FINANCIAL REPORTING COUNCIL

MONTHLY UPDATES (July 2026) – What's new from the International Federation of Accountants (IFAC)

The main topics for discussion at the IFAC during the month of July 2026 were with respect to the following:

July 2026

1. **IESBA STAFF PUBLICATION HIGHLIGHTS ETHICAL CONSIDERATIONS FOR ACCOUNTANTS USING EMERGING TECHNOLOGIES**
2. **IAASB PROPOSES TARGETED REVISIONS TO THE ISA FOR AUDITS OF LESS COMPLEX ENTITIES**

1. IESBA STAFF PUBLICATION HIGHLIGHTS ETHICAL CONSIDERATIONS FOR ACCOUNTANTS USING EMERGING TECHNOLOGIES

The Staff of the International Ethics Standards Board for Accountants (IESBA) has on 15 July 2026 released a new publication, *Emerging Technologies: A Characteristics-Based Approach to Ethical Considerations for Professional Accountants*, to support professional accountants as they develop, implement, or use emerging technologies in public practice and business.

The publication provides timely thought leadership by offering an overview of the ethical implications of emerging technologies commonly used across the accountancy profession, including artificial intelligence, distributed ledger technologies, machine learning, quantum computing, and robotic process automation. Rather than focusing only on individual technologies, the guidance takes a durable, characteristic-based approach designed to remain relevant as technologies continue to evolve.

The guidance enumerates key characteristics associated with emerging technologies – such as opacity, non-determinism, dependence on data, perpetual adaptivity, autonomy, scalability, and speed – and explains how they may create or amplify threats to compliance with the fundamental principles in the International Code of Ethics for Professional Accountants (including International Independence Standards). These fundamental principles include integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The publication emphasises that, regardless of the level of automation or technological sophistication involved, professional accountants remain responsible for the judgments and decisions made in their work. It also underscores the importance of applying the Code's conceptual framework with an inquiring mind, professional judgment, and appropriate human oversight when evaluating technology-driven outputs. It further highlights that maintaining professional competence and due care in an environment of rapidly evolving technologies requires an ongoing commitment to continuous learning and the development of appropriate technological literacy.

This staff publication marks the beginning of a sequence of future technology-related guidance for accountants. The IESBA plans to complement the characteristic-based publication with more practical, technology-specific materials, with the first such guidance expected to focus on AI.

Based on input from Staff of the International Auditing and Assurance Standards Board (IAASB), the publication highlights links to the parallel work that the IAASB is undertaking on Technology Quality Management. The IESBA will continue to coordinate with the IAASB regarding its technology-related activities to reinforce the connectivity and interoperability of the IESBA Code with the IAASB's quality management and engagement standards.

2. IAASB PROPOSES TARGETED REVISIONS TO THE ISA FOR AUDITS OF LESS COMPLEX ENTITIES

The International Auditing and Assurance Standards Board (IAASB) has on 22 July 2026 released for public consultation proposed revisions to the *International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE)*.

The proposed revisions are part of the IAASB's commitment to maintaining a robust, proportionate, and globally relevant auditing framework for less complex entities. The proposed revisions update the ISA for LCE to address significant developments related to fraud and going concern, while ensuring the requirements remain appropriately tailored to audits of less complex entities.

"The IAASB designed the ISA for LCE to deliver an appropriately tailored, high-quality audit standard for less complex entities while maintaining the same objective as the ISAs: obtaining reasonable assurance," said Tom Seidenstein, IAASB Chair. "These proposed revisions demonstrate our commitment to keeping the standard current and responsive to developments in auditing while ensuring it continues to address evolving public interest expectations in a way that remains proportionate for audits of less complex entities."

The Exposure Draft includes proposed updates in several areas, including:

- **Fraud** – Incorporating recent revisions to auditor responsibilities relating to fraud.
- **Going Concern** – Addressing recent developments in auditor responsibilities related to going concern.
- **Listed and Public Interest Entities** – Replacing the term "listed entity" with "publicly traded entity", for which use of the standard is prohibited.
- **Experts** – Maintaining interoperability with the *International Code of Ethics for Accountants (including International Independence Standards),* issued by the International Ethics Standards Board for Accountants.

The ISA for LCE provides a standalone global auditing standard designed specifically for audits of less complex entities. It promotes consistent, high-quality audits while responding to the unique characteristics of less complex entities. In the short period since the standard's issuance, more than 30 jurisdictions have adopted the ISA for LCE, and several additional jurisdictions are actively considering its use.

The IAASB is seeking stakeholder feedback on whether the proposed revisions maintain the relevance of the ISA for LCE by addressing significant developments in a proportionate way that reflect the typical nature and circumstances of audits of less complex entities. The IAASB is also seeking input on the timeframe for future maintenance of the ISA for LCE.

Request for Comments

The IAASB welcomes feedback from auditors, regulators, oversight authorities, national standard setters, preparers, investors, and other stakeholders by **November 17, 2026**.

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

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