



# IAASB Update

**Recent Amendments to Standards: Quality Management, Fraud, Going Concern, Group Audits, Sustainability Assurance, and the ISA for LCE**

World Bank – EAASURE Regional Program  
Webinar, February 11, 2026



# IAASB Update Agenda

## IAASB Presentations

- Quality Management (QM) Standards – Wille Botha, Program & Senior Director
- Fraud – ISA 240 (Revised) – Angelo Giardina, Principal
- Going Concern – ISA 570 (Revised 2024) - Kalina Shukarova Savovska, Director
- Group Audits – ISA 600 (Revised) – Jasper van den Hout, Director
- Sustainability Assurance ISSA 5000 – Claire Grayston, Principal
- ISA for Less Complex Entities (ISA for LCE) – Jasper van den Hout, Director

**Questions and Answers Session** – Moderator: José Rezk, EduCoP TTL, The World Bank

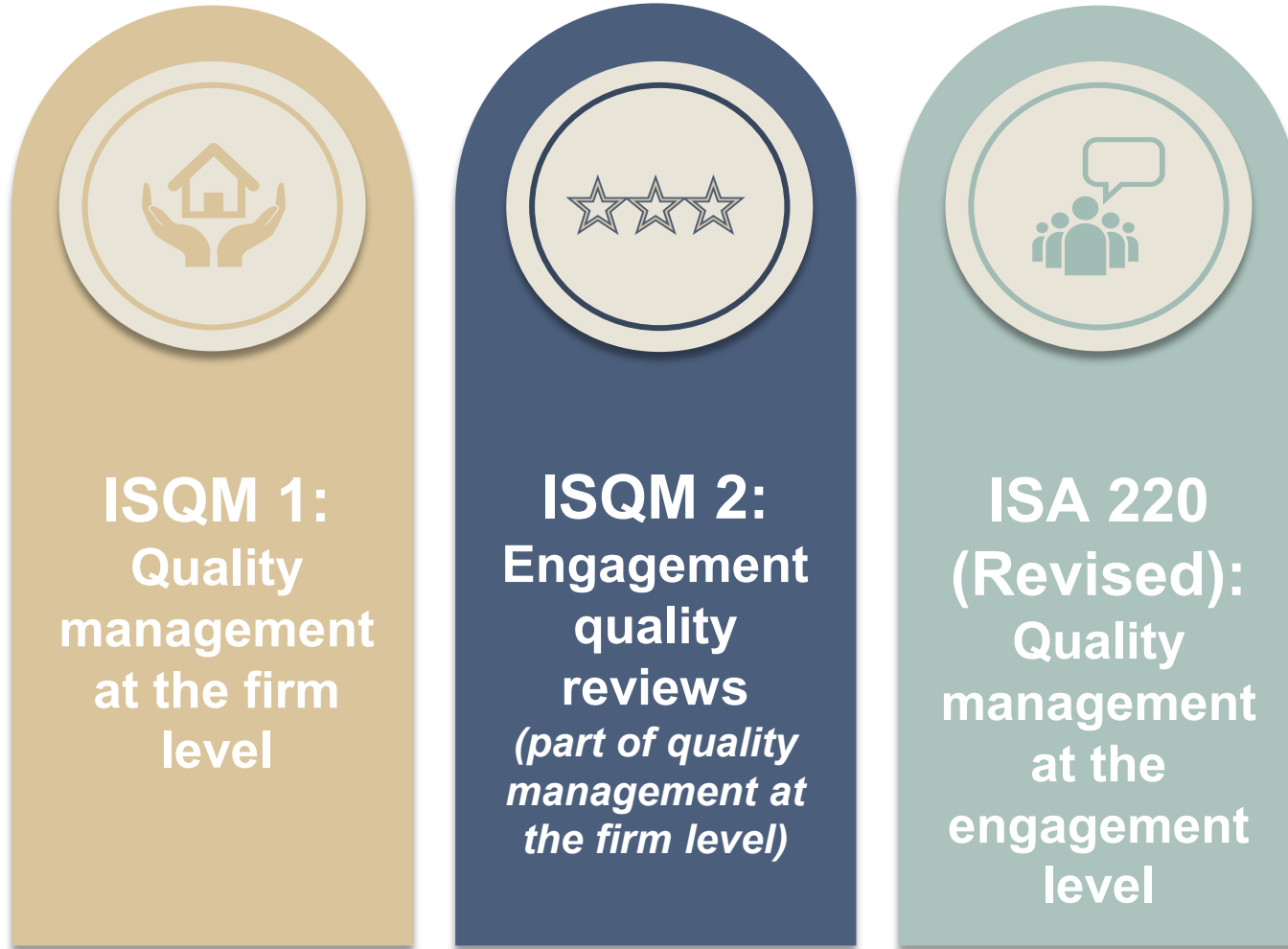
# Quality Management (QM) Standards

See also IAASB Focus [Webpage](#) for Resources

Willie Botha

*Program & Senior Director, IAASB*

# QM Standards – Driving A Step Change in Focus on Quality



Driving greater confidence and trust in the economy and functioning of the markets by:

- Responding to a changing environment
- Improving the robustness and effectiveness of the quality management standards
- Addressing growing market participant needs

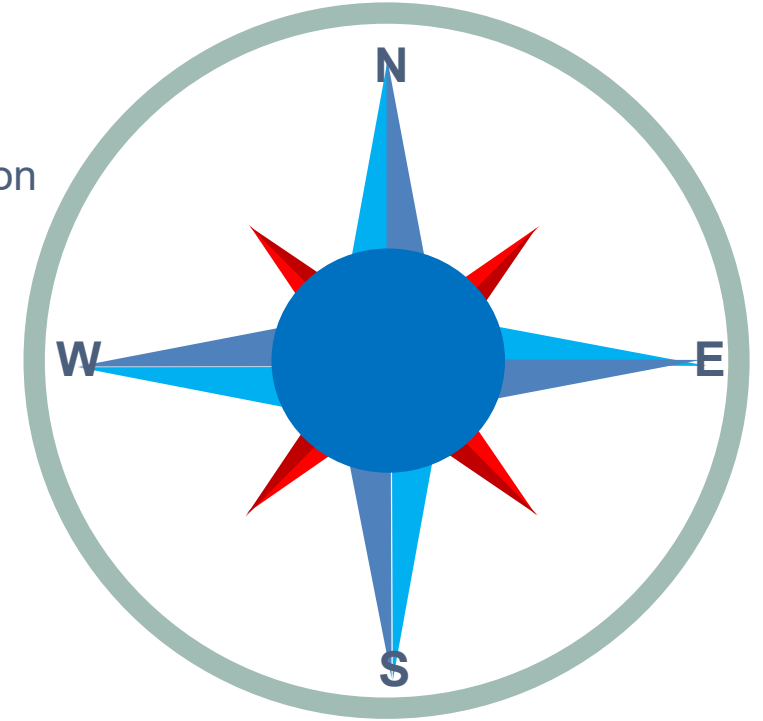
# ISQM 1: Components of System of Quality Management (SOQM)



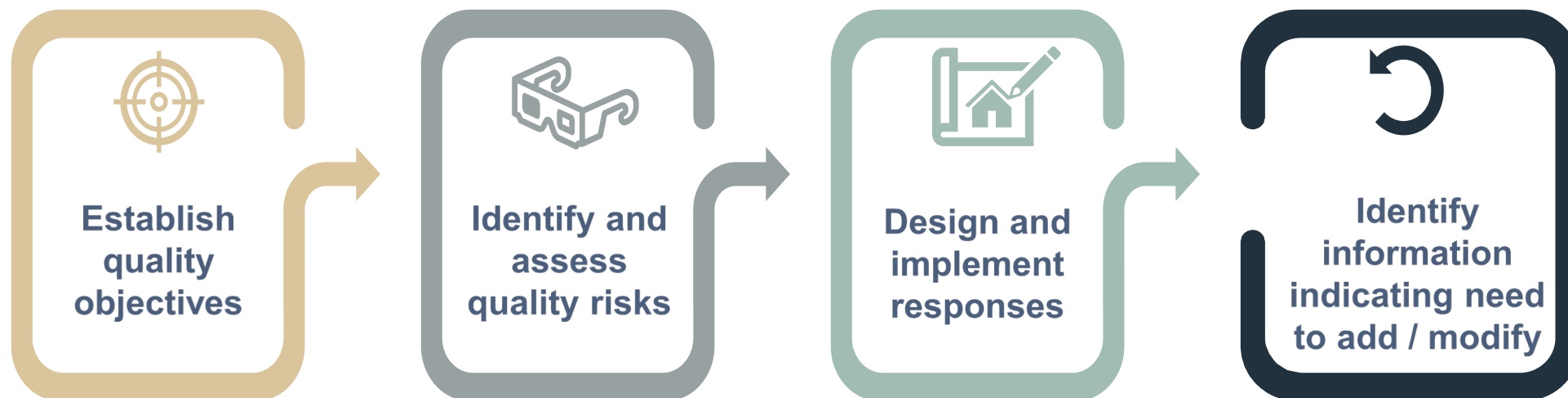
- New focus on quality management, through a risk-based approach
- Proactive approach, with a continual flow of remediation and improvement
- Tailored system, scalable to the nature and circumstances of the firm and the engagements it performs

# ISQM 1: Governance and Leadership and Overall Responsibility for the System

- Leadership
  - Specified responsibilities
  - Required to undertake an annual evaluation of the system and conclude thereon
  - Appropriate qualifications, influence and authority
  - Periodic performance evaluations of leadership
- Focus on culture that demonstrates a commitment to quality, which permeates throughout the firm
  - The firm's role in serving the public interest
  - Links quality to the firm's strategic decisions and actions
- Other matters
  - Organizational structure and assignment of roles, responsibilities and authority
  - Resources planning, including financial resources



# ISQM 1: Two Key Processes – Firm’s Risk Assessment Process



- Quality objectives required by ISQM 1
- Additional quality objectives when necessary to achieve the objective of the standard

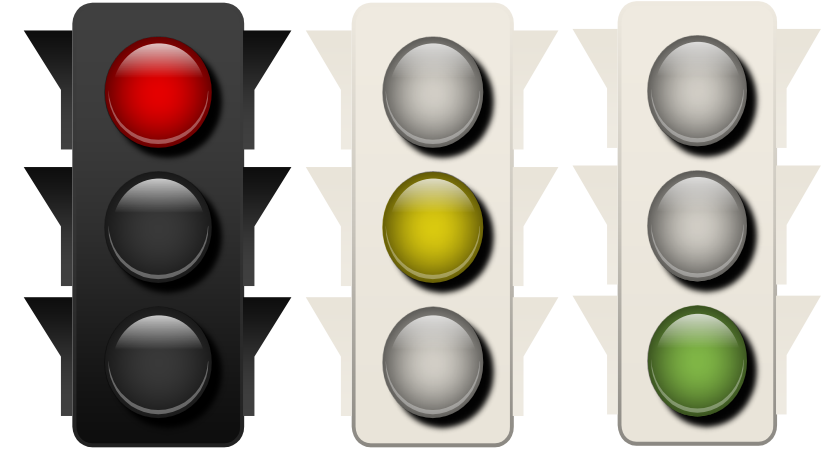
- Risks with a reasonable possibility of occurring and affecting the achievement of a quality objective
- Understand conditions, events, circumstances, actions or inactions

- Design and implement firm’s responses, and include certain responses specified in the standard

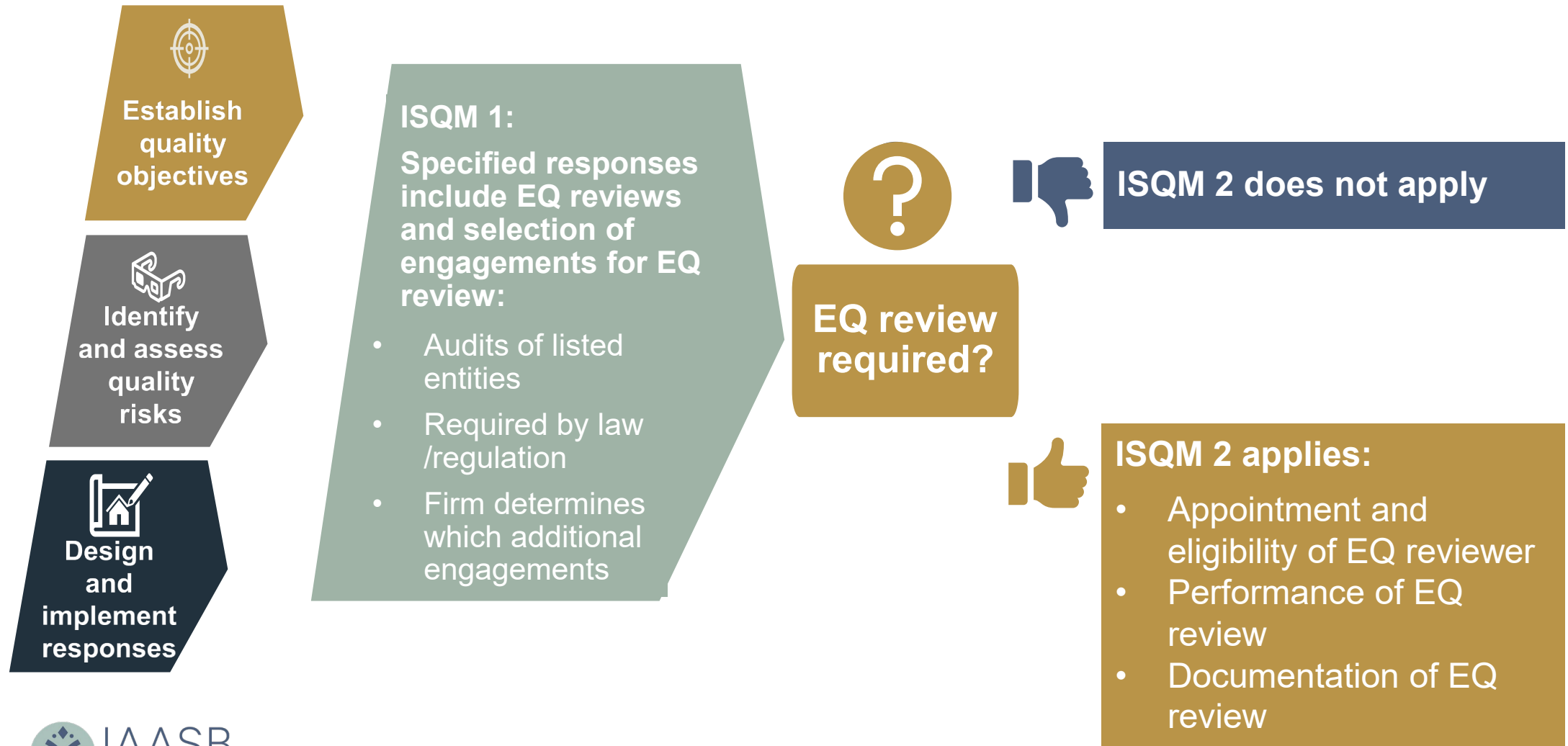
- Identify information indicating the need for additions / modifications to quality objectives, quality risks or responses

# ISQM 1: Two Key Processes – Monitoring & Remediation

- Monitor the *whole* system
- Tailor monitoring activities
  - Depends on many factors, e.g., design of system, circumstances of the firm, changes in the system, information known about the system
- Inspect completed engagements
  - Increased focus on appropriate selection taking into consideration risk and other monitoring activities
  - Select engagement partners on a cyclical basis
- Framework for evaluating findings and identifying deficiencies, and evaluating severity and pervasiveness of deficiencies
  - Includes investigating the root cause(s) of deficiencies
- Appropriate remediation of deficiencies, and determining that remedial actions are effective
- Communication to leadership, engagement teams and others



# ISQM 2: Firm-level Response Implemented at Engagement Level



# ISA 220 (Revised): Some Key Elements that Drive QM at Engagement Level

- **Engagement partner has overall responsibility for managing and achieving quality**
  - Sufficiently and appropriately involved throughout the audit
  - Environment that emphasizes firm's culture and expected behavior of engagement team members
- **Human, technological and intellectual resources**
  - Revised definitions of engagement partner and engagement team
  - Sufficient and appropriate resources for engagement
  - Take appropriate action if resources are insufficient or inappropriate
- **Engagement performance**
  - Tailor nature, timing and extent of direction, supervision and review to nature and circumstances of engagement and resources
  - Clarity on what engagement partner needs to review
- **Stand-back on overall responsibility for managing and achieving quality**



# Fraud – ISA 240 (Revised)

Angelo Giardina  
*Principal, IAASB*

# Fraud: Drivers for the Project

High-profile  
corporate  
failures

Auditors'  
responsibilities  
relating to fraud

# Fraud: Project Objectives that Support the Public Interest



Clarify the role and responsibilities of the auditor for fraud in an audit of financial statements



Promote consistent behavior and facilitate effective responses to identified risks of material misstatement (RoMMs) due to fraud



Reinforce the importance, throughout the audit, of the appropriate exercise of professional skepticism in fraud-related audit procedures



Enhance transparency on fraud-related procedures where appropriate, including strengthening communications with those charged with governance (TCWG) and the reporting requirements in ISA 240 and other relevant ISAs

# Fraud: Promoting Consistent Practice and Changing Auditor Behavior



Reinforcing the exercise of **PROFESSIONAL SKEPTICISM** throughout the audit

Clarity and emphasis on the auditor's responsibilities



Applying a *fraud lens* on risk identification and assessment



Transparency on Key Audit Matters (KAMs) related to fraud in the auditor's report



Ongoing communications throughout the audit with management and TCWG about matters related to fraud



Robust work effort requirements if fraud or suspected fraud is identified

Enhancing **AUDIT DOCUMENTATION** requirements



# Fraud: What's Next?



# Going Concern – ISA 570 (Revised 2024)

Kalina Shukarova Savovska

*Director, IAASB*

# Project Drivers & Objectives

Corporate failures

Global and regional conditions: war, pandemic

Economic environment

Increased focus on going concern & stakeholder's expectations for a more robust standard and enhanced transparency

Promote consistent practice and behavior by auditors

Strengthen the auditor's evaluation of management's assessment

Enhance transparency related to going concern

# Clarity for Concepts and Terminology

## New definition of Material Uncertainty Related to Going Concern (MURGC)

**MURGC =**

Unresolved events or conditions that individually or collectively *may cast significant doubt*

Likelihood of occurrence



Events or Conditions



Management's plans for future actions

Magnitude of potential impact

# Robust Framework for Auditing Going Concern

## Strengthened Auditor's Work Effort

Thorough Risk Assessment and Related Procedures

Required Audit Procedures to Evaluate Management's Assessment of Going Concern

Extended Commencement Date of the Period of Management's Assessment

Evaluating Both Ability and Intent of Management to Carry Out its Plans for Future Actions

# Enhanced Transparency for Going Concern

## Reinforced and Robust Auditor Communications

Explicit statements in all auditor's reports about the auditor's conclusions relating to going concern & enhanced reporting for listed entities

Strengthened and clarified requirements to enhance timely, two-way communication with those charged with governance throughout the audit engagement

Obligation to communicate with appropriate authorities outside the entity when law, regulation or relevant ethical requirements set out requirements, responsibilities or rights to do so

# Implications to the Auditor's Report

<b>Overview of the Enhanced Auditor's Reporting Model</b> <b>When the Auditor's Opinion is not Modified in Relation to Going Concern</b>		
<i>Applicability</i>	<b>Going Concern Section</b> (No Material Uncertainty Exists)	<b>MURGC Section</b> (Material Uncertainty Exists and Adequate Disclosures is Made in the Financial Statements)
<b>For all entities</b>	The auditor explicitly states that: <sup>(*)</sup> <ul style="list-style-type: none"> <li>• They concluded that management's use of the going concern basis of accounting is appropriate</li> <li>• A material uncertainty has not been identified</li> </ul>	The auditor explicitly states that: <sup>(*)</sup> <ul style="list-style-type: none"> <li>• They concluded that management's use of the going concern basis of accounting is appropriate</li> <li>• A material uncertainty exists</li> <li>• The auditor's opinion is not modified</li> </ul>
<b>For listed entities</b>	<ul style="list-style-type: none"> <li>• When significant judgments are made by management a description of how the auditor evaluated management's assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Description of how the auditor evaluated management's assessment</li> </ul>

<sup>(\*)</sup> Accompanying context is provided to the explicit statements to emphasize that they are not an opinion on a discrete matter in the audit nor a guarantee as to the entity's ability to continue as a going concern. In addition, when uncertainty exists, the auditor is required to include a reference to the related disclosure(s) in the financial statements.

# Implementation Resources



## Basis for Conclusion Final Pronouncement Fact Sheet

## Frequently Asked Questions

Visit the IAASB website: [www.iaasb.org](http://www.iaasb.org)

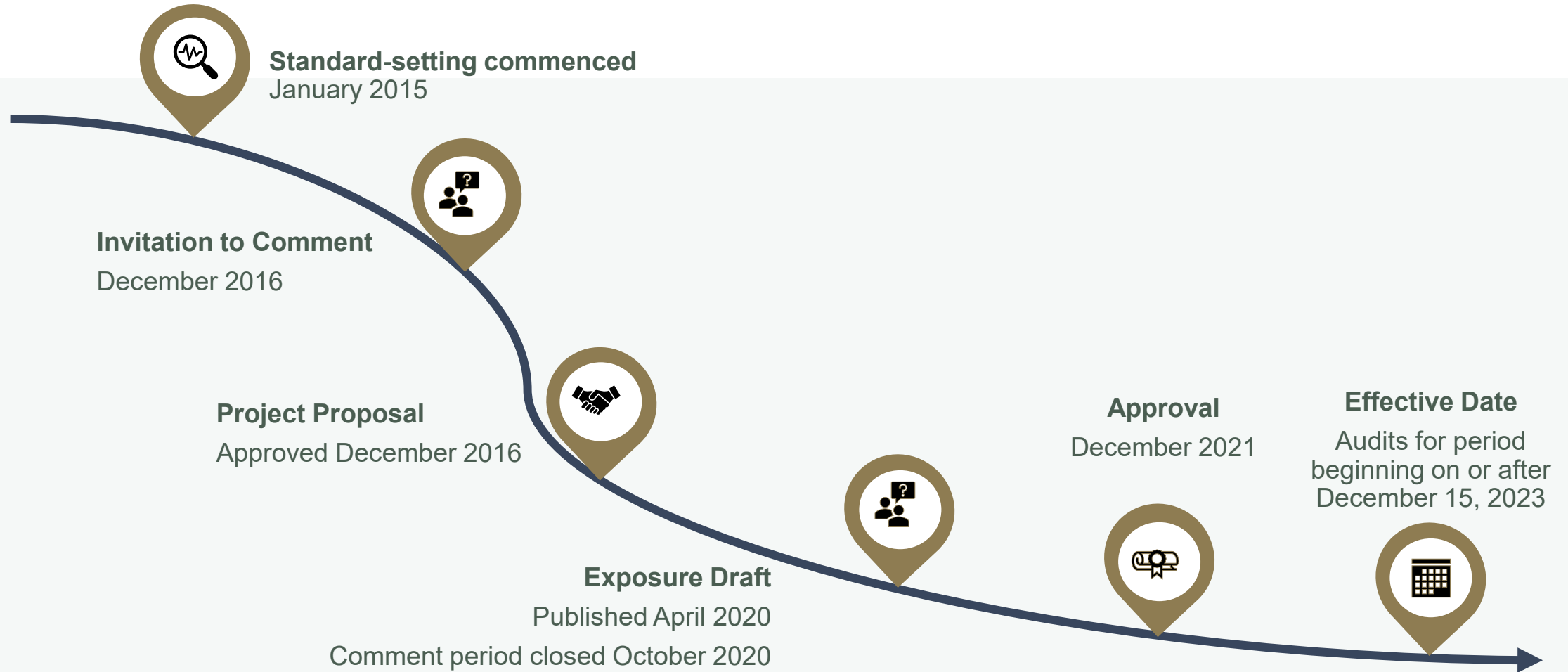
Effective  
December 15,  
2026



# Group Audits – ISA 600 (Revised)

Jasper van den Hout  
*Director, IAASB*

# Group Audits: The IAASB's Journey



# Group Audits: Project Objectives that Support the Public Interest



Keeping the IAASB's standard on group audits fit for purpose



Encouraging proactive management of quality



Fostering an appropriately independent and challenging skeptical mindset of the auditor



Reinforcing the need for robust communication and interactions during the audit

# Group Audits: Key Enhancements

- Enhanced the documentation requirements
- Strengthened and clarified the communication and interactions
- Clarified how the concepts of materiality and aggregation risk apply in a group audit
- Established a framework for planning and performing a group audit engagement (Risk-based approach)
- Clarified how to overcome restrictions on access to people and information, and audit documentation



- Clarified the scope of the standard
- Clarified and reinforced that all ISAs need to be applied in a group audit engagement through stronger linkages to the other ISAs
- Introduced a principles-based approach that is adaptable to a wide variety of circumstances, and which is scalable
- Clarified how the requirements in ISA 220 (Revised) apply to manage and achieve audit quality in a group audit
- Emphasized the importance of professional skepticism

# Group Audits: Risk-Based Approach

## What is the risk-based approach?

The risk-based approach is a framework for planning and performing a group audit engagement

The risk-based approach emphasizes the need to think about **what**, **how** and by **whom** and **where**, work is to be performed

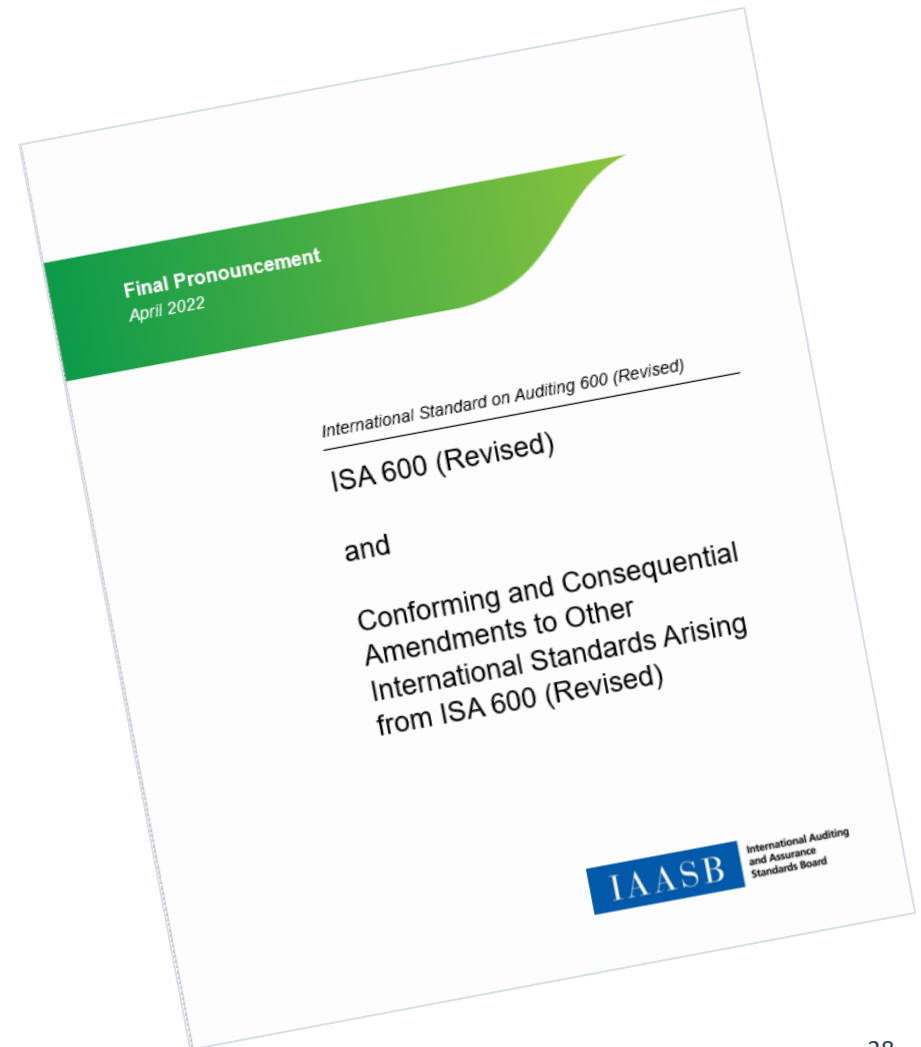
## Why did the IAASB introduce the risk-based approach?

- Greater alignment with the requirements in ISA 315 (Revised 2019) and ISA 330
- A greater focus on the group auditor's responsibility to identify and assess the risks of material misstatement and design and perform further audit procedures
- A greater focus on planning an appropriate approach to obtaining sufficient appropriate audit evidence

The risk-based approach highlights that **component auditors** can be, and often are, involved in all phases of the group audit

# Group Audits: Implementation Material

- **ISA 600 (Revised) webpage:**  
<https://www.iaasb.org/consultations-projects/group-audits-isa-600>
- **Published**
  - Basis for Conclusions
  - Fact Sheet



# Sustainability Assurance: Adoption and Implementation of ISSA 5000

Claire Grayston

*Principal Non-financial Information Assurance, IAASB*

# ISSA 5000: The Global Baseline for Sustainability Assurance



International Standard on Sustainability Assurance ISSA 5000,  
*General Requirements for Sustainability Assurance*

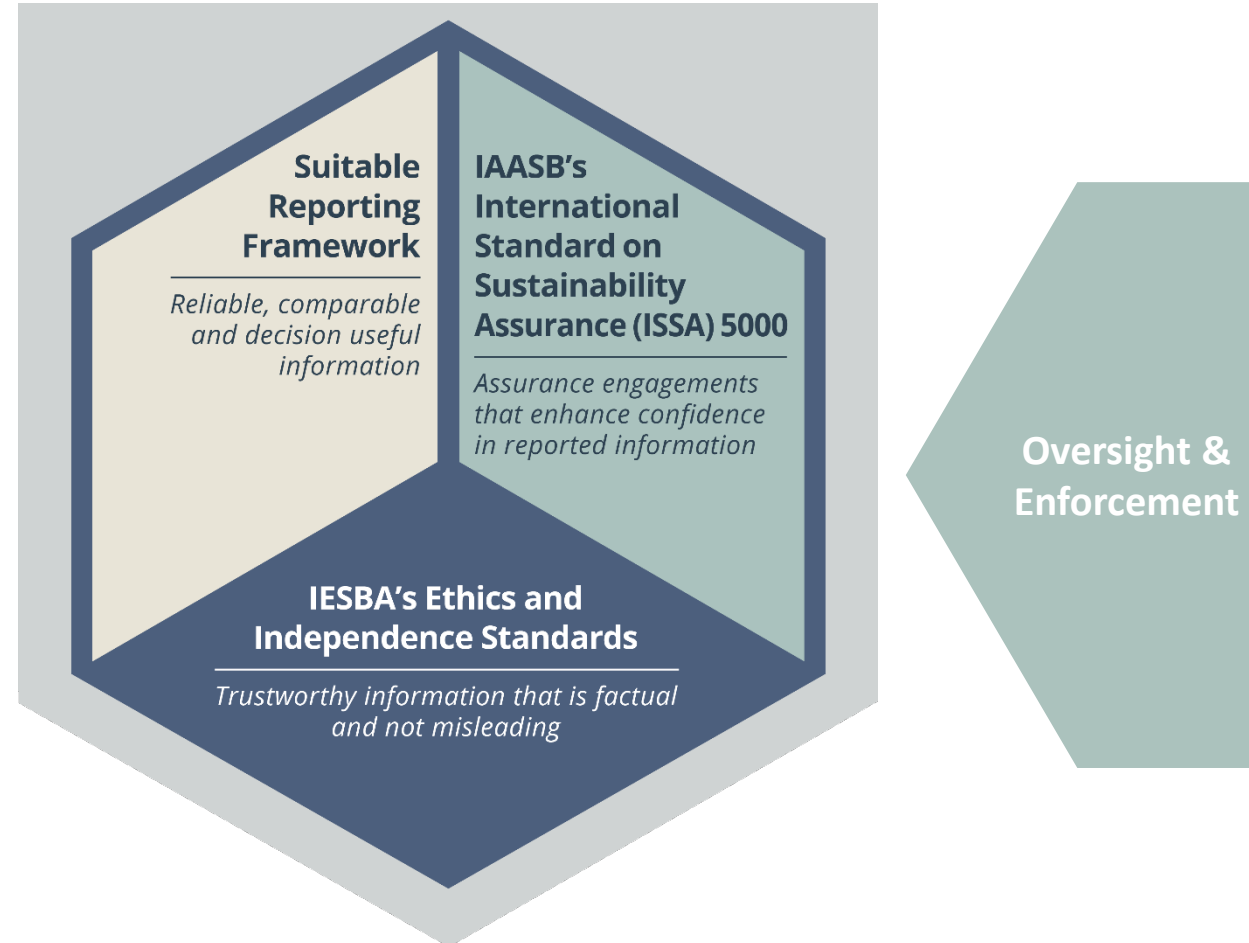
## What does ISSA 5000 Encompass?

- Applies globally to sustainability information prepared under any suitable reporting framework
- Covers both limited assurance and reasonable assurance engagements with requirements clearly distinguished
- Available to all assurance practitioners applying relevant ethics and with a system of quality management in place
- Scalable to assurance on specific sustainability information or a complete sustainability report reported by any entity

# Global Standards Provide a Trustworthy Sustainability Reporting, Assurance and Ethics Eco-system

Reliable, credible, comparable, and trustworthy sustainability information is provided by:

- **A suitable sustainability reporting framework**
- **Assurance under ISSA 5000**
  - Clear principles-based requirements for consistent performance of quality limited or reasonable assurance engagements globally
  - Underpinned by quality management
- **Ethics and Independence under the IESBA Code**
  - Robust ethics and independence requirements for both sustainability reporting and assurance
- **Overseen and enforced**
  - Those Charged with Governance, Professional Bodies or Regulators



# ISSA 5000 Covers the Assurance Engagement End-to-End



# Why Adopt ISSA 5000?

## IAASB's Objective for Adoption

*To encourage adoption of ISSA 5000 as the global baseline for sustainability assurance, for both mandatory and voluntary assurance engagements on sustainability information reported*

## Benefits of Widespread Global Adoption

- ✓ High-quality, robust assurance **enhances trust and confidence** in reported sustainability information.
- ✓ ISSA 5000 establishes requirements for **robust and reliable sustainability assurance**, promoting consistent requirements and ensuring a level playing field for all assurance practitioners.
- ✓ Requirements and guidance **address challenging areas**, such as narrative/qualitative information, estimates, forward-looking information and value chain information.
- ✓ Adopting a globally accepted sustainability assurance standard helps **prevent regulatory fragmentation and promotes interoperability and comparability** of assurance reports across jurisdictions.
- ✓ ISSA 5000 was designed to work in tandem with the IESBA Code of Ethics and is intended to be adopted alongside it.



# Adoption Status Indicative Snapshot

REGIONAL STATUS OF ISSA 5000 OR LOCAL EQUIVALENT ADOPTION



# Providing Clarity Where Needed for Consistent Implementation

## IAASB's Objective for Implementation

*To support effective and consistent implementation of ISSA 5000, across different jurisdictions and firms, globally*

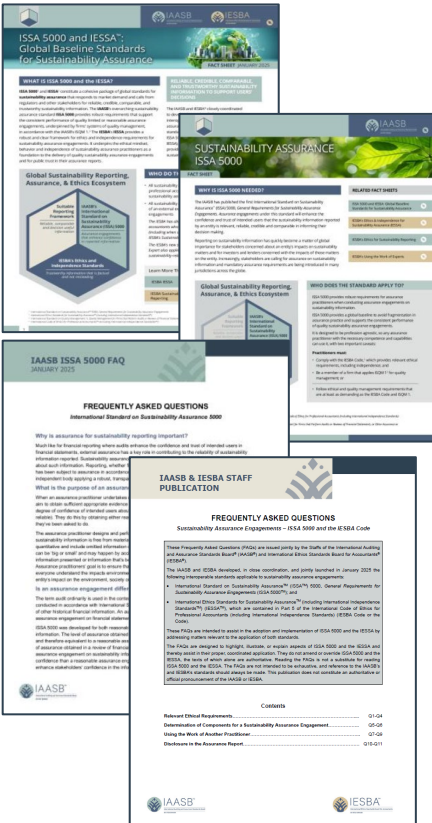
## Benefits of Global Implementation Support

- ✓ Consistent implementation of ISSA 5000 across practitioners, firms and regions ensures **assurance reports are comparable and easily understood**.
- ✓ Early identification and prompt resolution of implementation issues of global relevance will drive a **common approach globally**.
- ✓ Developing ISSA 5000 resources and encouraging stakeholders to **leverage those resources for stakeholder engagement, capacity building, and education** at the jurisdictional level.



# Resources Published to Support ISSA 5000

## Supporting stakeholders in adopting and implementing ISSA 5000



### High Level Resources:

- Joint IAASB-IESBA Fact Sheet on ISSA 5000 and IESSA
- Fact Sheet on ISSA 5000
- Frequently Asked Questions and FAQ videos

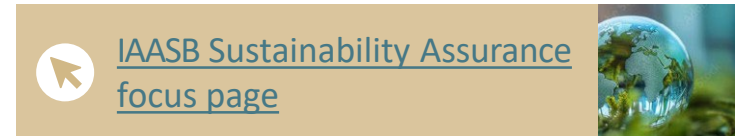
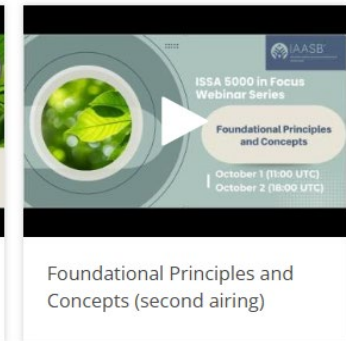
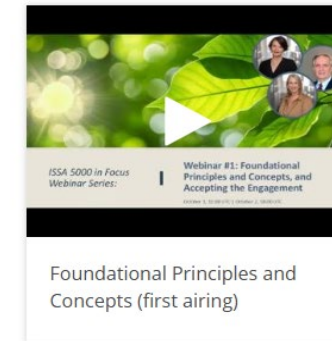
### Technical Publications:

- ISSA 5000 Implementation Guide
- Basis for Conclusions
- FAQ: Joint IAASB-IESBA ISSA 5000 & the Code
- FAQ: Applicability of ISSA 5000, ISAE 3000 (Revised) & ISAE 3410
- Extracts from ISSA 5000 for limited assurance material, and separately reasonable assurance material
- FAQ: Relevance of ISSA 5000 to Assurance in the EU
- Sustainability Assurance Illustrative Reports

### Technical Webinars:

- 3-part series livestreamed in two time zones
- Recordings and presentation slides available online

### WATCH THE WEBINAR RECORDINGS



# What We are Hearing is Informing Support Materials

## STRONG SUPPORT FOR ISSA 5000 PROVIDING SUFFICIENT SPECIFICITY

*Clarification called for on:*



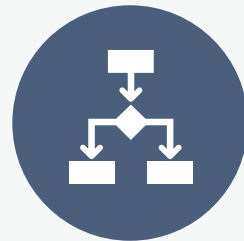
### Relevant Ethical Requirements

- IESBA Code applicability
- “At least as demanding” determination



### Materiality

- Narrow scope engagements
- Aggregating findings

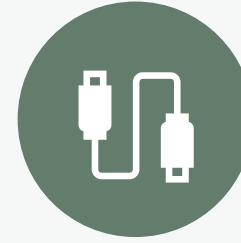


### Differences between Limited Assurance and Reasonable Assurance



### Evidence

- From value chain components
- Estimates, forward-looking information



### Connectivity with the financial statement auditor

- Communication
- Use of work



### Key Differences Between ISSA 5000 and ISAE 3000 (Revised)



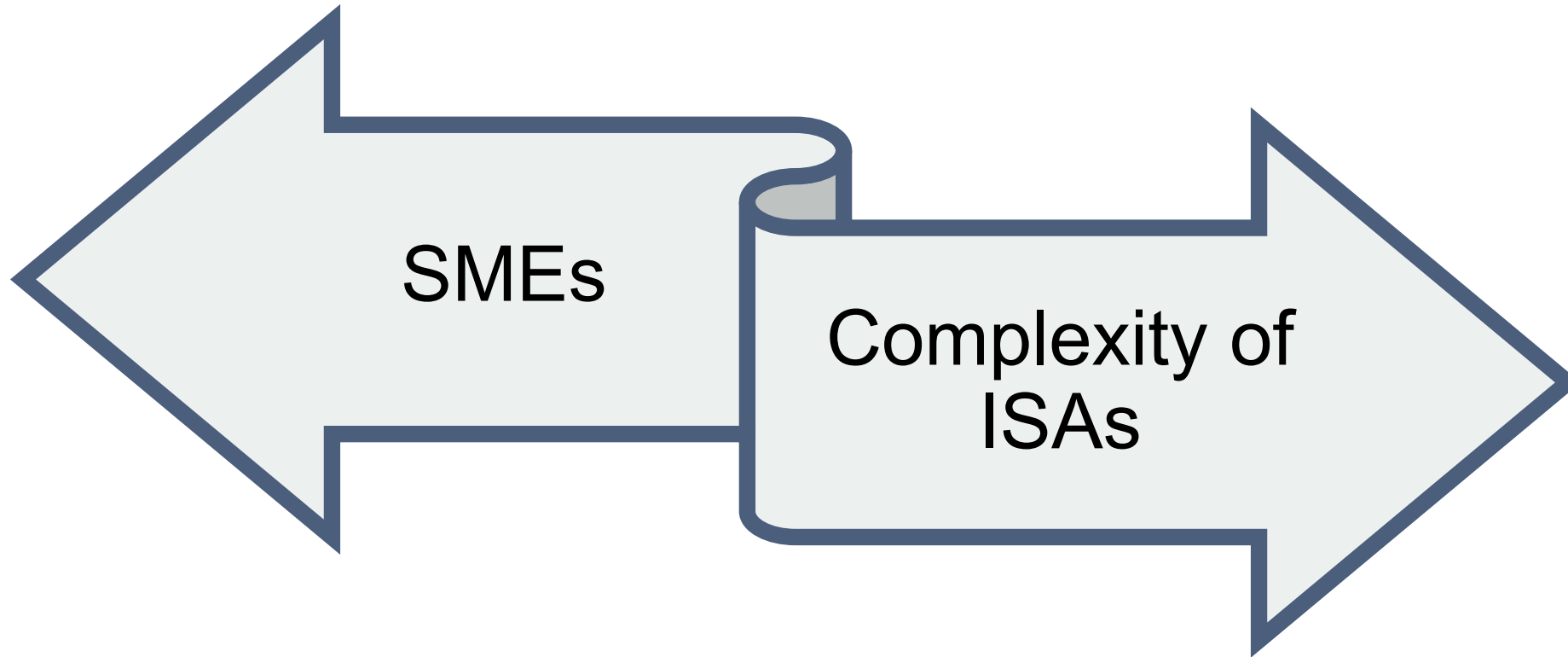
### Assurance Report Content

- Use of EoM, OM or inherent limitations
- Disclaimers
- Fair presentation vs compliance

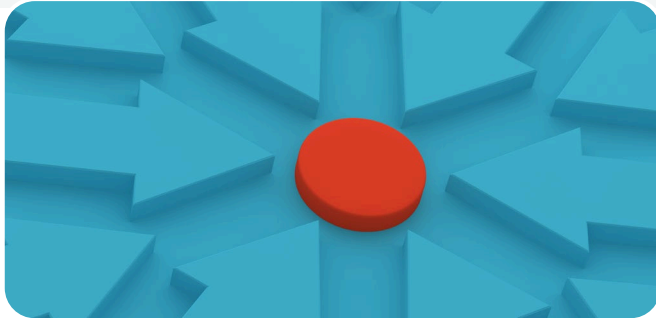
# ISA for Less Complex Entities (ISA for LCE)

Jasper van den Hout  
*Director, IAASB*

# The need for a global solution



# A Standard Focused on LCEs

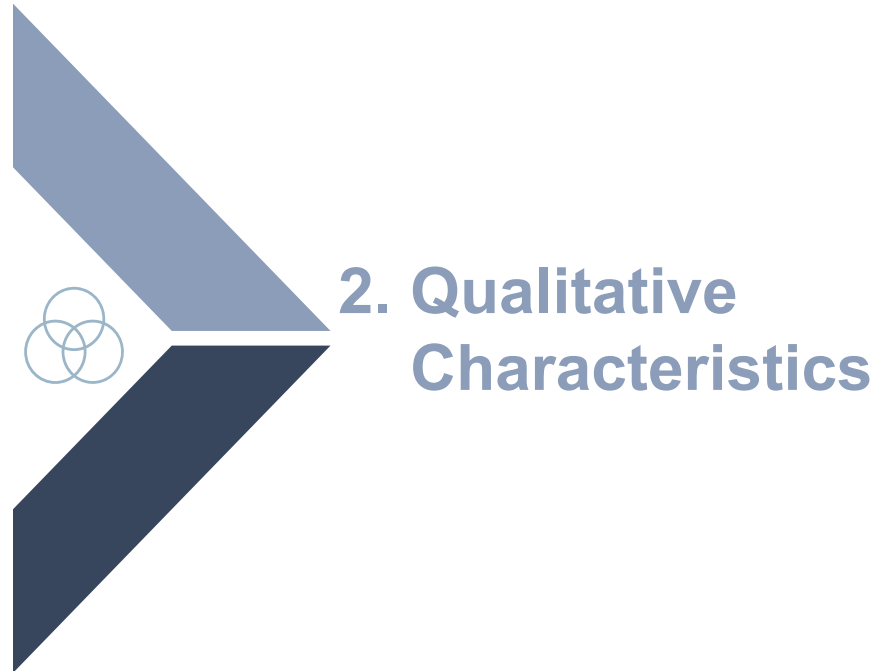


Stand-alone,  
**proportionate and tailored to the needs**  
of an audit of an LCE,  
making it **easier to navigate** for  
practitioners supporting  
these engagements

Built on the foundation  
of the International  
Standards on Auditing,  
it will enable auditors to  
obtain the same level of  
assurance: **reasonable  
assurance**

Maintain confidence in  
financial reporting of  
LCEs by **promoting  
consistent application**  
of the auditing  
standards to audits of  
LCEs.

# Authority

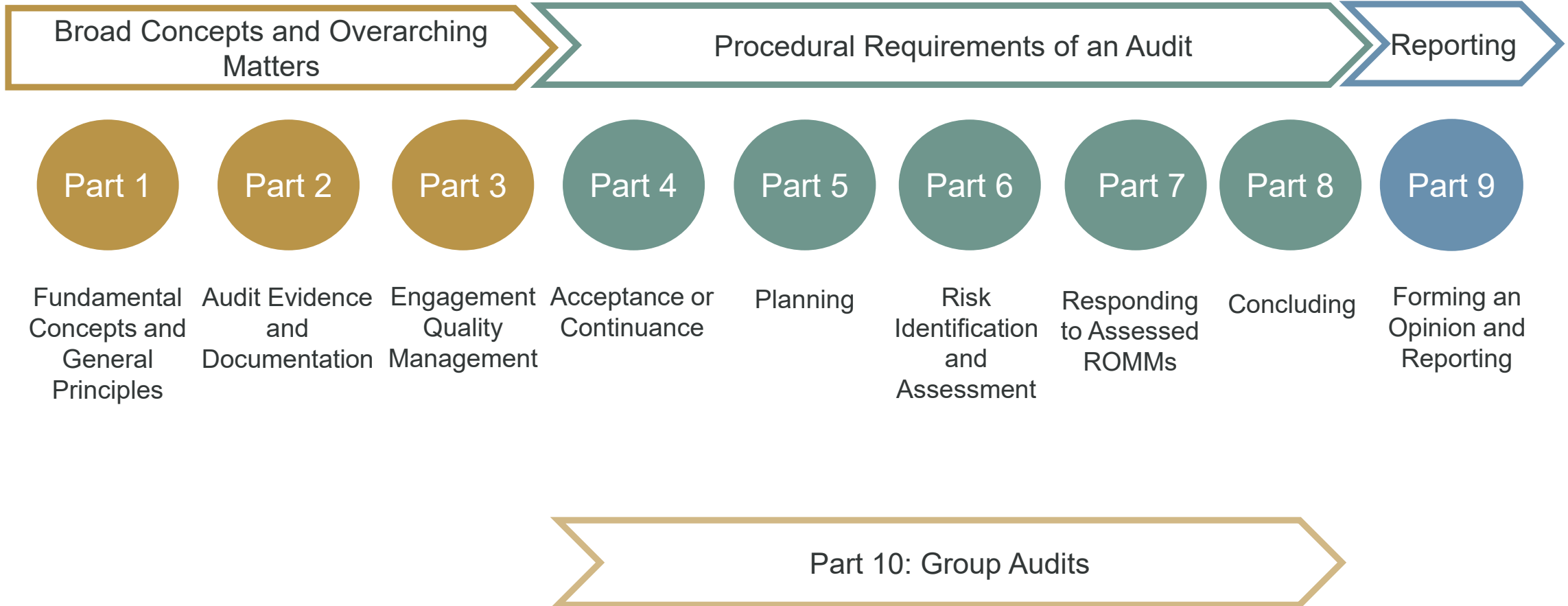


**Group Audit Considerations**

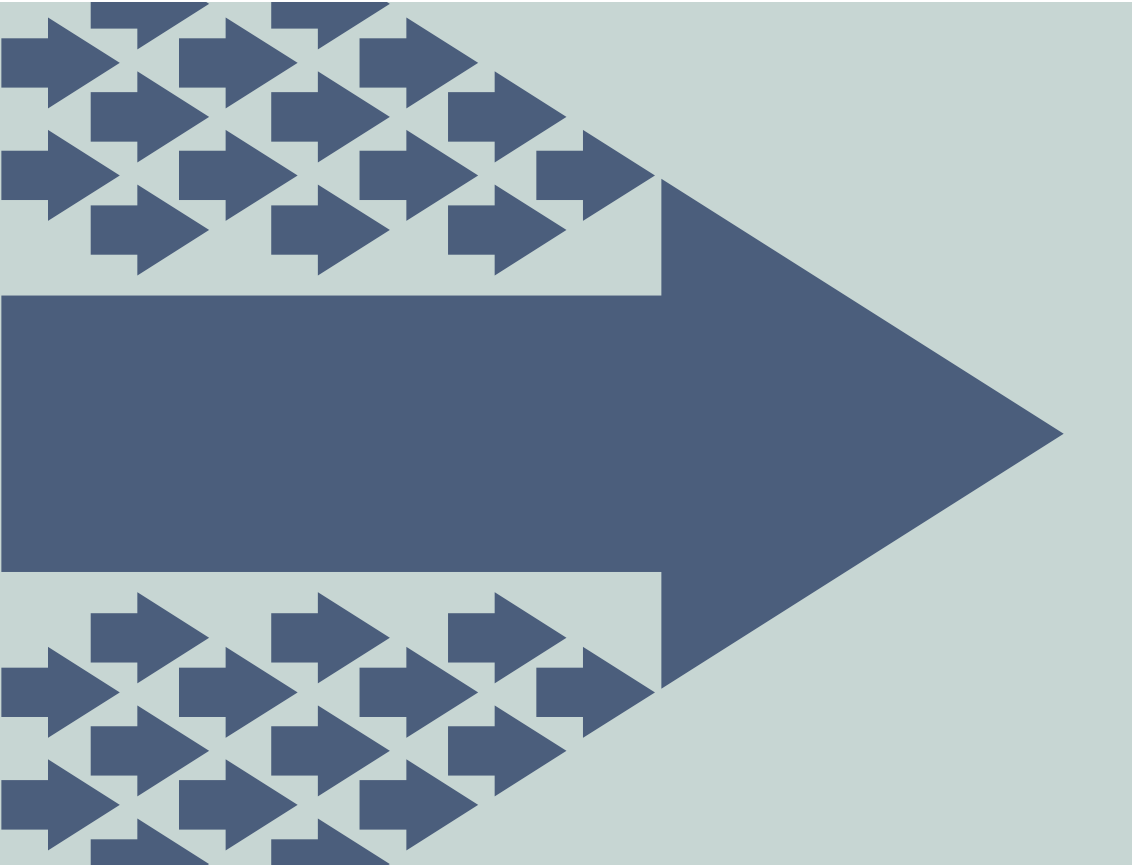
# Design Principles



# The Flow of the Standard



# ISA for LCE: Adoption and Implementation



- ✓ Basis for Conclusions
- ✓ Factsheet
- ✓ First time implementation guide
- ✓ Supplemental Guide on Authority and Reporting
- ✓ Webinar
- ✓ Three-part video series
- ✓ Outreach
- ✓ Liaison with IFAC, NSSs and PAOs
- ✓ Adoption Guide
- ✓ FAQ

For more information, visit the [ISA for LCE page](#)



# Questions & Answers

*Moderator: José Rezk*

QM Standards – Wille Botha

Fraud –Angelo Giardina

Going Concern - Kalina Shukarova Savovska

Group Audits –Jasper van den Hout

Sustainability Assurance – Claire Grayston

ISA for LCE – Jasper van den Hout

TO LEARN MORE

# Follow IAASB:



@IAASB News



@ International Auditing and Assurance Standards Board



@ International Auditing & Assurance Standards Board



Register and subscribe  
for updates @  
[www.IAASB.org](http://www.IAASB.org)

*For permission to reproduce or translate the international standards or for information about intellectual property matters, please visit [Permissions](#) or email [Permissions@IFAC.org](mailto:Permissions@IFAC.org).*