

FAAS Digital Meeting 12 May 2025 – Minutes

Participants: Austria, Azerbaijan, Cameroon, Canada, European Court of Auditors, France, Germany, India, Ireland, Kuwait, Latvia, Namibia, Netherlands, Norway, South Africa, Sweden, United Kingdom, United States of America, AFROSAI-E, IDI, IAASB and IPSASB.

1 Introduction and Housekeeping

The Secretariat (Steve McClenaghan and Eleonora Cereceda Nassirova) took the membership through the agenda and other practicalities.

The FAAS Chair opened the meeting (James Osborne).

2 Follow-up from our FAAS meeting in January 2025

Minutes: Changes submitted by SAI Ireland have already been incorporated and shared prior to this meeting. No further comments, minutes were approved. They will be uploaded to the PSC's webpage.

FAAS project proposal: Submitted to FIPP for approval 25 April 2025. Pending for approval.

SDP-Project: Invited the FAAS members and observers to state in the chat, whether personally participating in any of the initiatives within the SDP-project. FAAS Secretariat stated that SAI Sweden is participating in T-initiative.

- AFROSAI-E is participating in both I and T-initiative
- SAI Netherlands participates in P-initiative

FAAS Forum: Were offered by PSC to try out similar webpage alternatives as PAS currently have, FAAS Secretariat continues to check for the different alternatives.

Templates for projects groups and FAAS Guidelines: will most probably be presented in the meeting in September.

Action Point: Information and updates regarding FAAS project proposal, FAAS Forum, Templates and Guidelines will be provided at next FAAS-meeting.

3 Conforming amendments from ISSAI 140 (FAAS Secretariat)

ISSAI 200, ISSAI 2000, GUID 2900 – Amendments were shared with FAAS prior to this meeting for feedback and comments for approval. No comments were made during the meeting, therefore ready to be submitted to FIPP for approval.

Action Point: Conforming amendments from ISSAI 140, in ISSAI 200, ISSAI 2000 and GUID 2900 were approved by FAAS and will be submitted to FIPP for approval.

4 Sector Updates

4.1 PSC Update (FAAS Secretariat)

The interview and evaluation phase of the selection process for new FIPP members has been successfully completed. Three candidates were chosen and a motion is going to be submitted soon to the INTOSAI Governing Board, to approve by written procedure, and it proposes the appointment of two new members to join the FIPP immediately and one additional member starting in 2026.

Upcoming PSC Steering Committee meeting will take place in Luxembourg in the end of June, online participation possible. Key themes:

- SDP-initiatives
- AI and emerging technologies,
- sustainability,
- challenges in implementing ISSAIs.

4.2 IPSASB Update (Ross Smith, Programme and Technical Director)

An overview was provided of the International Public Sector Accounting Standards Board's (IPSASB) ongoing work program and recent developments. IPSAS 33 is progressing as planned, with changes expected to be implemented by the June meeting and publication anticipated in August. The Measurement project, focusing on its application in the public sector, is also on schedule and may reach approval by June or August.

Efforts are underway to adapt materiality judgments from the private to the public sector. Additionally, work continues aligning IPSAS with the Government Finance Statistics Manual (GFSM), including adding guidance on GFS disclosures. These linkages aim to enhance the standards' utility beyond financial auditing, particularly for statistical purposes.

Strong engagement was noted on the Sustainability Reporting Standard (SRS) Exposure Draft 1, with significant feedback received. The Board has considered all submitted topics and is currently addressing crosscutting issues related to operational risks and the role of public programs in influencing behaviour. Some confusion was noted regarding the structure of the standard, specifically the distinction between the operational and reporting components. The Board is considering whether to clarify or separate these elements into two standards. The immediate focus remains on finalisation, with more clarity expected post-September meeting.

Exposure Draft 92 also received considerable feedback, including insights from national roundtables involving indigenous communities. A key concern raised was the scope of the guidance, particularly around the definition of conservation. The scope may be narrowed, with approval targeted for December 2025. The Board aims to remain efficient and avoid revisiting resolved discussions.

Looking ahead, a consultation on the IPSASB's work program will take place in Q4, following the appointment of a new chair (expected in Q3 or Q4). FAAS is encouraged to contribute to this consultation, especially through regional engagement and comment letters.

The upcoming Public Sector Standard Setters Forum will be held from September 7–9, with a forward-looking focus on the future work program. Interested parties, including national audit institutions, are invited to participate to promote global representation.

In response to a question, from FAAS Chair, about the newly established application task force, it was explained that its purpose is to connect countries currently using IPSAS with those considering adoption. The task force will formalise how implementation questions and comments are processed and shared with the Board, enhancing responsiveness and integration into future work programs.

The session concluded with reflections from FAAS Chair on the sustainability initiative, noting the presence of strong and divided opinions on key issues. While no fundamental flaws were identified, the volume and complexity of feedback highlight the challenges ahead. Appreciation was extended to all contributors for their engagement.

4.3 IAASB Update (Jasper van den Hout, Director)

The International Auditing and Assurance Standards Board (IAASB) is at a key transition point in its 2024–2027 work plan – shifting from finalizing major standards to initiating new projects. The ISA for LCE (Less Complex Entities) and the updated fraud standard have recently been approved, with the latter set to be effective from December 15, 2026, aligning with changes to going concern and PIE (Public Interest Entity) reporting.

Implementation support is now a strong focus, particularly for sustainability standards and ISA for LCE. Post-implementation reviews are being initiated for ISA 315 and ISA 540 to assess their effectiveness after several years in practice.

In early July, the IAASB will publish the newly approved fraud standard (pending IOB confirmation) and the Technology Gap Analysis outlining issues related to technology in current standards.

Looking ahead, the Board is prioritizing three major projects. These are:

- 1) the modernization of audit evidence and risk response, a comprehensive and technically complex undertaking that goes to the heart of the audit process
- 2) quality management in the context of evolving technology, which may result in new guidance rather than a standard, depending on market needs and feedback
- 3) targeted updates to ISA 500-series standards, particularly those relating to sampling, external confirmations, inventory, litigation, and segment reporting. These initiatives are informed by a recent gap analysis conducted in conjunction with the Board's approved technology position.

The Board also discussed initial work on updating the standard for interim financial information (ISRE 2410), which has not been revised in over 20 years and remains outside the clarity format. This relatively smaller project is expected to progress more quickly, with a project proposal anticipated for approval in June.

Another key development was the formal withdrawal of the greenhouse gas assurance standard, as its scope has now been absorbed into the broader sustainability assurance framework. The withdrawal will take effect concurrently with the sustainability standard's effective date.

The IAASB emphasized that no major new standards are planned for issuance before 2027, reflecting a strategic focus on consolidation, implementation, and stability. This approach is intended to give practitioners and regulators time to absorb and implement the substantial changes introduced in recent years, while allowing the Board to begin laying the groundwork for future enhancements, especially in areas shaped by technological change.

Clarification was sought from SAI South Africa, on why ISA 315 (Risk Assessment) is not being updated as part of the technology projects – whether due to a lack of issues identified in the gap analysis or its recent revision – and whether future updates might address technological impacts. Additionally, a question was raised regarding the rationale for not aligning updates to ISRE 2410 with revisions to other ISAs, particularly in relation to auditor reporting consistency.

In response, it was clarified that the gap analysis did include ISA 315, but as it had already been updated relatively recently with some consideration of technological

developments, it was not prioritized for further revision at this time. The focus is currently on standards where technology presents more significant challenges, though ISA 315 remains on the radar and may be revisited following its upcoming post-implementation review. Regarding ISRE 2410, it was explained that this review standard is not always updated in parallel with core auditing standards due to differing scopes and resource prioritization. While some key changes have been made to align it with recent ISA revisions, a more comprehensive review is now planned as the standard has been formally reopened.

A question was raised from SAI Cameroon, regarding whether the technology position considers data analytics and its potential impact on standards like ISA 530 (Sampling). In response, it was confirmed that this has been considered, and the sampling standard will be opened for revision to explore how technology, including data analytics and data mining, may influence audit practices. While the work is still in early stages, the broader implications of such technologies are being considered.

A final comment was made regarding the technology project, noting that the IAASB plans to conduct outreach through global and regional roundtables in the second half of 2025. FAAS is invited to participate as INTOSAI's representative, given the strong connection to its ongoing project on AI and emerging technologies.

5 Operational Plan

5.1 Approval of proposed amendments in GUID 2900 (ISSAI 2600 and ISSAI 2220 (FAAS Secretariat)

The subcommittee reported solid progress on objectives 2 and 4, with both proposed amendments to ISAI 2220 and ISAI 2600 now nearly finalized. Minor language revisions were made following earlier feedback, including adjustments to the use of "should" to better align with intended meanings. The Secretariat invited any final comments or objections during the meeting, but none were raised, allowing the process to move forward. As a result, the updated texts are ready to proceed to the Forum for INTOSAI Professional Pronouncements (FIPP), pending acceptance of the project proposal. A point regarding consistency in British vs. American English was also raised and is being clarified with the INTOSAI Secretariat.

Action Point: Final versions will be submitted to PSC/FIPP for review and approval in due time.

5.2 Project group 3 – ISSAI 2570 and 2240 (Alfred Wambang, SAI Cameroon)

The project lead introduced the team and noted that they had downloaded and shared both the draft and current versions of ISA 240 and ISA 570. A mapping template was developed to support proposed amendments to GUID 2900. During their meeting on 8 May, the project group approved this template and consolidated their earlier work. The plan is to begin with ISA 570 while continuing to monitor developments on ISA 240 until it is approved. The group aims to deliver a comprehensive report and timeline for the completion of both projects at next FAAS meeting.

The FAAS Chair highlighted the importance of aligning the GUID 2900 update with the FIPP approval timeline, ensuring it occurs before both ISAs come into effect. An additional comment from SAI USA, noted that changes in ISA 240 may have minor implications for ISSAI 2600, which relates to FAAS Objective 2 and should be taken into consideration.

Action Point: The project group will report on their completed work at next FAAS meeting.

5.3 Project group 5 – Sustainability (Karsten Asbahr, SAI Germany)

The speaker provided an update on Project Group 5, noting his other representative from SAI Germany was attending their institution's 75th anniversary symposium in Berlin. The group monitors developments in sustainability reporting and auditing standards, with a focus on two main areas:

1. **IPSASB Climate-Related Disclosures:** The exposure draft received 96 responses, indicating strong engagement. Key issues under deliberation include whether disclosures on the reporting entity's own operations and its public policy programs should be included in one standard or separated for clarity.
2. **IAASB's ISSA 5000:** Published in late 2024, with implementation FAQs released in early 2025. Discussions are ongoing regarding which INTOSAI committee should take responsibility for managing its integration. The matter will be addressed in the upcoming PSC meeting in June.

Additionally, collaboration with the INTOSAI Working Group on Environmental Auditing was mentioned. That group is finalising a global survey on national sustainability reporting and auditing frameworks, with results expected by June or July 2025.

The project group will continue to provide updates at FAAS' in-person meeting.

The FAAS Secretariat commented that the upcoming PSC Steering Committee meeting in June would include a roundtable on sustainability. FAAS was asked to

participate in the discussion and will coordinate with the project group for input ahead of the meeting.

A key question raised by **FAAS Chair** was whether FAAS members have a preliminary view on the direction to take regarding the adoption of ISSA 5000 into the INTOSAI framework. The discussion highlighted varied stages of adoption and engagement with the standard across jurisdictions.

During the discussion, **SAI USA** inquired whether any data or surveys exist regarding the adoption of ISSA 5000 and its relevance across different SAIs, suggesting that such information could inform future strategic direction. In response, the **FAAS Chair** noted that certain jurisdictions, including the UK, are currently considering the adoption of ISSA 5000. The Chair emphasized that, given the lack of alternative guidance, integrating the standard into the INTOSAI framework might provide valuable support to SAIs pursuing sustainability assurance.

SAI South Africa agreed on the importance of engaging with other SAIs to understand national perspectives, noting that the issue of adoption remains under debate in their own country. **AFROSAI-E** added that although some state-owned enterprises are producing sustainability reports, auditors often lack appropriate methodologies to assess them, and existing national requirements remain limited.

SAI Canada mentioned that while they continue monitoring developments in the standard-setting space, their Auditor General currently lacks the mandate to conduct sustainability audits. Should such a mandate be introduced, dedicated methodologies would need to be developed.

The **FAAS Secretariat** pointed out that waiting for universal mandates could significantly delay progress. Instead, advancing ISSA 5000 at the INTOSAI level could enable the early development of guidance and accommodate the varying pace of progress across jurisdictions. **SAI Netherlands** echoed this sentiment, highlighting that many SAIs are still experimenting with different approaches to sustainability and non-financial assurance, and recommending a gradual, step-by-step implementation strategy.

While **SAI USA** acknowledged concerns about delays, they also cautioned that formal adoption of ISSA 5000 could create challenges in countries with strict compliance expectations, particularly if the standard introduces conflicting requirements. The **FAAS Secretariat** recognized this concern and suggested that it be formally raised with the PSC.

FAAS Chair (Final Comment) reflected that while adoption might be beneficial for some SAIs, it may also present challenges where the ISSA 5000 is not yet aligned with public sector needs. There is a need to assess whether the standard is suitable as-is or if significant public sector-specific guidance is necessary before full adoption into the INTOSAI framework.

Action Points: The project group will continue tracking the progress of ISSA 5000; assess the need for public sector-specific guidance on sustainability assurance; maintain ongoing discussion with the IPSASB to ensure alignment; and engage with the PSC to determine whether sustainability assurance should be addressed within the INTOSAI framework.

5.4 Project group 6 – AI and emerging technologies (Eleonora Cereceda Nassirova, SAI Sweden)

Objective 6, part of the FAAS Operational Plan 2023–2025, focuses on the role of AI and other emerging technologies in financial audit. The project consists of two main components:

1. **INTOSAI Interviews** – Structured interviews will be conducted with a representative sample of SAIs to gather qualitative insights on the use, benefits, challenges, and risks of emerging technologies in financial audit.
2. **IAASB Engagement** – The project will maintain collaboration with IAASB through selective meeting participation, quarterly updates, and regular exchanges, to observe and interpret their work on audit technology within an INTOSAI context.

The objective is to assess trends, identify challenges and opportunities, and provide actionable recommendations to SAIs, FAAS, and IAASB, supporting digital transformation and contributing to standard-setting discussions.

Action Point: The project group will launch the project the way presented, since no new comments raised in the meeting.

5.5 Project group 1 – LCE (Andy Harkness, SAI Ireland)

The Secretariat introduced the session on the Less Complex Entities (LCE) standard, noting that the discussion would now move on to the conclusions of Project Group 1, led by SAI Ireland. A report produced by the team had been shared with participants prior to the meeting. It was emphasized that the interest in this area has been broad spanning both national standard setters concerned with the burden imposed by modern auditing standards and international bodies with varied perspectives.

The key outcomes of the project were presented, that the project team, which also included representatives from SAI France and SAI India, took a three-pronged approach: reviewing key International Standards on Auditing (ISAs), conducting a survey among FAAS members and observers, and examining supplementary ISA guidance, including elements of GUID 2900.

SAI Ireland summarized their conclusions and recommendations as follows:

1. **Incorporation into INTOSAI Framework**

The first conclusion concerned the general incorporation of the LCE standard into the INTOSAI financial auditing framework. This would provide SAIs with the option of using it, where deemed suitable.

2. **Jurisdictional Variability**

It was acknowledged that adoption of the LCE standard would be a matter for individual SAIs, depending on their legal and regulatory contexts. While some SAIs were ready to move forward, others found the standard unsuitable for their jurisdictions.

3. **Defining a "Less Complex Entity"**

A recurring issue from the survey was difficulty in interpreting what constitutes a less complex entity, particularly in a public sector context. Due to wide jurisdictional differences, the team concluded that SAIs would likely need to develop their own contextual definitions and characteristic tables, potentially sharing these through FAAS to build collective understanding.

4. **Use of GUID 2900**

Although additional explanatory material exists within the ISA itself, it is less extensive than that provided in GUID 2900. The team found this guidance still highly relevant, even if originally written for broader application, and recommended its use when applying the LCE standard.

Following the presentation, **FAAS Chair** expressed appreciation for the work done and opened the floor to discussion. Several key questions and observations were raised:

- **Balancing Optional Adoption with Framework Clarity**

FAAS Chair queried whether, given that some SAIs are interested in adopting the standard, it should be formally included in the INTOSAI framework. It was suggested that doing so wouldn't obligate all SAIs to adopt it but would provide an accessible option.

- **Challenge of Developing Scope Guidance**

It was noted that while tailoring guidance to each jurisdiction is challenging, this is precisely where guidance is often most necessary to avoid inconsistencies.

- **Public Sector Applicability**

FAAS Chair also raised concerns about how broadly applicable the LCE standard really is within the public sector, and whether future work might be needed to make the standard more public sector-friendly.

In response, **SAI Ireland** clarified that their intent was to observe the implementation of the standard and gather examples of which entities fall within its scope. They are

currently working on developing their own checklist, estimating that around 25 percent of their accounts could qualify under the LCE standard. However, they acknowledged that many of the existing materials – such as the August 2024 checklist from IAASB – are private sector-oriented and adapting them for public sector use would require additional effort and collaboration among SAIs.

They also highlighted the importance of stakeholder communication. In Ireland's case, any move to apply the LCE standard would require significant engagement with Parliament and other audited entities. The idea is to align this with broader strategic communication plans, such as upcoming strategy periods, and to balance audit efficiency with maintaining audit rigour.

SAI South Africa raised two central points. First, they questioned whether the standard is already effectively adopted through ISSAI 100. If so, then a vacuum exists due to the absence of public-sector-oriented implementation guidance. Second, they asked why developing such guidance was considered outside this project's scope.

FAAS Secretariat responded that the current project was not tasked with producing guidance, only with reviewing the applicability and use of the LCE standard. However, if the standard is formally adopted, then a follow-on project to develop guidance would be appropriate. They also clarified that the LCE standard has not yet been formally adopted by INTOSAI.

FAAS Vice-Chair input from SAI Sweden emphasised that although ISSAI 100 may appear to imply the inclusion of LCE, there was no original intention to incorporate it without explicit decision-making. Therefore, the group should not assume that the standard is part of the INTOSAI framework without deliberate consideration.

FAAS Chair agreed, suggesting that if some SAIs are already planning to adopt the LCE standard and if it is available from IAASB, then INTOSAI should support implementation. While the project group would not be responsible for follow-on guidance, a new project should be established to take this forward.

In closing, **FAAS Secretariat** noted that several of these projects are likely to lead to follow-on initiatives. The PSC (Professional Standards Committee) meeting in June may revisit this discussion, particularly regarding standard adaptability and proportionality. FAAS members will be updated after that meeting.

Action Point:

- *Clarify inclusion status of the LCE standard within the INTOSAI framework.*
- *Consider establishing a new FAAS project to develop public-sector-relevant guidance for the ISA LCE.*
- *Monitor upcoming PSC discussions (June) where this topic may resurface, particularly around adaptability and proportionality.*

6 Updates from FAAS

6.1 SDP-seminar, 6-7 May (New Delhi)

The Secretariat reported on FAAS' participation in the recent SDP seminar (FAAS Chair, Vice-Chair and Secretariat participated digitally), which aimed to support the initiation and progression of SDP-related project groups. Four project leads attended the seminar, except for P-initiative. FIPP, Goal chairs and subcommittees were also present. Project proposals were submitted prior to the meeting and discussed, including how to proceed with implementation steps.

6.2 PSC Steering Committee meeting and meeting with IDI, 26-27 June (Luxembourg)

The PSC Steering Committee meeting is scheduled for 26–27 June in Luxembourg, running parallel with a meeting involving IDI. The focus will be roundtable discussions on challenges in adapting standards, sustainability, AI and emerging technologies. Inputs from FAAS members and observers from today's discussions will be brought to this meeting. FAAS Chair, Vice-Chair and Secretariat will participate physically.

6.3 Next FAAS-meeting, 16-17 September (Pretoria)

The next in-person FAAS meeting will take place in Pretoria on 16–17 September 2025. Gratitude expressed by FAAS Secretariat to AFROSAI-E for hosting the upcoming meeting. AFROSAI-E confirmed their willingness to host the meeting and advised early visa applications due to potential delays. The Secretariat noted that registration and related information (visa, hotel, logistics) will be shared shortly.

6.4 FAAS – Aligning strategic plan with PSC 2028

FAAS Secretariat highlighted that all subcommittees, including FAAS, have been requested to align their work plans with the PSC Strategic Plan extending to the end of 2028. Key focus areas include sustainability, technology, and support for the adoption of standards. FAAS activities are already largely in line with these themes, and alignment will be further considered when setting new project priorities in September.

6.5 Other

FAAS Chair provided additional context regarding recent SDP discussions held in New Delhi. FAAS' approach has been to coordinate activities through its members instead of assigning direct representation to each initiative. Emphasis was placed on maintaining consistency in terminology, particularly between ISAs and ISSAIs, to avoid introducing inconsistencies in standards implementation. FAAS' contribution on this matter was acknowledged and supported during the discussions.

The Secretariat noted that many FAAS members are actively involved, in person, in various SDP projects. Members were encouraged to share relevant updates with FAAS to help identify areas where further input or alignment may be beneficial.

The meeting concluded ahead of schedule. Members were informed that the draft minutes would be circulated for comments, and final approval will take place during the September meeting in Pretoria. The Secretariat thanked all participants and looked forward to meeting in person.

7 Meeting ends