

Minutes of the FAAS meeting – Day 1

Date: 16 September 2025

Location: Pretoria (with virtual participation)

Participated in-person: SAI Austria, Cameroon, ECA, Germany, India, Iran, Namibia, Norway, Sweden, UK, South Africa, Saudi Arabia, IDI, Ireland, Latvia, Netherlands, PSC, IPSASB

Participated virtually: SAI Azerbaijan, Canada, France, Kuwait, IAASB

1. Welcome and Opening Remarks

The meeting was opened by Meisie Nkai, the head of AFROSAI-E and host for this in person meeting. She welcomed participants and highlighted the importance of collaboration, commitment to standards, and the value of sharing knowledge across regions.

The FAAS Chair (James Osborne) then extended a warm welcome to all delegates, including observers from SAI Saudi Arabia and SAI Iran who were invited to attend this meeting as they are seeking membership. The Chair also thanked AFROSAI-E as hosts for their efforts and hospitality.

The Chair opened the meeting by noting the committee's focus & success to date on refreshing activities, energizing project teams, and strengthening contributions to strategic development.

2. Introductions

The Secretariat (Steve McClenaghan and Eleonora Cereceda Nassirova) took the membership through an initial introductory activity.

Participants introduced themselves and shared personal interests to foster networking and informal connections.

3. Administrative Announcements

The Secretariat took attendees through Housekeeping information (location of facilities, Wi-Fi codes, recording notice).

The agenda for the two-day meeting was reviewed and approved without objection.

Action Points:

- Agenda approved as distributed.
- Minutes from the previous digital meeting (May) were approved, with no corrections received.

4. Review of Previous Action Points

Updates were provided on action items from the May digital meeting:

- **FAAS Templates and Guidelines:** Templates have been approved and distributed in the papers for the meeting. The Templates set a standard for how project teams should present their work whilst the guidelines are intended to sit below the FAAS terms of reference and provide more practical information for project teams.
- **Final Reporting Conforming Changes for ISSAI 2220 and 2600:** These have been shared with FIPP following our previous digital meeting and FAAS awaits approval for final reporting changes from FIPP on ISSAI 2220 and 2600
- **Project Group Updates on ISSAI 2240 & 2570:** Presentation scheduled for this meeting.
- **Technology Project Update:** Presentation scheduled for this meeting.
- **LCE Standard:** To be discussed further in Day 2 sessions.

Action Points:

- The secretariat continues to work on the idea of a 'FAAS forum' and will update members when ready. Some discussions held with the PAS colleagues
- Secretariat welcomes feedback on templates and guidelines as they are trailed, secretariat will revise as needed.

5. Project Updates and Technical Discussions

Objective 3: Alignment of Standards (SAI Cameroon, SAI France, SAI South Africa, SAI USA)

Presentation on aligning standards 2240 and 2570 by SAI Cameroon. The update described the project teams focus on consequential changes, mapping, and harmonisation.

Discussion of challenges in scope definition, structural refinements, and the need for updated examples of fraud specific to the public sector and cross-referencing to other standards.

Emphasis on proportionality and scalability in applying standards.

Project team took the opportunity to emphasise that FAAS consider harmonisation and clarity in future amendments, especially regarding technology and fraud examples.

Action Points:

- Members asked to review and provide feedback on updated examples in guidance documents.

Objective 6: Artificial Intelligence (AI) in Audit (SAI Sweden, AFROSAI-E, SAI Austria, SAI South Africa, IDI)

Project lead outlined a two-part approach to the project: One part collecting practical experiences of AI adoption and collaborating with international bodies.

Discussion within the meeting on the issues ranged across the concept & usage cases for AI. Specific differentiation was made on the difference between auditing AI itself, and auditing through the use of AI.

There was a question so to where there was a need for a methodology to audit AI-generated financial reporting,

The meeting noted the importance of involving data scientists when auditing AI.

Noted the varying maturity of AI adoption across audit institutions, partly something that will be covered by the collecting of information of AI adoption.

Action Points:

- Project team to engage regional organisations and collect case studies on AI use in financial audits.
- Develop survey/interview questions for peer-to-peer knowledge exchange.
- Team should consider opportunities for collaboration with data scientists and private sector bodies where relevant.

Objective 5: Sustainability (SAI Germany, SAI India, SAI Namibia, SAI Austria, AFROSAI-E, IDI)

Project team presented an update on sustainability reporting developments, especially in the EU and international standard-setting.

Discussion on the phased approach to climate-related disclosures and the need for guidance on public sector operations versus policy-setting activities.

Noted delays and extensions in EU sustainability reporting requirements.

Action Points:

- Monitor developments in sustainability standards and provide input on public sector applicability.
- Consider the need for FAAS guidance or standards (e.g., “ISSA 5000”) aligned with international frameworks. (Action linked to Day 2)

6. Updates from Standard-Setting Bodies

6.1 IAASB (International Auditing and Assurance Standards Board) – Jasper van den Hout

(Presentation slides circulated)

Jasper gave a presentation on the current strategy, focus on technology, and upcoming projects (audit evidence, risk response, quality management, ISA 500 series).

Emphasis on proportionality and scalability of future standards. Also noted the need for post-implementation reviews.

Discussion on the integration of technology and AI in audit standards, and the challenges of whole-population testing and sampling.

Action Points:

- FAAS members to monitor IAASB consultations and participate in global roundtables where possible.
- Provide feedback on the impact of technology and AI on audit standards, and also for less complex entities.

6.2 IPSASB (International Public Sector Accounting Standards Board) - Timm Klare

(Presentation slides circulated)

Tim provided an update on the board's work program, including maintenance of standards, sustainability reporting, and natural resources.

Noted the open and transparent process for standard development and the importance of public sector-specific guidance.

Action Points:

- FAAS Members to review and comment on IPSASB consultation documents, especially regarding sustainability and natural resources.
- Consider priorities for future FAAS work in response to IPSASB's strategic plan.

7. Closing and Next Steps

The Chair thanked all presenters and participants for their contributions for day 1

Reminders about the cultural event taking place that evening and the start time for Day 2.

Encouragement for members to reflect on priorities for future work ready for tomorrow's discussions and to respond to upcoming consultations.

Action Points:

- Members to submit any further questions or feedback for the projects presented today via email to the secretariat or project teams.
- Prepare for Day 2 discussions, focusing on operational planning and future priorities.

Minutes of the FAAS meeting – Day 2

Date: 17 September 2025

Location: Pretoria (with virtual participation)

1. Opening and reflections of day 1

The Vice Chair Ulrika Meyer welcomed participants back for the second day of the conference and reflected on the previous day's activities and offered thanks to the hosts for the previous evening's cultural activity.

There was thanks to the attendees for their engagement on the previous day, emphasising the positive atmosphere and engagement. Participants were thanked for their contributions and encouraged to provide feedback on the project template as it is implemented.

The agenda for the day was set out, with a focus on the Operational plan

Action Points:

- A request that participants to provide feedback on the project template as they begin using it.
 - Any comments and questions from presentations to be sent to the respective groups and the Secretariat.
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2. Updates from PSC (Professional Standards Committee) Chair, Ms. Helga Berger & Alan Findlay - (Slides Shared)

The PSC chair, Helga Berger, thanked the FAAS for the opportunity to attend the meeting, for the work that the FAAS has undertaken to date and thanked the Chair & Vice Chair for their clear and structured leadership.

Ms Berger then outlined the status of the SDP initiatives, emphasizing the importance of realistic scoping and sequencing of projects. The need for coordination between subcommittees and working groups was highlighted.

Three main areas of focus were outlined, implementations of ISSAIs, AI and sustainability.

Challenges in implementing audit standards and standard setting were discussed, including the need for improved training and knowledge sharing. Clear opportunity and a need for improvement with regards to implementation of standards.

Ms Berger also noted the importance of continued development of sustainability standards and the fast-moving pace of AI.

Noted the issue of ISSA 5000 and the desire of the PSC to see cross working with other subcommittees.

Actions taken by PSC

- PSC to support the development of a standard-setting curriculum in collaboration with IDI.
 - PSC to explore ways to increase regional participation
 - PSC to push for regular cross-committee collaboration on AI, sustainability and other emerging issues.
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3. Updates from INTOSAI Development Initiative (IDI) – Karma Tenzin, Assistant Director General - (Slides Shared)

Karma Tenzin provided an update on the recent work of IDI. This included progress on professional committee activities, feedback meetings, and ongoing reviews of standard-setting processes. The importance of formalising cooperation with IFAC and other bodies was discussed. The need for a revision of due process and the introduction of a “basis for conclusion” for standards was emphasised.

There was also discussion with regards to the role IDI plays in establishing a base level of professional accreditation through its schemes. Attendees noted the work of IDI in this regard.

4. FAAS Roundtables and Discussions

This meeting will have four roundtable sessions for discussions, where first three will be aligning with PSCs area on implementing ISSAIs, AI and sustainability. The final session is for gaining ideas and suggestions for upcoming projects to add in the future FAAS Operational Plan 2026-2028.

Session 1 – Practical Challenges in Implementing ISSAIs

The first roundtable discussion focused on the challenges of implementing ISSAIs. Given its prevalence in recent FAAS activity and wider sectoral interest, there was a particular focus on the standard for less complex entities (LCEs). The adoption of the LCE standard was debated. Following this the FAAS reached a consensus for recommending that the LCE standard was adopted into the IFPP, with further agreement on the need for clear guidance to be prepared by FAAS.

Key Points

Implementation: It was noted that there were many SAI’s that faced challenges with the adoption of the ISSAI’s in full. This can be due to a range of reasons but often centred around the ability to recruit and retain qualified auditors. Other challenges included sufficient funding & capacity alongside challenging national circumstances.

National misalignment: It was noted that there are instances where well established SAI’s in stable locations also struggle with full ISSAI compliance. This is often due to a specific national misalignment which remains unresolved and was not reflective of wider non-compliance by the SAI with the ISSAI’s. Nevertheless, these SAI’s cannot demonstrate full compliance with the ISSAI’s as a result.

Defence of the standards: There was agreement around the need to maintain and defend the ISSAI and an acknowledgment of the benefits of them aligning with those standards issued by IFAC. The chair spoke about how FAAS should not allow the ISSAI's to deviate from the IFAC standards to avoid creating alternative set of standards for the public sector. This would both weaken the ISSAI's and result in a significant amount of work to maintain them.

LCE Standard: The Less Complex Entities (LCE) standard was discussed. There was consensus that FAAS should recommend that the standard should be adopted. However, this was caveated on two conditions; Firstly, that it is noted that the IAASB has intended that the scenarios in which the standard is applied should be based on the complexity of the audited body and not the capacity or capability of the SAI undertaking the audit. And secondly, that guidance should be prepared, approved and made available in GUID 2900 at the same time as the adoption of the standard.

Optional Standards: There was a discussion about the need for clarity around 'optional' standards and their status within the IFPP

Action Points:

- The FAAS will continue to consider how it can support the adoption and implementation of the ISSAI's
- The FAAS will propose adoption of the LCE standard into the framework, with accompanying guidance for scalability and optional use.
- Review how a category for optional standards within the IFPP might be created.

Session 2 – AI and Technology

Discussions centred on two aspects: auditing AI use within entities and using AI tools for audit procedures. The need for guidance on risks and challenges associated with AI was identified. Suggestions included leveraging networks of experts and collaborating with innovation working groups.

Key points

Scope of AI in Audit: The group identified two main scopes:

- AI in Audited Entities: How companies and organizations being audited use AI, which is primarily within the remit of IT auditors and data analysts.
- AI as an Audit Tool: How auditors themselves can use AI to enhance audit procedures and risk assessments.

Alignment and Collaboration: Emphasis on aligning with the Information Technology Audit working group. The sub-working group should focus on tools that Supreme Audit Institutions (SAIs) can use to improve audit procedures.

Standards and Methodology: Discussion on whether to create a separate audit standard for AI or integrate AI considerations into existing audit methodologies (e.g., reviewing ISO standards to identify where AI can assist, such as in risk assessment or audit sampling).

Knowledge Gathering and Interview Approach: The group discussed strategies for gathering knowledge, including:

- Using a “snowball system” to identify experts within networks who have deep knowledge of AI in audit.
- Leveraging these experts’ networks to find additional knowledgeable individuals for interviews.

Risk Identification: Strong consensus that understanding how audited entities use AI—and the new risks this introduces—is crucial. Auditing remains risk-based, and the implementation of AI by entities introduces new risks that auditors must identify and address.

Guidance and Collaboration: The need for guidance for SAIs on applying AI, including risk considerations and challenges. Suggestion for FAAS to provide structured guidance to ensure challenges and risks are properly considered. Recognition that many groups are working on AI initiatives, and improved collaboration and information sharing are needed.

Flexibility and Future-Proofing: The group cautioned against rigidly defining standards now, given the rapid evolution of AI. Emphasis on maintaining flexibility to adapt as technology and best practices evolve.

Communication and Coordination: Importance of informing other groups about the project’s scope and findings. Discussion on who is responsible for coordinating efforts across groups and ensuring effective information flow.

Sufficiency of Current Standards: Current financial audit standards are considered sufficient for now, but improvements are needed as AI evolves. Ongoing review and adaptation are necessary.

Action Points:

- Review Existing Standards: Assess current audit standards (e.g., ISO) to identify where AI can be integrated or where new standards may be needed.
- Consider preparation of guidance for SAIs on the use and risks of AI in audits.
- Establish a network or “snowball system” to identify and connect experts in AI across SAIs.
- Collaborate with innovation and knowledge working groups to share best practices.
- Monitor and Adapt: Regularly review the sufficiency of current standards and remain flexible to adapt as AI technology and audit practices evolve.

Session 3 – Sustainability

The session addressed the adoption of IS 5000 into the framework and broader coordination roles. The lack of specific guidelines for defining “public interest” in the public sector was noted.

Key Points

Applicability of ISSA 5000: Participants generally agreed that ISSA 5000, though developed for the private sector, contains elements that make it suitable for public sector use. The standard could help avoid "reinventing the wheel" and facilitate comparability across countries.

Guidance Development: There was consensus that guidance would be required for effective adoption. A cross-committee model, similar to that used for ISSAI 140, was suggested to develop this guidance, involving representation from various committees (e.g., FAS, CAS, PAS).

Public Sector Specific Needs: It was noted that while ISSA 5000 covers operational aspects, it does not address the impact of policy-setting, which is unique to the public sector. There is a need for public sector-specific initiatives to develop additional guidance or standards in this area.

Role of Committees: FAAS was seen as well-positioned to initiate the process, but the working group should include broader expertise and representation. PSC (Professional Standards Committee) was also identified as having convening power to coordinate across subcommittees.

National Regulators: The importance of national regulators in setting frameworks was highlighted, with examples such as SEBI in India requiring sustainability reporting for listed entities.

Capacity and Expertise: The need for dedicated manpower and expertise in sustainability reporting and assurance was emphasized, as financial auditors may lack the necessary skills.

Implementation Timeline: ISSA 5000 is set to become effective on 15 December 2026, providing time for adoption and implementation support.

Training and Standards: Some participants noted that training auditors is only useful if there are standards and requirements in place for public entities. The sequence of developing standards first, then training, was suggested.

Action Points:

- Recommend adoption of ISSA 5000 and develop related guidance for public sector application
- Caveat FAAS participation, noting that we do not have the full set of knowledge and skills in Sustainability Audit and that we would seek support from the PSC to identify the other key parties.

Session 4 – Future FAAS projects & activity

The session consisted of multiple group discussions, each tasked with identifying potential projects and focus areas for FAAS over the 2026–2028 period. Each group reported back, highlighting their key recommendations, challenges, and suggestions for future work.

Key points

Strategic Use of Resources: FAAS has limited resources and should use them wisely; begin with clear intent and focus on the most impactful items. Prioritise the first item on the assignment and avoid diluting efforts across too many new focus areas. Emphasise “walking the talk” by concentrating on actionable priorities.

Joint Sessions and Knowledge Sharing: Some FAAS members expressed a desire for joint sessions to discuss key challenges in implementing financial audit standards, share experiences, and address international reporting mandates (e.g., IPSAS 23).

IT Audit Capacity and Guidance: Some SAIs lack sufficient IT audit capacity, leading to gaps between IT and financial auditors. FAAS might look to develop additional guidance and support for integrating IT audit with financial audit processes.

Standards and Guidance Development: Some FAAS members expressed a desire for new standards and guidance, especially for auditing budget information and proposals.

Strengthening Relations with Parliament: SAI UK’s strong relationship with its Parliament (Public Accounts Committee and Public Audit Commission) was noted as a model. FAAS should encourage SAIs to strengthen governance and parliamentary relations, sharing lessons learned across countries.

Expanding the Role of Financial Auditors: FAAS may consider the evolving role of financial auditors as lead auditors, especially in sustainability audits, and the use of experts (e.g., IT, legal, sustainability). The FAAS could hold further discussions within its meetings on the pros and cons of this expanded role and develop supporting guidance.

Public Interest Entities and Ethics: Recent amendments to ISA standards regarding public interest entities were discussed, with a noted lack of public sector-specific guidance. FAAS could explore the development of definitions and guidelines for public interest entities in the public sector and consider extending the code of ethics for public sector audits.

Post-Implementation Reviews and Scalability: FAAS could conduct post-implementation reviews of standards and updates, especially where significant adaptations have occurred (e.g., ISI 140, GID 2900). To do this, FAAS could establish mechanisms for ongoing review and feedback, and engage with IAASB’s post-implementation review processes.

Materiality and Future Projects: Materiality in the public sector remains a topic of interest. It was suggested that the FAAS wait for IAASB’s review which is expected in the coming years. FAAS may want to monitor developments and be prepared to contribute public sector perspectives when the topic is revisited.

Action Points:

- FAAS Secretariat to consolidate ideas and look for opportunities to include within the FAAS operational plan.

5. Final Remarks

The Chair summarised the sessions and thanked participants for their engagement in all the discussions.

The Chair noted that the subject of the vacant membership position would be considered during the coming months with a decision made before the next FAAS meeting in January 2026. Noting that some requests to be considered had already been received, observers interested in joining FAAS were encouraged to express interest as soon as possible.

The Chair outlined discussions between SAI UK and SAI Sweden with regards to their respective terms. Whilst initially both had agreed initially to rotate the roles after two years, both sides felt that this was going well but that this timeframe had proceeded very quickly. In consultation with the PSC, both sides agreed to adjust the agreed timescales so that SAI UK will hold the Chair role for a total of four years (two years longer than planned) before handing over to SAI Sweden who will be Chair for four years, with SAI UK continuing in the Vice Chair role. This allows FAAS to continue to make good progress and provides stability to the FAAS. There would also be ample time to consider future succession planning for these roles. The Chair of the PSC, Ms Berger, spoke in favour of this. None of the FAAS members present objected.

The Vice Chair announced the plans for future meetings. The next digital meeting will be 20 January 2026. The next in person meeting will be hosted in Stockholm by SAI Sweden in or around September 2026 with the precise date to be confirmed.

The meeting closed.

Action Points:

- FAAS Secretariat will share all slides and materials from the two-day meeting with participants.
- Expressions of interest for membership and participation in upcoming projects was encouraged.

Summary of Key Action Points for FAAS

- Feedback on project template – All participants
- Increase regional participation – PSC & subcommittees
- Revision of due process and basis for conclusion – PSC & other involved parties
- Adoption and guidance for LCE standard – FAAS
- AI guidance and expert network – FAAS & INTOSAI Innovation WG
- Adoption of ISSA 5000 and public interest guidance – FAAS & PSC
- Implementation reviews and stakeholder engagement – FAAS
- Share meeting materials and plan next meeting – Secretariat