

Sub 4 - CP5000 Direct Assistance

Auditing and Assurance Standards Board
530 Collins Street
Melbourne VIC 3000

15 November 2024

Consultation Paper: Prohibiting Sustainability Assurance Practitioners from using Direct Assistance by Internal Auditors

Deloitte is pleased to have the opportunity to respond to the Auditing and Assurance Standards Board's (AUASB) Consultation Paper on Prohibiting Sustainability Assurance Practitioners from using Direct Assistance by Internal Auditors.

Overall, we are supportive of the AUASB's proposal to prohibit the use of internal auditors to provide direct assistance in a sustainability assurance engagement conducted in accordance with the Australian Standards on Sustainability Assurance. Although the proposed approach will result in differences to the International Standards on Sustainability Assurance, it will allow consistency with current audit practices under ASA 610 *Using the Work of Internal Auditors* (ASA 610), which will assist in maintaining audit and assurance quality and independence in Australia. Alignment with ASA 610 will reinforce consistent principles for both audit and assurance practitioners independence, and consequently provide confidence to stakeholders that assurance provided over financial and sustainability information is appropriately independent. We believe this is particularly important in Australia's corporate reporting environment, where it is likely that assurance over a reporting entity's information in a sustainability report prepared under the *Corporations Act 2001* will be undertaken by financial statement auditors.

We have provided responses to the specific questions on which the AUASB is seeking feedback in Appendix A below.

Thank you for the opportunity to provide our views. Should you wish to discuss the responses within our submission, please reach out to me jacquetrydom@deloitte.com.au.

Yours sincerely



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Questions		Deloitte Response
1.	Should assurance practitioners be prohibited from using direct assistance by internal auditors in a sustainability assurance engagement conducted in accordance with the Australian Standards on Sustainability Assurance? If not, why not?	Yes. We are supportive of this proposal and the AUASB’s basis for this proposal as outlined in paragraphs 13 and 29 of the Consultation Paper, as it will reinforce consistent principles for both auditor and assurance practitioner independence for financial and sustainability reporting in Australia.
2.	Do you think the AUASB should consider the approach in Australian Standards on Sustainability Assurance separately from the approach in ASA 610? If so, why?	No. We are supportive of the AUASB’s consideration of the approach in Australian Standards on Sustainability Assurance together with the approach in ASA 610, to promote consistency of audit and assurance practices, and consequently to maintain audit and assurance quality in Australia.
3.	Would you like to see the AUASB reconsider the prohibition on the use of internal auditors to provide direct assistance in ASA 610? If so, what are your reasons?	No. We are supportive of the AUASB’s current position in ASA 610 to prohibit the use of internal auditors to provide direct assistance in ASA 610.
4.	Have applicable laws and regulations been appropriately addressed in the proposal?	We are not aware of any applicable laws and regulations relevant to the proposal that have not been appropriately addressed.
5.	Are there any laws or regulations that may, or do, prevent or impede the application of the proposal, or may conflict with the proposal?	To the best of our knowledge, we are not aware of any laws or regulations that may, or do, prevent or impede the application of the proposal, or may conflict with the proposal.
6.	Are there any principles and practices considered appropriate in maintaining or improving audit quality in Australia that may, or do, prevent or impede the application of the proposal, or may conflict with the proposal?	To the best of our knowledge, we are not aware of any principles and practices considered appropriate in maintaining or improving audit quality in Australia that may, or do, prevent or impede the application of the proposal, or may conflict with the proposal.
7.	<p>What, if any, are the additional significant costs to/benefits for auditors and assurance practitioners and the business community arising from compliance with the requirements of this proposal? If significant costs are expected, the AUASB would like to understand:</p> <ul style="list-style-type: none"> (i) Where those costs are likely to occur; (ii) The estimated extent of costs, in percentage terms (relative to audit fees); and (iii) Whether expected costs outweigh the benefits to the users of sustainability assurance services? 	<p>We would expect that the nature of the costs arising from differences with international sustainability assurance standards would be similar to those associated with the differences between ASA 610 and the equivalent international auditing standard. E.g. for instances where testing is performed by a group engagement team at a consolidated or centralised level using the direct assistance of internal auditors, which cannot be relied on by a component team in Australia, there may be additional costs from re-performance of procedures.</p> <p>However, maintaining consistency with ASA 610 and auditor independence requirements of the <i>Corporations Act 2001</i> will be particularly important in Australia, in the context of assurance engagements over information in a sustainability report prepared in accordance with Australian Sustainability Reporting Standards.</p>

Questions		Deloitte Response
		The benefits of alignment with ASA 610 will include less complexity and confusion for practitioners when conducting financial statement audits and sustainability assurance engagements, and will provide confidence to stakeholders that assurance provided over an entity's financial and sustainability information is appropriately independent.
8.	Are there any other significant public interest matters that stakeholders wish to raise?	No further comments.