

2. SECTION I: ABOUT THE RESPONDENT

1. From which perspective are you providing this feedback?

The view of an organization

Please complete:

Your name:

Your organization (if applicable):

E-mail address:

Please complete:

Organization:

National Association of State Boards of Accountancy (NASBA)

Name(s) of contact(s) for this submission:

Jessica Luttrull

E-mail address(es) of contact(s):

jluttrull@nasba.org

2. Please select from the following options to which stakeholder group you or your organization belongs:

Jurisdictional Standard Setter (JSS) or Other Standard Setter

Please specify the type of accounting firm:

Please specify:

Please specify:

Please specify:

JSS for both Auditing and Assurance, and Ethics

Please specify:

3. Please select from the following options the geographical region that best matches you or your organization:

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North America

4. SECTION III: SSBs' STRATEGIC POSITIONING FOR 2028–2031

4. As the SSBs look toward the 2028–2031 period, they are reflecting on how to position their strategies and work plans to best serve the public interest within a rapidly changing global environment. This involves careful consideration of how the SSBs remain relevant, responsive, and impactful in their standard-setting and other related work. In that context, what do you believe the SSBs should aspire to achieve during their next strategy period, 2028–2031?

Your answer may touch on different dimensions, for example:

The relevance, responsiveness and impact of the SSBs' standard-setting and related activities.

Broader adoption and effective implementation of the SSBs' standards.

The SSBs' interaction and engagement with key stakeholder groups.

The SSBs' ability to serve the public interest.

The examples above are for illustrative purposes only and should not limit, direct, or otherwise influence your response.

Your answer should address the IAASB and IESBA collectively; however, you may wish to also highlight matters specifically for the IAASB or IESBA (if applicable, you could use separate headings to address such matters).

NASBA supports the continued collaboration between the SSBs. Harmonization among standard-setters is in the public interest as it promotes consistency in application and avoids confusion for practitioners and users of financial statements/external reporting.

NASBA applauds recent efforts by the SSBs in establishing the joint User Advisory Group (UAG), creating a dedicated channel for users of financial statements and other external reporting to directly inform global standard setting. Interaction with the UAG will provide timely feedback to help ensure that standards remain relevant, practical and responsive to evolving market needs.

6. SECTION IV: KEY TRENDS IMPACTING THE SSBs

A.1 Digital Transformation – Increasing Use of Emerging Technologies

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

NASBA supports the SSBs in identifying and monitoring emerging technologies as a key trend and acknowledges that there are many emerging technologies trends such as digital assets, cryptocurrency and cybersecurity advancements. In particular, NASBA (and the state boards of accountancy it represents) consider the use of artificial intelligence (AI) by preparers as well as auditors/practitioners as a key trend and question whether there should be some standard-setting around when the use of AI is appropriate and what quality management considerations should be in place for its use.

Will the use of AI change professional competencies, requiring a higher degree of ethical training or perhaps educating audit managers on how to better evaluate the AI results/output and the work of more junior staff? Should the focus be on how to authenticate legitimate work by auditors/practitioners? And would standards around defining and identifying sources of truth or source integrity be appropriate?

Preferring to focus on non-authoritative guidance and resources, U.S. accounting and auditing standard-setters have generally been cautious in setting standards for AI and point to existing standards (for example, on evidence and documentation) that already apply to AI-generated work. However, AI's integration into the profession presents risks related to accuracy, data security and professional accountability that necessitate structured oversight. Standards are needed to ensure that AI-generated data is transparent, auditable and that human oversight is maintained in high-stakes financial reporting.

A.2 Digital Transformation – Digital Assets and Institutionalization of Digital Assets

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Because the institutionalization of digital assets is rapidly accelerating in the U.S., NASBA believes that regulatory frameworks are necessary. Auditors of digital assets will require specialized procedures focusing on verifying ownership via private keys, ensuring proper valuation amidst high volatility and assessing internal control over custody. Likewise, ethical considerations should center on managing conflicts of interest, maintaining independence and addressing high fraud risks.

A.3 Digital Transformation – Financial Crimes Enabled by Technology

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

No matters to highlight at this time.

7. SECTION IV: KEY TRENDS IMPACTING THE SSBs

B.1 Changes in the Geopolitical and Regulatory Landscape – Regulatory Changes

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Deregulation efforts, often aimed at reducing occupational licensing barriers, have created pressure on state boards of accountancy in the U.S., threatening to weaken Certified Public Accountant (CPA) licensure standards, eliminate boards and reduce mobility (the framework allowing CPAs to practice across state lines without obtaining additional state-specific licenses or paying extra fees). These efforts have forced accounting professionals to actively defend their professional standards.

The U.S. is experiencing other deregulation efforts impacted by changes in the political environment. The U.S. Securities and Exchange Commission (SEC) is overhauling the Public Company Accounting Oversight Board (PCAOB) and looking to reduce reporting requirements/corporate compliance costs.

The challenge for standard-setters is to remain neutral to provide consistency and stability through swings in the political environment to protect the investors/public.

B.2 Changes in the Geopolitical and Regulatory Landscape – Risk of Fragmentation

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

In the U.S., the SEC is planning to renew efforts for greater coordination between the U.S. and international standard-setters regarding accounting and auditing to reduce costs for multinational companies. The SEC has encouraged the PCAOB to align more closely with the IAASB to ensure consistency for auditors globally.

B.3 Changes in the Geopolitical and Regulatory Landscape – Call for Greater Agility in Standard Setting

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend

for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

No matters to highlight at this time.

B.4 Changes in the Geopolitical and Regulatory Landscape – Greater Diversity of Voices Sought

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

In addition to a greater diversity of voices, there should also be diversity of viewpoints, of thought and a tolerance for and seeking of opposing views.

8. SECTION IV: KEY TRENDS IMPACTING THE SSBs

C.1 Evolving Expectations Concerning Sustainability Information – Continuing Demand for Sustainability Reporting and Assurance

2 – Decreasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

In early 2026, the SEC shifted towards a more deregulatory stance on sustainability reporting, focusing on reducing compliance burdens and stepping back from mandatory, sweeping climate disclosure rules. Despite the regulatory pullback, many large institutional investors continue to demand sustainability data, viewing climate risk as financial risk. As a result, many U.S. companies are navigating through a variety of state-level, global and voluntary reporting requirements.

C.2 Evolving Expectations Concerning Sustainability Information – Regulatory and Geopolitical Changes

2 – Decreasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

See note to C.1. above.

9. SECTION IV: KEY TRENDS IMPACTING THE SSBs

D.1 Evolving Structure and Business Models of Accounting Firms – Alternative Ownership Structures

6 – Strongly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Alternative ownership structures – primarily alternative practice structures funded by private equity – in accounting firms is a trend that has accelerated in the U.S. When private equity investors become closely aligned with CPA firms through alternative practice structures, complex relationships emerge that may threaten both actual and perceived independence. These structures may involve shared ownership, common investors, affiliated entities, or financial relationships that are not obvious to clients, the public or regulators due to lack of visibility into the underlying agreements. The public's ability to make informed decisions about professional services depends on clear, accessible information about firm ownership, service boundaries and regulatory oversight.

D.2 Evolving Structure and Business Models of Accounting Firms – Increased Involvement of Non-Professional Accountants in the Accounting and Auditing Profession

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

No matters to highlight at this time.

D.3 Evolving Structure and Business Models of Accounting Firms – Challenges to Attracting and Retaining Talent

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

No matters to highlight at this time.

D.4 Evolving Structure and Business Models of Accounting Firms – Non-Assurance Service Line

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

No matters to highlight at this time.

10. SECTION IV: KEY TRENDS IMPACTING THE SSBs - OTHER TRENDS AND RANKING

6. Are there trends or related areas or matters that you believe the SSBs should consider that are not covered? If so, please provide details.

Yes

Additional trends

Please number your additional trend (O.1, O.2, O.3, ...)

O.1. Evolving Educational/Training Needs of Professionals

Please describe the additional trend

Ensuring that auditors/practitioners are well versed in not only how to use the emerging tools and technologies in providing professional services but also to be critical as far as the answers that the tools are providing. Many experienced professionals require "upskill" training to fill in gaps.

Firms are challenged in appropriately training personnel in the shift from performing manual tasks to becoming the reviewers of AI-processed information. Training should emphasize validating AI outputs, analyzing anomalies and developing professional judgement to interpret high-risk, complex areas.

Other key areas for upskilling include data analysis, communication, problem-solving and emotional intelligence.

There should also be a continued focus in educating auditors in learning the business/industry of clients. Learning and understanding the business/industry lends credibility to the auditor/practitioner and makes their advice more readily accepted and adopted.

On a scale of 1 to 6, indicate the extent to which you believe this trend will

increase or decrease in importance for the SSBs for their next strategy period starting in 2028.

5 – Increasing in importance

Do you wish to explain your rating or highlight any matters relating to this trend for the IAASB, IESBA, or both the SSBs?

7. Based on your evaluation of the identified trends, please rank what you believe are the TOP FIVE most important trends for the SSBs to consider for their next strategy period starting in 2028.

Rank 1 : D.1. Alternative Ownership Structures

Rank 2 : A.1. Increasing Use of Emerging Technologies

Rank 3 : B.1. Regulatory Changes

Rank 4 : O.1. Evolving Educational/Training Needs of Professionals

Rank 5 : B.4. Greater Diversity of Voices Sought

11. SECTION V: AREAS FOR JOINT ACTIONS IN SSBs' WORK PLANS

8. Please share your views about areas of common interest and possible joint or parallel work plan topics (e.g., standard-setting or non-authoritative materials), or other initiatives or activities.

No views to share at this time.