

# AUASB MEETING 19 NOVEMBER 2024

## AGENDA ITEM 5a

### Feedback on ED 02/24

- This presentation is a high-level initial overview of key messages from outreach and written responses received to date.
- We are expecting further written responses which have not been considered.
- The Office of the AUASB has summarised some key themes however this is not exhaustive and is not intended to fully represent the views or feedback received from stakeholders.
- Accordingly, no conclusions should be drawn on these slides, and no decisions will be made at this meeting.



# ED 02/24 CONSULTATION PROCESS

Roundtables held in Sydney, Melbourne, Perth and online

Over 90 Australian stakeholders attended these events, representing:

- Financial statement audit firms (small, medium and large);
- Public sector auditors;
- Non-accountant assurance providers;
- Preparers;
- Directors;
- Regulators;
- Professional bodies; and
- Academics.



# ED 02/24 CONSULTATION PROCESS

Received 25 written comment letters from stakeholders comprising (expecting at least 4 more):

- 3 of the Big 4 audit firms
- 3 small and medium financial audit firms
- 1 non-accountant assurance provider
- 1 director representative
- 4 academics
- 3 RSE representatives
- 1 consultant
- 1 ISO standard setter
- 3 preparers (including one private entity)
- 3 professional bodies
- 1 user/investor
- Auditors General (ACAG)



# SOME EARLY THEMES

## First year of reporting – fairly consistent feedback

- Broad support for limited assurance over scope 1 and scope 2 greenhouse gas emissions and governance
- The paragraphs included in the ED for Strategy (risks and opportunities) are too broad and should be scaled back to just those identified, or not assured at all
- Some support for risk management disclosures especially if Strategy (risks and opportunities) is to be assured in year 1

## Second year of reporting – mixed views

- Some supportive
- Some concern that there is significant uplift in capacity required from year 1 to year 2. So consider:
  - Delaying reasonable assurance over scope 1 and scope 2 greenhouse gas emissions to keep assurance levels constant in any reporting year
  - Delaying limited assurance over scope 3 greenhouse gas emissions as this is the first year of reporting

## Fourth year of reporting – mixed views

- Larger audit firms and some academics supportive transitioning to reasonable assurance
- Others disagree noting:
  - Moving ahead of international
  - May take more time to build capacity in audit profession
  - A review should be conducted in 2027/28
  - Is it appropriate or necessary for all disclosures (ie. scope 3, scenario analysis) to go to RA at all

# OTHER MESSAGES

- Majority supportive of:
  - statements that there are no material risks or opportunities being subject to the same level of assurance as identified risks and opportunities for any given year
  - requirements for groups 1, 2 and 3 entities commencing with the same settings and progressing at the same pace
  - entities that enter a group after the first reporting year for that group to be subject to the same assurance requirements as other entities in the group
  - the approach to assurance over comparative information
- 3 Big 4 firms seek clarity around the timing and applicability of ISSA 5000 given its 2026 effective date
- Cost of assurance framework likely to be significant initially and needs to be examined further
- Broad support for guidance on:
  - Differences between limited and reasonable assurance
  - Combined assurance reports and managing users' expectation gap
  - Example assurance reports



# Next Steps

- We will continue to analyse responses received and meeting with stakeholders
- An in-depth analysis of the feedback will be presented to the board on 16 December 2024
- Draft standard will be presented to the board on 19 February 2025

