

Session 1 - Open Dialogue with the Standard Setting Board Chairs

Stakeholder Advisory Council

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REPORT BACK MAY 2025



STANDARD-SETTING BOARD WORKPLANS

IESBA Update

Strategic Reflections on Key Risks and Opportunities

IESBA BOARD AND STAFF ASSESSMENTS

Key Risks

- **Sustainability backlash** will test IESBA's principles-based approach
- **Standards fatigue** may reduce goodwill towards IESBA
- **Competitiveness agendas** and **backlash against regulation** create challenges for international standard-setting (including ethics)
- **Complex differences in legal frameworks** may hinder global adoption
- **Complexity** and **automation** may threaten fundamental principles

Key Opportunities

- **Advocate for ethics standards:** in times of uncertainty, ethics even more important
- **Strengthen IESBA's value proposition** as a tool for regulatory consistency, business resilience and value creation
- **Take global ethics leadership** by strengthening relationship with IOSCO, other international organizations, and regional/national authorities
- **Simplification of IESBA Code** through, e.g., increased support for A&I
- **Enhance stakeholder engagement**

Forward IESBA Strategy – Calibrated Reorientation

JUNE 2025 IESBA MEETING

- **Trends in the external reporting environment, including deregulation**
- **Stakeholder Feedback**
 - Time and support needed to assimilate recent standards
 - Prioritize development of non-authoritative materials (NAM)
 - Need to promote value of existing standards
- **Limited resources and transition to staff-driven model**

OVERALL IESBA STRATEGY

- Reinforcement of support for A&I, including simplification
- Focus on post-implementation reviews
- Enhancement of stakeholder engagement and communications
- Period of stability – No new major standards before 2027

IESBA SMART Framework

A STAKEHOLDER-CENTRIC APPROACH TO ENHANCING THE CLARITY, IMPACT AND COHERENCE OF IESBA ACTIVITIES



IESBA Current Work Plan (as of September 2025)

Ongoing Workstreams

- ☐ Firm Culture and Governance
- ☐ Collective Investment Vehicles and Pension Funds – Auditor Independence
- ☐ Adoption and Implementation
- ☐ Technology

New Workstreams

- ☐ Post-implementation review (PIR) – NOCLAR
- ☐ PIR – Restructured Code
- ☐ Profession-agnostic independence standards for sustainability assurance engagements not scoped in under Part 5
- ☐ The Role of CFOs and Other Senior PAIBs

IAASB Update



Progress on Standard-Setting Activities

1

Approval: Using the Work of Experts – Narrow Scope Amendments Arising from IESBA's External Experts Project

IAASB Project Objective and Scope

- To maintain the **interoperability** of the IAASB standards with the new provisions in the IESBA Code related to using the work of an external expert
- **In scope:** targeted amendments to ISA 620 and other IAASB standards (determined as ISAE 2400 (Revised), ISAE 3000 (Revised) and ISRS 4400 (Revised))
- **Out of scope:** full revision of ISA 620 (future broader project); ISSA 5000 (alignment achieved; value of stable platform) and ISAE 3410 (to be withdrawn)



Progress on Standard-Setting Activities

1

Approval: Using the Work of Experts – Narrow Scope Amendments Arising from IESBA's External Experts Project

- Greater awareness that relevant ethical requirements may include provisions related to using the work of an expert
 - References, by example, to IESBA Code provisions
- Clear prohibition on using the work of an expert that does not have the necessary competence, capabilities or objectivity for the auditor's/practitioner's purposes

Effective Date: December 15, 2026

Standards Affected

- ISA 620
- ISRE 2400 (Revised)
- ISAE 3000 (Revised)
- ISRS 4400 (Revised)



Progress on Standard-Setting Activities

2

Audit Evidence and Risk Response Project: Significant Stakeholder Outreach and Advancing the Actions of the Project Proposal



80+

Hours of Engagement with Diverse Stakeholder Groups



34

Project Specific **Meetings** and Stakeholder Events



19

Jurisdictions Covering All Global Geographical Regions



140+

Questions Asked Covering a Wide Range of Topics



Focused Discussions with Users of Financial Statements



Deep-Dive Sessions with MG Members



Engagement with Regulators and Audit Oversight Authorities



Input from JSS and PAO



Individual meetings with Accounting Firms, engagement with FoF and GPPC



Engagement with the SMPAG



Input from roundtable with diverse stakeholder representation



IFEA

International Foundation for Ethics and Audit

AE&RR: Advancing the Actions of the Project Proposal

FOCUS HAS BEEN ON ISA 330 AND ISA 520



Aligning concepts and principles between standards; coherent and consistent work effort



Substantive procedures in response to risks of material misstatement



Strengthening the auditors' work on internal controls



Technology



Progress on Standard-Setting Activities

3

Maintenance of the ISA for LCE



Purpose: The ISA for LCE must remain up to date and, to the greatest extent possible, consistent with the ISAs

Scope of the first revision

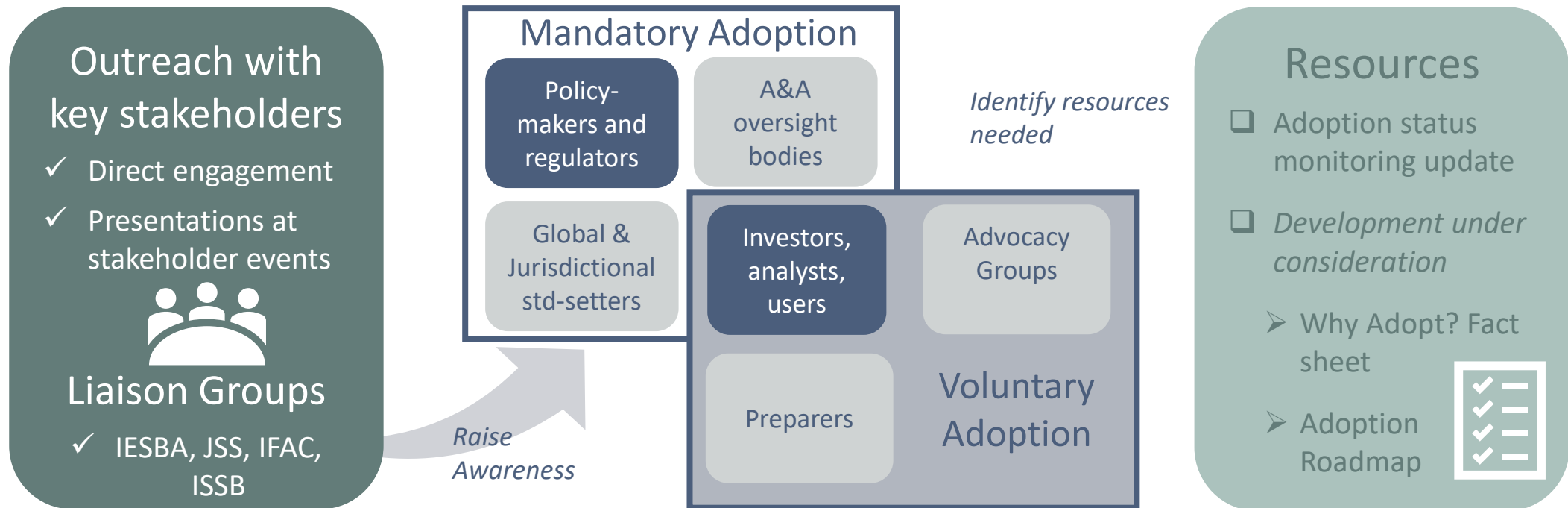
- ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*
- ISA 570 (Revised 2024), *Going Concern*
- The narrow scope amendments to the ISAs as a result of the revisions to the definitions of listed entity and public interest entity in the IESBA Code
- The narrow scope amendments to IAASB Standards arising from the IESBA's using the work of an external expert project



Progress on Standard-Setting Activities

4

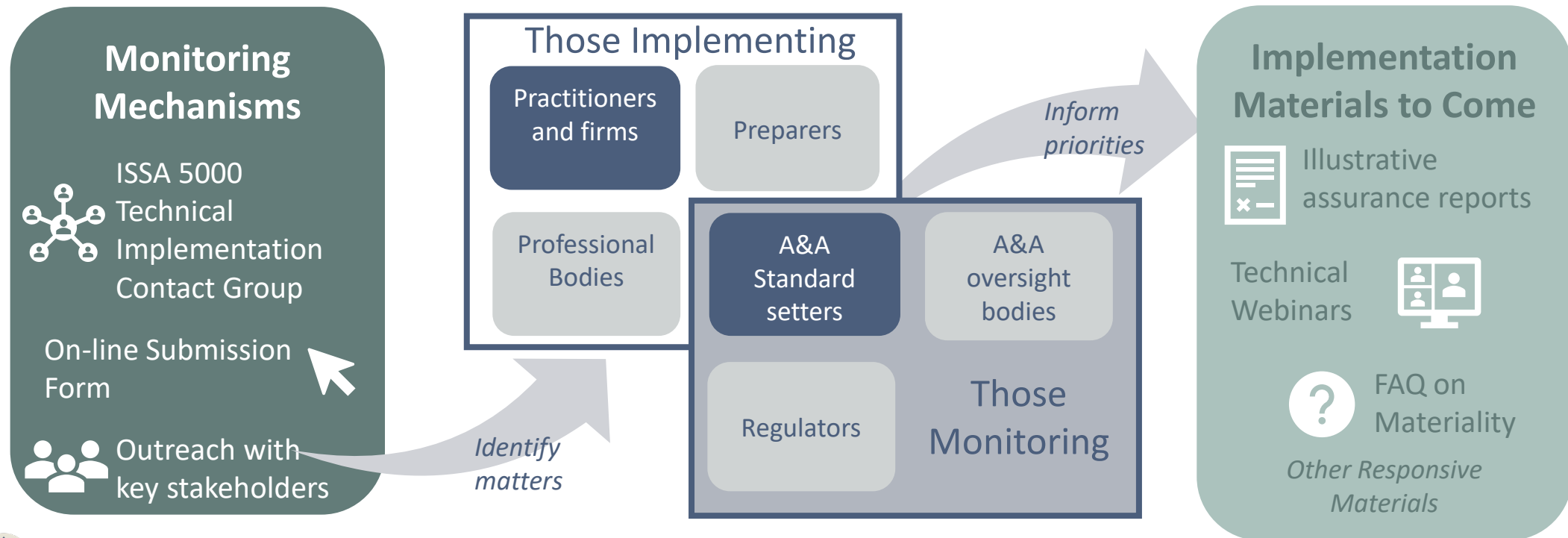
Encouraging Mandatory or Voluntary Adoption of ISSA 5000



Progress on Standard-Setting Activities

5

Supporting Effective and Consistent Implementation of ISSA 5000



IFEA

International Foundation for Ethics and Audit

Advisory Group: Sustainability Assurance Implementation Working Group



— Question/ Comments



SAC'S FEEDBACK AND IMPACT

Main Themes and SSB Responses





Are there any other Strategic themes that you have identified and that the SSBs should reflect on more explicitly?

Looking ahead, are there additional actions the SSBs should consider in response to the strategic themes identified?



MULTI-STAKEHOLDER APRIL 2025 IFAC-IESBA PARIS SUMMIT

Key Takeaways from IFAC Summit

ENHANCED COORDINATION

Clear value in IESBA, IAASB and IFAC leadership working together to:

- Progress global adoption of standards
- Support consistent implementation

CONTINUED IMPROVEMENT IN TRANSPARENCY AND EFFECTIVENESS OF DUE PROCESS

- Appropriate effects analysis of new or revised standards
- PIRs of significant standards within 5 years of effective date
- Use of narrow scope amendments to resolve relevant issues identified, incl through emerging issues monitoring
- Enhanced engagement and feedback on how stakeholder input is considered and feeds into decisions

ACTIVE ENGAGEMENT W/ MONITORING GROUP AND PIOB

- To inform approach to, and timing of, a PIR of the July 2020 MG reforms

NEXT STEPS

- Convene another multi-stakeholder summit in Q4 2026 / Q1 2027

A large, stylized tree logo in a light beige color, positioned in the background of the slide. The tree has a thick trunk and several branches extending upwards and outwards.

SEPTEMBER 2025 IESBA LISBON CONFERENCE

Key Highlights

On **September 15, 2025**, the IESBA held its inaugural Ethics & Independence Conference in Lisbon under the theme "**Ethics and Audit Independence: Pillars of Resilience and Competitiveness in Turbulent Times**"

750+
Total Participants
Global attendance
across formats

200+
In-Person Attendees
From multiple
jurisdictions

Topics



Regulatory Shifts & Market Transformation



Ethical Culture & Governance



Rise of Private Equity in Accounting



Trust & Transparency in Capital Markets



Future of Technology in Audit



Ethics in Fighting Financial Crime



*In light of these Summit
and Conference,
members are asked to
share their views on the
matters raised.*



JOINT STAKEHOLDER SURVEY FOR THE SWP 2028–2031

Commencing Consultation Process for SWP 2028-2031



Strategy and Work Plans



Information Gathering Via Joint IAASB-IESBA Survey

Joint Value Proposition

- Feedback on key elements of SSBs' joint value proposition

SSBs' Environment

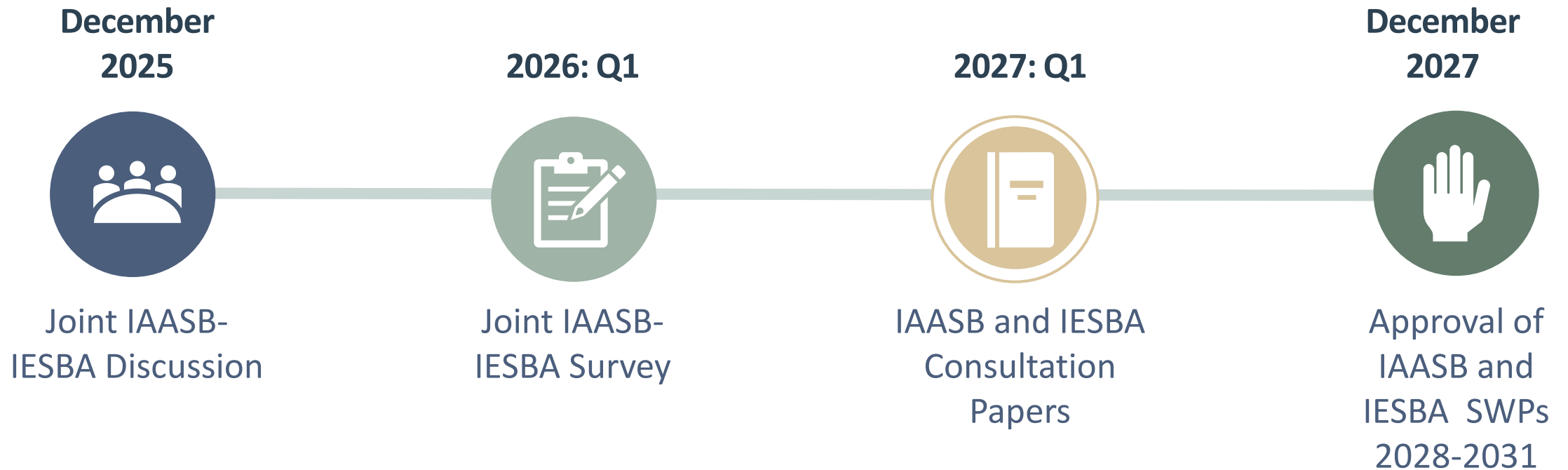
- Input on external trends and their impact on SSBs' strategies

Workplans

- Input on common topics from trends where both SSBs have a role to play



SWP 2028–2031: Timeline





How should the SSBs best approach the topic of trends in the joint survey given the pace of change?

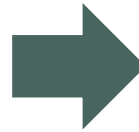
IESBA Firm Culture and Governance Project

Firm Culture and Governance

June 2025: IESBA decision on resequencing the standard-setting and NAM workstreams, aligned with revised forward strategy for 2025-2026

From Q3 2025 to Q2 2026

- Develop IESBA Viewpoints
- Develop NAM and other supporting materials, and pursue other initiatives
- Targeted engagement with stakeholders on IESBA Viewpoints



June 2026 IESBA meeting

- Consider way forward on FCG framework, reflecting on feedback from stakeholder engagement and IESBA's own considerations in the public interest

Forward Pathway Post-Sept 2025 IESBA Meeting

DRAFT IESBA VIEWPOINTS

- ❖ Ethical leadership
- ❖ Oversight and governance
- ❖ Provision of independent input
- ❖ Accountability across the firm
- ❖ Rewards
- ❖ Open discussion and challenge
- ❖ Education and training
- ❖ Transparency

IESBA direction:

- Agreement that viewpoints should be **principles-based** (the “what” and the “why”), **actionable** and drive **positive outcomes and change**
- Stabilize viewpoints as **draft principles** Dec 2025 for further stakeholder engagement Q1-Q2 2026
- Develop **contextual piece** explaining purpose of viewpoints and stage of the process
- **Good practices** to be considered as other supporting materials (the “how”)

Draft IESBA Viewpoints

KEY CONSIDERATIONS

- ❖ Viewpoints are a tool, not a final product
- ❖ Status quo is not the end game
- ❖ Establish baseline for all stakeholders, including firms
- ❖ Do not assume all firms are on the same page
- ❖ Accessibility and timeliness of viewpoints important
- ❖ Focus is on the whole firm, not just audit

Illustrative viewpoints that seek to “nudge” mindset and behavior:

- Senior leadership **demonstrate** that they **understand** that they and the firm have an **overarching responsibility to act in the public interest**
- Senior leadership have an ethical mindset with a **strong knowledge** and **understanding** of the Code
- **Incentive mechanisms** that take into account **ethical behavior** reinforce a firm’s expectations re upholding the firm’s ethical values and the public interest

Forward Pathway Post-Sept 2025 IESBA Meeting

PRELIMINARY PLAN FOR OTHER SUPPORTING MATERIALS AND INITIATIVES

- ❖ **Practical guidance for viewpoints**
- ❖ **Relevant FCG provisions in extant Code**
- ❖ **Linkages between viewpoints and ISQM 1**

IESBA direction:

- Overall **support for preliminary plan**
 - More detailed plan to be considered Dec 2025
- **Clear messaging** important re linkages with **ISQM 1**
- **Field testing** of viewpoints?
 - Many dimensions to consider, including timing
 - Resume further discussion once viewpoints are finalized



*Members are asked to
share their views on the
IESBA FCG project update.*



Question/ Comments

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