PIOB's Public Interest Issues - IAASB projects

(document updated as of October 2026)

The PIOB's Public Interest Issues presented in this document are based on the status of the IAASB´s projects after the IAASB September 2026 meeting and the PIOB meeting in October 2026. The PIOB oversees all IAASB projects and, depending on the stage of development, the relevance of the project, and other public interest considerations, decides whether to include any Public Interest Issue(s) in this document. For each selected project, brief background information and project status are provided, followed by the identified Public Interest Issues. The Public Interest Issues may contain questions or concerns relating to the responsiveness of specific initiatives and projects to the public interest. We encourage the IAASB to consider these questions and concerns during the due process of developing the relevant standards.

Projects for which new Public Interest Issue(s) have been raised or that have been substantively revised are identified as **NEW or REVISED** in the title.

Projects in which recent developments have been reflected, or clarification of the text have occurred, without any substantive change to the PIOB's position or in the content, are marked as **UPDATED**.

Projects for which no changes have been made since the previous version, or when only minor edits have been included, are marked as **UNCHANGED**.

For further information and details about the IAASB projects, please refer to the website: http://www.iaasb.org/consultations-projects.

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Use of main acronyms and abbreviations

Code	The IESBA's Code of Ethics
ED	Exposure Draft
IAASB	International Auditing and Assurance Standards Board
IESBA	International Ethics Standards Board for Accountants
ISA	International Auditing Standards
ISAE	International Standard on Assurance Engagements
ISQM	International Standard on Quality Management
ISRE	International Standard on Review Engagements

ISSA	International Standard on Sustainability Assurance
NAM	Non-authoritative materials
PIOB	Public Interest Oversight Board

1. NEW –STRATEGY AND WORK PLAN

Background

As the IESBA and IAASB enter the final part of the 2024-2027 Strategy and Work Plan (SWPs), both SSBs have started developing the Consultation Papers for the 2028-2031 SWPs. To this end, the Boards issued a Joint Stakeholder Survey in January 2026, with a comment period ending in May 2026.

The SSBs are also assessing priorities for completion within the existing SWP period, and what should be carried forward to the new SWP.

Status

In September 2026, the IAASB considered the feedback received and discussed the proposed core elements to be included in the draft Consultation Paper on the SWP that is expected to be discussed in December 2026.

The IAASB also considered precommitments and other potential topics, such as other assurance engagements, to be undertaken through the end of the current strategic cycle in December 2027.

1.1. Prioritization of projects and allocation of resources

The PIOB notes the comprehensive feedback received through the joint stakeholder survey, which provides an adequate basis to develop the proposed SWP for the next cycle. The Consultation Paper should explain the linkage between the feedback received and proposed strategic objectives, as well as include clear articulation of the criteria behind proposed project prioritizations, including continuation of existing and commencement of new projects, and proposed resources allocation. Providing clarity and transparency in these regards would better enable stakeholders to understand how strategic and operational decisions are made and provide relevant feedback.

This is particularly relevant in relation to decisions to continue, pause or commence any new workstreams during the final year of the current SWP, such as Other assurance engagements. Such decisions may create commitments that extend into the next strategy cycle and, therefore, clear articulation of how they align with the IAASB's overall strategic objectives and priorities is key.

In addition, continuous coordination between the IAASB and IESBA in the development of strategic areas of focus of their respective SWP Consultation Papers

remains critical to supporting effective future development and delivery of the SWP, especially where matters of interoperability or interdependency arise.

2. UNCHANGED - AUDIT EVIDENCE AND RISK RESPONSE (ISA 330, ISA 500 AND ISA 520)

Background

This project envisages concurrent revisions of ISA 330 "*The Auditor's Responses to Assessed Risks*", ISA 500 "*Audit Evidence*", and ISA 520 "*Analytical Procedures*".

The IAASB undertook a public consultation in 2022 on ED-500 "Audit Evidence" but subsequently decided to pause the project with a re-scoping in mind, including a focus on Technology and Internal Controls. As a result, the IAASB carried out further work to identify, understand and scope a new project: "*Standards that address Audit Evidence and the Auditor's Responses to Assessed Risks of Material Misstatement*" (the "Audit Evidence and Risk Response" project) and approved the project proposal in December 2024.

Status

In June 2026, the IAASB approved the Exposure Drafts for public consultation, published in August 2026, with a comment deadline until December 15, 2026. In line with the updated priorities within the Strategy and Work Plan 2024-2027, the project is expected to be finalized in December 2027.

2.1. Scoping and objectives of the project

The overarching topics of audit evidence, risk response, technology and internal controls are fundamental to audit methodology and highly relevant to the public interest by achieving enhanced audit quality. The PIOB welcomed that the project proposal sets out the specific objectives for this project as they relate to the Public Interest Framework (PIF) and, upon finalization of the Exposure Drafts, IAASB's comprehensive stand-back analysis supporting its assessment that those proposed revisions holistically achieve the project's intended public interest outcome.

In undertaking its detailed drafting work, the PIOB also encouraged the IAASB to specifically focus on clarity and conciseness as key PIF qualitative characteristics, especially from the perspective of smaller practitioners who may have limited technical resources when implementing standards into their audit methodologies.

2.2. Audit evidence aspects of the project

The PIOB welcomes the fact that the Exposure Drafts, in line with the project proposal, consider several important topics to strengthen the ISA requirements around audit evidence:

- the auditor's role in respect of evaluating the relevance and reliability of information which is used as audit evidence, including clarification of the principles behind the use of analytical procedures and identification of possible fraudulent information or unreliable sources of information (see also 2.5);
- encouraging auditors, where appropriate, to seek external sources of specific information, which could contradict or corroborate audit evidence obtained from the client;
- strengthening professional skepticism in evaluating whether there is sufficient appropriate audit evidence obtained to support the opinion, and regarding the reliability of information which will be used as audit evidence, including cases when there is inconsistency in audit evidence;
- clarifying how the various stand-back requirements across the ISAs work together.

During the development of the Exposure Drafts, substantial discussion has been dedicated to the extant requirement in paragraph 18 of ISA 330, which requires auditors to perform substantive procedures for each material class of transactions, account balance, and disclosure (COTABD), irrespective of the assessed risks of material misstatement. The IAASB has considered several options in respect of this requirement, including its removal, retention, or various modifications. The PIOB acknowledges the IAASB communication of its proposals in respect of this requirement in a transparent manner, considering the views of different stakeholders, including regulators, before it finalized the Exposure Drafts.

Overall, the PIOB emphasizes the importance of considering the balance between requirements in the standards and supporting application material relating to persuasiveness of audit evidence. It is crucial that amendments are made with reference to the PIF qualitative characteristics, in particular, clarity and enforceability, with a view to driving improved auditor behavior and increased audit quality.

2.3. Internal control aspects of the project

The PIOB welcomes the IAASB's proposals in the Exposure Drafts that address instances of inconsistent requirements of ISAs in respect of internal controls to enhance audit quality by:

- making clear in which circumstances an auditor is required to test internal controls, thereby overcoming the limitations of substantive testing;

- clarifying how to address situations where there is a lack of internal controls or inconsistent operations of controls, including deficiencies in pervasive internal controls, such as IT general controls or segregation of duties, within an entity;
- enhancing the exercise of professional skepticism in designing and performing tests of controls, strengthening or clarifying relevant requirements and application material.

The IAASB's proposals aim to clarify and strengthen the auditor's consideration and application of a control-based approach, recognizing expectations of stakeholders that auditors assess the robustness of the system of internal controls of audited entities to manage risks, and that they identify possible material deficiencies. At the same time, the IAASB has considered the scalability of the proposed revisions and has contemplated circumstances where control-based approach could be impracticable or inefficient.

Overall, in the context of the intended enhancements of the standards, the PIOB emphasizes the importance of the public interest in achieving increased audit quality through clearer and enforceable requirements in the area of internal controls.

2.4. Importance of Using Technology

The PIOB welcomes the IAASB's proposals that address various aspects of technology in the proposed standards relating to audit evidence and risk response through the project's focus on the following:

- Principle-based, scalable and proportional requirements and application material that assist in future proofing the standards in relation to the use of technological tools or automated tools and techniques (ATT), including exploration of instances where the use of such tools may be appropriate or even required.
- Relevance and reliability of audit evidence when using technological tools or ATT, including caution against the possible overreliance on information from certain sources. In this context, the PIOB has encouraged outreach with regulators on the risks of improper overreliance on technology tools in audit or overreliance by auditors on IT general controls of audited entities, according to their inspection findings.

Technology is not only relevant in respect of audit evidence and risk response but is a more pervasive theme throughout the whole suite of ISAs, and therefore important for the future evolution of audit (see sections on Technology Quality Management and Catalog).

2.5. Auditor's role with respect to the authenticity of documentation

When revising ISA 240 "*The auditor's responsibilities related to fraud in an audit of financial statements*", the IAASB decided to delete the following sentence from the standard: "*Unless the auditor has reason to believe the contrary, the auditor may accept records and documents as genuine*". It was, however, retained in application material, paragraph A24 of ISA 200 "*Overall objectives of the independent auditor and the conduct of an audit in accordance with ISAs*". The retention of this sentence has raised concerns about the degree of professional skepticism required of auditors across the ISAs, including requirements on robustness of audit evidence. The PIOB notes that some major scandals over recent years involved auditor failures with respect to falsified documents, which generated an expectation that audits should include some procedures to consider this risk.

The PIOB therefore welcomes the IAASB's proposals to address this concern in the Exposure Drafts, including the removal of the leading sentence from ISA 200.A24, which would be replaced by alternative wording stating expectations from auditors to perform work in respect of the authenticity of information, including records or documents. It is in the public interest that the standards consistently reinforce the exercise of professional skepticism to adequately detect and respond to the above-mentioned risks.

3. UPDATED - TECHNOLOGY QUALITY MANAGEMENT

Background

Digitalization profoundly impacts the role of auditors, transforming the way they conduct their work, and the skills required to perform their activities. The use of new or emerging technologies by management in financial and non-financial reporting processes, as well as by auditors in performing audit procedures, introduces new or evolving risks for credibility of financial and non-financial information. The IAASB is currently working on addressing such risks in its standard setting activities.

The Technology Quality Management workstream was introduced at the June 2025 meeting, with a goal to support the consistent and effective application by firms and practitioners of the principles of ISQM 1[1] and ISA 220 (Revised)[2] to emerging technologies, to guide them to responsible innovation and use of tools enabled by such technologies, while contributing to acceptance and clarity for other stakeholders (e.g., regulators, preparers, users).

Status

[1] International Standard on Quality Management 1 (ISQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements.
[2] ISA 220 (Revised), Quality Management for an Audit of Financial Statements.

Following an extensive outreach with a diverse range of stakeholders, the IAASB decided, as an initial step, to pursue the development of non-authoritative material (NAM) and approved an action plan detailing the scope, approach, governance and timetable of the Technology Quality Management (QM) guide series. At the September 2026 meeting, the IAASB started discussing the first drafts of the NAM guides.

3.1. The Need for Comprehensive Outreach and Diversity of Input

The IAASB's roundtables, held with various stakeholders, which took place in the fourth quarter of 2025, were an important part of the due process. Other formats of outreach, including one-to-one discussions, held in order to achieve comprehensive and deep understanding of how firms are approaching the usage of emerging technologies, were equally valuable.

Additionally, it is important to understand how the emerging technologies are used by preparers and users of both financial and non-financial information, and how they impact the role of audit and assurance in enhancing confidence in corporate reporting. Therefore, further outreach with these stakeholder groups is key to gaining a holistic understanding of public interest issues that should be addressed as part of the IAASB's technology initiative.

The established Technology QM Expert Group (EG) is another vehicle through which the IAASB can gather insightful input. The PIOB acknowledges the expertise of the existing EG and the IAASB's approach to include a range of perspectives, across different stakeholders' groups. Equally, the PIOB encourages the continued consideration of diverse views, including those of SMPs and from different jurisdictions, as the project progresses, to support guidance that is scalable, proportionate and responsive to evolving technological developments.

3.2. Approach to the Theme of Technology

The PIOB acknowledges the need for agility in order to address the challenges and opportunities brought by emerging technologies and has noted the IAASB's decision to develop NAM as a timely and effective way of supporting consistent application of its Quality Management Standards to these technologies.

At the same time, the PIOB draws attention to the public interest issue about the development of NAM, which is not subject to due process (see relevant Section in this document).

Because technology-related risks are highly relevant for audit quality, assurance engagement and use of technological tools in evidence gathering, the PIOB reiterates the importance of close coordination with the IESBA. Aspects which both Boards will

have to tackle include what constitutes sufficient human oversight and how to address potential accountability gaps, due to risks of PA's overreliance on technology.

4. UNCHANGED - TECHNOLOGY CATALOG

Background

In 2024, the IAASB issued "The IAASB's Technology Position", a framework aimed to guide the Board's activities relating to the impact of technology on audit and assurance engagements. In 2025 the Board considered a gap analysis of technological aspects of the International Standards on Quality Management (ISQMs) and the International Standards on Auditing (ISAs) (presented as "Catalog of Issues and Possible Actions"). The purpose of the Catalog is to serve as the Board's cross-functional repository for technology-related issues identified. A semi-annual cycle (or more frequently, if needed) has been envisaged for updating this document.

Status

The first two editions of the Catalog were published on the IAASB's website in May 2025 and November 2025.

At the June 2026 meeting, the IAASB discussed an update to the Catalog (version 3).

4.1. Scoping the theme of technology in auditing standards

The PIOB supports the IAASB's focus on the pervasive impact of technology in the development and revision of its standards, to ensure timely response and enhancing audit quality. The IAASB's ongoing work on the gap analysis to identify specific opportunities to enhance the ISAs and ISQMs for technology related matters, and the regular update of the "Technology Catalog", are equally important.

The PIOB notes the importance of the IAASB's maintaining full transparency on the criteria applied to determine the status of the technology issues/themes included in the Catalog, clarifying the triggers for escalation from monitoring to possible standard-setting activities and/or NAM, while explaining the consistency of that process with the Framework for Activities.

The new and emerging technologies, such as advanced data analytics, artificial intelligence (AI), machine learning (ML) and block-chain, have not only brought new risks for auditors, but are reshaping the audit landscape, gradually transforming perspectives on how to undertake the audit and how to maintain the audit trail. Data analytics already enables auditors to identify trends, patterns, and anomalies that may not be apparent through traditional methods. To this end, any revisions of principle-

based standards ought not only to embrace current practice, but also to continue to stay relevant in the evolving technological audit environment.

The IAASB is encouraged to clearly articulate, with reference to the public interest, the challenges that the technological initiative is aiming to address, including the opportunities and risks arising from technology, in the context of the current audit model. At the same time, a common understanding is needed between auditors and users with respect to the scope of the audit and the level of assurance, to avoid a possible widening of the expectation gap.

Considering the overarching impact of technologies on auditors, the PIOB emphasizes the need for co-ordination with the IESBA. It is also important that both Boards benefit to the fullest extent possible from their existing technology expert groups, to ensure an appropriate understanding of the strategic risks associated with technology.

5. UNCHANGED - MAINTENANCE OF THE ISA FOR LESS COMPLEX ENTITIES

Background

The IAASB approved the ISA for Less Complex Entities (LCEs) in 2023, with an effective date in December 2025. The IAASB committed to maintaining the ISA for LCEs after a period of stability of at least three years, to allow adoption and implementation before introducing further revisions.

Status

In December 2025, the IAASB approved the project proposal for the first maintenance project, scoping the recent revisions to ISA 570 *"Going concern"*, *ISA* 240 *"Fraud"*, and the narrow scope amendments from PIE track 2 and Experts.

At the June 2026 meeting, the IAASB approved the ED of the proposed ISA for LCE (Revised), representing the first maintenance update since its initial effective date.

5.1. Ensuring the same level of assurance and audit quality

The PIOB supports the maintenance project to address relevant revisions to ISA 570, ISA 240 and other narrow scope amendments. Incorporating the relevant principles of these revisions should reduce the risks that the ISA for LCEs is perceived as a lower quality standard or achieving less than reasonable assurance.

During the development of the ISA for LCEs, the PIOB stressed that an important aspect of the standard's public interest responsiveness is the balance it should achieve between scalability and proportionality, and ensuring that the standard enables the same level of assurance and audit quality as when applying the full suite of ISAs.

Maintaining this balance is an ongoing key public interest consideration in any future maintenance revisions.

The establishment of the Approach for Maintaining the ISA for LCE will ensure transparency for stakeholders and consistency in execution.

The scope of the changes in the ED approved in June 2026 is acknowledged and aligned with the project objectives. Going forward, the IAASB needs to continue to find the right balance between maintaining the ISA for LCEs updated with the core principles in the ISAs, as they are subsequently revised, and the stability of the standard, avoiding frequent revisions that could impair its consistent implementation.

6. UNCHANGED - ISRE 2410 REVIEW OF INTERIM FINANCIAL INFORMATION

Background

The International Standard on Review Engagements (ISRE) 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* establishes the auditor's responsibilities to provide limited assurance on the interim financial information issued by companies. ISRE 2410 has remained largely unchanged since it was issued in 2005. It was not subject to the Clarity project, nor to conforming and consequential amendments of recent projects. This has resulted in inconsistencies in practice and challenges in its application, as well as increased the risk of jurisdictional fragmentation, due to the development of local standards to address such challenges. Consequently, the IAASB Strategy and Work Plan for 2024-2027 included a project to revise ISRE 2410.

Status

In June 2025, the IAASB approved the project proposal. An exposure draft was approved in March 2026 and issued in May 2026, with a deadline for comment letters on September 3, 2026.

6.1. Clear and robust interim review requirements

Interim financial information provides periodic updates about the financial performance of an entity throughout the year and its review by the auditor enhances the confidence of the intended users of that information. Trustworthy and timely financial information becomes particularly relevant for investors and users in contexts of high volatility and rapid change.

The PIOB supports the revision of ISRE 2410 to support auditors in the performance of review engagements of interim financial information as a matter of public interest. As interim reviews are designed to achieve limited assurance, the revision of the

standard should provide clear guidance to auditors on the work effort required. Careful consideration should be given to the balance between requirements and application material to ensure the standard can be interpreted consistently and subsequently enforced, especially in areas such as materiality, groups and first-review engagements.

The standard should also ensure that review reports are clear for users in respect of the level of assurance achieved. The PIOB acknowledges the IAASB planned engagement with investors and other user groups to assess whether the proposals appropriately address their needs.

In addition, the revisions should incorporate robust procedures, proportionate to limited assurance, in areas such as going concern, fraud and group considerations that have been recently updated and strengthened.

7. UPDATED - TARGETED STANDARDS IN THE ISA 500 SERIES

Background

The IAASB included the modernization of the ISA 500 series (in particular ISA 501, *Audit Evidence–Specific Considerations for Selected Items*, ISA 505, *External Confirmations*, and ISA 530, *Audit Sampling*) in its Strategy and Work Plan (SWP) for 2024-2027, given the feedback received to the Consultation paper on the SWP and the feedback to ED on ISA 500 (ED-500).

In December 2025, the IAASB agreed targeted revisions to modernize ISA 501, with a focus on inventory only, and ISA 505. ISA 530 will not be revised at this point.

Status

At the September 2026 meeting, the IAASB considered a first read of the proposed revised standards, with a view to approving the Exposure Drafts in December 2026. The target completion date of the revisions is Q1 2028, with the aim of aligning the effective dates with those of the AE&RR revised standards.

7.1. Coordination with the Audit Evidence and Risk Response project

This project is closely linked to the AE&RR project and therefore coordination of the two projects is particularly important to ensure coherence with Proposed ISA 500 (Revised) and Proposed ISA 330 (Revised), and the expected subsequent amendments after their consultation period.

The PIOB welcomes the close coordination of the Project Teams from inception of the revisions. Timely cooperation during the targeted outreach for the AE&RR proposed

standards will be important so that any relevant feedback can be considered before finalization of the ISA 500 Series Exposure Drafts.

7.2. External confirmations of Cash and Cash Equivalents and Accounts Receivables

In response to high profile financial reporting frauds, most notably Wirecard, the project proposal identified the need for well executed external confirmation procedures as a key public interest issue.

The PIOB acknowledges the IAASB's ongoing deliberations on the proposed actions to address this issue, which would result in a more robust work effort than currently required. The discussion includes a new proposed requirement to assess whether external confirmations should be obtained for cash and cash equivalents held by third parties when the risk of material misstatement is more than low. The IAASB is exploring whether such requirement should also apply to accounts receivable.

In finalizing the proposals, the IAASB is encouraged to clearly articulate and communicate the basis for its decision to introduce a threshold that may result in auditors concluding, in certain circumstances, that external confirmations may not be the most appropriate response for significant cash and cash equivalent balances held by financial institutions.

8. UNCHANGED - ASSURANCE ON SUSTAINABILITY REPORTING (ISSA 5000)

Background

Following the PIOB certification of the IESBA and IAASB sustainability standards, completed in January 2025, market participants and policymakers around the world now have a robust global baseline to instill confidence in sustainability reporting. Sustainability reporting has wide relevance for users both within and outside of capital markets and it requires additional information sources and the exercise of key judgments beyond financial reporting. There are also heightened risks, such as greenwashing, where organizations might seek to misrepresent their performance. Avoiding such risks, which could undermine public trust and capital flows into sustainable development, is clearly in the public interest.

The IAASB sustainability assurance standard, ISSA 5000, was developed in an accelerated timeline, to meet, to the greatest extent possible, the expectations of users placing reliance on reported information. The next step is a successful implementation of ISSA 5000, which will not only require further work of the IAASB,

but also significant input from assurance practitioners, regulators, preparers and those charged with governance[3].

As sustainability reporting and assurance are at the start of a long journey and the new IAASB standard is central to this journey, it will necessarily need to evolve in line with public interest needs. The PIOB is encouraging all stakeholders to share feedback from implementation, draw key lessons from experience, to enable timely refinements to the standard.

Status

The IAASB approved ISSA 5000 in September 2024, and the PIOB certified in November 2024 that it followed due process and is responsive to the public interest. The Public Interest Issues below reflect the key matters noted in the "Background" section above and highlight those areas that require further refinement in the context of the necessary evolution of the standard.

8.1. Supporting implementation through monitoring and rapid response

As sustainability assurance is a relatively new field and ISSA 5000 is an overarching standard, it should be foreseen that questions will arise, and necessary clarifications will be needed across jurisdictions as sustainability assurance practitioners start implementing the standard.

The PIOB encouraged the IAASB to create an effective monitoring and rapid response mechanism(s) to monitor and identify implementation challenges and to respond to them appropriately. In this context, the PIOB welcomes the "Sustainability Assurance Implementation Group" (SAIG) and the "ISSA 5000 Technical Implementation Group" (TICG) which have been providing insights, feedback or advice on identified areas relating to the implementation of ISSA 5000. Engaging all relevant stakeholders as an integral part of the monitoring and rapid response mechanism(s), will help ensure the successful adoption and implementation of ISSA 5000 through wide collaboration within the sustainability ecosystem, which is undergoing constant evolution in various jurisdictions.

The PIOB also emphasized the need for coordination with the IESBA and welcomes the appointments of an IESBA observer on the TICG and an IAASB observer on the

[3] *The PIOB notes that, in the context of implementation of the global standards on sustainability assurance, there are public interest matters beyond the remit of the IAASB. The implementation will require a robust level of public interest oversight, where regulators and those charged with governance have a role to ensure that preparers of the sustainability information as well as assurance providers have the appropriate skills and experience and comply with ethical reporting and assurance standards.*

corresponding working group of the IESBA as well as joint outreach activities and publication of supporting implementation materials.

8.2. ISSA on Group sustainability assurance

We expect that ISSA 5000 will most likely at first be applied on assurance engagements of sustainability reporting by large corporations, which mostly have group structures and require input of a diverse range of professionals. The PIOB welcomed the initiative of the IAASB to address our earlier concerns in respect of group structures, by, as an interim measure, including overriding principles within ISSA 5000 for group sustainability assurance engagements. The PIOB recommends the IAASB, as part of its future work on sustainability, addresses in further detail matters specifically related to group assurance engagements, potentially in a dedicated ISSA similar to ISA 600 (Revised) *"Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)"*, or in a future development of ISSA 5000. This could include matters such as materiality, supervision of the work of component practitioners, value chain components and communication among members of the engagement team, among others.

8.3. Communication between different assurance providers

Based on the inter-connectivity between sustainability and financial reporting, the PIOB underlines the importance of broader two-way communication between various assurance providers, to ensure adequate and timely follow-up of identified issues in both the financial statements audit and the sustainability assurance engagements. While communication may be more straightforward where the financial statements auditor is from the same firm, or a member of the same network, as the sustainability assurance provider, the communication is necessary in all cases, including where different individuals and firms are involved.

The PIOB noted that, due to time constraints and recognizing the overall benefits of finalizing the new standard before the end of 2024, ISSA 5000 only contains requirements for one-way communication by the sustainability assurance provider, without consequential amendments to relevant ISAs. The PIOB encourages the IAASB to address the need for two-way communication in future sustainability-related work on the ISAs, including the issues of confidentiality and timing of sustainability and financial reporting.

8.4. Key audit matters in sustainability assurance reports

One of the public interest considerations during the development of ISSA 5000 was whether to include a requirement for Key Audit Matters (KAMs) in the sustainability

assurance report. The PIOB notes that the IAASB concluded not to include such a requirement, even in the instance of public interest entities (PIEs), with reasoning in this regard explained in terms of the balance between costs and benefits. We acknowledge and support the IAASB's commitment to consider addressing the use of KAMs in the future development of sustainability assurance standards.

9. UNCHANGED - LISTED ENTITY AND PUBLIC INTEREST ENTITY

Background

The IAASB has amended the ISQMs and the ISAs in response to the IESBA's revisions of the definitions of Listed Entity and Public Interest Entity (PIE) in the Code of Ethics. In a first phase, transparency requirements regarding independence in the audit report (ISA 700) and in communication with those charged with governance (ISA 260) were addressed (certified by the PIOB in 2023).

In a second phase, the IAASB aimed to converge the concepts between the Code, ISQMs and other ISAs, to the greatest extent possible, and to consider whether differential requirements should be extended to all PIEs. During the development of this project, the IAASB noted that the adoption of the IESBA's definition of PIE would pose the risk of jurisdictional differences in the application of the ISAs, as allowed by the IESBA's definition. Hence, in June 2025 the IAASB approved the adoption of the definition of Publicly Traded Entity (PTE), one of the categories of PIE in the IESBA Code, to replace the term "Listed Entity" in its standards, instead of adopting the PIE definition of the Code. This approach supports interoperability between the ISAs and the Code, while ensuring consistent implementation of the ISAs across jurisdictions. The IAASB has further introduced a framework to guide the auditor in determining whether other entities may warrant treatment similar to PTEs.

Status

The PIOB certified in August 2025 that the narrow scope amendments followed due process and are responsive to the public interest.

The PIOB is of the view that further alignment towards a single PIE definition is necessary in the public interest and note that IAASB and IESBA have committed to a joint action to address this matter.

9.1. Adoption of a Public Interest Entity definition in the IAASB Standards

The definition of PIE is crucial to determine the categories of entities that are subject to stricter (differential) requirements in the ISAs, ISQMs and the Code of Ethics. This

treatment is responsive to heightened expectations over the audit of these entities because of the significance of the public interest in their financial condition.

The PIOB views the IAASB's approach to adopt only the PTE definition to be a pragmatic and constructive first step towards alignment with the IESBA's broader PIE definition and to further consider extending differential requirements in the IAASB standards to all categories of PIEs.

The PIOB considers that the IAASB and IESBA should address underlying matters which have to date hindered the global adoption of an interoperable PIE definition with categories beyond PTEs. This requires a joint project by the IAASB and the IESBA as the most appropriate route to achieve such definition.

The joint initiative should commence as soon as practicable, integrating evidence from the IESBA's post-implementation review of its PIE definition, scheduled for 2027, as committed by the IAASB and IESBA.

OVERARCHING PUBLIC INTEREST MATTERS

10. UNCHANGED - INTEROPERABILITY OF ETHICS AND AUDIT: IAASB AND IESBA COORDINATION

The PIOB notes that ethics and audit are two sides of the same coin, both from practitioners' and users' perspectives, as standards need to be interoperable to properly serve the public interest.

The PIOB acknowledges that the IAASB and IESBA coordinate their efforts at different stages of the development cycle of standards to determine potential implications on their respective projects, in alignment with the Public Interest Framework. In some instances, however, due to the complexity and nature of the topic and the challenge of achieving coherence in the standards, projects would require further joint efforts e.g. through joint board sessions, joint project teams, and potentially also by recasting some projects as joint projects.

A joint approach will enable the IAASB and IESBA to identify risks, opportunities, and impacts at an early stage for topics that overlap between ethics and audit and assurance. Clear communication of these matters will enhance stakeholders' understanding of the respective roles of ethics and audit and assurance, as well as their interdependence. The PIOB therefore encourages the IAASB and IESBA to consider whether to deepen the cooperation and coordination in the following projects and initiatives:

- Implementation of Sustainability standards (see Section 8 and IESBA Public Interest Issues)

- Definition of Public Interest Entity (see Section 9)
- Technology (see Sections 2.4, 3 and 4 and IESBA Public Interest Issues)
- Firm Culture and Governance and ISQM1 (see IESBA Public Interest Issues)
- Private Equity Investments (see IESBA Public Interest Issues)
- Evolution of the use of NAM (see Section 11 and IESBA Public Interest Issues).

In this context, the PIOB strongly supports the proposal to launch a joint survey by the IAASB and IESBA to inform the preparation of the Boards' next Strategies and Work Plans, which raises awareness among stakeholders of the critical role that both standard-setting boards play in the development of high quality interoperable ethical and assurance standards.

11. UPDATED - EVOLUTION OF THE USE OF NON-AUTHORITATIVE MATERIAL AND OVERSIGHT

Background

In the current hierarchy of the IAASB's publications, NAM provides practical, voluntary guidance to help in the application of the IAASB's standards. NAM does not override or modify authoritative standards but supports their consistent implementation and application in practice. In a number of ongoing workstreams, questions are arising about this hierarchy in view of the evolution in the use of NAM and the role of public interest oversight.

The IAASB is using NAM in the complex area of technology quality management. In order to enhance credibility and authority of such NAM, the IAASB will require board approval (so called "Channel 4" of IAASB's Framework for Activities) and place a greater reliance on input from external experts. Similarly, the IESBA is using NAM in the areas of Firm Culture and Governance, Technology, and Collective Investment Vehicles and Pension Funds.

11.1. NAM development and oversight

The IAASB's principle-based quality management standards are designed to be neutral to specific technologies. In this context, NAM is considered a timely and effective tool to support the consistent application of those principles in practice, allowing the IAASB to address the rapid evolution of emerging technologies while maintaining the principle-based nature of the standards.

The increased use of NAM, however, raises public interest concerns about their non-authoritative nature and the fact that its development is not subject to due process, not requiring public consultation and PIOB certification. It is therefore important to

balance the need for agility in rapidly changing environments with transparency and public interest oversight. This includes leveraging specialized expert input with limited consultation while retaining the IAASB's ownership and accountability for NAM content.

Moreover, attention should be paid to the risk that overreliance on NAM could result in a perception that they are de facto requirements, thereby compromising principles-based standard-setting.

Public interest oversight may also need to evolve to help achieve this balance and ensure that NAM does not replace standard setting where this is needed.

11.2. Coordination and consistent approach for both SSBs

As some of the topics for which NAM are developed by each SSB are interrelated, it is essential to coordinate the technical contents of the materials and take into account possible impacts of NAM issued by IAASB on the IESBA's projects, and vice versa.

The PIOB also emphasizes the importance of establishing transparent and consistent approaches for both boards. Such approaches, although outside of the due process established for authoritative standards, would enhance the credibility and authority of the NAM in the public interest.