

Ref: KLB/TN/RV

30 June 2025

Dear Chair

CONSULTATION PAPER – COLLECTIVE INVESTMENT VEHICLES AND PENSION FUNDS – AUDITOR INDEPENDENCE

We appreciate the opportunity to provide comment to the International Ethics Standards Board for Accountants (‘IESBA’) on the Consultation Paper on Collective investment vehicles and pension funds – auditor independence (the ‘Consultation Paper’).

Pitcher Partners is an association of independent firms operating from all major cities in Australia. Firms in the Pitcher Partners network are full service firms, and we are committed to high ethical standards across all areas of our practice. Our clients come from a wide range of industries and include listed and non-listed disclosing entities, large private businesses, family groups, government entities, and small to medium sized enterprises.

We acknowledge the IESBA’s efforts to facilitate greater consultation in the standard setting process. However in this instance the absence of any identified instances where an auditor’s lack of independence was a contributory factor it would appear that there are other areas which the IESBA could more effectively deploy its resources.

Our detailed responses to the questions contained in the Consultation Paper are attached to this letter. Should this project continue we would welcome the opportunity to engage in any further discussion of this topic with other interested parties.

Please contact either myself or Tim Nesbitt, Director – Audit & Accounting Technical (03 8612 9596 or tim.nesbitt@pitcher.com.au) or Ronnie Vogt Director – Audit & Accounting Technical (03 8610 5118 or ronnie.vogt@pitcher.com.au), in relation to any of the matters outlined in this submission.

Yours sincerely
PITCHER PARTNERS



K L BYRNE
Partner



T NESBITT
Director, Audit & Accounting Technical

Overall Questions from International the Consultation Paper – Assurance over Climate and Other Sustainability Information

<p>1. Does the Code's definition of related entity capture all relevant parties that need to be included in the auditor's independence assessment when auditing CIVs/pension funds?</p> <p>Please provide reasons for your response.</p>
<p>The extant code is sufficient in its definition of a related entity and is currently applied consistently. The Board's own research suggests they have not identified any instances where this is an issue "...the Project Team has not identified any Investment Scheme financial failure in which an auditor's lack of independence was a contributing factor".</p>
<p>The questions in this section pertain to an audit of a CIV/pension fund where a Connected Party to the Scheme meets the criteria set out in para 35, i.e. the Connected Party is:</p> <ul style="list-style-type: none"> a) Responsible for its decision making and operations b) Able to substantially affect its financial performance; or c) In a position to exert significant influence over the preparation or its accounting records or financial statements. <p>2. Do you believe the criteria set out above are appropriate and sufficient to capture Connected Parties that should be considered in relation to the assessment of auditor independence with respect to the audit of a CIV/pension fund?</p> <p>Please provide reasons for your response.</p>
<p>The principles outlines in the criteria of para 35 would be sufficient to capture Connected Parties, again given the absence of identified issues refer 1 above.</p>
<p>3. Where there are such Connected Parties, do you believe that the application of the conceptual framework in section 120 of the Code is sufficiently clear as to how to identify, evaluate and address threats to independence resulting from interests, relationships, or circumstances between the auditor of the CIV/pension fund and the Connected Parties?</p> <p>If not, do you believe the application of the conceptual framework in the Code as applicable to Connected Parties associated with Investment Schemes warrants additional clarification?</p> <p>Please provide reasons for your response.</p>
<p>The Code is clear on how to identify them (i.e. the process) however as it incorporates judgement and professional assessment, there is the capacity for differential outcomes. Therefore, the Code cannot guarantee a consistent outcome in practise.</p> <p>If the area of collective investment vehicles and similar requires specific additional guidance then this should be specific and explicit rather than judgment based because there are clearly specific scenarios which are envisaged by the IESBA which are being mishandled. This position however is contradicted by the information in para 5 "...the Project Team has not identified any Investment Scheme financial failure in which an auditor's lack of independence was a contributing factor" would suggest that perhaps the IESBA could focus its resources on areas where ethical or independence matters have been identified as a contributory factor.</p>

4. Do you believe that the conceptual framework in Section 120 of the Code is consistently applied in practice with respect to the assessment of auditor independence in relation to Connected Parties when auditing a CIV/pension fund?

Please provide reasons for your response.

Yes. Auditors are familiar with the code and as per the IESBAs own research this is not an area where the public interest has been impacted by any perceived or actual lack of auditor independence.

5. Are there certain interests, relationships, or circumstances between the auditor of a CIV/pension fund and its Connected Parties that should be addressed?

Please provide reasons for your response.

Refer answers 1-4.

6. Does your jurisdiction have requirements or guidance specific to audits of CIV/pension funds from an auditor independence perspective? If yes, are those requirements included in audit-specific or CIV-specific regulation?

Please provide details.

Yes as listed in the paper in Appendix 2 for Australia