

**2. SECTION I: ABOUT THE RESPONDENT**

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**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:

United States Government Accountability Office

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

Jim Dalkin, Director, Financial Management & Assurance

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

dalkinj@gao.gov

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

Public Sector Organization

**Please specify the type of 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:

North America

### 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).**

The IAASB and IESBA face challenges in developing standards that can be accepted and adopted globally. Some jurisdictions have mature regulatory environments and established histories of accountability for public and private sector entities. These jurisdictions may demand the development of complex, detailed standards to address challenging nuances in emerging issues. Other jurisdictions may have less-established accountability frameworks, and practitioners may be striving to improve their capacity to perform engagements that comply with IAASB and IESBA requirements. These jurisdictions may desire more straightforward, streamlined principles-based standards that provide clear expectations. In both environments, there may be local legal or regulatory requirements that supplement or contradict those in the standards.

To address these tensions, we suggest that the IAASB and IESBA review each active and proposed project to ensure that the core standards remain principles based, with specific performance requirements added only when necessary to prevent undesirable diversity in practice. This will help promote more widespread adoption of the IAASB and IESBA standards, as the standards can be applied in both mature and maturing jurisdictions and there will likely be fewer legal and regulatory conflicts to reconcile before the standards are adopted.

We recognize that, by focusing on core principles, standard-setting activities may be limited to addressing emerging issues. However, particularly for emerging issues, we suggest that the IAASB consider whether changes to the baseline standards are needed or if the matters could be addressed by either developing new sections that apply to these unique situations (similar to ISA 600) or through authoritative guidance. We believe this approach would promote more widespread adoption.

Finally, we encourage both organizations to ensure that their activities do not exceed their specific mandates. For example, IESBA standards should not create new requirements for performing engagements, and the IAASB should not create independence or ethics requirements that do not pertain to engagement performance. Further, we suggest that the IAASB and IESBA rescind any existing requirements that exceed their mandates.

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

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

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?**

For the IAASB: We agree that emerging technologies, including the use of artificial intelligence and blockchain by both entity management and practitioners, are increasing in importance. However, we believe that practitioners need guidance to apply the existing standards to understand, apply, and evaluate these technologies, not necessarily new standards. If there is demand by regulators or the public for assurance over an entity's use of these technologies, the IAASB should consider whether to develop new standards or update existing standards, such as ISAE 3000.

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

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 the IAASB: We do not believe that digital assets require revision to or creation of standards. We believe that practitioners would appreciate guidance on applying existing standards to digital assets. If there is demand by regulators or the public for assurance over an entity's use of digital assets, the IAASB should consider whether to develop new standards or to update existing standards, such as ISAE 3000.

### 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?**

We believe that ISA 240 and ISA 250 are sufficient to detail a practitioner's responsibilities for identifying, communicating, and reporting on fraud and noncompliance with laws and regulations related to financial misconduct, including those perpetrated by technology. We believe that the SSBs should continue to monitor and discuss technological developments, but we note that practitioners are not normally trained experts in detecting sophisticated financial crimes.

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

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### **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?**

We believe that balancing regulatory burdens and enhancing economic competitiveness is a perennial political question. In some jurisdictions, regulatory burdens may include standards that are perceived to be overly prescriptive and lengthy. We suggest that the SSBs ensure that they can describe clear, discernable benefits before revising standards in ways that increase the work effort and cost for both practitioners and audit clients.

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

5 – Increasing in importance

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

**Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?**

Concerning the risk of fragmentation mentioned in B2, we suggest that the IESBA and IAASB consider whether recent, ongoing, and planned projects are appropriately scaled, given that standards that are too detailed or proscriptive may not be adopted if they conflict with local laws, regulations, customs, and industries. We believe that promulgating standards that are principles based, with specific performance requirements added only when necessary to prevent undesirable diversity in practice, will reduce fragmentation and permit adoption in a manner consistent with local legal and regulatory environments.

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

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:**

The lengthy process to develop a new or revised standard is a feature, not an obstacle to be overcome or avoided. When stakeholders of various types initially identify an emerging issue, there may be many proposed ideas that initially sound reasonable and desirable and that would cause no issues for many affected audited entities. However, entities affected by the standards can have very different characteristics (public or private, large or small, complex or simple structure, highly regulated or emerging industry, etc.), and unintended and undesirable consequences are often identified as affected users have time to analyze the changes, raise questions about their applicability with other standards, and consider the impact on specific industries. If the process is truncated, quick "gains" of a rapid standard-setting process will likely be offset by unscrutinized ramifications, creating an urgent need for a subsequent correction.

Rather than shortening the standard-setting process, we suggest that the SSBs consider developing guidance for applying the existing standards in a new or problematic area while proceeding through the process.

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**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?**

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

5 – Increasing in importance

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

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**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 greater outreach to practitioners in emerging economies is desirable. In economies where the concepts of accountability and assurance services are less mature, it may be challenging to adopt and adhere to standards that are overly lengthy and complicated. Increasing the diversity of voices heard in developing the standards should promote greater adoption of IAASB and IESBA standards.

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

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

1 – Strongly decreasing in importance

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

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**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 the IAASB, we believe that ISSA 5000, in conjunction with ISAE 3000, should be sufficient for new or additive categories of sustainability and transparency disclosures.

For the IESBA, we believe that more clarification is needed about a project to issue standards for all preparers of sustainability

information. We believe that this could be a timely and needed project to the degree that practitioners (and nonpractitioners using ISSA 5000) are involved in both the preparation and examination of the sustainability information. We believe that such situations raise significant concerns about independence. However, we believe that this may exceed the IESBA's mandate depending on the degree to which the project envisions developing ethics standards for management of companies, nongovernmental organizations, and public sector organizations that directly prepare sustainability information.

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

2 – 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?**

No specific remarks for this item.

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

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

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 believe that the IESBA should determine if an updated standard or guidance is needed to address issues related to ethics and independence raised by private equity investments in firms. Areas of concern could include the impact of profitability measures on quality management practices and independence when a private equity fund also owns a stake in the firm's clients.

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

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?

Specialists in fields other than accounting and auditing have long been involved in financial audits and attest examinations. In applying International Standards on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, an audit organization should ensure that engagement team members (including internal specialists from other disciplines) have the appropriate competence for their assigned roles, whether their roles are associated with planning, directing, performing engagement procedures, or reporting on an engagement. Competence also involves understanding relevant ethical requirements, including those related to independence, to which the audit organization and its engagements are subject.

We believe that standards related to ethical requirements (including independence), quality management, continuing professional education or development, and external assessments or evaluations should be consistent for all engagements and all engagement team members.

## 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:

This is not a recent development in the accountability community, and we do not believe that the SSBs have a clear role in trying to resolve this issue.

## 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:

We do not offer a response for this item.

## 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.

No

### Additional trends

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

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**Please describe the additional trend**

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**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.**

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**Do you wish to explain your rating or highlight any matters relating to this trend for the IAASB, IESBA, or both the SSBs?**

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**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

Rank 2 : A.2

Rank 3 : B.4

Rank 4 : B.2

Rank 5 : D.1

## **11. SECTION V: AREAS FOR JOINT ACTIONS IN SSBs' WORK PLANS**

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**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 do not offer a response for this item.

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