Audit Committee Breakfast Briefing 2026



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Audit Committee Briefing 2026

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SLI.DO - Joining options:

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*Passcode: **IAASAACBriefing2026***

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Welcome & introduction



Kevin Prendergast, Chief Executive

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Disclaimer

The views expressed by IAASA speakers do not necessarily reflect the views of the Board or the staff of IAASA

Photography will take place during this event. Images of presenters and attendees may be used in IAASA's Annual Report or shared on LinkedIn

This event will be recorded to be uploaded to IAASA's website

Audience Participation

1. Physical Attendees – Roaming Mics

2. Virtual and physical attendees – SLI.DO
Respond to the questions posed for each session
Ask your own questions

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Slido question

What are you hoping to learn or take away from today’s event

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Agenda

1. Welcome & introduction	08:30–08:40
2. Corporate reporting Q&A with Deirdre Somers	08:40–09:10
3. Regulatory update	09:10–09:40
4. AI in corporate reporting with Majella Mungovan	09:40–10:10
Break	10:10–10:30
5. Audit Committee panel	10:30–11:20
6. AI and digital regulation	11:20–11:50
7. Closing comments & key messages	11:50–12:00

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Slido question

What do you believe are the biggest challenges that Audit Committees may face in the next 1 - 3 years?

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Corporate reporting Q&A with Deirdre Somers



Deirdre Somers – Audit & Risk Committee, Kenmare Resources plc

Martin Kelly, Assurance Quality Supervision

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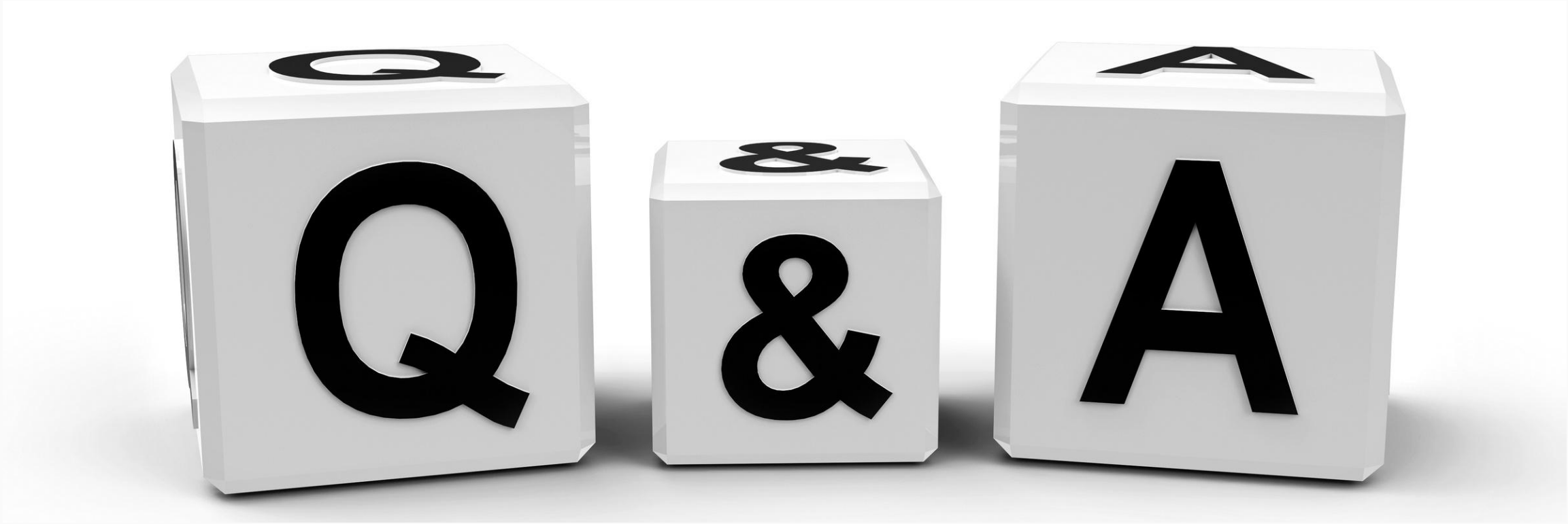
Slido question

What value has CSRD delivered for your organisation so far?

Select one answer

- Stronger data and reporting
- Better cross-business collaboration
- Clearer sustainability priorities
- Limited value relative to the cost
- Too early to assess / not applicable

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Regulatory update

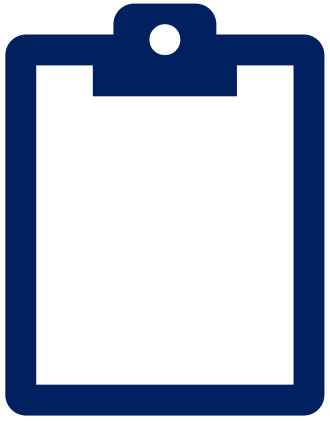


Nickie Gregory, Corporate Reporting Supervision
Barry Murphy, Assurance Quality Supervision

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CRS Agenda

Insert Text



- Financial reporting
- Sustainability reporting
- IAASA 2026 *Observations* paper
- ESMA 2026 Common Enforcement Priorities
- Use of AI in corporate reporting

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Slido question

Which best describes your organisation's progress in preparing for IFRS 18?

- Not started yet
- Assessed the impact on our reporting
- Implementation plan agreed, but not yet implemented
- Implementation is underway
- Prepared and tested the revised reporting
- Not sure / not applicable

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Financial Reporting



FY25 complete and ongoing examinations	**Outcome**
FY26 expectations	**Similar to 2026**
Risks	**Assessed for each entity**

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2026 – FY25 Areas Examined



Financial

- Fair value measurement
- Going concern
- Asset impairment
- Risk management
- Operating segments
- Alternative performance measures

Sustainability

- Scope and structure
- Double materiality assessment
- Transition plans and targets

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Sustainability Reporting



FY25 complete and ongoing examinations	**Outcome**
FY26 expectations and reporting basis	**Similar to FY25**
Risks	**Assessed for each entity**

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2026 *Observations* paper

Financial

Strengthen judgement and embed volatility

IFRS developments

Plan for the adoption and impact of financial reporting changes

Sustainability

Challenge entity-specific reporting and connectivity based on a robust double materiality assessment

Scan to read the full paper

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ESMA
Common Enforcement Priorities 2026

Financial	Sustainability	Digital
Geopolitical risks and uncertainties	Materiality learning curve	Common errors found in the *Statement of changes in equity*
Restructuring provisions and debt restructuring	Connected information on IROs, PAT and metrics	Scan to read ESMA's priorities

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Use of AI

REPORTED USE DOES NOT EXTEND TO:

- Replacing accounting systems and processes
- Preparing primary financial statements
- Drafting judgemental disclosures
- Making significant reporting judgements
- Replacing management review and sign-off

REPORTED USE SUPPORTS:

- Consistency and omission checks
- Narrative suggestions and editing
- Data extraction, organisation and formatting
- Document navigation and summaries
- Research

Copilot

Most commonly reported

Also in use Claude

EXPLORATORY USE OF:

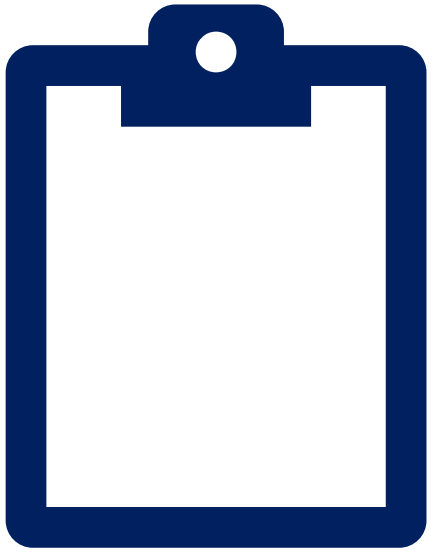
Copilot Agents to support disclosure checklist reviews

Copilot features available in accounting software

Human review, governance and accountability remain central

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AQS Agenda



- AQS update
- 2025 key findings arising
- 2026 audit inspections – areas of focus
- CSRD update
- Use of AI in audit

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Slido question

What is your view on the use of AI to perform, or assist with the performance of, audit procedures?

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AQS Update



- Annual inspection cycle
- Number of PIE audit firms: 8
- Sample of PIE audits inspected
- 2026 Firmwide/ISQM 1 audit inspection areas:
  - ❑Risk assessment
  - ❑Resources
  - ❑Governance and leadership
  - ❑Alternative Ownership Structures

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2025 Firmwide areas inspected

ISQM (Ireland)
1 Area:

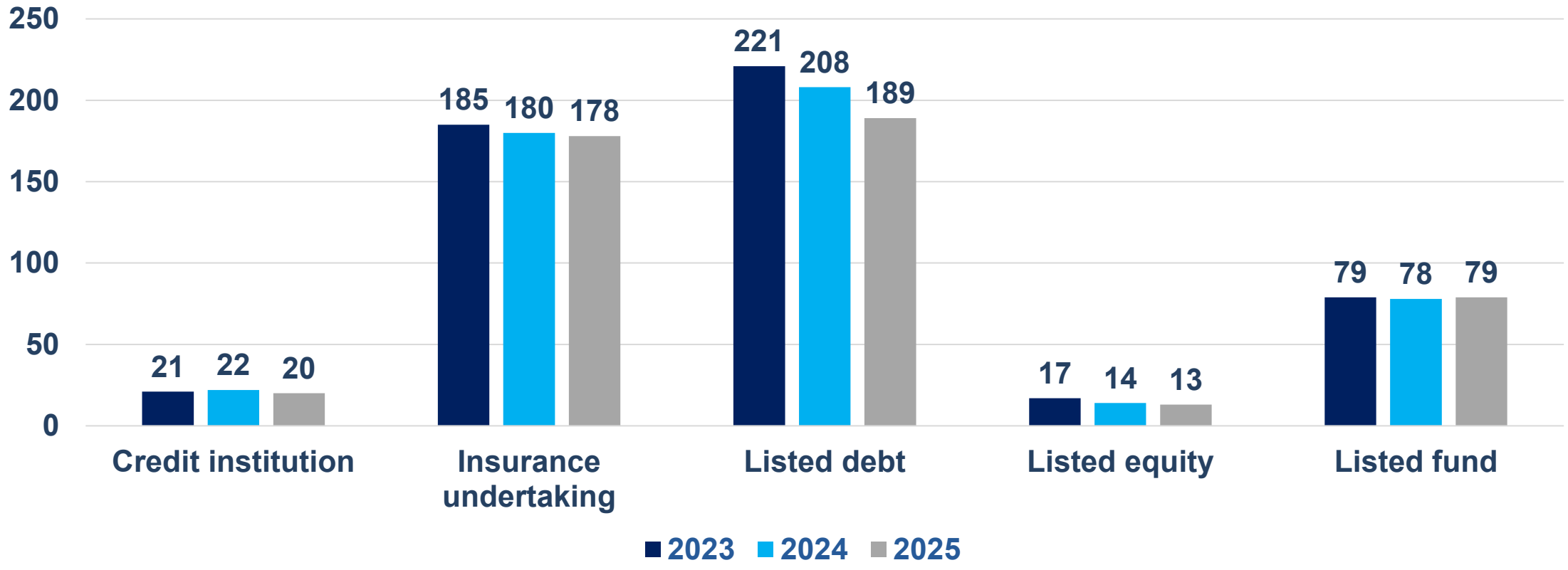
Engagement performance
5 findings

Monitoring and remediation
1 findings

Network resources
0 findings

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PIE Population



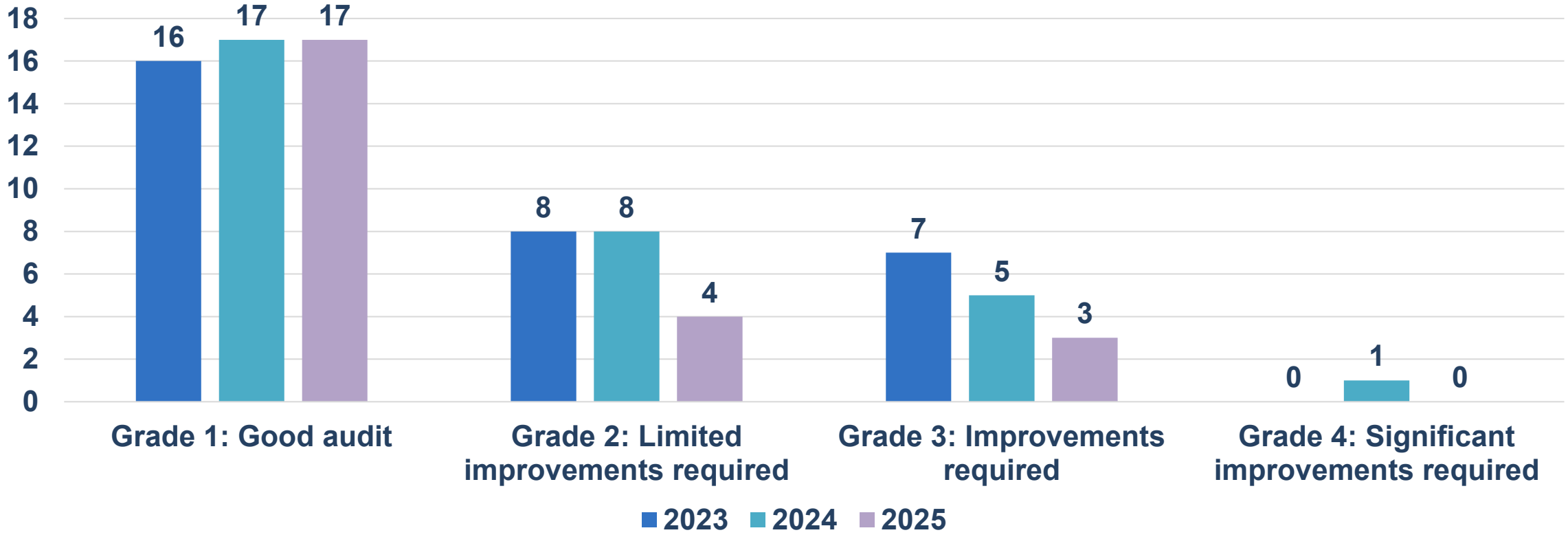
2026 inspection areas

All audit file inspections:	Communication with TCWG	Financial Statement review	
	Management override of controls	Confirmations	
Specific to audit file inspections:	ISA 600 – Group audit	IFRS 17	IT audit

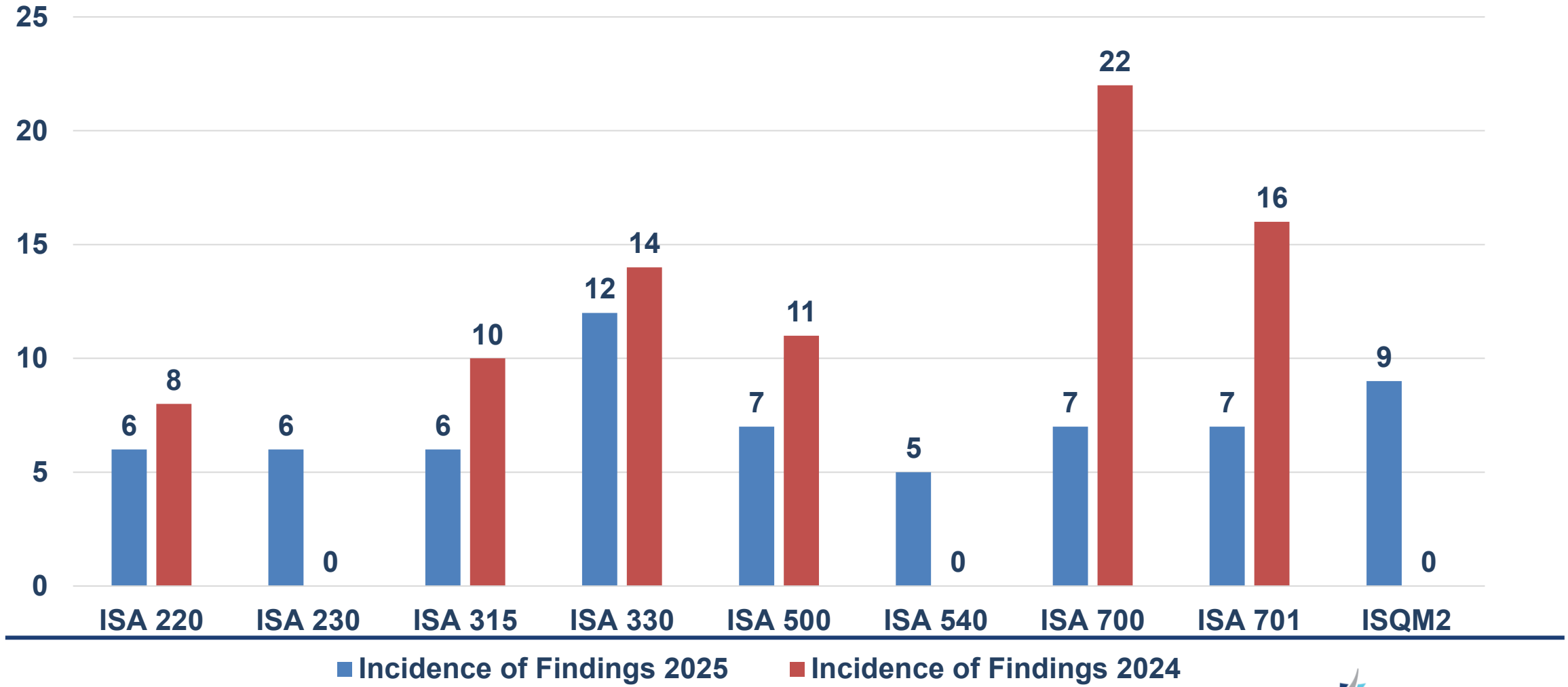
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Audit Inspections - grading

Individual Audit Inspections: 1 → 4 Grading



Incidence of Findings



Sustainability assurance inspections

2025

- Timing
  - Two week sustainability assurance inspection
  - Same file selection as audit inspection
- Scope
  - Full scope inspection
- Grading
  - Indicative grades issued
  - Similar model to audit inspection methodology
- Publication
  - 2025 sustainability assurance inspections will not be made public

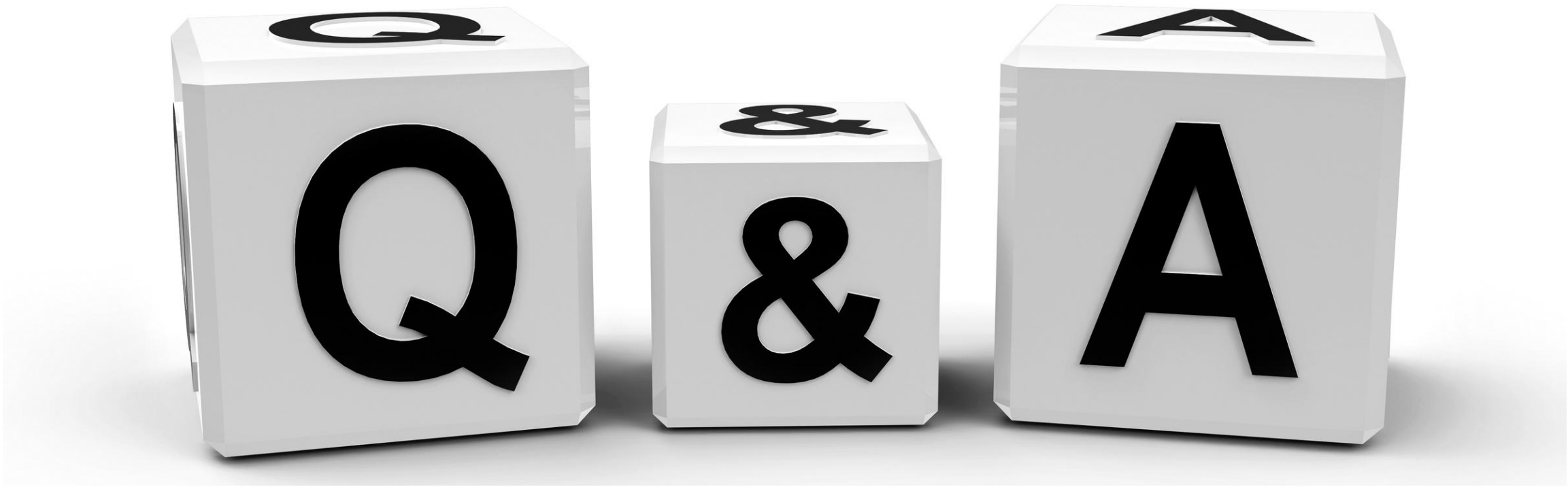
2026

- Timing
  - One week sustainability assurance inspection
  - Sustainability file only
- Scope
  - Focus on DMA and limited assurance procedures
- Grading
  - No change to 2025 approach
- Publication
  - No change to 2025 approach

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AI in Audit

- Significant investment by audit firms
- Impact on audit approach:
  - Risk assessment
  - Fraud detection
  - Data analytics
  - Upskilling audit team members
- Integration with audit platforms
- Risks to audit quality
- IAASA engagement with firms


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AI in corporate reporting with Majella Mungovan



Majella Mungovan – Vice President, Global Financial Operations, Meta

Lisa Campbell, Head of Operations, IAASA

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Break
Recommencing at 10:30



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Audit Committee panel



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Audit Committee Panel

Risk and financial reporting challenges posed by economic uncertainty

Artificial Intelligence – Audit Partner perspectives and client integration of AI

Sustainability reporting and assurance – Year 2 observations and future planning

Challenges facing ACs (current and future)

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Slido question - ranking

Rank these Audit Committee agenda topics in order of importance as you see it:

a) Artificial Intelligence - deployment and governance
b) Economic uncertainty - risk and financial reporting challenges
c) Sustainability Reporting
d) AC composition and skill sets
e) Audit quality
f) Cybersecurity

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Audit Committee Panel



Marie Treacy, Audit and Assurance Partner, EY

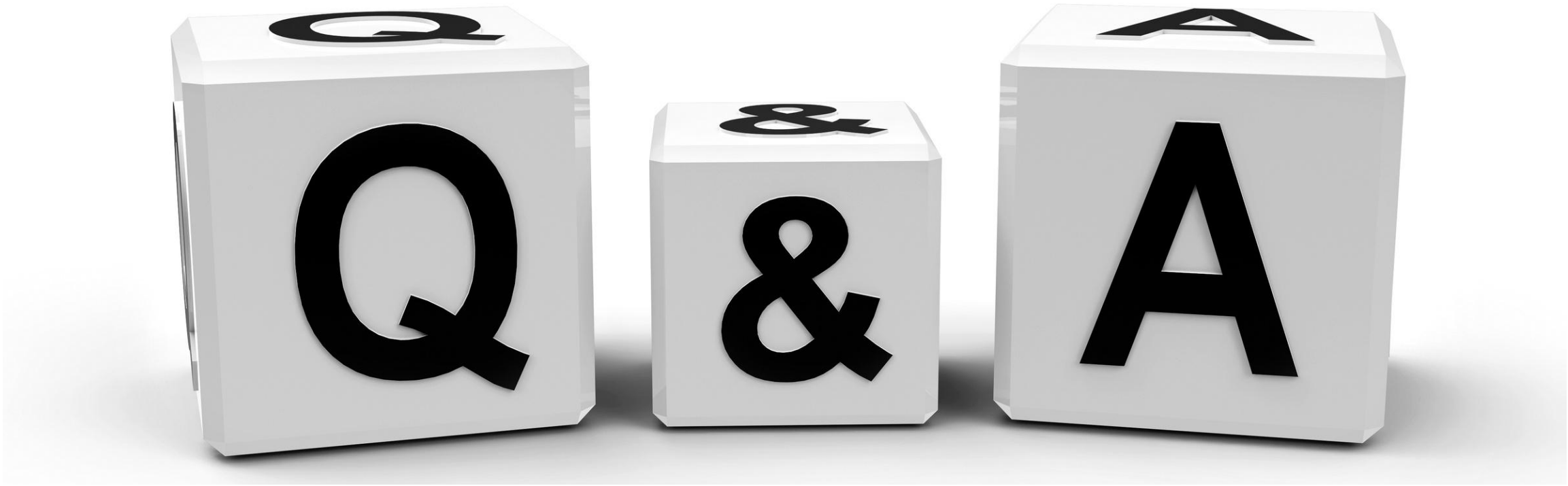


Orla O'Gorman, Audit Committee Chair



Richard Warren-Tangney, Audit & Assurance Partner, BDO

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AI and digital regulation



Declan McCormack, Head of the National AI and Digital Regulation Unit, Digital Division, DETE

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An Roinn Fiontar,
Turasóireachta agus Fostaíochta
Department of Enterprise,
Tourism and Employment

AI Regulation in Ireland

The implementation of the EU AI Act and the implications for organisations adopting AI technologies

IAASA Audit Committee Briefing
21 October 2026

Declan McCormack – Head of the National AI and Digital Regulation Unit, Digital Division, Department of Enterprise, Tourism and Employment

Balancing risk and benefit

Red Flag Act

The Locomotive Act 1865

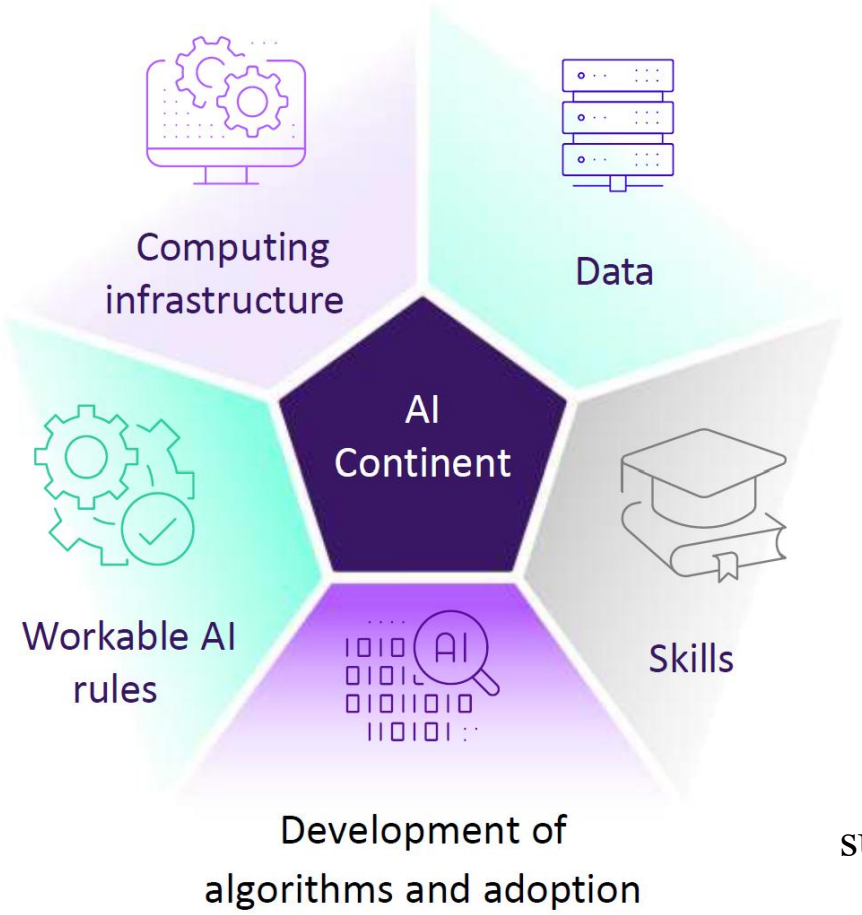


Reference: Paper by John Danaher–NUIGalway:
Link:
https://www.lawreform.ie/_fileupload/Speeches/Annual%20Conference%202019/Dr%20John%20Danaher%20-%20Mass%20Surveillance%20AI%20and%20New%20Legal%20Challenges.pdf

AI regulation in an EU context

Build large-scale AI data and computing infrastructures across Europe for the AI ecosystem

EU AI Act to create the harmonised conditions for a well-functioning single market for trustworthy and safe AI that drives uptake



New **Apply AI** and **Data Union Strategies** to support of AI development and innovation

Measures to enlarge the EU's pool of AI specialists and to adequately upskill and reskill EU workers and citizens in the use of AI.

European Digital Innovation Hubs will become Experience Centres for AI to support the adoption of sector-specific AI solutions

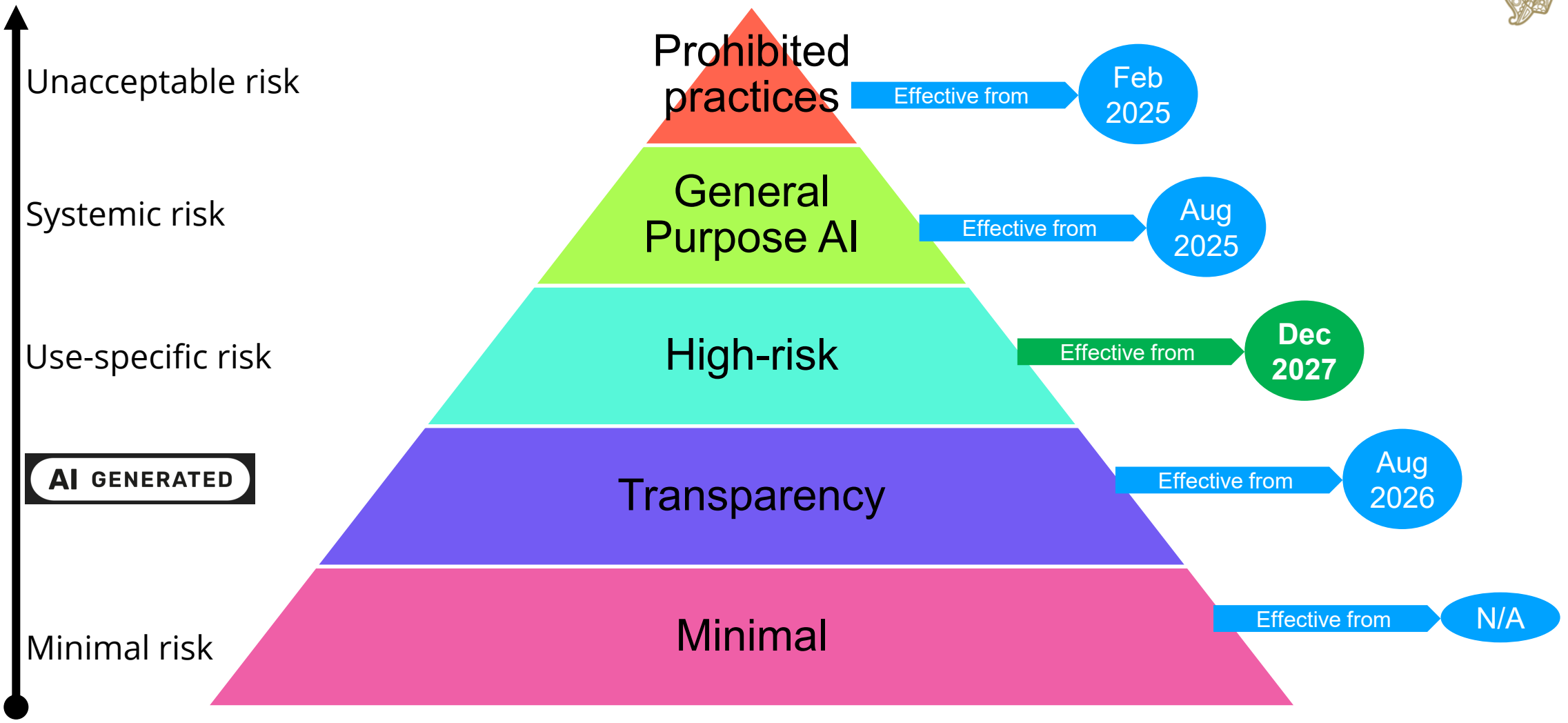
EU AI Act – Regulation to build trust

"**To promote the uptake** of human centric and **trustworthy** artificial intelligence (**AI**) while ensuring a **high level of protection** of health, safety, fundamental rights.. and **to support innovation**"

- EU Regulation – Direct effect (+ Domestic law)
- Common rules, improves Single Market
- Risk-based approach
- Phased implementation: August 2024 - 2028
- Guardrails **for adoption and innovation**



EU AI Act – What and when?



EU and National AI Regulators



Oifig IS na hÉireann
AI Office of Ireland

An Coimisiún um Chosaint Sonraí
Data Protection Commission

Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

Coimisiún na Meán

CCPC
Competition and Consumer Protection

Commission for Communications Regulation

HSE

HPRA

HSA

CRR
Commission for Railway Regulation

NTA
Údarás Náisiúnta Iompair
National Transport Authority

WRC
Workplace Relations Commission

An Roinn Iompair
Department of Transport

CRU
Commission for Regulation of Utilities

High-risk AI systems – Legal obligations

PROVIDERS
Design, build and document

01 GOVERN
- risk management system
- quality management system

02 CONTROL DATA
- data governance and management practices

03 DOCUMENTATION
- technical documentation
- technical recording of events

04 OPERATE SAFELY
- transparent operation
- effective human oversight
- appropriate level of accuracy, robustness, and cybersecurity

HIGH-RISK

AI

SYSTEM

COMPLIANCE

DEPLOYERS
Use, monitor and communicate

01 USE APPROPRIATELY
- technical and organisational measures for appropriate use

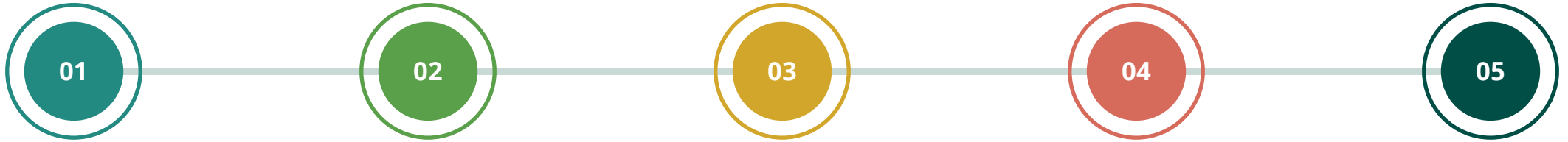
02 OVERSEE
- effect human oversight
- relevant and representative data

03 MONITOR & RECORD
- monitor the operation
- maintain logs

04 INFORM PEOPLE
- inform workers' representatives and affected workers
- inform the natural persons subject to AI system
- cooperate with market surveillance authorities
- Inform competent authorities of serious incidents

Planning for compliance

COMPLIANCE JOURNEY



AI INVENTORY

- Purpose
- Key Risks
- Controls

RISK APPETITE

- Risk Classification
- Strategic Alignment

GOVERNANCE

- Risk Identification
- Escalation Routes

ACCOUNTABILITY

- Human in the Loop
- Assurance Frameworks

THIRD PARTY AI

- Due diligence
- Contractual obligations

Questions to consider

AI GOVERNANCE CHECKLIST

AI VISIBILITY
01 Do we know how AI is being used in our business, in delivering our products/services and what external dependencies exist?

STRATEGIC FIT
02 Do we know why we are using AI and how it aligns with our strategic objectives?

PEOPLE & CUSTOMER RISK
03 What could go wrong – particularly wrt staff and customers?

ACCOUNTABILITY
04 Who is accountable and where does the human remain in control?

?

BOARD LENS

THIRD-PARTY AI
05 How do we manage risks wrt third-party AI systems?

ASSURANCE
06 What evidence gives the Board confidence that we have oversight and control of AI provided or deployed by our business?

BOARD CAPABILITY
07 Is the Board equipped to play its role?

INDUSTRY GOVERNANCE
08 Are you aware of AI governance initiatives in your industry?

Promoting uptake and supporting innovation



- EU AI Single Information Platform
- National AI Office to help businesses navigate regulatory landscape
- EU and National AI Strategies – General, Technical & Strategic Sector supports
- Ireland well placed to reap the benefits of AI

Thank you

References and additional information

1. The AI Continent Action Plan | Shaping Europe's digital future
2. Apply AI Strategy | Shaping Europe's digital future
3. AI Act Single Information Platform | AI Act Service Desk

How risk shapes AI regulation in EU



*Not mutually exclusive

Unacceptable risk
e.g. social scoring, untargeted scraping
— **Prohibited**

High risk
e.g. recruitment, medical devices
— **Permitted** subject to compliance with AI requirements and ex-ante conformity assessment

'Transparency' risk
Impersonation (chatbots), synthetic content
— **Permitted** but subject to information/transparency obligations

Minimal or no risk
— **Permitted** with no restrictions, voluntary codes of conduct possible

European Commission

Limited and Minimal Risk

Limited or Specific transparency risk

The AI Act introduces specific transparency requirements for certain AI applications where, for example, there is a clear **risk of manipulation such as the use of chatbots or deepfakes**.

Minimal risk

Most AI systems will only give rise to minimal risks and consequently, can be marketed and used subject to the existing legislation without additional legal obligations under the AI Act.

Example Minimal Risks

- AI Chatbots for General Information
- AI-Powered Search Engines
- AI Systems Performing Narrow Procedural Tasks
- AI Systems Enhancing Human Work
- Preparatory AI Tools
- AI Systems Used in Personal, Non-Professional Contexts

Example Transparency Requirements

- Inform users that they are interacting with an AI system
- Disclose when content has been artificially generated or manipulated
  - *(e.g., images, audio, video, deepfakes)*
- For artistic, satirical, or fictional content, only a general disclosure of AI involvement is required, without affecting the enjoyment of the work
- EU voluntary codes of practice to support transparency
- General Purpose AI models
  - *Information on the data used for training*



EU AI Act – Governance & Supervision

EU AI Office

- European Commission Function
- Facilitating and enabling the consistent and timely implementation of the EU AI Act across EU Member States

EU AI Board

- Representatives from Member States, EEA EFTA members & EDPS
- Chaired by Member States, following Council Presidency
- Advising and steering on matters of AI policy

Fundamental Rights Bodies

- Supervise or enforce the respect of obligations under EU law protecting fundamental rights, including the right to non-discrimination - to ensure high-risk AI systems do not infringe on fundamental rights.

Competent Authorities

- Notifying Authorities to assess and designate conformity assessment bodies
- Market Surveillance Authorities to supervise AI systems and carry out enforcement measures
- Single Point of Contact (AI Office of Ireland)

Leveraging exiting regulatory expertise



Ireland's Distributed Regulatory Model

- 13 Market Surveillance Authorities (MSAs)
- 4 Notifying Authorities (NAs)
- Primary legislation by Aug 2026
- EU Standards by Aug 2026
- MSAs/NAs '*AI ready*' by Aug 2026
- Central AI Office by Aug 2026

Market Surveillance under the AI Act

Focus
- Artificial Intelligence systems, especially high-risk.

Objective
- Ensure AI systems comply with transparency, safety, and ethical requirements.
- Ensure providers and deployers identify and mitigate risks pre-market deployment

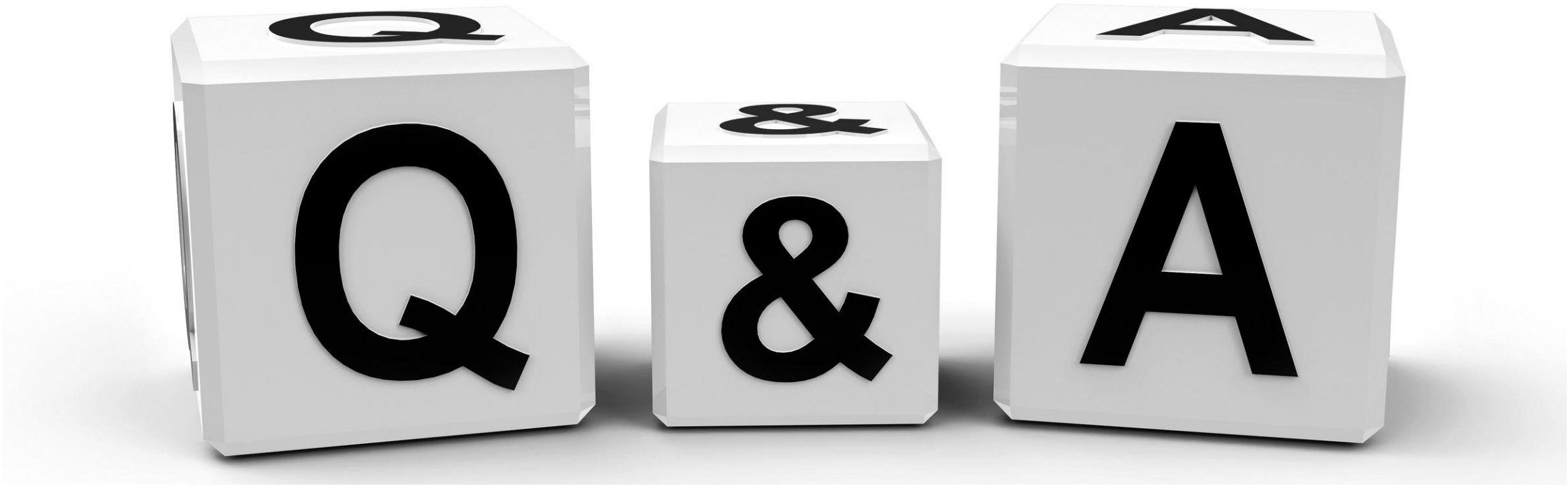
Key Functions of Market Surveillance Authorities
- Regulators are empowered to monitor AI systems post-market deployment.
- Investigate and access documentation, datasets, and source code.
- Handle complaints and coordinate enforcement.
- Impose penalties for non-compliance.



Operators Covered
- AI providers, deployers, and users of high-risk AI systems
- Importers and distributors of AI systems into the EU.

Key Challenges for Authorities

- Risk classification
- Access to expertise
- Harmonised interpretation (Definitions, Guidelines, Templates)
- Regulation interplay & overlap
- Data sharing
- Proportionate and dissuasive measures
- Balancing measures to protect with measures to promote and innovate


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Closing comments & key messages



Kevin Prendergast, Chief Executive

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Feedback survey

Please complete feedback survey in Slido

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