

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:

RSM International Limited

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

Claire Blanton

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

Claire.Blanton@rsm.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).

We appreciate that IESBA and IAASB (the standard-setting boards; SSBs) issued a joint survey and are coordinating the development of the 2028–2031 strategy and work plan initiative. We encourage the standard-setting boards to continue working closely together as their project plans evolve to ensure that assurance^[FN1] and ethics standards remain aligned, coherent and fit for purpose.

In coordinating between the SSBs, it is important to maintain shared goals and objectives while avoiding fragmentation or misalignment between assurance and ethics standards. A coordinated approach will be critical in ensuring consistent application and avoiding unnecessary complexity for practitioners.

We observe that the professional landscape in which firms operate is becoming increasingly complex. This includes factors such as growth in alternative practice structures, the use of artificial intelligence (AI), the expansion into additional non-assurance services and professionals undertaking multiple roles. This complexity presents ongoing challenges to independence and ethical compliance, reinforcing the need for standards that are well-coordinated, practical and capable of being applied consistently across jurisdictions.

The general direction outlined in the draft materials is aligned with our experience. The collaborative approach by the SSBs

provides a strong foundation for addressing emerging issues effectively. We set out below a number of recommendations for consideration in the 2028–2031 strategy period:

Reprioritisation of work plans: Consider deferring lower impact 2026–2027 initiatives to accelerate more forward-looking priorities in the 2028–2031 plan, including those relating to digitalisation and AI.

Scope and project discipline: Carefully assess whether certain proposed projects (for example, CFO-related initiatives or broad extensions of the ethics code to sustainability for preparers) fall clearly within the SSBs' remit to avoid undertaking projects without sufficient justification, while recognising the value of post-implementation reviews.

Evidence-based standard-setting: Prior to undertaking maintenance activities, such as those relating to 'The International Standard on Auditing for Audits of Financial Statements for Less Complex Entities' (The ISA for LCE), the SSBs should seek to understand actual implementation and adoption challenges in practice.

Jurisdictional considerations: While sustainability and digital topics are important, regulatory timelines differ significantly across jurisdictions. For example, in Singapore, climate reporting and assurance requirements have been deferred and phased in over several years, whereas Australia implemented 'International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements' early. Accordingly, a 'one-size-fits-all' approach may not be appropriate. The SSBs should consider jurisdictional readiness and allow for flexibility in timing and implementation to ensure standards are practical and capable of consistent application globally. Cultural differences should also be considered, since they may influence how standards are interpreted, applied and enforced across different regions.

Avoid premature standard-setting: Given the varied pace of adoption of sustainability assurance in some jurisdictions, advancing prescriptive requirements too early may not align with local regulatory environments and could create practical implementation challenges.

Emphasis on practical guidance: We encourage the development of non-authoritative or implementation-focused guidance to support consistent application during transition periods, particularly ahead of mandatory requirements. We welcome the increased focus on implementation support and other non-authoritative materials, which may help firms and regulators better absorb and apply new and existing standards.

Capacity and pace of change: Regulators, professional accounting organisations and other stakeholders are facing challenges in keeping pace with the volume and speed of new guidance and regulatory developments. This should be considered when setting the pace and prioritisation of future initiatives.

[FN1] Unless otherwise specified, the reference to 'assurance' standards refers to the professional standards issued by IAASB.

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?

Preference for guidance over new requirements

We believe that practical guidance, likely in the form of non-authoritative materials, would be more efficient and effective in addressing issues arising from the increasing use of emerging technologies than introducing new or revised requirements or updates to professional standards. Emerging technologies evolve rapidly, which makes prescriptive requirements difficult to maintain and increases the risk of them becoming obsolete. Instead, we recommend the development of non-authoritative materials, including guidance, illustrative examples and implementation support, to assist practitioners in applying existing principles to new technologies in practice. Such materials may also support firms in evidencing and defending professional judgements, including when they are subject to regulatory challenge without undermining the principles-based nature of the standards.

Maintaining principles-based standards while supporting application and implementation

We emphasise the importance of maintaining a principles-based approach, particularly in the context of rapid technological change, to provide a framework for the practitioners to follow. While we acknowledge that firms may face challenges when standards do not explicitly address new technologies, especially under regulatory scrutiny, we consider that additional guidance is one of the most effective ways to bridge this gap while retaining principles-based standards. We encourage the SSBs to consider providing guidance, such as examples and 'frequently asked questions', that are able to be updated in real time as technology continues to evolve.

We suggest that the SSBs consider partnering with regulators, such as the United States Securities and Exchange Commission or the United Kingdom's Financial Reporting Council, that have similar matters on their current agendas.

This approach supports innovation in a timely manner while maintaining engagement quality and professional judgement and is consistent with IAASB's approach to technology-related developments, which has favoured non-authoritative materials over new or revised requirements or professional standards.

Coordination between assurance and ethics perspectives

While there may be differences in perspectives when considering emerging technologies from an assurance lens and an ethics lens, we believe that these technologies impact both domains and should be addressed in a coordinated manner. We encourage the SSBs to adopt a holistic approach, ensuring that ethics and assurance guidance are aligned and complementary to each other, rather than developed in isolation.

Increased demand for assurance on emerging technologies

We expect increasing demand for assurance on emerging technology and related tools, controls, governance and cybersecurity, including systems utilising generative and agentic AI. For example, when service organisations use generative or agentic AI in delivering services to their clients, there may be a need for assurance reports on the AI system to support their clients in monitoring and assessing their own system of internal controls.

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

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?

Increasing prevalence and practical challenges with assurance procedures

We believe that digital assets have moved beyond the 'new and novel' phase and are now entering a stage where broader institutional adoption and practical application challenges are becoming more prominent. Holdings of digital assets continue to increase, and as a result, digital assets are transitioning from being a niche topic towards a more mainstream area of focus.

Due to the nature of digital assets, practitioners are encountering practical challenges that are not fully addressed by existing professional standards. These include determining what qualifies as a 'digital asset', auditing cryptocurrency and token holdings, validating ownership, relying on tools, such as blockchain explorers, and addressing assets held in private wallets.

Need for practical guidance

While many relevant principles exist within current professional standards, there is limited guidance from the SSBs on how they should apply principles to digital assets. Additional interpretive support may be helpful in areas such as valuation models, volatility and assessing impairment or obsolescence given the technical complexity and evolving nature of these assets. This lack of clarity may make engagements more difficult to execute consistently and defend under regulatory scrutiny as digital asset arrangements become more complex and institutionalised.

Consistent with our broader comments on emerging technologies, we believe the most effective response from standard-setting boards would be the development of practical, non-authoritative materials, rather than new requirements or professional standards. Many challenges faced by practitioners may be addressed by clarifying how existing standards apply to specific aspects of digital assets, rather than introducing entirely new professional standards. This approach would support consistency, flexibility and timely application in rapidly evolving areas.

A.3 Digital Transformation – Financial Crimes Enabled by Technology

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?

Increased risk driven by technology

Emerging technology can enable new forms of financial crime through increased automation, data volume and complexity. This is an important trend given the potential implications for fraud risk, misuse of technology and public trust in financial reporting. However, there is a risk that placing too much emphasis on technology-enabled financial crimes could unintentionally create an expectation that auditors are responsible for detecting all forms of technology-driven misconduct.

Fraud risk and auditing technology

It is important to maintain a clear distinction between the auditor's responsibilities in relation to fraud and those relating to technology. Auditors are not generally responsible for auditing the technology itself, but rather for auditing the outputs and financial information generated using the technology. While technology may facilitate financial crime, framing this as a separate workstream risks blurring expectations around the auditor's responsibilities, including when specialised forensic or technological expertise may be more appropriate.

Recent revisions to the fraud standard

IAASB issued 'International Standard on Auditing 240 (Revised), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', (the revised fraud standard) in July 2025, which is effective for audits of financial statements for periods beginning on or after 15 December 2026. We expect the revised fraud standard to address many of the underlying risks

associated with fraud, including those enabled by technology, as described above. As such, we consider the importance of this trend will increase during the period 2028–2031 as firms implement International Standard on Auditing (ISA) 240 (Revised). However, we believe that elevating technology-enabled financial crimes as a significant priority before assessing how ISA 240 (Revised) is implemented and operates in practice may be premature for the 2028–2031 work plan. We support ongoing monitoring of the implementation of the revised fraud standard with a focus on identifying any issues or gaps that may require immediate action or clarification.

Evaluation of how auditors are evaluating and, when relevant, identifying technology-related financial fraud may be an important element of the post-implementation review of ISA 240 (Revised).

7. SECTION IV: KEY TRENDS IMPACTING THE SSBs

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

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?

Changes in the geopolitical and regulatory environment are currently visible and, at times, volatile; however, regulatory change has always been a feature of the professional landscape. We believe that standard-setting boards should recognise regulatory fluctuation as an ongoing condition and ensure that standards are sufficiently robust to withstand such volatility.

We caution against attempts to rapidly respond to political leadership changes or short-term regulatory developments in individual jurisdictions. Given the inherently long timelines of standard-setting processes, such an approach may be impractical and potentially counterproductive.

Principles-based standards

While regulatory developments should be monitored and considered, we believe the focus of the SSBs should be on developing stable, high-quality standards that are capable of enduring across regulatory cycles.

We strongly support maintaining a principles-based approach to standard-setting. Professional standards should be robust, capable of consistent application across jurisdictions with differing regulatory environments with minimal, if any, need for local modification. While awareness of jurisdiction-specific regulations is important, standards should not be driven by regulations or requirements in individual jurisdictions. Rather, standards should reflect broader, globally relevant developments without allowing them to dictate the direction or pace of standard-setting.

When existing standards already can be applied to regulations in individual jurisdictions, we believe it is appropriate for individual jurisdictions to issue guidance on the application of the standards to their jurisdictions, when needed. We also encourage the SSBs to issue non-authoritative materials to support the application when regulatory developments may be globally pervasive (for example, the European Union's Corporate Sustainability Reporting Directive) and to assist individual jurisdictions in developing their own guidance on how to apply the SSBs' standards to their regulations.

There is often a significant lag between regulatory or political developments and the ability to update standards given the due process required. As such, we believe that standards should prioritise clarity, consistency and durability, rather than attempting to respond to specific regulatory developments in real time.

When additional support is needed for specific regulations, we encourage non-authoritative materials, which may be issued more quickly and may provide more timely, practical guidance than standards. In this regard, we support the development of 'quick guidance' rather than 'quick standards'.

Risk of fragmentation

In our view, regulatory fragmentation, rather than regulatory change itself, poses the greater risk to the SSBs. Refer to our response to Question 5B.2 for further detail.

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?

As noted in our response to Question 5B.1, we believe that regulatory fragmentation, rather than regulatory change itself, represents one of the more significant challenges to the SSBs. Fragmentation may directly impact comparability, engagement quality and public confidence in international professional standards.

Divergent national or regional approaches, for example, in areas such as sustainability, risk undermining global adoption and consistent application of the standards. In our view, addressing fragmentation is a more productive focus for the SSBs than reacting to regulatory changes in individual jurisdictions. For example, jurisdictions are increasingly developing their own frameworks, timelines and requirements for sustainability reporting and assurance. While some degree of jurisdictional customisation may be unavoidable, increasing divergence may make it more difficult for firms operating globally to apply standards consistently and efficiently across engagements as well as within engagements involving multiple jurisdictions.

When national or regional approaches diverge from the international professional standards, we recommend that the SSBs consider whether the underlying standards are overly detailed or insufficiently principles based. Where appropriate, standards could be simplified and made more principles-based with supporting detail provided through non-authoritative materials. This approach may help maintain global consistency while allowing flexibility in application.

Adoption of IAASB and IESBA standards

International professional standards have not been adopted uniformly nor consistently across jurisdictions. In some cases, jurisdictions choose not to adopt new standards or adopt them with significant modifications. This uneven adoption generally undermines the objectives of international standard-setting, including the development of high-quality, globally accepted standards that enhance the quality and consistency in practice worldwide and strengthen public confidence in the profession. We encourage continued coordination between IESBA and IAASB. Joint initiatives may help minimise fragmentation and promote more consistent adoption. Such collaboration enhances the coherence of standards and may encourage jurisdictions to adopt international standards more fully and with fewer local modifications.

We recommend that the SSBs focus on understanding the reasons why jurisdictions choose to not adopt or why they modify international standards. Gaining insight into implementation challenges, regulatory constraints or practical barriers may provide a constructive basis for reducing fragmentation over time. Using this information, the SSBs can consider these issues in the standard-setting process and work with the International Federation of Accountants (IFAC), the Jurisdictional Standard Setters or regional organisations, such as the Confederation of Asian and Pacific Accountants to work toward consistent

implementation.

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

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?

We agree that there is an increasing need for agility from the SSBs. However, we believe it is important to distinguish between agility in supporting implementation and agility in issuing new or revised standards. While responsiveness is important, agility should not be equated with speed in developing standards.

In our view, stakeholders would benefit most from guidance that is timely, practical, interpretive and implementation-focused, particularly in the form of non-authoritative material. Accordingly, we believe agility is best achieved, at least initially, through supporting the application of existing principles-based standards, rather than continuously revising them. Non-authoritative guidance provides an effective mechanism for SSBs to respond more quickly to emerging issues, including those driven by technological developments, without compromising the stability or quality of the underlying standards.

In contrast, standards developed with an unbalanced focus on speed risk being insufficiently calibrated, potentially leading to unintended consequences or becoming outdated due to evolving regulatory developments. Frequent or reactive changes in standards may also undermine their durability and create confusion among stakeholders.

We strongly support SSBs being responsive and aware of regulatory changes; we do not expect the SSBs to mirror or respond to fast-moving regulatory or political changes. Instead, the SSBs should exercise judgement in determining when standard-setting action is necessary, recognising the inherent timeframes involved in the global standard-setting process.

Overall, we encourage a deliberate, coordinated and high-quality approach to standard-setting. In this context, we view 'greater agility' as enhanced support for implementation and non-authoritative guidance, rather than focus on faster rulemaking.

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?

We support efforts to increase the inclusion of emerging economies in the standard-setting process. This can provide valuable perspectives and enhance the relevance and scalability of standards. Greater diversity of input should be considered on all projects and may be beneficial, in areas such as The ISA for LCE.

Involving emerging economies more actively in discussions may also support broader adoption of the international professional

standards with minimal local modifications. As these economies continue to develop and become more complex, there may also be a need for additional implementation support and guidance to facilitate application of the standards.

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?

Jurisdictional uncertainty

We agree that demand for sustainability information and assurance is likely to continue in the long term. However, uncertainty remains regarding the pace and consistency of that demand across jurisdictions. While sustainability remains an important topic, its prominence has fluctuated and may continue to do so in response to economic and regulatory conditions.

Although sustainability reporting initially gained strong momentum (such as in the European Union), recent economic pressures and broader market conditions have led to some recalibration. There appears to be a growing emphasis on balancing sustainability objectives with traditional economic and financial priorities, which may temper expectations of uniform or rapid expansion of sustainability reporting and assurance across all regions.

Notwithstanding the near-term variability, we believe that longer-term demand may be supported by generational shifts as younger stakeholders increasingly place greater importance on sustainability-related information. Accordingly, we encourage the SSBs to continue monitoring developments in sustainability reporting and assurance requirements even when current demand appears uneven or moderated.

Reporting and use gap

We are concerned that there may be a gap between the reporting of sustainability information and its effective use by investors. It is not always clear whether investors fully understand how to interpret and incorporate sustainability information into their decision-making processes. This may, in turn, limit demand for assurance, as increased reporting does not necessarily translate into meaningful or actionable insight for users.

Recent issuance of sustainability assurance standards

IAASB issued International Standard on Sustainability Assurance (ISSA) 5000 in November 2024 and IESBA issued 'International Ethics Standards for Sustainability Assurance (Including International Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting' (IESSA) in January 2025, which are effective for assurance engagements on sustainability information as at a specific date on or after, or for periods beginning on or after, 15 December 2026. We believe these standards require sufficient time to be implemented and tested in practice. Accordingly, we consider that the relative importance of further standard-setting activity in this area may be reduced during the 2028–2031 period as firms focus on the implementation of ISSA 5000 and IESSA. In our view, elevating sustainability reporting and assurance on sustainability information as a significant priority before seeing how these standards are implemented and operate in practice may be premature. However, we support ongoing monitoring of their implementation with a focus on identifying any gaps or issues that may require clarification.

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

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?

Regulatory and geopolitical developments in the sustainability landscape are currently visible and, at times, volatile. However, regulatory change has always been a feature of the professional environment. We believe that the standard-setting boards should recognise regulatory fluctuation as an ongoing condition and ensure that standards are sufficiently robust to withstand such volatility.

We caution against attempts to respond rapidly to political leadership changes or short-term regulatory developments in individual jurisdictions. Given the inherently long timelines of standard-setting processes, such an approach may be impractical and potentially counterproductive. While regulatory and geopolitical developments should be monitored and considered, we believe the SSBs should focus on developing and issuing stable, high-quality standards that can endure across regulatory cycles.

See our responses to the questions under Questions 5B.1–5B.4 and 5C.1 above for further detail.

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 believe that alternative ownership structures of firms, including private equity (PE) investment and other non-traditional ownership models, represent one of the most significant developments facing the profession over the 2028–2031 period. We consider this to be a high-priority topic for the SSBs, particularly for IESBA. We also encourage the IAASB to assess the implications for firm-level and engagement-level quality management standards and related implementation guidance.

Downstream effects

Our primary concern is not the initial introduction of external capital, but the potential downstream effects as ownership cycles evolve. PE ownership models typically operate on investment horizons of approximately 5–7 years, meaning firms may experience multiple ownership transitions, restructurings or consolidations within the period under consideration. These longer-term implications are less well understood and may present more significant challenges.

These transitions may not be isolated events but part of repeated ownership cycles or refinancing or consolidation strategies. Each transition can introduce new investors, governance arrangements or commercial incentives creating complexity over time and making the consistent application of independence and quality management requirements more challenging.

Ethics and independence risks

We believe that alternative ownership structures introduce increased complexity in applying ethics and independence requirements. Ownership interests may span multiple firms, service lines or jurisdictions, creating relationships that existing independence frameworks may not fully address. This presents a practical and growing risk to engagement quality and public trust. See our responses to Questions 5D.2 and 5D.4 for additional details.

We are also concerned that a lack of guidance may result in inconsistent application of independence rules. For example, PE-owned structures may assert that assurance and consulting entities are 'operationally separate'[FN2], despite common ownership, potentially enabling arrangements that would not be permitted under traditional firm or network structures. This may lead to scenarios where non-assurance services are provided to assurance clients in ways that would not be permissible under existing interpretations for those structures.

In addition, we are concerned that a lack of guidance on assessing the independence of alternative practice structures may result in a lack of independence due to an increased complexity in applying the independence rules to entities within the structure, such as when a PE-owned assurance firm monitors the independence of other portfolio companies of its PE holding company.

We also note that independence risks may arise not only within the firm or its immediate structure, but across the broader investor group. For example, other portfolio companies within a PE structure may enter into financial, commercial or service relationships with audit and other assurance clients, potentially creating independence threats that are difficult to identify, monitor or control in practice.

In such cases, effective independence compliance may depend on the availability of group-wide information, systems and governance arrangements that were not designed with audit and other assurance requirements in mind.

We further note that certain ownership structures may inadvertently meet the definition of a 'network' under the 'International Code of Ethics for Professional Accountants (including International Independence Standards)' issued by IESBA (the Code) [FN2], thereby extending independence requirements across a wider group of entities than initially anticipated. This creates uncertainty for firms in assessing the scope of their obligations and may have significant practical implications.

Additionally, there may be differences in governance and professional requirements within certain ownership models. For example, there is a risk that some structures may not require the same level of professional accountability, such as a professional accountant taking responsibility for an audit or other assurance engagement, which could have implications for quality and oversight. See our response to Question 5D.2 for additional details.

More broadly, alternative ownership structures may introduce tensions between investor return expectations and the public-interest role of audit and other assurance services. For example, shorter investment horizons and performance targets may influence decision-making in ways that are not fully aligned with long-term audit and other assurance quality, professional scepticism and investment in capability.

Standard-setting considerations

In addressing alternative practice structures, we emphasise the importance of maintaining a principles-based approach to standard-setting and carefully considering potential unintended consequences. Overly prescriptive or insufficiently informed guidance may constrain firms' ability to develop appropriate governance structures or create practical challenges that are difficult to resolve over time.

We support the SSBs undertaking further research and information-gathering to better understand how alternative operating structures operate in practice. Based on these findings, the SSBs should determine the most appropriate response, which may include developing new or revised standards, where justified. We expect that greater clarity on the practical implications of the alternative ownership structures will emerge over the 2028–2031 period. We encourage the SSBs to be prepared to respond in a way that protects the public interest without stifling legitimate business evolution.

We also note that the regulatory environment in this area is evolving, with increasing scrutiny from regulators and oversight bodies. The SSBs should consider how their response interacts with potential future regulatory developments to avoid duplication, gaps, or unintended inconsistencies. See our responses to Question 5B.1 for additional details.

If the SSBs do not address this issue, we believe that there is a risk that individual jurisdictions may develop divergent approaches, leading to increased fragmentation and reduced interoperability.

This risk may be heightened when jurisdictions respond at different speeds or with differing interpretations of how existing independence and network concepts apply to alternative ownership models.

We believe that alternative ownership structures should not be addressed in isolation. Given the interdependencies between firm governance, independence, quality management and stakeholder confidence, we strongly encourage coordination between IESBA and IAASB to ensure assurance and ethics standards and the risks arising from alternative ownership structures are addressed comprehensively.

[FN2] Paragraph 400.51 A1 of the Code clarifies that it is not necessary for an entity to meet the definition of a firm to be a network firm. Paragraph R400.52 of the Code requires a firm to exercise professional judgement to determine if a network is created by a larger structure. In determining if such a structure creates a network, Paragraph R400.53 of the Code requires the firm to conclude that a network exists when the structure is aimed at co-operation.

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

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?

We agree that non-professional accountants are increasingly involved in areas adjacent to accounting, auditing and assurance services as firms expand into sustainability, technology, data and advisory services. However, we consider this to be an evolution of existing practices where specialists have long supported audit and other assurance teams.

This trend varies by jurisdiction. In some cases, firms may have differing incentives when recruiting professional accountants due to the additional regulatory oversight and obligations that may apply to professional accountants. As a result, the composition of teams and the extent of involvement of non-professional accountants may differ across jurisdictions. We recommend considering this in the development of international standards and non-authoritative material.

Responsibility and accountability

As firms increasingly involve alternative ownership structures (see our response to Question 5D.1), questions may arise regarding the role of individuals who are not professionally qualified accountants, but may have influence over firm operations,

strategy or service offerings. This overlap may make it difficult to view the topic of the involvement of non-professional accountants in isolation.

Notwithstanding this increased involvement by non-professional accountants, we believe ultimate responsibility must remain with qualified professional accountants. For example, audit and other assurance opinions and conclusions should continue to be owned and signed by appropriately qualified individuals, even when work is supported by experts in areas such as sustainability, technology or valuation.

Local regulatory requirements vary significantly across jurisdictions. In many jurisdictions, non-professional accountants are not permitted to be partners or sign audit or other assurance opinions or conclusions. These jurisdictional variations present challenges for SSBs as standards must be capable of being applied consistently without conflicting with local legal and regulatory frameworks.

Recent issuance of standards affecting non-professional accountants

Standard-setting boards have already taken steps to address involvement of non-professional accountants through recently issued IAASB and IESBA standards on sustainability assurance, as mentioned in our response to Question C.2. In addition, IESBA issued 'Revisions to the Code Addressing Using the Work of an External Expert' in January 2025, and IAASB issued 'Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project' in January 2026. These standards are generally effective for assurance engagements for subject matter information as at or for periods beginning on or after 15 December 2026. We believe these standards may address many of the concerns associated with the involvement of non-professional accountants. As such, we do not consider this issue to be a major priority area for the SSBs in the 2028–2031 period. In our view, it would be premature to prioritise further standard-setting in this area before assessing how the recently issued standards that affect non-professional accountants are implemented and operate in practice. However, we support continued monitoring of their implementation with a focus on identifying any gaps or issues that may require clarification.

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?

We agree that the accounting and auditing profession is facing increasing challenges in attracting new talent and retaining existing professionals that have the skillsets needed for the future of accounting. Examples include declining interest in accounting careers, fewer students pursuing accounting qualifications, a high barrier to entry in relation to other career paths and concerns about the long-term sustainability of the talent pipeline.

Globally, there are indications that fewer individuals are choosing accounting as a career path with professional bodies reporting concerning trends in enrolment and qualification uptake. In our view, these challenges appear to be structural rather than cyclical.

Role of standard-setting boards

We recognise that IESBA and IAASB are not positioned to directly address talent-pipeline issues. Responsibility for recruitment, education pathways and professional branding primarily rests with professional accounting organisations, firms and regulators, rather than the SSBs.

However, we believe that the SSBs can have an indirect influence on the attractiveness of the profession. Clear, stable and well-designed standards, including those that enable innovation, support technology use and reduce unnecessary complexity, may contribute to more attractive and sustainable working environments within firms by illustrating the skillsets needed and used by assurance professionals.

We believe that younger generations may be motivated not just by technical work, but also by purpose, ethics and societal impact. SSBs may play a role in reinforcing the public-interest mandate of the profession, including its foundation in ethics, integrity, professional scepticism and trust, which may be seen as attributes that differentiate accounting from other careers.

We also believe that modern, forward-looking standards, including those addressing technology and emerging areas, including AI, may help position the profession as innovative rather than outdated, recognising at the same time the risks that these emerging technologies represent to the profession. Providing clarity around what firms can and cannot do with technology through standard-setting and non-authoritative materials may reduce uncertainty and support both recruitment and retention.

While we consider the talent challenge to be significant for the profession, we view it as a moderate priority issue for the SSBs specifically. We encourage the SSBs to remain aware of the potential talent implications of their work and to avoid actions that may inadvertently exacerbate these challenges while recognising that broader solutions lie outside their direct remit.

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

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?

We believe that non-assurance service lines (e.g., tax, consulting, valuation, information technology (IT) risk and sustainability) continue to grow in importance within firms, often at a faster pace than traditional assurance services. This growth appears to be a structural reality of the profession, rather than a temporary trend, driven by client demand, profitability and evolving business models.

Non-assurance services are also increasingly integral to the delivery of assurance engagements. Many audits now rely on experts from non-assurance service lines, such as valuation experts, tax specialists, IT-risk professionals or technology experts, to execute core aspects of the audit. This growing interdependence complicates the traditional view of non-assurance services as purely ancillary or potentially conflicting.

Ethics and independence considerations

Despite their operational importance, non-assurance services may present ethics and independence risks, including when the same firm provides multiple services to an audit or other assurance client. However, these risks are already well-recognised, subject to extensive regulation and generally easily managed. In addition, firms that deliver non-assurance services to assurance clients generally provide higher-quality services as they gain a deeper understanding of the client. Accordingly, we do not consider this area to currently require significant additional standard-setting focus. However, we support continued monitoring to identify any emerging issues that may require clarification.

Further details on how alternative practice structures may influence ethics and independence considerations associated with non-assurance services are set out in our response to Question 5D.1.

We believe it is important to maintain an appropriate balance between independence safeguards and practical considerations of non-assurance services. Overly restrictive approaches may limit firms' abilities to compete or deliver high-quality assurance that relies on input by experts while overly permissive approaches could undermine trust. A balanced, principles-based approach remains critical in this area.

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: Seeking a broader range of voices outside of accounting

Please describe the additional trend

O.1: We believe that seeking a broader range of voices can be beneficial to the standard-setting process; however, we consider this issue to be a lower priority compared to other key issues, such as emerging technologies, fragmentation or the need for practical guidance.

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.

4 – Slightly 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?

O.1: We believe that diversity in the standard-setting process should not be interpreted solely in terms of demographic or geographic representation, but also in terms of technical and professional expertise. We believe the SSBs would benefit from increased input from experts in areas such as technology, AI and digital assets, where deep practical understanding is critical. In this context, targeted expertise may be more valuable than broader, but more general, participation.

We recognise that there are long-standing challenges in engaging investors and other non-traditional stakeholders to participate in audit, other assurance and ethics standard-setting. Unlike financial reporting standards, audit, other assurance and ethics topics may be perceived as more indirect or less immediately relevant to such stakeholders, resulting in lower levels of engagement. We understand this to be a structural challenge, rather than a lack of outreach as the SSBs already undertake targeted outreach to these stakeholders.

We also observe that investors and preparers tend to engage more actively when proposals directly affect them, such as stakeholders who respond only to consultations that have clear operational or economic impacts. This suggests that the level of engagement is more closely linked to the perceived relevance of the issue than to the breadth of outreach

efforts.

Rather than broadly seeking more voices, we encourage the SSBs to adopt a more targeted approach to stakeholder engagement, for example, engaging investors when there is clear investor relevance or involving technology experts in the development of technology-related guidance. We believe this targeted approach may enhance the quality, relevance and usefulness of stakeholder input.

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 : B.2 Risk of fragmentation
- Rank 2 : D.1 Alternative ownership structure
- Rank 3 : A.1 Increasing use of emerging technologies
- Rank 4 : B.3 Call for greater agility in standard-setting
- Rank 5 : A.2 Digital assets and institutionalization of digital assets

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.

We believe that joint or parallel work between IESBA and IAASB should be the norm rather than the exception, particularly for topics that span audit quality, ethics, independence and firm behaviour. Early coordination, such as the scoping stage of projects, would help avoid misalignment, duplication or unintended consequences. In this context, joint work does not mean joint standards. Instead, we believe the SSBs could deliver value through:

- coordinated non-authoritative materials;
- consistent messaging across SSBs; or
- shared implementation support.

In our view, this approach may be more agile, practical and responsive to emerging developments.

Areas of common interest and possible joint or parallel work plan topics that we identified include:

AI: We believe that AI should be a core focus area for IAASB and IESBA over the 2028–2031 strategy period. AI impacts both assurance and ethics, particularly in relation to evidence, data reliability, professional judgement and reputational risk. As such, it is not confined to a single standard-setting board's remit and, therefore, reinforces the need for continued coordinated efforts between IAASB and IESBA.

While AI is transformative, it also builds on existing concepts, such as evidence, systems and controls, rather than requiring an entirely new framework or standard. The key challenge lies in applying and adapting existing principles to AI-generated or AI-processed information. Given the magnitude of its impact, thoughtful updates and practical guidance will be necessary.

Assurance over AI systems: We note there is a growing need for guidance on how practitioners can obtain assurance over AI-driven systems and outputs, such as scenarios when AI performs core business, financial or audit processes. This includes clarity on how auditors or other practitioners obtain assurance over information processed through a client's AI-enabled systems

in areas relevant to the audit or other assurance engagement (e.g., when AI performs automated transaction processing or coding). It also includes when assurance is needed over the AI system itself, similar to service organization controls.

Ethics, independence and confidentiality risks from using AI: From an ethics and independence perspective, using AI introduces risks relating to data confidentiality, integrity, cybersecurity and guardrails. We also noted concerns related to inappropriate data use, leakage beyond intended users and over-reliance on AI outputs. These risks have clear public-interest implications, highlight the importance of aligned ethics and assurance guidance.

Consistency and global adoption (risk of fragmentation): There is an increased risk of fragmentation when IAASB and IESBA standards are not aligned, nor consistently adopted or applied across jurisdictions. We believe a key aspiration for the SSBs during 2028–2031 should be to promote consistent adoption and application of their standards globally to reduce fragmentation. We are concerned that the uneven adoption of IAASB and IESBA standards, local adaptations and the divergent approaches across jurisdictions may undermine the effectiveness of international standards. We, therefore, encourage the SSBs to focus on alignment, coordination and understanding the underlying causes of adoption challenges, rather than issuing guidance that may not be widely implemented.

Business model evolution: Evolving firm structures and service models, including alternative practice structures and expanding service models, present ongoing challenges for independence and quality management. As firms increasingly adopt alternative practice structures and expand their service offerings, we believe that it will be important for standards to remain fit for purpose, protecting independence and maintaining engagement quality while also being sufficiently practical to operate in a changing professional environment.

Non-assurance services and use of experts: We believe that non-assurance services and involvement of experts sit at the intersection of both SSBs' responsibilities. While substantial guidance already exists in this area, there is value in a coordinated approach as non-assurance experts increasingly support core assurance activities (for example, IT, valuation and sustainability). Consistent and aligned standards across ethics and assurance perspectives would help ensure clarity in roles, responsibilities and independence considerations.