summary in **Parts B–E** of **Agenda Item 8** or any other matters that the Project Team should consider in finalizing the PIR after the September 2026 meeting?



Suggestions from Respondents and Project Team's Initial Views about Possible Actions

Suggestions from Respondents

Agreement that the root causes of the issues or challenges generally relate to the application of the standard rather than deficiencies in the requirements.

Strong calls for non-authoritative guidance

Some calls for narrow-scope amendments

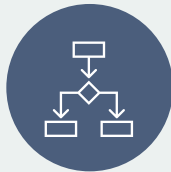
Other suggestions

Project Team's Initial Views



Non-Authoritative Guidance

- **Agreement with the focus on implementation support materials**, considering:
 - Prioritization of topics;
 - Resources requirements; and
 - Timeline of development.
- First step to **build awareness** of existing implementation and support tools
- Some matters outside the scope of this PIR



Narrow-Scope Amendments

- Although it may promote consistency in applying the standard, the Project Team's initial view is to **not explore this avenue**, noting that:
 - Scope of the standard was previously debated and concluded on during the development of ISA 540 (Revised); and
 - Respondents generally did not identify fundamental deficiencies in the standard.

Project Team's Initial Views



Other Suggestions

- Addressing issues or challenges will require continued collaboration among all participants in the external reporting ecosystem
- Will continue to engage with stakeholders and consider opportunities to facilitate or support actions of others

Matters for Board Consideration



3. The Board is asked for its views on the Project Team's initial views about possible actions, in particular its reflections on:

- **The matters highlighted in paragraph 90 of Agenda Item 8 and whether members agree that these are not ISA 540 (Revised) issues;**
- The development of non-authoritative guidance, including areas of priority, timing and resources (see paragraphs 91–95 of **Agenda Item 8**); and
- Consideration of narrow-scope amendments, including the potential areas that may be targeted (see paragraphs 96–99 of **Agenda Item 8**).

Matters for Board Consideration



3. The Board is asked for its views on the Project Team's initial views about possible actions on:
 - The matters highlighted in paragraph 90 of **Agenda Item 8** and whether members agree that these are not ISA 540 (Revised) issues;
 - **The development of non-authoritative guidance, including areas of priority, timing and resources (see paragraphs 91–95 of Agenda Item 8); and**
 - Consideration of narrow-scope amendments, including the potential areas that may be targeted (see paragraphs 96–99 of **Agenda Item 8**).

Matters for Board Consideration



3. The Board is asked for its views on the Project Team's initial views about possible actions on:
 - The matters highlighted in paragraph 90 of **Agenda Item 8** and whether members agree that these are not ISA 540 (Revised) issues;
 - The development of non-authoritative guidance, including areas of priority, timing and resources (see paragraphs 91–95 of **Agenda Item 8**); and
 - **Consideration of narrow-scope amendments, including the potential areas that may be targeted (see paragraphs 96–99 of Agenda Item 8).**

Matters for Board Consideration



4. Does the Board have any other specific advice for the Project Team in developing final recommendations for IAASB consideration in December 2026 regarding the spectrum of possible further actions as set out in the PIR Action Plan (i.e., no further action, further information-gathering activities, standard setting activities, developing non-authoritative materials)?

Way Forward

