

# Session 2 – Post-Implementation Reviews (PIRs)

Stakeholder Advisory Council

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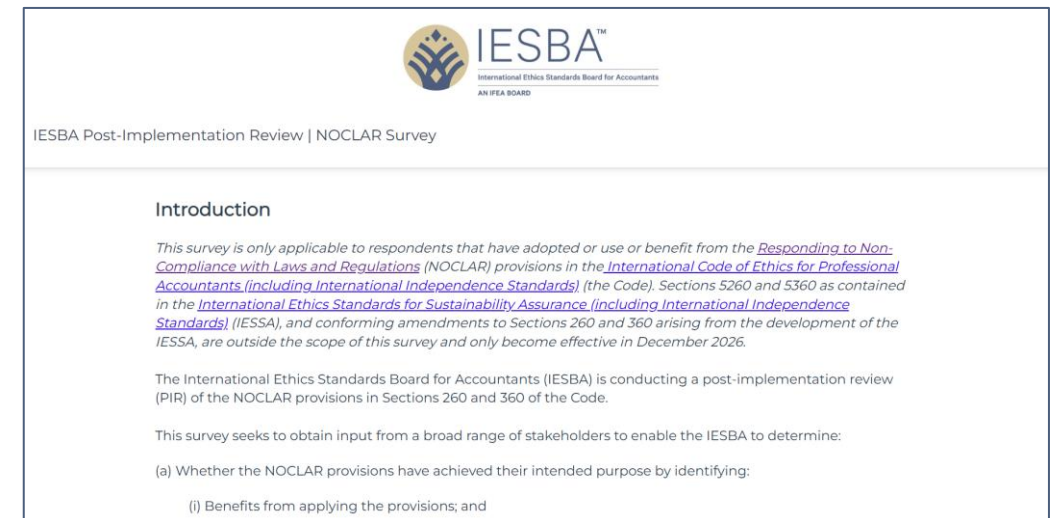
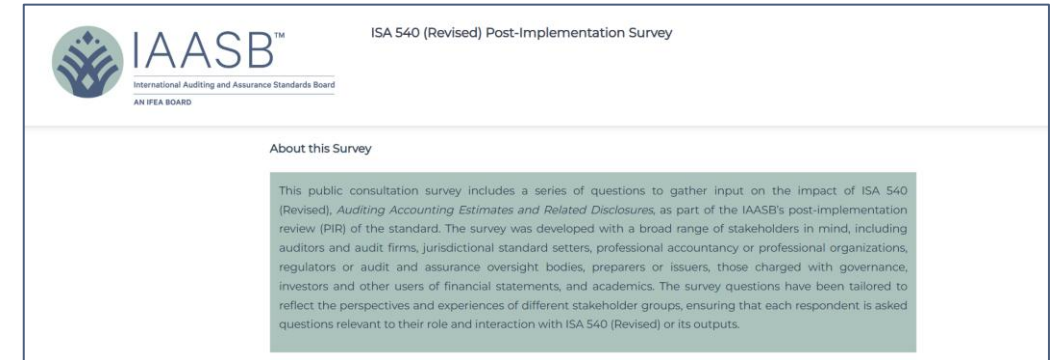
Madrid | 27–28 April 2026



# Post-Implementation Reviews

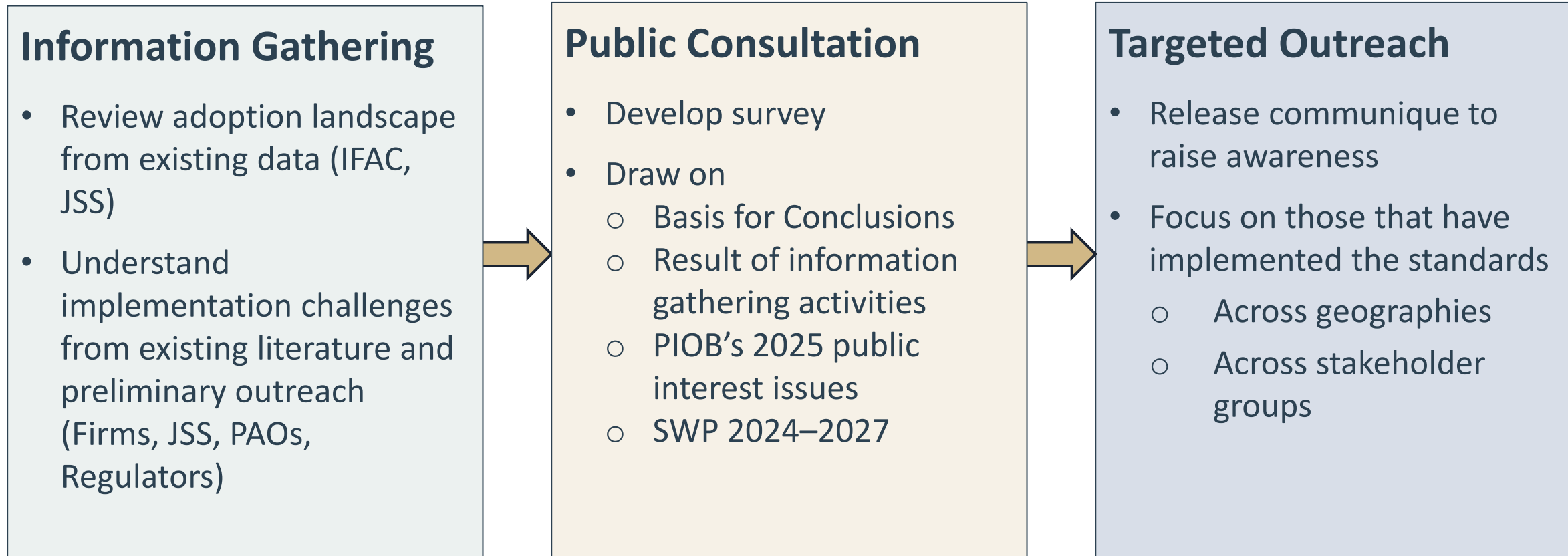
## OBJECTIVE

- Determine whether the new or revised standard has achieved its intended purpose by identifying
  - ✓ Improvements or benefits from applying the new or revised pronouncement
  - ✓ Practical challenges or questions regarding its application, including whether it is being consistently understood and implemented
- Determine what actions, if any, are needed by the Boards to address identified matters



# Post-Implementation Reviews

## APPROACH





# IAASB Post-Implementation Review

ISA 540 (REVISED), *AUDITING ACCOUNTING ESTIMATES AND RELATED DISCLOSURES*

# ISA 540 (Revised)

## OVERVIEW

### WHY?

- ✓ Evolving audit risks due to a more complex business environment
- ✓ Fostering improved exercise of professional skepticism
- ✓ Improved communication and transparency

ISA 540 (Revised) was approved in June 2018, effective for calendar 2020 audits



# ISA 540 (Revised)

## OVERVIEW

### HOW?

- ✓ Introduced the concept of inherent risk factors
- ✓ Enhanced risk assessment procedures
- ✓ Emphasized the importance of controls relating to accounting estimates
- ✓ Introduced objectives-based work effort requirements directed to methods, data and assumptions
- ✓ Enhanced “stand-back” requirement
- ✓ Enhanced the requirements about disclosures
- ✓ Included a new requirement related to communication with TCWG



# ISA 540 (Revised) Post-Implementation Review

## TWO-PHASED APPROACH

### 1. Initial Information Gathering (Completed)

**Purpose:** Understand the current landscape to identify key implementation areas for Phase 2

July 2025 – December 2025

### 2. Public Consultation and Development of Recommendations

**Purpose:** Obtain insights into implementation benefits and challenges and develop recommendations

January 2026 – December 2026



# Phase 2: Public Consultation Survey

ONLINE SURVEY: [POST-IMPLEMENTATION REVIEW OF ISA 540 \(REVISED\) SURVEY](#) | IAASB

Comment Period: February 17, 2026 – June 15, 2026

**Section I:**  
Background and  
Purpose

**Section II:**  
About the  
Respondent

**Section III:**  
Overall Questions

**Section IV:**  
Perceived Benefits

**Section V:**  
Potential Issues or  
Challenges (or  
Impacts)

- Tailored to each stakeholder group to reflect their perspectives and experiences
- Designed to understand the specific challenges or impacts of the application of ISA 540 (Revised)
- Includes opportunity for stakeholders to suggest actions for the IAASB to address the challenges





## Phase 2: Additional Targeted Outreach



Work focus  
by auditors

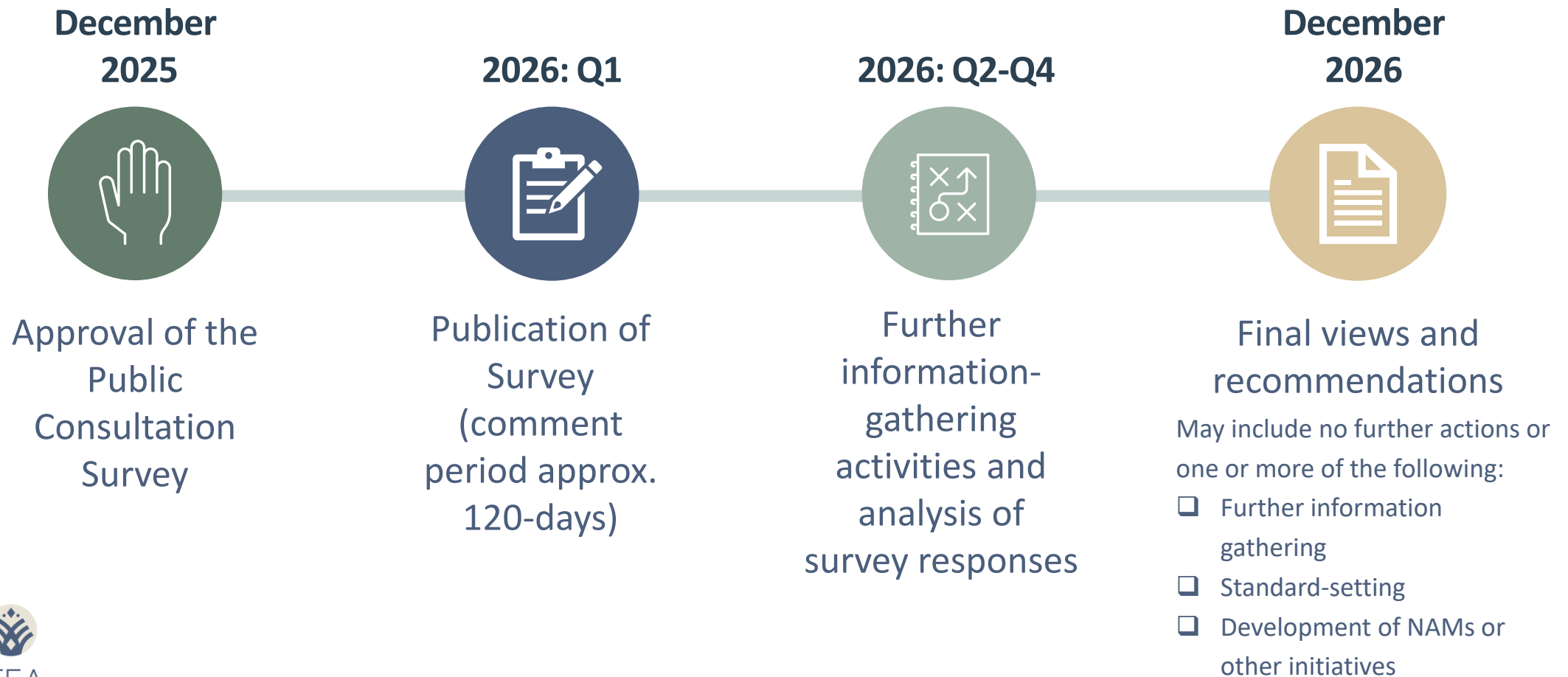


Communication  
and  
transparency



Quality of the  
financial  
reporting

# Way Forward





# SAC Members are asked

- 
1. Describe whether you have observed or are aware of an **increased work focus by auditors** on auditing accounting estimates and related disclosures since the effective date of ISA 540 (Revised), including whether there are:
    - a) Greater/improved attention to understanding management's process for making accounting estimates, including the selection of methods, assumptions and data.
    - b) More focus on understanding and testing controls related to accounting estimates.
    - c) Increased focus on disclosures related to accounting estimates, specifically disclosures about estimation uncertainty.
    - d) Greater/improved consistency in how audit firms approach the audit of accounting estimates?



# SAC Members are asked

- 
2. Regarding **transparency through communications** and reporting, describe whether you have observed or are aware that:
    - a) Interactions and communications between the auditor and management and TCWG have improved. For example, an increase in dialogue with the auditor and requests for additional documentation and evidence by the auditor to support how the entity has developed its accounting estimates and related disclosures.
    - b) Communications in the auditor's report (e.g., Key Audit Matters related to accounting estimates) have improved in terms of describing the matter(s) and how the auditor has addressed the matter(s) in the audit.





# SAC Members are asked

- 
3. Describe whether you have observed or are you aware of **enhanced quality of financial reporting by entities** relating to accounting estimates because of the impact of auditors applying ISA 540 (Revised). You may also reflect on whether the entity's interactions with the auditor have led the entity to:
    - a) Further challenge its approach to the selection of the methods, assumptions and data used for accounting estimates.
    - b) More robustly consider their disclosures about estimation uncertainty relating to accounting estimates.
    - c) Make more considered decisions about the need to involve a managements' expert in preparing its accounting estimates and disclosures.



# SAC Members are asked

- 
4. Based on your experience or observations, share views **on any other matters that the IAASB should consider during the PIR.**

This may include any specific suggestions for the IAASB to address issues or challenges related to the implementation or application of ISA 540 (Revised) (e.g., standard-setting activities, development of non-authoritative material, or other actions within the remit of the IAASB).

# IESBA Post-Implementation Review

NON-COMPLIANCE WITH LAWS AND REGULATIONS



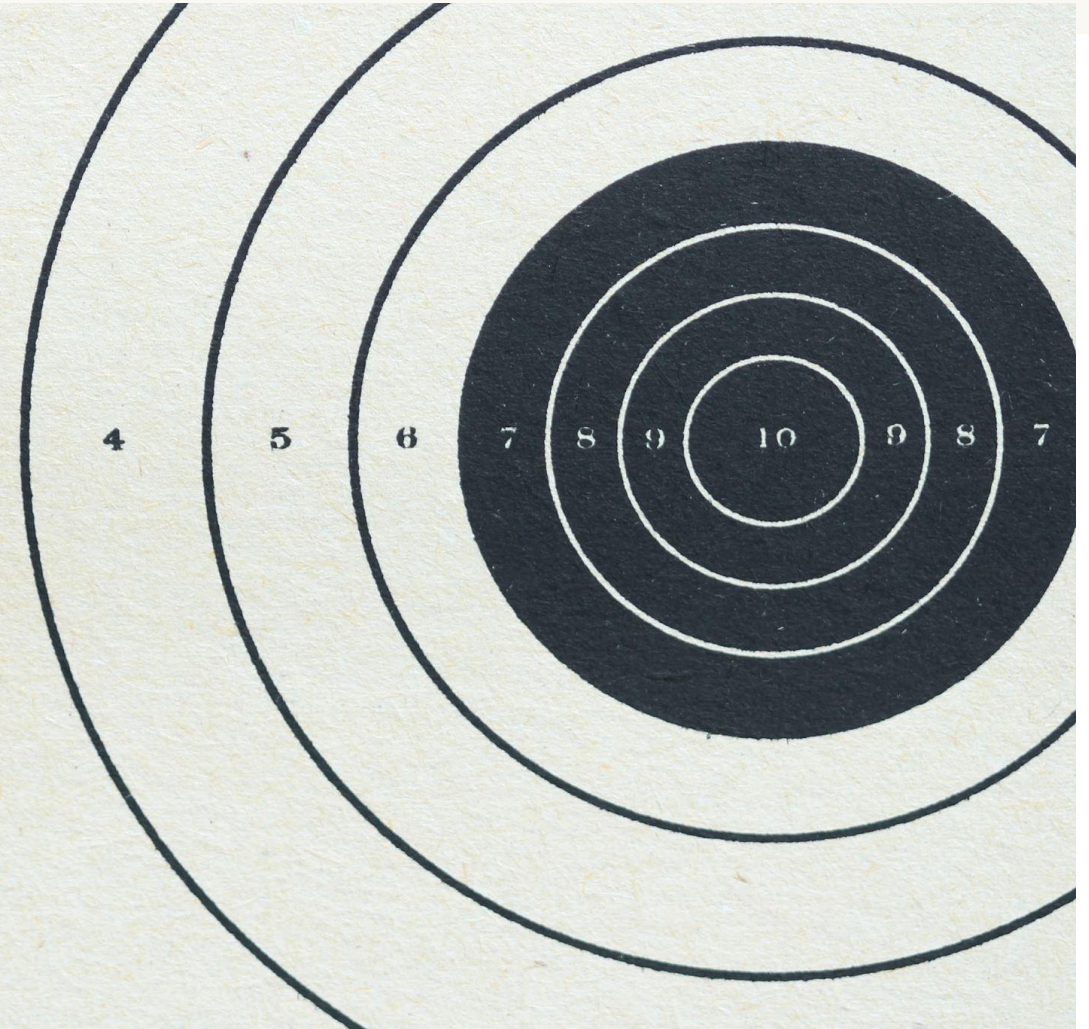
# Post-Implementation Review

## SCOPE

### NOCLAR® PIR\*

- Entirety of Sections 260 & 360
- Consequential implications for Section 114 (Confidentiality) & Section 115 (Professional Behavior)

\* Sections 5260 and 5360 as contained in the [\*International Ethics Standards for Sustainability Assurance \(including International Independence Standards\)\*](#) (IESSA), and conforming amendments to Sections 260 and 360 arising from the development of the IESSA, are outside the scope of this survey (these sections only become effective in December 2026).





# NOCLAR Project

## OVERVIEW

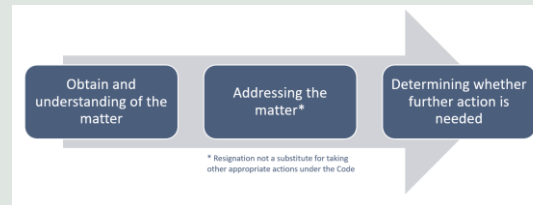
### WHY

In light of major corporate scandals in early 2000s (Enron, Worldcom, Parmalat etc.), concerns from international regulatory community and other stakeholders about:

- Duty of confidentiality in the Code acting as a barrier to timely disclosures of NOCLAR to public authorities
- Auditors simply resigning when faced with identified or suspected NOCLAR
- Lack of guidance in the Code about responding to NOCLAR

### WHAT

- Response framework for all PAIBs and PAPPs



- Guide decisions and actions in the public interest when faced w/ NOCLAR

### HOW

- Developed over 6 years, 3 global roundtables, 2 exposure drafts
- Approved in April 2016 and effective June 2017



# NOCLAR Project

## OBJECTIVES OF THE NOCLAR PROVISIONS

**Distinguishing mark of the profession is its acceptance of responsibility to act in the public interest**

Self-interest or intimidation threats to compliance with FPs of integrity and professional behavior created when PA becomes aware of NOCLAR

- Comply with fundamental principles
  - ☐ Integrity
  - ☐ Professional behavior
- Through alerting mgmt/ TCWG, seek to
  - ☐ Enable them to rectify, remediate or mitigate consequences of NOCLAR; or
  - ☐ Deter commission of NOCLAR
- Take such further action as may be appropriate in public interest

### What is NOCLAR?

Any act of omission or commission, intentional or unintentional, which is contrary to the prevailing laws or regulations committed by

- A client or employer
- TCWG, management or other individuals working for or under the direction of a client or employer



# NOCLAR Standard

## KEY INTENDED OUTCOMES IN THE PUBLIC INTEREST

- Ensuring that PAs respond in a timely way to identified or suspected NOCLAR
- Rectifying, remediating, or mitigating the adverse consequences of identified or suspected NOCLAR to stakeholders and the general public
- Deterring the commission of NOCLAR
- Stimulating increased reporting of identified or suspected NOCLAR where required by law or regulation, or where determined appropriate under the Code in the public interest

### WHAT is NOCLAR?

An act of omission, intentional or unintentional, committed by a client or employer, or by those charged with governance, by management or by other individuals working for or under the direction of a client or employer which is contrary to the prevailing laws or regulations



# Public Consultation Survey

ONLINE SURVEY: POST-IMPLEMENTATION REVIEW OF THE NOCLAR PROVISIONS

Comment Period: April 1, 2026 – July 30, 2026

**Part A:**  
Demographic  
Information

**Part B:**  
Jurisdictional  
Standard  
Setters

**Part C:**  
Professional  
Accounting  
Organizations

**Part D:**  
Regulators or  
Oversight  
Bodies

**Part E:**  
Accounting  
Firms or  
Individual  
PAPPs

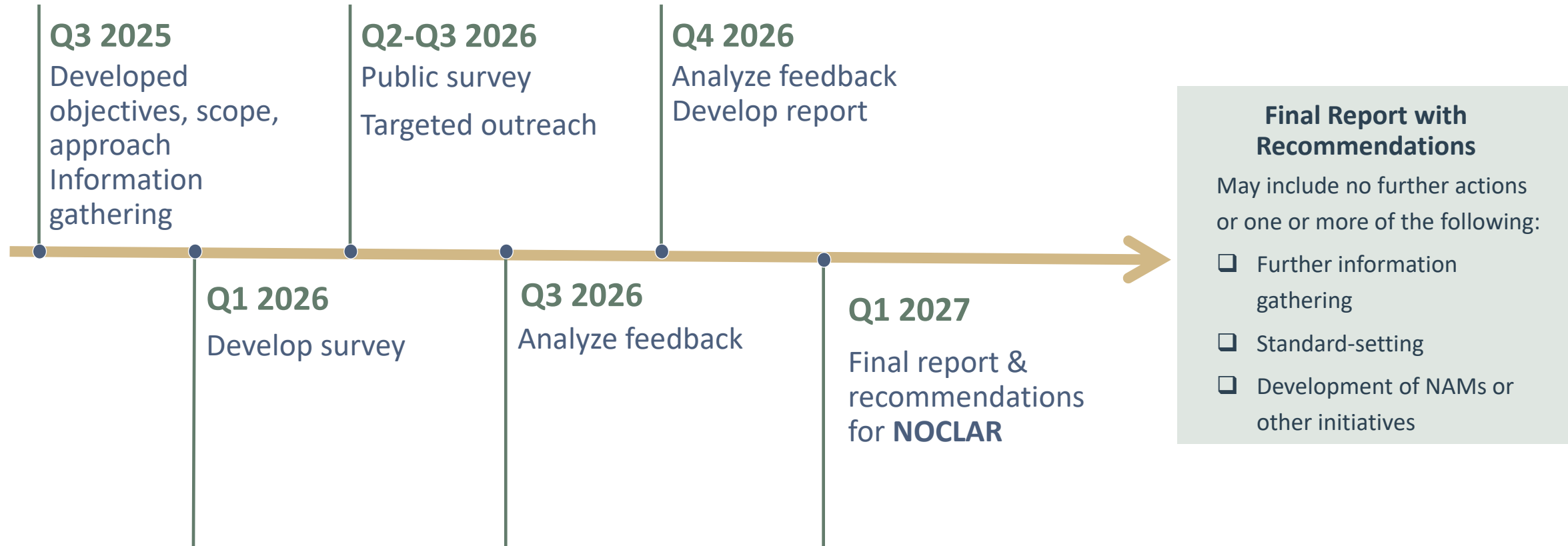
**Part F:**  
Professional  
Accountants in  
Business

**Part G:**  
Other Users or  
Beneficiaries  
of the Code

- Tailored specifically to reflect the perspectives and experiences of different stakeholders
- Designed to understand the specific impacts of the NOCLAR provisions
- Includes opportunity for stakeholders to suggest actions for the IESBA to address implementation challenges

# NOCLAR Post-Implementation Review

## TIMELINE





# SAC Members are asked

- 
1. Do you have knowledge or experience of the NOCLAR standard (or equivalent local standard) and its implementation?

If so, what are your perspectives regarding the impact of the standard in your jurisdiction?

2. Do you have any insights or perspectives regarding challenges to implementation and consistent application of the NOCLAR standard (or equivalent local standard) across the whole profession?
3. Do you have views or suggestions on specific matters the IESBA should consider as part of the PIR on the IESBA NOCLAR provisions?

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