

FINANCIAL REPORTING COUNCIL

MONTHLY UPDATES (April 2025) – What's new from the International Federation of Accountants (IFAC)

The main topics for discussion at the IFAC during the month of April 2025 were with respect to:

April 2025

- 1. BUILDING TRUST IN SUSTAINABILITY ASSURANCE: STATEMENT FROM THE EUROPEAN AND GLOBAL ACCOUNTANCY PROFESSION**
- 2. IAASB STRENGTHENS AUDITOR RESPONSIBILITIES FOR GOING CONCERN THROUGH REVISED STANDARD**
- 3. IFAC SEEKS INPUT ON PROPOSED REVISIONS TO ITS STATEMENTS OF MEMBERSHIP OBLIGATIONS**
- 4. IAASB REQUESTS FEEDBACK ON PROPOSED NARROW-SCOPE AMENDMENTS RELATED TO WORKING WITH EXPERTS**
- 5. IFAC AND IESBA, ALONGSIDE IAASB, CONVENED SUCCESSFUL MULTI-STAKEHOLDER SUMMIT ON GLOBAL STANDARDS FOCUSED ON FURTHERING THE PUBLIC INTEREST**

1. BUILDING TRUST IN SUSTAINABILITY ASSURANCE: STATEMENT FROM THE EUROPEAN AND GLOBAL ACCOUNTANCY PROFESSION

As the European Union (EU) moves to simplify its sustainability legislation, global sustainability reporting and assurance practices are evolving to meet growing demands for transparency, credibility, and impact.

Accountancy Europe and the International Federation of Accountants (IFAC), as representatives of the European and global accountancy profession, reaffirm their [commitment to high-quality and consistent sustainability assurance](#). Achieving this requires a collective effort by all stakeholders, robust professional standards, and regulatory consistency.

Global baseline for consistent assurance

Independent external assurance enhances information's credibility and supports investors and other users in making informed decisions. To fully deliver on this potential, a global baseline for assurance and ethical standards are vital to meet users' needs and ensure quality, consistency and efficiency of assurance engagements. High-quality sustainability assurance, based on globally accepted standards, is critical to reinforcing trust and ensuring comparability and usefulness of disclosures across markets.

As a stand-alone, profession-agnostic and principles-based standard, the IAASB's International Standard on Sustainability Assurance (ISSA 5000) could fulfil this role.

IOSCO recognises the potential of the ISSA 5000 and IESBA's International Ethics Standard for Sustainability Assurance to enhance consistency, comparability and reliability of sustainability information provided to the market. The ISSA 5000 could provide a strong basis for adoption of a future sustainability assurance standard in the EU and beyond.

Level playing field

It is vital that all providers, regardless of their background, operate under an equivalent framework, ensuring a level playing field on professional assurance standards, qualification, ethical requirements including independence, quality framework and public oversight.

"It is absolutely critical for investor and consumer protection that practitioners outside of the audit profession are held by jurisdictional regulators to the same regulatory oversight, disciplinary responsibility and requirements that apply to professional accountants", said Lee White, CEO of IFAC.

Connectivity for better decision-making

Connectivity between financial and sustainability reporting helps to provide a full picture of the company's viability and performance. Integrated information allows investors, regulators, and other stakeholders to understand how sustainability risks and opportunities translate into financial outcomes.

The accountancy profession has provided assurance on sustainability information for over two decades, building expertise through professional standards and extensive experience in evaluating systems, processes and controls throughout companies. This is crucial for improving

the connectivity between financial and sustainability information. Engaging a single assurance provider for both financial and sustainability reporting enhances consistency, efficiency, and the integration of financial results with ESG performance while reducing administrative complexity.

“When sustainability and financial data align, companies present a clearer, more consistent narrative to the market, enabling stakeholders to make effective and sustainable decisions. Statutory auditors are also well placed to provide assurance on sustainability reporting to support information’s connectivity”, said Eelco van der Enden, CEO of Accountancy Europe.

2. IAASB STRENGTHENS AUDITOR RESPONSIBILITIES FOR GOING CONCERN THROUGH REVISED STANDARD

The International Auditing and Assurance Standards Board (IAASB) has on 09 April 2025 released its [revised International Standard on Auditing 570 \(Revised 2024\), Going Concern](#). The revised standard responds to corporate failures that raised questions regarding auditors’ responsibilities by significantly enhancing the auditor’s work in evaluating management’s assessment of an entity’s ability to continue as a going concern. Effective for audits of financial statements for periods beginning on or after December 15, 2026, the standard will also increase consistency in auditing practices and strengthen transparency through communications and auditor reporting on matters related to going concern in a consistent manner.

ISA 570 (Revised 2024) introduces several key changes:

- **Robust risk assessment.** Auditors must conduct, in a more timely manner, thorough risk assessments to determine whether events or conditions are identified that may cast significant doubt on the entity’s ability to continue as a going concern.
- **Evaluating Management’s Assessment.** Auditors must evaluate management’s assessment of going concern irrespective of whether events or conditions are identified. In doing so, auditors must consider the potential for management bias and evaluate the underlying method, significant assumptions, and data used when management formed its assessment. Additionally, auditors must evaluate whether management’s judgements and decisions indicate potential bias.
- **Extended date of evaluation period.** The auditor’s evaluation period for going concern now extends at least twelve months from the date of approval of the financial statements, contributing to an assessment of more relevant, decision-useful information.
- **Enhanced transparency.** The standard requires clearer communication in the auditor’s report about the auditor’s responsibilities and work related to going concern and strengthened communications with those charged with governance and external parties.

“This milestone addresses calls from investors, regulators, and other stakeholders for more robust audit procedures related to going concern. It provides decision-useful, entity-specific information in the auditor’s report regarding the auditor’s work and responsibilities for going

concern,” noted IAASB Chair Tom Seidenstein. “The changes in the standard further advance high-quality audits and help narrow the expectation gap, thereby supporting users’ interests and broader financial stability.”

To support successful implementation, the IAASB also developed a fact sheet and Basis for Conclusions, which are available on the IAASB’s website. The IAASB will also issue a frequently asked questions document and technical overview video to support the revised standard’s implementation.

3. IFAC SEEKS INPUT ON PROPOSED REVISIONS TO ITS STATEMENTS OF MEMBERSHIP OBLIGATIONS

The International Federation of Accountants (IFAC) has on 14 April 2025 launched a public consultation on targeted [revisions to its Statements of Membership Obligations \(SMOs\)](#), a cornerstone of IFAC and its members’ commitment to a strong and sustainable global accountancy profession. These requirements provide the foundational framework that supports the profession in upholding high-quality international standards and best practices.

The proposed revisions focus on key areas to reflect developments in international standards and reinforce the profession’s role in serving the public interest. When final, the proposed changes will require IFAC members to:

- **Enhance Quality Assurance Reviews** – Updates quality assurance review procedures to align with the International Auditing and Assurance Standards Board’s (IAASB) quality management standards.
- **Emphasize Flexible Entry Requirements for Accounting Education Programs** – Reinforces the evaluation of flexibility entry pathways into professional accounting education as outlined in the International Education Standards (IES).
- **Evaluate Adoption of the IAASB’s ISA for LCE** – Clarifies expectations for adopting and implementing the International Standard on Auditing for Less Complex Entities (ISA for LCE).
- **Adopt IFRS Sustainability Disclosure Standards** – Formalizes the expectation to adopt or work toward the adoption of all IFRS Standards, including S1 and S2, issued by the International Sustainability Standards Board (ISSB).

In line with IFAC’s commitment to delivering value to its members and upholding global best practice, IFAC invites feedback from its members, members of the Forum of Firms, Network Partners and other regional accountancy organizations, regulators, standard setters, and other key stakeholders. These insights are crucial to ensuring the SMOs remain relevant, fit for purpose, and aligned with evolving international standards.

Feedback can be provided via a response template form, available on the IFAC website. The consultation is open until August 8, 2025. Following this public consultation and IFAC Board approval, the revised SMOs are expected to take effect on January 1, 2026.

For more information and to participate in the current consultation, please visit the [IFAC website](#).

4. IAASB REQUESTS FEEDBACK ON PROPOSED NARROW-SCOPE AMENDMENTS RELATED TO WORKING WITH EXPERTS

The International Auditing and Assurance Standards Board (IAASB) has opened a [public consultation on narrow-scope amendments](#) to its standards to maintain interoperability between IAASB standards and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code). These proposed amendments address recent revisions to the IESBA Code related to using the work of an external expert.

The targeted amendments focus on the following IAASB standards:

- ISA 620, *Using the Work of an Auditor's Expert*
- ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*
- ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*
- ISRS 4400 (Revised), *Agreed-upon Procedures Engagements*

5. IFAC AND IESBA, ALONGSIDE IAASB, CONVENED SUCCESSFUL MULTI-STAKEHOLDER SUMMIT ON GLOBAL STANDARDS FOCUSED ON FURTHERING THE PUBLIC INTEREST

The International Federation of Accountants (IFAC) and the International Ethics Standards Board for Accountants (IESBA), alongside the International Auditing and Assurance Standards Board (IAASB), convened a multi-stakeholder Summit in Paris on 14 April 2025.

The Summit, held in response to a [call to action](#) by Lee White, Chief Executive Officer of IFAC, focused on the practical implementation of the new International Ethics Standards for Sustainability Assurance (IESSA), and strengthening current and future engagement with the IESBA and the IAASB in the evolving global standard-setting landscape.

Hosted by IFAC French member the Compagnie Nationale des Commissaires aux Comptes (CNCC), and opened by its President Philippe Vincent, the summit was observed by the Public Interest Oversight Board (PIOB) and brought together over 50 global leaders from Africa, Asia-Pacific, the Americas, and Europe, including IFAC member organizations and other professional accounting organizations, practitioners, regulators, investors, business preparers, supervisors and standard setters, offering a remarkable blend of perspectives, skills, and knowledge.

The summit reaffirmed the important role that global assurance and ethics standards need to play in building trust in reported sustainability information, and hence the importance of ensuring successful global adoption and implementation.

Drawing on the rich and diverse contributions, IFAC, IESBA, and IAASB leadership acknowledge two priority areas highlighted by participants for engagement among the standard-setters, oversight bodies, and IFAC:

1. The clear value of enhanced coordination among the IESBA, the IAASB and IFAC leadership, working together to maximize the use of limited resources to progress the adoption of the IESBA's and the IAASB's international standards globally and support their consistent implementation.
2. The importance of continued improvement in the transparency and effectiveness of the due process for standard setting, including:
 - Appropriate effects analysis of new or revised standards;
 - The performance of post-implementation reviews of significant new or revised standards, generally within five years post-effective date;
 - Use of narrow scope amendments to resolve relevant issues identified through implementation or emerging issues monitoring mechanisms; and
 - Enhanced engagement and feedback on how stakeholder input is considered and feeds into decisions.

The IESBA and IAASB chairs committed to taking forward those suggestions through engagement with their respective boards, the PIOB as their oversight body, and other governance and institutional bodies in their system.

Participants at the roundtable also supported active engagement with the [Monitoring Group](#) and the PIOB to inform the approach to, and timing of, a post-implementation review of the July 2020 Monitoring Group reforms to strengthen the international audit and ethics standard-setting system.

IFAC, IESBA, and IAASB will continue to focus on furthering the public interest and commit to convening another multistakeholder summit in Q4 2026 or Q1 2027.

Lee White, CEO of IFAC, said "I thank all of those who participated in the summit. What encouraged me most was the spirit of serving the public interest, shared responsibility and collaboration amongst all stakeholders. I am delighted to see there is consensus that standards should be of high-quality, but also practical, inclusive, and fit for purpose. That's how we build trust and resilience across the entire ecosystem."

Gabriela Figueiredo Dias, Chair of the IESBA, said "The IESBA commends IFAC for convening this important summit and is encouraged by constructive suggestions shared by a wide range of participants. We are fully committed to improving the practices that connect us all, as well as to the adoption and effective implementation of global standards on assurance, ethics, and independence. Both I, personally, and the IESBA call for and stand ready to support impactful initiatives from all involved parties that promote the public interest and embed ethics as the DNA that guides the global accountancy profession in all its activities and services."

Tom Seidenstein, Chair of the IAASB, said “I welcomed the invitation to participate in this timely event. I am heartened by the continued support for international standards set by independent standard-setters committed to robust due process. Ever deepening engagement with IAASB stakeholders and coordination with IESBA are leading strategic objectives of the IAASB, and the summit provided valuable recommendations in both of those areas.”

For further information: <http://www.ifac.org>

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