



No: 13/President/AFA/IV/2023

Jakarta, 10 April 2023

Mr. Tom Seidenstein

Chair, International Auditing and Assurance Standards Board (IAASB)
529 5th Avenue
New York, New York 10017

Dear Mr. Seidenstein,

Comment to IAASB Consultation Paper: Proposed Strategy and Work Plan for 2024–2027

The ASEAN Federation of Accountants ([AFA](#)) was organised in 1977 to serve as the umbrella organisation for the recognised national Professional Accountancy Organisations of the Association of Southeast Asian Nations ([ASEAN](#)) Member States. Our ten Primary Members represent a regional network of more than 200,000 accountants in the ASEAN jurisdictions, supported by a global network of Associate Members with more than 2 million members worldwide.

On behalf of AFA, I would like to congratulate you and the IAASB for the publication of the Consultation Paper. We value our relationship with the Board and recognise your role in serving the public interest by setting high-quality international standards for auditing, assurance, and quality management that strengthen public confidence in the global profession.

Overall, AFA supports the proposed strategy and work plan for 2024-2027. While we commend the Board's inspiring effort to respond to stakeholders' demand for new projects (particularly on assurance of sustainability reporting), we would like to urge the Board to reconsider the balance between standard-setting and supporting global implementation through provision of various implementation supports.

Kindly refer to the appendix included in this letter for details about our comments.

Please do not hesitate to contact our Executive Director, Aucky Pratama (aucky.pratama@iaiglobal.or.id) should you need clarification about our comments.

Thank you.

Yours sincerely,

Voravit Janthanakul
President

1/1



Appendix: Comments to the Consultation Paper

Proposed Goal, Keys to Success, and Stakeholder Value Proposition

- 1) Overall, we agree with the proposed goal, keys to success, and stakeholder value proposition. Recognition of the importance of adapting to rapidly changing public interest demands is essential for any standard-setting body with a global mandate, especially to ensure that the standards will continue to be respected and adopted.
- 2) As part of the Board's stakeholders, we look forward to seeing how the move to a new governance structure of the International Foundation for Ethics and Audit will impact the IAASB's existing keys to success and value proposition. We believe the accountancy profession must continue to be represented as part of the standard-setting process and its stakeholders.

Proposed Strategic Drivers

- 3) In general, we agree with the proposed strategic drivers and how they drive the opportunities and challenges impacting the Board's ability to achieve its goal. With increasing recognition towards the importance of audit, assurance, and related services standards, stakeholders (including regulators and oversight bodies) are demanding for better accountability and transparency, more inclusive, efficient (faster), and responsive standard-setting.
- 4) Among the proposed strategic drivers, we would like to highlight the following:
 - a. *Sustainability reporting and other evolving areas for assurance engagements and evolving expectations around sustainability assurance.* The rapid development in sustainability reporting must be accompanied with development of profession agnostic sustainability assurance standards that will serve as a global baseline that promotes consistency, comparability, and transparency. Failure to respond to stakeholders' demand in a timely fashion may potentially lead to fragmentation of standards and/or best practices used for assurance of sustainability reporting.
 - b. *Diverse demands across the spectrum of stakeholders reflecting the breadth of the global economy and supporting the implementation of our standards.* We value the Board's effort to consider the increasingly complex and diverse stakeholders' demand. The expected publication of the standard for audits of financial statements of less complex entities is particularly appreciated by our stakeholders, considering the prevalence of SMEs in ASEAN jurisdictions. For many developing economies, the pressure of keeping up with new and changing standards (including reporting, auditing and assurance, ethics, etc) is demanding. Although we understand the Board's challenge in balancing between standard-setting and developing implementation support materials, we believe that stakeholders will benefit from having more implementation support that may go beyond the first-time implementation support materials.



- c. *Increasingly complex to manage global engagement with new stakeholders.* The increasingly growing network of stakeholders may pose significant challenge to the Board's ability to engage with every group of stakeholders. We would like to encourage the Board to leverage its partners' (including regional body such as AFA) network and capacity to particularly support the Board's engagement, facilitate the Board's global outreach activity, and encourage stakeholders' participation in standard-setting consultation.

Proposed Strategic Objectives and Actions

- 5) We support the four proposed strategic objectives and their respective strategic actions. We also appreciate how they are clear and distinct and reflects the Board's most important focus for the next four years. Our comments to each proposed objective are as follows:
- a. *Strategic objective 1.* We agree that standard-setting remains to be the Board's main objective, with emphasis on progressing and completing existing over new projects (except for prioritised project such as sustainability assurance). Consistent with our response in par. 4, we believe that consistent implementation of the standards will benefit from implementation support materials, either developed or endorsed by the Board. Moreover, the Board may consider working closer with its partners (including AFA) to facilitate regional engagement and outreach activities.
 - b. *Strategic objective 2.* As highlighted in our response in par. 4, we strongly believe that the Board must continue with its project to develop standards for assurance on sustainability reporting. It is also crucial for the Board to establish and maintain coordination with relevant standard-setting bodies such as the ISSB and IESBA to most importantly, deliver consistent messages to stakeholders about developments of the different standards on sustainability.
 - c. *Strategic objective 3.* We fully support the proposed actions and recognise the need for stronger coordination between the standard-setting bodies, as well as that with relevant partners such as regional groupings of standard-setting bodies or PAOs.
 - d. *Strategic objective 4.* We agree that the Board needs to embrace and leverage the new and innovative ways of working (e.g., use of technology, remote working and flexible hours, etc) to enhance the timeliness and effectiveness of the standard-setting activities. This may allow the Board to leverage global talent to support the standard-setting activities. We also believe that encouraging early involvement from partners and stakeholders in the different stages of the standard-setting may benefit the Board in terms of obtaining adoption support and inputs to the consultations. This is particularly important for stakeholders from developing economies, including many jurisdictions in Southeast Asia.



New Standard-Setting Projects

- 6) Consistent with our response in par. 5, we believe that the Board's priority should be to progress and complete its existing projects, while responding to the key and urgent new project on sustainability assurance. Questions are being asked by stakeholders to the profession on the absence of a global baseline for assurance of sustainability reporting and we believe that it is essential for the Board to take leadership in responding to this challenge. Progressing with the overarching standard for assurance on sustainability reporting (ISSA 5000) would be a good start for the Board.
- 7) Whilst it is commendable that the Board is looking at possibilities of commencing projects on new standards, many of our stakeholders raised a common desire for the Board to take a step back and reconsider the balance between standard-setting and supporting global implementation of the standards through the provision of various implementation supports. For many developing economies/jurisdictions, it is challenging to keep up with many (and fast) changes especially when organisations do not have dedicated resources to support adoption and implementation. We would like to encourage the Board to consider allocating and prioritising some of its resources on implementation support. As a standard-setting body, we believe the Board is best positioned to provide such guidance and support.

Coordination with IESBA

- 8) We believe the public would benefit from consistent and coordinated approaches from the IAASB and IESBA. It is important to continue building public awareness on the priorities of these standard-setting bodies, how they are interconnected, and how the adoption and implementation of both set of standards is important for the profession, as well as business and economic landscape. We would like to encourage both the IAASB and IESBA to conduct more joint engagements with partners and stakeholders, in collaboration with regional partners such as AFA.
