

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:

Australian Auditing and Assurance Standards Board

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

Doug Niven

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

dniven@auasb.gov.au

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 Auditing and Assurance only

Please specify:

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

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Asia Pacific

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).

Principles-Based Standards

The AUASB supports relatively principles-based assurance standards which can be applied to new and emerging circumstances, and do not provide bright lines that can be worked around. Guidance may be developed more quickly and support agility to address changing circumstances where necessary, rather than making frequent changes to standards. Additionally, we encourage the IAASB to continue to apply the CUSP drafting principles with scalability for smaller entities being front of mind when drafting requirements and providing application material. The public interest and cost/benefit continue to be important considerations.

Coordination Between Boards

There is a need for stronger alignment between the two boards in overlapping areas, including consistent in definitions, and coordinated timing

Some Stakeholder Fatigue

Some stakeholders indicated that stability is currently needed in the sustainability space. Stakeholders raised concerns about fatigue from the pace of standard setting (i.e. major new standards on sustainability, fraud and going concern) and supported the approach of no major new standards before the end of 2027. The volume and pace of recent standard-setting activity have strained practitioners, especially smaller firms and particularly with sustainability assurance. Relatively principles-based standards can also assist in this regard.

On the other hand, given the newness of sustainability assurance, the IAASB should not hesitate to make necessary narrow scope amendments to ISSA 5000 rather than waiting for a post implementation review.

Coordination between other standard setting boards

The AUASB considers that the coordination between the IAASB and the IASB and ISSB is important both as their standards are developed to minimise any potential assurance implementation issues where appropriate and to address ongoing issues such as the IASB addressing going concern disclosures through its standards.

Outreach and Consultation

Ultimately, assurance exists to serve the needs of users; however, these stakeholders are often underrepresented in consultation submissions. Given that user groups are frequently multinational, the IAASB is uniquely positioned to engage with them directly. The AUASB encourages the IAASB to continue and, where possible, enhance their engagement with users and preparers as part of their project outreach activities.

Public Sector

Public-sector considerations are receiving insufficient attention at the international level and public-sector issues are often left to jurisdictional standard setters, despite the sector's size and importance. The IAASB should consider giving more attention to the need for public sector specific standards and guidance, and greater engagement with public-sector stakeholders.

PLEASE NOTE: THIS SURVEY RESPONSE DOES NOT COVER MATTERS SPECIFIC TO IESBA BUT DOES COVER MATTERS RELEVANT TO COORDINATION BETWEEN THE IAASB AND IESBA.

6. SECTION IV: KEY TRENDS IMPACTING THE SSBs

A.1 Digital Transformation – Increasing Use of Emerging Technologies

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?

The pace of digital transformation, including the rapid development of artificial intelligence, can be addressed through existing principles in the standards, supplemented by appropriate guidance. Prescriptive standards would take time to develop and risk being outdated.

A principles-based response is better suited to evolving technologies and business practices, providing flexibility without requiring continual revision of standards.

We support the IAASB's approach of prioritising guidance and education over new standard-setting in this area. Timely, practical

guidance is seen as the most effective way to help practitioners apply existing standards in technology-enabled environments, while maintaining agility and relevance.

Where changes to standards are required, these should be targeted and incremental, such as updating outdated terminology or references to manual processes, rather than comprehensive rewrites.

This applies for both financial reporting and sustainability assurance engagements.

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?

The IAASB may consider guidance on considerations when obtaining evidence on the ownership of digital assets and transactions in those assets.

A.3 Digital Transformation – Financial Crimes Enabled by Technology

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?

Technology is expected to make financial crime increasingly complex and widespread by lowering barriers to entry and eroding jurisdictional boundaries, facilitating falsification of documents and other evidence, thereby enabling criminal activity to be conducted more easily, anonymously and across borders at scale. The reliability of audit evidence is crucial for assurance providers. We recognise the importance of the revisions to ISA 500 when considering the reliability of audit evidence. We acknowledge that the draft of ISA 500 recognises that authenticity is one attribute of reliability of information that may or may not be significant in the circumstances to meet the intended purpose(s) of an audit procedure and that auditor judgement is needed to determine the nature and extent of testing authenticity of information.

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?

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?

There is a risk of global fragmentation, with possible divergence on assurance standards for sustainability across jurisdictions having the potential to increase costs for those operating across borders. The IAASB should consider further initiatives to promote the adoption of ISSA 5000.

As noted above, relatively principles-based standards can be applied across a diverse range of circumstances and don't create bright lines that can be worked around.

Stakeholders felt that outreach by the IAASB should be broader and more inclusive. Greater outreach to stakeholders beyond large international firms—particularly in the Asia-Pacific region and emerging economies—may assist in addressing perceptions of Western-centric standard setting and enhance global acceptance.

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?

Improving agility to accommodate changing circumstances through guidance can assist in responding quickly to stakeholder needs. As reliance on non-authoritative materials grows, it is important to maintain sufficiently robust processes and coordinate with jurisdictional standard setters and subject-matter experts.

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?

See B.2 above.

8. SECTION IV: KEY TRENDS IMPACTING THE SSBs

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

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?

Evolving Expectations for Sustainability Reporting and Assurance

While there remains a clear and continuing demand for sustainability reporting and assurance to support credible market information, regulatory expectations are becoming more variable across jurisdictions. In some regions, previously announced mandatory reporting and assurance requirements are being recalibrated or scaled back.

Early Stage of Maturity and Need for Stability

Some Australian stakeholders consider that sustainability reporting and assurance remain at an early stage of development globally. While agility in standard setting is important, there is also a case for a period of relative stability to allow practitioners to build capability, understanding and confidence.

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

Risk of Global Fragmentation

While ISSA 5000 was intended to be reporting framework neutral, there may be cases where it does not have regard to the circumstances of major reporting regimes, such as ISSB standards. The IAASB may need to consider emerging issues on the adoption of these standards, including a disconnect in setting materiality for assurance and reporting purposes under ISSB standards.

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?

We encourage all parties involved in the financial reporting ecosystem to continue to recognize the importance of ISQM 1 and strong quality management principles, particularly in light of evolving business structures and ownership.

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

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?

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

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?

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

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?

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.

Additional trends

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

Please describe the additional trend

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.

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.

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.

Private Equity and Firm Governance

Recognising the increasing involvement of private equity in audit firms, the AUASB highlights the need for the IAASB to maintain a watching brief on potential implications for ISQM 1, particularly in relation to leadership, governance and firm culture.

Sustainability and Board Coordination

The AUASB notes that further work on sustainability is likely and that continued coordination between the IAASB and IESBA will be essential, building on the joint approach already taken in recent standards and projects.

Scalability and Future Review

The AUASB continues to highlight the importance of scalability and proportionality, particularly as standards are applied across a wider range of entities and evolving business structures. This reinforces the need for both boards to remain attentive to how standards operate in practice across different firm and engagement profiles.