

## 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:

BDO International Limited

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

Nazia Lakhani

Head of Global Audit Quality

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

nazia.lakhani@bdo.global

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

Accounting Firm

#### Please specify the type of accounting firm:

Global Accounting Firm

#### Please specify:

#### Please specify:

#### Please specify:

#### Please specify:

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

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

Global

**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).**

Proposed cycle of Strategy and Work Plan (SWP) activities:

- To remain relevant, both SSBs need to be more agile in their approach to identifying matters for inclusion in any future Strategy Work Plan (SWP) and associated projects.
- Asking for views and perspectives for a proposed cycle of SWP activity spanning 2028 – 2031 does not reflect the rapidity of change within the accounting profession, including digital transformation, which needs to be more of a priority.
- There is a danger that by setting out plans so far in advanced, both SSBs find it more difficult to flex toward newer challenges that could emerge in the next 2-5 years.
- We would recommend both SSBs consider a move towards a rolling 2-year Work Plan, by:
  - o Establishing appropriate stakeholder input processes to obtain input on a timely basis
  - o Putting in place 6-monthly review points for both SSBs to evaluate progress or the need for changes in the 2-year rolling Working Plan.

Working together:

- We continue to support initiatives - like this joint Survey approach – of both SSBs to work together.
- This close working relationship needs to be deeper and should operate across both SSBs' individual SWPs and respective projects. This will also help create alignment between the work of both SSBs, reducing the need for additional projects/task forces to reconcile terminology or definitions between both SSBs (e.g., on matters such as 'sustainability information')

'professional accountant').

- Rather than having separate areas of expertise (such as IESBA's Trends and Risks Committee, IAASB's QM Technology project) both SSBs should be working together on these types of future-thinking groups – to help inform both SSBs (increasing the sharing of knowledge and insights and reducing the burden for each SSB to source its own experts and information).

A shift towards being measurably impactful, not just 'productive':

- With an extant and established set of standards and the IESBA Code, both SSBs need to shift their focus from identifying 'new' standard setting activities and instead to:

o Maintain a body of standards which are principles-based (and do not result in overly detailed or prescriptive requirements) accompanied by timelier and more useful NAM (such as educational materials) which can be used to address rapidly changing issues.

o Focus on measuring the impact of their standards and potential for new and improved 'guidance' (e.g., educational materials) to help support adoption and implementation.

- There should be a shift away from standard setting towards measuring adoption (full, partial or none) thereby reducing the risk of fragmentation (referenced later in this Survey). This would need to include appropriate root cause analysis combined with thorough investigation of reasons for non-adoption and a planned response to move jurisdictions toward an 'adopted' status. This approach will also improve the relevance of both SSBs and their credibility with stakeholders.

- A focus on guidance will also reduce concerns about SSBs' ability to respond to new and emerging issues, preserve the primacy of a set of principles-based standards and also enable both SSBs to respond to challenges (e.g., AI and digital transformation) without feeling the need to engage in full blown (and very lengthy) standard setting.

- We would recommend both SSBs:

o Include as a standing item on their quarterly in-person meetings an agenda item focused on adoption and implementation as performed by IFAC Member Compliance Program (of their body of standards/the Code) to help inform both SSB about what NAM could help drive improve adoption

o Set one or more KPIs focused on adoption and review achievement or otherwise on an annual basis

o Ask IFAC's Member Compliance Program to set targets to improve adoption and implementation of IFAC member bodies

o Focus on adoption, by thinking of alternative ways to aid implementation of the standards/the Code, by:

Being very clear and unambiguous (including in messaging to regulators and other stakeholders) about the non-authoritative nature of such guidance

Developing more user-friendly guidance, flowcharts, Q&As and education/training/workshops of all stakeholders including educators, national standard setters

Developing non-authoritative materials on topics such as digital transformation (on a joint-SSB basis).

Working closer with stakeholders

- There is an opportunity to work closer with practitioners and preparers in the standard setting and Non-Authoritative Material (NAM) development phases at an earlier stage in projects (whether as SSB members, Staff, SMEs/technical advisors on working groups/task forces or with increased representation by practitioners at the SSBs)

- This involvement should be earlier on in the process at project development (not when standards are nearing finalisation and moving to the exposure draft stage of a project) to make best use of their knowledge and experience in applying standards and using NAM

- We would also advocate both SSBs revisit their own due process to see if there is way to:

o Deliver smaller more agile and relevant pieces of work

o Make more targeted updates to extant standards

- There should also be a joint program of 'CPD' for all SSB members to ensure that they are hearing regularly from SMEs/technical experts and practitioners regarding how the profession is changing and what this means for both the role of professional accountants as well as the future of the profession

- For the IAASB:

o There should be a housekeeping exercise performed to ensure that all published standards are in the clarified format (e.g., interim reviews update which highlighted critical areas not updated to reflect the current ways of auditing)

o Future proofing of standards – we have noted recent proposed changes and revisions still do not address the impact of changes in technology (e.g., ISA 500 series does not really touch upon how technology can both support and challenge auditors) – there is a danger that the body of standards of both SSBs can lose credibility when stakeholders have to 'infer' how they can be used in a technology-enabled part of the financial reporting ecosystem.

## 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?**

Strong support for consideration of the increasing use of emerging technologies

This important for both SSBs, to:

- Show how an already principles-based set of standards can support a technology-enabled financial reporting ecosystem
  - o This would include identifying where standards may need to change to reflect the use of technology, including emerging technology (e.g., can sufficient appropriate audit evidence be obtained when auditors are using data analytics to consider an entire population and there are no outliers and so no items are investigated)
  - o Challenges around using professional judgment and being professionally sceptical when using technology (e.g., management estimates, auditing estimates and how much reliance preparers and auditors can place on technology)
  - o Over-reliance on use of technology.
- Highlight the potential impact on assurance, non-assurance and related ethics perspectives.
- Establish how entities use of technology (often behind the scenes a 'black box' approach) has the potential to impact practitioners (including preparers) and assurance practitioners. In addition, how the practitioner 'authenticates' this technological information produced by the entity (IPE) to be used by the practitioner as audit evidence, and how this impacts the audit strategy and overall audit plan.
- Questions about 'who' is the expert (management, auditor, etc.) when the expertise is being provided by a technology-enabled solution, include:
  - o What ethical challenges does this create?
  - o How does the human (assurance practitioner) engage with the technology-enabled expert?
  - o What are the potential skills and training needs for assurance practitioners and preparers?
  - o What this means for how extant standards (especially ISAs) are worded especially when 'the auditor shall' – results in 'the auditor' being a piece of technology or technology-enabled procedures including both a human and technology elements?
  - o How does use of technology (e.g., iterative risk assessment procedures being performed by technology) impact existing models of auditing which underpin the ISAs (e.g., control risk, detection risk and inherent risk)?
- Both SSBs to consider potentially working together to see the challenge as a joint initiative (rather than separate catalogue or trends committee approaches), to include:
  - o Technology expertise at each Board or through working groups
  - o Pool of technology experts that can be used by both SSBs to help inform each SSB and Task Forces about technology angles.

### 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?**

- Linked to our responses to A.1, we recognise that this is a specialised area and requires additional SME input to both SSBs to reflect the environment within which the standards/the Code need to be applied.
- From a practitioner perspective, additional guidance and thought leadership on the potential impact on entities and those assuring those entities will be helpful.
- As noted in A.1, we also believe there are wider issues to be considered in terms of 'who' the practitioner is likely to be when technology is performing procedures (and the impact this has on extant standards which are focused on a human role such as 'the auditor').
- It will be essential that both SSBs have the latest practitioner and preparer practical expertise when developing such guidance.

### **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?**

The risk of Cybercrime increases as technology becomes more sophisticated, with perpetrators frequently finding new and different ways to commit crime.

As a result, agile, timely NAM is needed rather than setting new or revised standards. Producing NAM - aimed at protecting the public interest - would focus on the impact to a firm's system of quality management and to engagement teams as they consider the impact of the entity which is the subject of the engagement.

Ethical considerations regarding technology also will need to be brought into play. This NAM should be developed jointly by IAASB and IESBA and in a way which avoids duplication of activities (i.e., by separately designed processes).

As this is a dynamic and evolving area, we recommend that the process for this NAM starts during the current SWP period (perhaps as part of the Technology Quality Management Project) and is then reviewed and updated on a timely basis.

## **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?**

Geopolitical shifts may mean that entities will have to adapt to changing markets, new markets and changing supply chains. This includes issues such as:

- Targeted financial sanctions and embargoes which are likely to remain in place (and which bring new challenges to both audited entities and auditors.
- Increased risks of entities entering markets where business practices may conflict with home market regulations (e.g., anti-bribery rules) and increased risks of misuse of entities for sanctions or embargo circumvention.
- Entities seeking new global markets, which results in alignment between professional standards becoming even more important to ensure transparency and clarity of reporting (and underpinning the smooth functioning of capital markets in the

public interest).

We recommend the SSBs design their SWPs to ensure their body of standards are strictly principles based, and include the provision of more NAM, to support practical implementation.

Standard setting should not be reactive, as it will be outdated by the time it is released. We encourage both SSBs to work more closely with national standard setters (NSSs) to promote consistent global application. Refer back to our opening comments about the need to measure and respond to adoption and implementation challenges (see Section III, Q4 response)

In a dynamic and volatile geopolitical situation, ethical behaviour is challenged so we recommend IESBA plan to provide more NAM focusing on practical implementation of existing standards/the Code (e.g., development of educational materials, FAQs) rather than having a focus on development of additional professional standards/rules.

---

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

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?**

See our responses to Section III, Q4.

We strongly support both SSBs investing more time and effort to review the information provided through IFAC's Member Compliance Program (that tracks the adoption and monitoring of implementation challenges of their standards/the Code) with a view to determining where practical NAM (e.g., educational materials) can be developed to drive greater adoption and implementation of existing standards/the Code. This is essential to reducing the risk of fragmentation, enhancing the confidence of users and underpinning the public interest need to have functioning capital markets.

We recommend:

- Acceleration of post implementation reviews of new standards issued post-ISA 540 to gather information as to the issues facing firms in implementing the standards.
  - o This would cover ISA 315 and ISA 600 which gave rise to significant changes in firms methodologies and will likely provide information on inconsistent application and where engagement teams struggle to comply with requirements.
- Commencing a review prior to 2028 to ensure consistent conceptual alignment across standards/the Code and between both SSBs.
  - o Different projects and respective SWPs can introduce variations in definitions (e.g., 'significant' 'appropriate' 'sufficient' 'authenticity'), thresholds and evidence concepts which inevitably result in 'standards-drift'.
  - o Review of definitions across both SSBs to ensure greater alignment (e.g., on terms such as 'sustainability information') and to actively work to avoid future fragmentation of definitions across both SSBs
  - o This can then make it harder for (a) jurisdictions to adopt the suite of ISAs and the Code as a coherent whole and increases the likely of local adaptation, (b) leads to firms having to interpret between standards and the Code rather than applying a consistent framework, and (c) training, guidance and methodology become more complex than is necessary.
  - o All of this contributes to a risk of fragmentation (as evidenced by the IAASB's project required on PIE Track II to align between both SSBs).

A recent example of the IAASB overlooking key stakeholders' views and comments, was the drafting of the ISA for LCE. This resulted in the regulators/national standards setters being unwilling to adopt and implement the standard or delaying their adoption – leading to a clear risk of fragmentation even in those jurisdictions where the profile of entities would have been well-suited to such a standard. Further, several jurisdictions are considering alternatives to the ISA for LCE audit, such as the UK revisiting their practice note (PN 28) on the topic.

A proper root cause analysis of why the Code still lags behind IAASB standards adoption - including a consideration as to why jurisdictions are developing their own guidance instead of adopting a standard - is essential to developing a SWP to boost adoption and implementation globally.

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

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?**

See our responses to Section III, Q4.

We strongly support moves by both SSBs to have greater agility in standard setting. This cannot be achieved by having:

- An SWP and initial Survey process which is based too many years into the future (see our recommendation for having a 2-year cycle with 6-monthly reviews to enable greater agility):
  - o Now might also be the time for both SSBs to consider the standards/changes to the Code development cycle and to see if speedier routes to market for finalised standards can be achieved.
- A focus on new/revising of standards/changes in the Code at the expense of investment in more guidance of what is extant:
  - o The standards are principles-based which need more guidance and implementation support to enable a reduction in risk of fragmentation globally.
  - o See our earlier recommendations for drafting and monitoring KPIs around adoption/implementation.
- To speed up agility and responsiveness to emerging issues, we would advocate that both SSBs look to how other standards setters operate (nationally, internationally) and set up a joint emerging issues task force to respond to urgent issues which occur from time to time (i.e., geopolitical, conflict, capital market critical events) and which require a more urgent approach to provision of guidance to help maintain confidence in the work of professional accountants in business and practice and capital markets.
- To be more responsive to changes but still remain relevant, both SSBs should focus on:
  - o Development of NAM, making it clear that this is different from a new/revised standard/the Code and that NAM should not be seen as a de facto proxy for 'requirements' and which are more educational in nature. There needs to be dialogue with major regulators (such as IFIAR) to emphasise this point.
  - o Gathering appropriate stakeholder input and support for development of NAM (linked to practitioner perspectives, root cause analysis reasons for poor/fragmented take-up globally, etc.)
  - o Considering improved language describing the nature and purpose of NAM (and as we noted in earlier sections, there are several types of NAM such as FAQs, videos, educational content, etc.)
  - o A root and branch reconsideration of due process – including how both SSBs can make substantive changes to extant parts of standards/the Code in a more agile and timelier way.

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

4 – Slightly 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?**

Please see our earlier comments in respect of the need of both SSBs to be more agile and quicker to market changes in

standards and issuance of guidance. While we do not underestimate the importance of including multiple voices as part of due process, there is a risk that this can be at the expense of providing guidance on a timely basis and could result in a due process which is unnecessarily long.

Both SSBs have already undertaken extensive consultations and roundtables/workshops in pursuit of information gathering. Our concern is that if this is broadened out even further, then both SSBs' Staff teams will need to spend longer working through comments with little to no perceived benefit.

It is important that this is managed appropriately – this should include:

- Ensuring that where network views are solicited that this input is obtained from network contacts (not from local firms)
- There is clear due process – including how SSBs have responded or addressed the input provided to them during outreach
- Summarised comments on the input provided by those taking part in outreach are captured and re-shared with those that took part in these outreach activities (with an opportunity to comment / correct the record).

Of greater assistance would be having processes which are transparent, open and document 'how' different views have been responded to by both SSBs.

As noted in our initial comments (see Section III, Q4), both SSBs should identify better ways of working together which can in turn help drive stakeholder engagement/outreach activities in a more coordinated way. This can enable both SSBs to agree 'who' is invited, ensuring more coordination of use of experts to the roundtables rather than have both SSBs coordinate these activities separately resulting in stakeholder engagement fatigue. Doing this together will also mean a better-quality joint SSB response to the issue at hand.

## 8. SECTION IV: KEY TRENDS IMPACTING THE SSBs

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

3 – Slightly 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?**

For now, we do not see this as an increasingly important area of focus. Notwithstanding the jurisdictional and regional efforts being undertaken with respect to sustainability information – we believe the focus of both SSBs should now shift away from issuing standards, allowing ISSA 5000 to embed in to providing more implementation guidance, based on the experiences of early adopters to the standards.

It would be more useful for both SSBs to engage more frequently with national/regional standard setters and to help signpost practitioners towards available resources (particularly for first time implementation). This approach would also help with reducing, as much as possible, the risks of fragmentation as different regions start to pick up and develop their own bodies of standards (e.g., EU Commission) while building on extant standards issued by both SSBs.

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

3 – Slightly 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?**

Refer to above comments in C.1 as well as the points noted in the Table above.

### **9. SECTION IV: KEY TRENDS IMPACTING THE SSBs**

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

0 – I do not agree that this is a trend to be considered

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

While the accounting profession is indeed experiencing significant changes in ownership structures, workforce composition, talent dynamics, and the expansion of non-assurance services, in our view these developments are fundamentally matters of business strategy, market adaptation and firm governance, rather than issues that should be addressed through audit, assurance, or ethics standard setting.

Furthermore, introducing standards or guidance in these areas risks overstepping the boundaries of professional regulation and could inadvertently stifle innovation, limit competitive flexibility, and discourage investment, new structures and diversification within the profession or in particular jurisdictions. Excessive standard setting could also inhibit attractiveness of the profession. Such activities may also affect both SSBs' relevance given the different approaches to evolving structures and business models across individual firms and networks.

The primary remit of the IESBA and IAASB SSBs is to focus on the principles and requirements that underpin audit quality and ethical conduct, rather than intervening in how firms choose to structure, finance, or operate their businesses.

From a public interest perspective, as we have noted earlier on in our Survey responses, we would advocate that more focus and attention is spent by both SSBs on active monitoring and measurement of adoption and implementation and provision of NAM to aid this, rather than consideration of the 'D' series of suggested potential areas.

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

0 – I do not agree that this is a trend to be considered

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

Both SSBs are focused on professional accountants. We would ask that in developing their strategies and workplans, both SSBs do not inadvertently impair:

- Ability of firms and networks to develop and manage their own structures

- Decisions about 'who' should be employed by firms (whether PAs or non-PAs) depending on the needs of their business and services being provided
- The ability for multi-disciplinary firms to determine their own approach to talent – being mindful that this may include technology solutions in place of previous human-enabled procedures.

---

**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**

0 – I do not agree that this is a trend to be considered

---

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

Both SSBs are focused on professional accountants. We would ask that in developing their SWPs, both SSBs do not inadvertently impair the:

- Ability of firms and networks to develop and manage their own structures
- Decisions about 'who' should be employed by firms (whether PAs or non-PAs) depending on the needs of their business and services being provided
- The ability for multi-disciplinary firms to determine their own approach to talent – being mindful that this may include technology solutions in place of previous human-enabled procedures.

---

**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**

0 – I do not agree that this is a trend to be considered

---

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

See our responses to D1-D3.

---

**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.**

Yes

---

**Additional trends**

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

O.1 Digital transformation - Impact on interpretation of extant standards/the Code

## Please describe the additional trend

Although technology and increasing use of technology has been highlighted earlier on in this survey – as noted in our response to A.1 – both SSBs should reconsider how advances in technology use (by auditors when procedures are performed by technology as well and by the entity in their operations including system of internal control relevant to financial reporting the entity's use of emerging technology) could have a direct impact on interpretation of extant standards/the Code.

We also note that there may be an opportunity (linked to earlier questions about geopolitical environments) for both SSBs to collaborate in a more coordinated and timely way (through some sort of urgent issues task force, shared projects) especially when events such as global/regional conflict have the potential to create instability within capital markets and resulting in a need for further timely guidance when applying professional standards.

## 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 : A.1 Digital Transformation – Increasing Use of Emerging Technologies

Rank 2 : B.3 Changes in the Geopolitical and Regulatory Landscape - Call for Greater Agility in Standard Setting

Rank 3 : B.2 Changes in the Geopolitical and Regulatory Landscape - Risk of Fragmentation Evolving Expectations Concerning Sustainability Information

Rank 4 : A.3 Digital Transformation – Financial Crimes Enabled by Technology

Rank 5 : O.1 Digital transformation - Impact on interpretation of extant standards/the Code

## 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.

Please refer to our responses to Section III, Q4 (repeated here):

#### Working together:

- We continue to support initiatives - like this joint Survey approach – of both SSBs to work together.
- This close working relationship needs to be deeper and should operate across both SSBs' individual SWPs and respective projects. This will also help create alignment between the work of both SSBs, reducing the need for additional projects/task forces to reconcile terminology or definitions between both SSBs (e.g., on matters such as 'sustainability information' 'professional accountant').
- Rather than having separate areas of expertise (such as IESBA's Trends and Risks Committee, IAASB's QM Technology project) both SSBs should be working together on these types of future-thinking groups – to help inform both SSBs (increasing the sharing of knowledge and insights and reducing the burden for each SSB to source its own experts and information).

#### A shift towards being measurably impactful, not just 'productive':

- With an extant and established set of standards and the IESBA Code, both SSBs need to shift their focus from identifying 'new' standard setting activities and instead to:
  - o Maintain a body of standards which are principles-based (and do not result in overly detailed or prescriptive requirements) accompanied by timelier and more useful NAM (such as educational materials) which can be used to address rapidly changing issues.
  - o Focus on measuring the impact of their standards and potential for new and improved 'guidance' (e.g., educational materials) to help support adoption and implementation.
- There should be a shift away from standard setting towards measuring adoption (full, partial or none) thereby reducing the risk of fragmentation (referenced later in this Survey). This would need to include appropriate root cause analysis combined with thorough investigation of reasons for non-adoption and a planned response to move jurisdictions toward an 'adopted' status. This approach will also improve the relevance of both SSBs and their credibility with stakeholders.
- A focus on guidance will also reduce concerns about SSBs' ability to respond to new and emerging issues, preserve the primacy of a set of principles-based standards and also enable both SSBs to respond to challenges (e.g., AI and digital transformation) without feeling the need to engage in full blown (and very lengthy) standard setting.
- We would recommend both SSBs:
  - o Include as a standing item on their quarterly in-person meetings an agenda item focused on adoption and implementation as performed by IFAC Member Compliance Program (of their body of standards/the Code) to help inform both SSB about what NAM could help drive improve adoption
  - o Set one or more KPIs focused on adoption and review achievement or otherwise on an annual basis
  - o Ask IFAC's Member Compliance Program to set targets to improve adoption and implementation of IFAC member bodies
  - o Focus on adoption, by thinking of alternative ways to aid implementation of the standards/the Code, by:
    - Being very clear and unambiguous (including in messaging to regulators and other stakeholders) about the non-authoritative nature of such guidance
    - Developing more user-friendly guidance, flowcharts, Q&As and education/training/workshops of all stakeholders including educators, national standard setters

#### Working closer with stakeholders

- There is an opportunity to work closer with practitioners and preparers in the standard setting and Non-Authoritative Material (NAM) development phases at an earlier stage in projects (whether as SSB members, Staff, SMEs/technical advisors on working groups/task forces or with increased representation by practitioners at the SSBs)
- This involvement should be earlier on in the process at project development (not when standards are nearing finalisation and moving to the exposure draft stage of a project) to make best use of their knowledge and experience in applying standards and using NAM
- We would also advocate both SSBs revisit their own due process to see if there is way to:
  - o Deliver smaller more agile and relevant pieces of work
  - o Make more targeted updates to extant standards
- There should also be a joint program of 'CPD' for all SSB members to ensure that they are hearing regularly from SMEs/technical experts and practitioners regarding how the profession is changing and what this means for both the role of professional accountants as well as the future of the profession
- For the IAASB:
  - o There should be a housekeeping exercise performed to ensure that all published standards are in the clarified format (e.g., interim reviews update which highlighted critical areas not updated to reflect the current ways of auditing)

o Future proofing of standards – we have noted recent proposed changes and revisions still do not address the impact of changes in technology (e.g., ISA 500 series does not really touch upon how technology can both support and challenge auditors) – there is a danger that the body of standards of both SSBs can lose credibility when stakeholders have to 'infer' how they can be used in a technology-enabled part of the financial reporting ecosystem.