

29 May 2026

International Auditing and Assurance Standards Board  
To: Mr. Thomas R. Seidenstein (Chair)

International Ethics Standards Board for Accountants  
To: Ms. Gabriela Figueiredo Dias (Chair)

570 Lexington Avenue  
New York  
10022 USA  
Submitted electronically

**Subject: Comments on Joint IESBA and IAASB Stakeholder Survey**

Dear Mr. Seidenstein and Ms. Figueiredo Dias,

1. The International Forum of Independent Audit Regulators (IFIAR) appreciates the opportunity to respond to the International Ethics Standards Board for Accountants (IESBA) and International Auditing and Assurance Standards Board (IAASB) joint global stakeholder survey.
2. As an international organization of independent audit oversight regulators that share the goal of serving the public interest and enhancing investor protection, IFIAR is committed to improving audit quality globally through the promotion of high-quality auditing and professional standards, as well as other pronouncements and statements.
3. IFIAR's objectives are as follows:
  - Sharing knowledge of the audit market environment and practical experience of independent audit regulatory activity, with a focus on inspections of auditors and audit firms.
  - Promoting collaboration and consistency in regulatory activity.
  - Initiating and leading dialogue with other policy-makers and organizations that have an interest in audit quality.
  - Forming common and consistent views or positions on matters of importance to its members, while taking into account the legal mandates and missions of individual members.
4. The comments we provide reflect the views expressed by many, but not necessarily all, of the members of IFIAR. However, the comments are not intended to include, or reflect, all of the views that might be provided by individual members on behalf of their respective organization.
5. Where we did not comment on certain specific matters, this should not be interpreted as either approval or disapproval by IFIAR.

## Overall comments

6. We appreciate the efforts by the IAASB and IESBA to seek input on their strategy and activities to ensure their activities and pronouncements continue to serve the public interest through high quality, interoperable, and complementary auditing, assurance, ethics and independence standards.
7. IFIAR stresses the need for greater coordination across the global standard setting and regulatory ecosystem, including accounting, auditing, ethics and independence standard setters, securities and audit regulators. Strong coordination is critical to support consistent, high-quality application of standards worldwide. IFIAR encourages further coordination of the IAASB and IESBA on projects that have significant overlap, including on the current workstream on firm culture and governance and future projects. In this context, IFIAR notes that ethical considerations, which are fundamental for quality audits, represent one component of the broader and interconnected principles dealt with in international standards on quality management (ISQM 1).
8. IFIAR continues to support the development and improvement of high quality auditing, ethics and independence standards that enhance audit quality and reliability and promote global consistency. IFIAR also highlights the importance of standards that are principle based, scalable, and responsive to emerging risks and opportunities, including technological developments, and addressing stakeholder expectations in the public interest. Clarity of the pronouncements are also a key feature to allow for consistent application and enforceability.
9. IFIAR has identified the following key trends from the IAASB and IESBA Joint Survey that are likely to be most influential in shaping audit quality, ethical behavior and public trust during the IAASB's and IESBA's next strategy period:
  - Increasing Use of Emerging Technologies
  - Alternative Ownership Structures
  - Call for Greater Agility in Standard Setting
10. IFIAR would also like to take this opportunity to emphasize the importance of standard setting projects in the areas of:
  - Materiality for Audits
  - Audit Evidence and Risk Response

## Increasing Use of Emerging Technologies

11. The increasing use of emerging technologies, including artificial intelligence, along with greater automation is already affecting and will continue to shape the future of auditing. IFIAR Members have noted challenges related to the consistent application of standards when using data-enabled audit tools and in audits of technology-enabled businesses.
12. IFIAR encourages the IAASB and IESBA in the rapidly evolving environment to monitor evolutions and ensure that the international standards and pronouncements remain relevant and fit for purpose. Amongst other trends, strong systems of quality management are critical within audit firms in supporting the development or acquisition, testing, deployment and on-

going monitoring of audit tools. To support this objective, IFIAR encourages the IAASB and IESBA to include in the priorities:

- Clarifications around the expectations for nature and sufficiency of audit evidence obtained through automated tools.
- Timely development of pronouncements that will support consistent application of the International Standards on Auditing (ISAs) in a technology-enabled environment, including through guidance where appropriate.
- Consideration of how to best deal with governance, oversight, approval or other mechanisms to be developed to support confidence that audit tools are fit for purpose, operate as intended, are used appropriately by auditors, and produce reliable audit evidence.

13. The evolution in the timeliness of entities' reporting, and the implications for the audit thereon should also be taken into consideration in setting the strategy. As reporting increasingly relies on digital formats (e.g. digitized financial statements, sustainability related information or other information that is used in financial reporting), there is a need for continued consideration of the related assurance implications.

14. IFIAR also continues to highlight the importance of fostering coordination and cooperation in the setting of auditing, assurance and ethical standards. When defining strategic priorities, emerging technologies should be jointly addressed by the IAASB and IESBA to ensure consistency and completeness.

### **Alternative Ownership Structures**

15. Private investment in audit firms is a major trend that IFIAR identified as an area that poses risks to audit quality. Close collaboration between the IAASB and IESBA will be important in responding to evolving risks associated with alternative ownership structures, including private equity investment in audit firms. These developments raise fundamental questions about firm culture, governance, and the safeguarding of auditor independence and objectivity.

16. Timely guidance or standards will be essential to respond to emerging challenges and ensure that:

- The public interest is protected as firm ownership and incentive structures evolve.
- Quality management systems adequately address risks arising from new ownership models.
- The value, credibility and trust in the audit are maintained.

### **Call for Greater Agility in Standard Setting**

17. The accelerated use of AI increases the risk that standards grounded only in detailed or prescriptive requirements will quickly become obsolete. To remain effective as technology evolves, standards should remain inherently principles-based, enabling them to apply across changing tools, systems, and use cases. While increased agility in standard setting is important to respond to emerging risks and trends, this must be balanced with due process, clarity, and a strong public interest focus.

18. Key considerations for the IAASB and IESBA include:

- Targeted scope standard setting projects where clarification of the ISAs or the IESBA Code is needed.
- Development of guidance, where appropriate, to be developed in a timely manner while not compromising the quality of the process put in place to incorporate stakeholders' views.
- Continued consideration of scalability and proportionality, particularly for smaller and less complex firms.
- Timely post implementation reviews to assess whether standards are operating as intended across jurisdictions and firm sizes.

### **Materiality for Audits**

19. IFIAR believes that a project on materiality should be given priority as an additional workstream for the IAASB as IFIAR Members continue to raise concerns regarding the application and concept of materiality under the current international standards. Materiality is a fundamental principle in auditing, and additional guidance or targeted clarifications in the ISAs would help to promote more consistent application by auditors. Given the priority attached to this topic, it is important that the project is taken on board and progresses without further delay.

### **Audit Evidence and Risk Response Project**

20. IFIAR stresses the importance of completing the audit evidence and risk response project in a timely manner, ensuring due process and consideration of IFIAR's previous comments and feedback. Sufficient resources should be allocated to deliver high-quality standards that will help to enhance audit quality.

### **Other Trends of importance**

21. In addition to the items outlined above, IFIAR has noted several other trends that can have an influence in shaping audit quality and should be monitored by the IAASB and IESBA:

#### *Digital Assets and Institutionalization of Digital Assets*

22. The growing use and institutionalization of digital assets present auditing challenges due to complex technologies and ownership, valuation, rights and obligations considerations. The need for specific guidance should be considered by the IAASB and IESBA as practice evolves.

#### *Financial Crimes Enabled by Technology*

23. Increasing reliance on digital systems heightens risks related to data integrity, confidentiality, and cyber resilience. Practical guidance could assist auditors in appropriately considering these risks.

#### *Continuing Demand for Sustainability Reporting and Assurance*

24. While public opinion, attention, and speed in implementation may fluctuate, demand for sustainability information and assurance continues to develop. Experience with early implementation of ISSA 5000, General Requirements for Sustainability Assurance

Engagements, as well as International Ethics Standards for Substantiality Assurance (IESSA) may provide useful lessons around consistent application.

*Increased Involvement of Non-Professional Accountants in the Accounting and Auditing Profession*

25. IFIAR recognizes that involvement of non-professional accountants in the accounting and auditing profession has the ability to enhance audit quality by providing specialized expertise from disciplines such as technology, data science, law, consulting and sustainability. The IAASB and IESBA should facilitate auditors' understanding and supervision of the work of these professionals with a view to further integrate them into their audit team, where relevant. The involvement of non-professional accountants also raises considerations related to supervision, quality management, ethics and independence. Coordination between the IAASB and IESBA continue to be important to arrive at a solution that does not create unnecessary complexity and can be seamlessly integrated with a firm's system of quality management.

Please do not hesitate to contact me or Stacy Hammett, Chair of the IFIAR Standards Coordination Working Group (SCWG), to discuss any of our comments.

Yours sincerely,



Kevin Prendergast, IFIAR Chair

Cc: Chia-Tern Huey Min, IFIAR Vice Chair  
Stacy Hammett, IFIAR SCWG Chair,  
Marjolein Doblado, IFIAR SCWG Vice Chair  
Julia Rendschmidt, IFIAR Executive Director