

Sub 5 ED03-2025

2 December 2025

Mr Doug Niven
Chair
Australian Auditing and Assurance Standards Board
PO Box 204
Collins Street West VICTORIA 8007

Lodged online via: <https://auasb.gov.au/projects/open-for-comment/submit-comment-letter/>

Dear Doug

**AUASB Exposure Draft: Proposed Australian Standard on Sustainability Assurance ASSA 2025-11
– Amendments to ASSA 5000 *General Requirements for Sustainability Assurance Engagements***

The Institute of Public Accountants (IPA) welcomes the opportunity to provide comments on the above Exposure draft (ED 03/25).

General comment

IPA supports the overall proposals in ED 03/25, in particular:

- the illustrative reports are useful in providing guidance on the different levels of assurance (ie review and audit) for Years 1 to 4 as specified in ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*
- clarifying the circumstance for the use of the compliance framework and fair presentation framework
- using the same terminology of the *Corporations Act 2001* rather than those used in ASSA 5000 and reconciling their use in the “Basis for Conclusion/Opinion”
- including the example inherent limitation in the illustrative reports
- issuing the illustrative reports as an appendix to ASSA 5000 instead of issuing them in a separate document outside ASSA 5000.

In the short term, we also support the proposed approach of a separate independent auditor’s report for a financial report and sustainability report. Our support is on the basis of the haste to issue the illustrative reports for application. Our preferred approach is to have one independent auditor’s report that covers both the financial report and sustainability report. This is because of the interconnectivity of information, assumptions and disclosures between the two reports. However, we recognise that our preferred approach would require public consultation. We therefore suggest the AUASB consider the approach of having one independent auditor’s report that covers both the financial report and sustainability report for future application.

Specific comment

Our responses to the specific questions in the ED are in Attachment 1.

For any questions relating to this submission, please contact Vicki Stylianou, Group Executive Advocacy and Professional Standards, Institute of Public Accountants at vicki.stylianou@publicaccountants.org.au.

Yours sincerely

[signed V Stylianou]

Vicki Stylianou

Group Executive, Advocacy & Professional Standards

Institute of Public Accountants

Attachment 1 – IPA’s responses to ED 03/25 specific questions

No.	Question	Refer
Q1	Do you agree that the that the wording of the auditor’s conclusion/opinion should combine wording from the Corporations Act and paragraph 190(c)(vi) of ASSA5000 as proposed in the Exposure Draft? Please provide your reasons.	Line 1 in the table in paragraph 18 and paragraphs 5 to 20 above.
	IPA agrees with the proposal for the wording of the auditor’s conclusion/opinion to be combined with the wording from the Corporations Act and paragraph 190(c)(vi) of ASSA 5000. We agree with the proposal to add the lead in words of “Based on the procedures we have performed and the evidence we have obtained” to the highlight the user’s need to understand the nature of limited assurance procedures as per ASSA 5000.	
Q2	Do you agree with the proposal that in Year 2 onwards, the review/audit is based on a fair presentation framework rather than a compliance framework?	Line 2 in the table in paragraph 18, paragraphs 5 to 6 and paragraphs 16 to 20 above.
	Refer to our response for Q3.	
Q3	Do you agree with the proposal that in Year 1, where only specified disclosures are subject to assurance, the review is based on a compliance framework rather than a fair presentation framework?	Line 3 in the table in paragraph 18.
	<p>IPA agrees with the proposal that for Year 1, where only specified disclosures are subject to assurance, the review should be based on a compliance framework rather than a fair presentation framework.</p> <p>The rationale for our support is that, while AASB S2 <i>Climate-related Disclosures</i> is based on a fair presentation framework (ie the sustainability report present fairly all climate-related risks and opportunities that could reasonably be expected to affect the entity’s prospect), the assurance in Year 1 is only on specified disclosures in AASA 5010 <i>Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001</i>. As such, it would be unreasonable to expect auditors to provide an opinion on the fair presentation of the report as a whole. Consequently, the review for Year 1 should be based on a compliance framework.</p> <p>This contrasts with in Year 2 onwards, where all disclosures in S2 are subject to assurance, where the review/audit based on a fair presentation would be appropriate.</p> <p>We also agree with the inclusion of “in all material respects” for both frameworks, ie “complies in all material respects” and “fair presentation, in all material respects” (in Q2).</p>	
Q4	Should the conclusion/opinion refer specifically to AASB S2 in addition to referring to compliance with the Act?	Lines 4 and 5 in the table in paragraph 18 and paragraphs 9 to 20 above.
	IPA supports the conclusion/opinion to refer specifically to AASB S2 in addition to referring to compliance with the Act, as the inclusion may be useful for users of the report. However, we note that the reference to AASB S2 may need to be amended when futures sustainability standards are issued for application.	

No.	Question	Refer
Q5	Should the audit opinion refer to disclosure provisions under the Act where there are no current requirements (e.g. any Ministerial legislative instrument)?	Line 5 in the table in paragraph 18, paragraphs 5 to 6 and paragraphs 13 to 20 above.
	IPA supports the audit opinion referring to disclosure provisions under the Act where there are no current requirements (eg any Ministerial legislative instrument).	
Q6	Do you consider that in Year 4 onwards, the opinion should omit the words from ‘including’ onward in s309A(1) of the Act?	Paragraph 19 above.
	IPA does not support that in Year 4 onwards, the opinion should omit the words from ‘including’ onward in s309A(1) of the Act. We think the inclusion of the words from ‘including’ onward in s309A(1) of the Act is a more specific and detailed that would be useful. In particular, given the inclusion is in Year 4 onwards, which is the first year of reasonable assurance for all disclosures.	
Q7	Do you agree that the auditor’s report should use the same terminology as the Act rather than the terminology used in ASSA 5000 (for example, ‘review’ instead of ‘limited assurance engagement’)?	Paragraphs 21 and 22 above.
	IPA agrees that the auditor’s report should use the same terminology as the Act rather than the terminology used in ASSA 5000 (for example, ‘review’ instead of ‘limited assurance engagement’). However, we also think it is important that the users of the report are clear what a review and audit are under the Act and ASSA 5000 for which the assurance is based. We think this is reconciled in the “Basis for Conclusion/Opinion” in the illustrative reports, as illustrated for Year 1 with the sentence “We conducted our review as a limited assurance engagement in accordance with ASSA 5000 and ASSA 5010”.	
Q8	Do you support the inclusion of the example inherent limitation paragraph in the Illustrative Reports? Do you agree with the example provided? Please provide your reasons.	Paragraphs 23 to 26 above and the proposed illustrative reports below.
	<p>IPA supports the inclusion of the example inherent limitation paragraph in the illustrative reports for the reasons of:</p> <ul style="list-style-type: none"> • The example would provide a consistency in applying the inherent limitation paragraphs that are already included in assurance reports for which there are currently differing interpretations. • Ideally, it is better to wait for the IAASB’s to finalise the inherent limitations examples (schedule for issue in October 2025), so that there are no inconsistencies between the IAASB and AUASB’s examples. However, the proposed examples in ED 03/25 are based on the draft IAASB’s reports and the inherit limitations examples are in areas such as Greenhous gas quantification and uncertainty in preparing forward-looking information – areas of on-going inherent limitations. Consequently, we think it would be more useful to provide the examples for application sooner, instead of waiting for the IAASB’s finalised reports. 	

No.	Question	Refer
Q9	Do you agree with the approach taken to auditor reporting in the narrow circumstance where an auditor gives early reasonable assurance on Scope 1 and 2 emissions in Year 1 (i.e. treatment as an opinion under the Act)? Do you believe that this situation will arise more than rarely in practice? Do you consider that a similar approach could be applied to information reported under the Act for which no assurance is required in Year 1 but the auditor gives assurance?	Paragraphs 27 to 29 above.
	IPA agrees with the approach taken to auditor reporting in the narrow circumstance where an auditor gives early reasonable assurance on Scope 1 and 2 emissions in Year 1. We think the inclusion in illustrative report would provide useful guidance in such circumstances.	
Q10	Should the AUASB consider how to better distinguish the auditor's reports on the financial report and sustainability report. If so, how?	Paragraphs 30 to 33 above.
	<p>IPA's preferred approach is to have one independent auditor's report that covers both the financial report and sustainability report. This is because of the interconnectivity of information, assumptions and disclosures between the reports. We acknowledge that this approach would most likely require an entity to publish both reports in one document, and the flexibility of an entity to the ability of publishing them in separating documents. We think the benefits of having one independent auditor's report outweighs the reduced flexibility of where an entity can publish a sustainable report. However, we also recognise that our preferred approach would require public consultation. As such we are of the view that:</p> <ul style="list-style-type: none"> • Given the haste for the issue of the illustrative reports for application, we support the proposed approach of a separate independent auditor's report for a financial report and sustainability report in the short term and • The AUASB consider the approach of having one independent auditor's report that covers both the financial report and sustainability report. 	
Q11	Should the illustrative Corporations Act assurance reports be issued in an appendix to ASSA 5000 or in a separate document?	Paragraphs 34 to 35 above
	IPA is of the view that the proposed approach to include the illustrative Corporations Act assurance reports be issued in an appendix to ASSA 5000 is a better approach than issuing them in a separate document outside ASSA 5000. There are already a lot of documents (mandatory and guidance) issued by standard-setters and regulators that the preparers, auditors and other users need to understand and implement. Any assistance to reduce the burden on the stakeholders would be useful. The proposed approach goes some way in achieving this.	