

15 November 2024

Sub 1- CP5000 Direct Assistance

Mr Doug Niven
Chair
The Auditing and Assurance Standards Board (AUASB)
PO Box 204
Collins St West Victoria 8007

Dear Mr Niven

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

On behalf of the Australasian Council of Auditors-General we thank you for the opportunity to comment on AUASB Consultation Paper.

We support the AUASB's proposal to prohibit sustainability assurance practitioners from utilising direct assistance from internal auditors. This reinforces the principle of auditor independence, which underpins the quality and integrity of the external audit process.

Internal auditors do not have the same level of independence from management that external auditors have. Direct assistance from internal auditors could raise concerns about potential biases and threats to independence, undermining the credibility of the external audit.

Additionally, consistency with the auditor independence requirements in the *Corporations Act 2001* is important, especially for sustainability reports that are interconnected with financial information.

The approach in ISSA 5000 *General Requirements for Sustainability Assurance Engagements* diverges from the established audit principles in Australia. By maintaining the prohibition on internal auditors' involvement, we maintain consistency with ASA 610 *Using the Work of Internal Auditors* and APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Greaves'. The signature is written in a cursive style with some loops and flourishes.

ANDREW GREAVES
CHAIR,
ACAG AUDITING STANDARDS COMMITTEE