

Meeting: Stakeholder Advisory Council (SAC)

Meeting Location: Madrid

Meeting Date: April 27–28, 2026

Agenda Item

1

Open Dialogue with Standard Setting Board Chairs, Including the Boards' Strategy-Setting Cycle

Introduction

1. The International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) (together referred to as the Standard Setting Boards (SSBs)) are inviting SAC members to share their perspectives on matters pertinent to the strategic direction of the IAASB and the IESBA, with particular focus on the Boards' strategy-setting cycle, the implications of emerging technologies, and the role of strategic partnerships in supporting the effective adoption and implementation of international standards.
2. Please note that this cover note is intended to be read together with the accompanying presentation (see **Agenda Item 1-A**).

Report Back

3. As part of their presentation, the IAASB and IESBA Chairs will report on how the SSBs responded to SAC members' comments provided at the October 2025 SAC meeting.

Standard Setting Work Plans

4. During this session, the SSBs' Chairs will update the SAC on the progress of the SSBs work plans since the last SAC meeting and on strategically pertinent issues relevant to IAASB and IESBA for the year ahead.
5. In particular, the SSBs continue to operate in an environment in which stakeholders expect the standards to remain responsive and globally relevant, while being workable in practice. As the current work plan period (i.e., 2024 to 2027) has progressed, the SSBs have been mindful of, and responsive, where appropriate, to shifting realities relating to, for example, deregulation and geopolitical uncertainty, continued SSB governance evolution, and feedback from stakeholders on matters such as 'change fatigue' and the desire for enhanced engagement and feedback.
6. The SSBs have adjusted their strategic work plans and their current approach continues to prioritize standard setting, but focused on the most pressing topics, while devoting more attention to adoption, implementation support, post-implementation reviews, and targeted engagement with stakeholders. This is consistent with themes previously identified by the SAC, including the importance of implementation, coordination, stakeholder engagement and responsiveness to emerging issues.

Strategy and Work Plan 2028–2031

7. The Chairs will update the SAC on the approach for the Boards' Strategy and Work Plans for 2028–2031, including the publication of the joint stakeholder survey which is open for comments until May

15, 2026. The joint stakeholder survey is intended to serve as a first step in information-gathering in the strategy process with a focus on identifying the most relevant trends and priority areas for future action.

8. The survey was designed with a broad and diverse range of stakeholders in mind. Input from stakeholders will help the SSBs better understand:
 - (a) How the environment for audit, assurance, ethics, and independence is evolving;
 - (b) The strategic positioning needed for the boards to remain effective and relevant through 2031 and beyond; and
 - (c) How the Boards can best serve the public interest.
9. The joint survey focuses on, and includes questions regarding, the following three key areas:
 - (a) The strategic positioning of the SSBs for 2028–2031;
 - (b) The SSBs’ operating environment and the key environmental trends transforming audit, assurance, and ethics in the future. The SSBs identified the following overarching trends:
 - (i) Digital transformation;
 - (ii) Changes in the geopolitical and regulatory landscape;
 - (iii) Evolving expectations concerning sustainability information; and
 - (iv) Developments in the structure and business model at accounting firms; and
 - (c) Opportunities and areas for the IAASB and the IESBA for joint actions.

Matter for SAC Members’ Consideration

1. *Members are asked to share views on the Chairs’ update on the SSBs’ Standard Setting Work Plan and their approach to the Strategy and Work Plan 2028–2031.*

Impact of Emerging Technologies

10. Across industries, organizations are adopting artificial intelligence (AI) to transform operations, enhance effectiveness and redefine the value they deliver.
11. The SSBs are committed to continuously monitoring the rapidly evolving landscape of technological transformations and the related impacts on the application of audit, assurance and ethics (including independence) standards.

IAASB

12. Although firms have long used technological tools supported by well-established quality management and certification processes, those processes were designed for traditional tools that are transparent and deterministic. As firms increasingly explore technological tools with more complex characteristics, questions naturally arise about how the IAASB’s quality management standards should be applied to more sophisticated tools. For example, technological tools enabled by emerging technologies, particularly more advanced forms of artificial intelligence (AI) and generative AI (Gen AI) exhibit unique characteristics such as opacity, non-determinism and adaptivity that create

practical challenges in applying the IAASB's quality management standards (e.g., related to establishing appropriate governance and accountability, determining the nature and extent of testing or validation that is sufficient before such tools are deployed, monitoring performance after deployment, and appropriately evaluating the outputs of these tools when such tools are used in engagements).

13. At the [December 2025](#) IAASB meeting, the Technology Project Team presented insights from the Technology Quality Management Workstream's initial information-gathering phase, drawing primarily on eight global roundtables and related outreach (see [Agenda Item 8](#)). The feedback indicated that while ISQM 1¹ and ISA 220 (Revised)² remain robust and principles-based, stakeholders would benefit from additional guidance through non-authoritative material, grounded in the standards, to promote consistent and effective application of the standards when technological tools enabled by emerging technologies are used in engagements. Stakeholders also noted that such material could help reduce the risk of inconsistent interpretation and diverse practice in the application of the IAASB's quality management standards across jurisdictions and firm types.
14. Also at the December 2025 meeting, IAASB members emphasized the need for a clear and consistent basis for determining when technology-related guidance is appropriate to include within the IAASB's standards (e.g., as application material to requirements) and when it is more appropriate to develop non-authoritative material outside the standards.
15. In response, at its March 2026 meeting, the IAASB approved two documents:
 - (a) *The IAASB's Technology Catalog Process: Approach to Addressing Technology-Related Matters* ([Agenda Item 3-E](#)), which sets out how the IAASB identifies, evaluates and responds to technology-related matters within its remit, and how those matters are documented and tracked through the [Technology Catalog](#). In particular, the Approach document provides clarity regarding the IAASB's considerations in choosing between standard setting and non-authoritative material to address identified technology-related matters (recognizing that these are not mutually exclusive), and sets out the IAASB's approach to developing technology-related non-authoritative material.
 - (b) *Technology Quality Management Workstream – Action Plan to Develop Non-Authoritative Material* ([Agenda Item 3F](#)), which sets out the proposed scope, development approach, governance and timetable for developing non-authoritative material to support the consistent and effective application of the IAASB's quality management standards when technological tools enabled by emerging technologies are used in engagements.

Key decisions reflected in the Action Plan include:

- Develop non-authoritative material that provides guidance that clarifies and supports the consistent and effective application of the IAASB's quality management standards to emerging/advanced technological tools; particularly, AI-enabled tools. The guidance will support firm-level quality management under ISQM 1 and engagement-level quality

¹ 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*

² International Standard on Auditing (ISA) 220 (Revised), *Quality Management for an Audit of Financial Statements*

management under ISA 220 (Revised) in a scalable and proportionate manner across different firm structures and levels of technological maturity.

- The core output of the workstream is a guide series that addresses interrelated topics across the following three themes, reflecting quality management considerations across (i) the lifecycle of technological tools and (ii) the level at which responsibilities and oversight typically arise in practice:
 - **Theme 1: Third-party onboarding of foundational models and solutions.** Firm-level quality management considerations when selecting, onboarding and approving foundational models and/or integrated third-party solutions for use in engagements, including understanding the intended purpose, capabilities, and limitations, and service provider arrangements that support its use.
 - **Theme 2: Tool layer governance.** Quality management considerations when firms implement, develop, or configure technological tools (including workflows) that build on third-party foundational models and solutions, including defining intended-use, testing/validation, approval for use, change management, and ongoing monitoring.
 - **Theme 3: Engagement-level use, oversight, and accountability.** Engagement-level quality management considerations when tools are used in performing procedures, including direction, supervision, and review; evaluating the reliability and appropriateness of outputs; documentation of use and oversight; and interaction with specialists.
- A development approach that is characterized by IAASB staff undertaking the work in coordination with and supported by an external expert group, ongoing outreach and targeted consultation with stakeholders throughout the process, deliberations of proposals in public meeting, and Board approval of completed guides.
- Adoption of a staggering approach to optimize ‘time to market’, by developing, discussing and approving content on a rolling basis (i.e., drafts of guides will be considered at one Board meeting and approved at the next). This process will commence in Q2 2026, with guides expected to be approved from the IAASB meetings in September 2026 through to June 2027.

IESBA

16. At its [December 2025](#) IESBA meeting, the pace and significance of recent technological developments was emphasized, particularly in relation to AI. IESBA Board members also highlighted the importance of the IESBA remaining actively engaged in considering how such developments affect professional accountants’ and sustainability assurance practitioners’ ethical responsibilities and professional judgment, and the ongoing relevance of the Code.
17. In [March 2026](#), the IESBA approved the updated Terms of Reference and action plan for the IESBA’s Technology Working Group including
 - (a) Awareness-raising of:
 - (i) Ethical issues arising from professional accountants’ and sustainability assurance

- practitioners' use of technology; and
- (ii) Technology-related revisions to the Code (2025); and
- (b) The development of non-authoritative materials.
18. The development of non-authoritative materials includes updating existing non-authoritative material (where appropriate) and developing the following:
- (a) An overarching technology-agnostic non-authoritative material highlighting ethical and independence considerations with respect to emerging and maturing technologies, targeted for issuance by Q3 2026; and
- (b) A technology-specific non-authoritative material focused on AI, targeted for issuance by Q4 2026.

Matters for SAC Members' Consideration

Members are asked to share views on:

2. *The approach the IAASB is taking related to the development of technology quality management non-authoritative material.*
3. *The IESBAs technology workplan.*
4. *Opportunities for coordination between the IAASB and IESBA in progressing their technology work plan priorities.*

Strategic Partnerships

19. The Chairs will update SAC members on how the SSBs are prioritizing and structuring strategic partnerships across the external reporting ecosystem. The question for the SSBs is how to engage in a way that improves the quality, timeliness and practical relevance of the SSBs' work without blurring the SSBs' independent standard-setting responsibilities. Strategic partnerships should therefore be understood not as substitutes for due process, but as mechanisms for improving intelligence-gathering, resources synergies, testing implementability, understanding adoption challenges and supporting the effective use of standards across jurisdictions.
20. The Chairs will also discuss progress in developing current strategic partnerships while inviting Members' views on what other partnerships may be important.
21. SAC members will also be invited to identify existing materials, forums, channels or networks that the SSBs could leverage more effectively and to share views on how the SAC itself might help facilitate adoption and implementation of the SSBs' standards. This responds directly to the need, highlighted

in prior SAC discussions, for more targeted stakeholder engagement and a clearer feedback loop on how this engagement informs the SSBs' action.

IAASB

22. The IAASB Chair will provide a high-level update on how the IAASB is liaising with stakeholders.

IESBA

23. The IESBA's work is being informed by the IESBA's Adoption and Implementation Working Group's (A&I Working Group) Partnership Framework for Promoting Adoption and Implementation of IESBA's Standards (the Partnership Framework) which was approved in December 2025. The framework is intended to bring greater coordination, clarity and consistency to outreach by formalizing the respective roles of the IESBA and its partners and by focusing engagement more clearly on adoption and implementation outcomes.
24. In line with that framework, the A&I Working Group has begun identifying a broad set of stakeholders across prioritized jurisdictions, including practitioners, professional and industry bodies, regulators and oversight bodies, standard setters, not-for-profit organizations and users of sustainability information, as well as global and regional organizations such as the World Bank, the International Organization of Securities Commissions (IOSCO), the Organization for Economic Co-operation and Development (OECD), the Asian Development Bank and the African Development Bank.
25. The Partnership Framework also recognizes that partner identification and onboarding should be grounded in appropriate due diligence and consideration of factors such as track record, reputation, size, capacity, reach and likely impact.
26. To operationalize the Partnership Framework, the A&I Working Group is developing prospective partner criteria and an assessment mechanism to support a more structured and transparent partnership assessment. The intention is to create a decision-support tool that helps the IESBA distinguish and prioritize relationships that are most strategically relevant, capable and impactful, particularly given resource constraints. This gives the partnership discussion a clearer strategic logic, namely that partnerships should be assessed not by visibility alone, but by whether they improve the IESBA's ability to build capacity, extend reach, support implementation, and obtain better intelligence on adoption challenges.

Matters for SAC Members' Consideration

Members are asked to share views on:

5. *What existing materials, forums, channels or networks the SSBs should leverage more effectively, and how the SAC itself might help facilitate the adoption and implementation of the SSBs' standards.*
6. *What they see as potential key strategic partnerships for the SSBs.*

Material Presented

For Discussion

Agenda Item 1-A	Presentation: Open Dialogue with the Standard Setting Board Chairs
Agenda Item 1-B	Approved IESBA Partnership Framework for Promoting Adoption & Implementation