

## FINANCIAL REPORTING COUNCIL

### MONTHLY UPDATES (October & November 2024) – What's new from the International Federation of Accountants (IFAC)

The main topics for discussion at the IFAC during the period from October to November 2024 were with respect to:

#### **October 2024**

- 1. IAASB UNVEILS NEW TECHNOLOGY POSITION TO SHAPE THE FUTURE OF AUDIT AND ASSURANCE STANDARDS**
- 2. IFAC & GLOBAL ACCOUNTANCY PROFESSION URGE G20 TO PRIORITIZE SUSTAINABILITY AND GOVERNANCE**
- 3. IFAC CONVENES CRITICAL PLAYERS IN MIDDLE EAST NORTH AFRICA REGION TO DRIVE PROGRESS IN SUSTAINABILITY REPORTING AND ASSURANCE**

#### **November 2024**

- 4. IFAC RECOGNIZES AND SUPPORTS IAASB'S NEWLY PUBLISHED SUSTAINABILITY STANDARD; WARNS OF RISK TO INVESTOR AND CONSUMER PROTECTIONS IF ALL ASSURANCE PROVIDERS ARE NOT HELD TO CONSISTENT REQUIREMENTS**

## 1. IAASB UNVEILS NEW TECHNOLOGY POSITION TO SHAPE THE FUTURE OF AUDIT AND ASSURANCE STANDARDS

The International Auditing and Assurance Standards Board (IAASB) has on 03 October 2024 announced the adoption of a new *Technology Position* that will guide how the IAASB adapts its work to embrace the intersection of audit, assurance, and technology. This new position marks a significant step forward in the IAASB's ongoing commitment to enhancing the quality and relevance of its standards in the face of rapid technological advancement.

"The pace of technological change presents the audit and assurance profession with opportunities and challenges. Our new Technology Position reflects the IAASB's commitment to ensuring our standards evolve alongside these developments. We are setting a course that promotes innovation while safeguarding quality and consistency in audits and assurance globally," said IAASB Chair Tom Seidenstein.

### *The Position's Three Components*

The Position is structured around three key components:

- **Technology Position Statement:** The Statement outlines the IAASB's commitment to facilitate and encourage the use of technology by practitioners and firms, ensuring the standards remain relevant and effective. The Statement also articulates how the IAASB will deliver on this commitment, including embracing technology-driven innovations and removing barriers in its standards to technology adoption.
- **Operationalizing the Technology Position:** This component details the IAASB's strategy for implementing the Statement by identifying opportunities for new or revised standards, along with developing non-authoritative materials and guidance. The IAASB is currently conducting a gap analysis to ensure current standards align with technological advancements.
- **Monitoring and Adapting to Technological Trends:** The IAASB will continually monitor technological trends to ensure its standards are adapted and remain aligned with the rapidly changing landscape.

By embracing innovation and continuously adapting to technological advancements, the IAASB is ensuring that its standards not only meet today's demands but also anticipate the challenges of tomorrow. This forward-thinking approach will enhance audit quality, safeguard public trust, and support the evolving needs of practitioners and firms worldwide.

## 2. IFAC & GLOBAL ACCOUNTANCY PROFESSION URGE G20 TO PRIORITIZE SUSTAINABILITY AND GOVERNANCE

The global accountancy profession, through the International Federation of Accountants (IFAC), has urged G20 leaders to focus on sustainability, transparency, and governance as the 2030 deadline for the United Nations Sustainable Development Goals (SDGs) approaches.

A new publication, *[G20 Call to Action 2024: Building a Just World & a Sustainable Planet](#)*, underscores the essential role high-quality sustainability information, reporting and assurance play in achieving global sustainability targets. IFAC calls for G20 leadership in fostering a comprehensive ecosystem of sustainability reporting and assurance, grounded in international standards and supported by strong corporate governance practices.

### **A Focus on Sustainability and Governance**

The Brazilian G20 Presidency highlights the importance of sustainability across climate, environmental, and governance dimensions—and the profession’s Call to Action aligns with this focus. It urges G20 leaders to adopt the IFRS Sustainability Disclosure Standards, the International Auditing and Assurance Standards Board’s recently approved International Standard on Sustainability Assurance (ISSA) 5000, and the International Ethics Standards Board for Accountant’s forthcoming ethics and independence standards for sustainability reporting and assurance.

“As the 2030 deadline rapidly approaches, balancing environmental and societal priorities has never been more urgent,” said IFAC Chief Executive Officer Lee White. “Professional accountants, with their unique skills, experience, and public interest mandate, are driving the creation of a sustainable future. We’ve already seen policymakers, businesses, and society aligning with us to pursue these common goals, and we welcome the expansion of these crucial partnerships.”

### **Key Recommendations for G20 Policymakers**

- **Promote Trust Through High-Quality Information:** Advocate for a global framework built on IFRS Sustainability Disclosure Standards and ISSA 5000 for assurance.
- **Enhance Public Sector Transparency:** Support the International Public Sector Accounting Standards Board (IPSASB) in developing global public sector sustainability standards.
- **Strengthen Public Financial Management:** Encourage governments to adopt accrual accounting and professionalize public finance to boost transparency.
- **Support SMEs in Sustainable Development:** Ensure small and medium-sized enterprises (SMEs) have access to the tools and resources needed to contribute to sustainability efforts.

### **Accountancy Profession Taking Action**

In parallel with these recommendations, the global accountancy profession is taking concrete steps to support sustainability and governance objectives, including advancing the adoption of sustainability reporting standards, enhanced corporate governance, and improved transparency across sectors. Professional accountants and firms are also preparing for the adoption of ISSA 5000, ensuring they meet evolving sustainability reporting needs.

In the public sector, IFAC is working with governments to implement accrual accounting and strengthen public financial management, enhancing accountability at all levels of government.

## United for Global Progress: A Shared Responsibility for Sustainability

IFAC's publication underscores that a just and sustainable planet is within reach, but only through collective action. "G20 policymakers must maintain their important momentum and seize this moment," said Lee White. "The global accountancy profession is already moving forward, playing key roles in achieving the SDGs. We welcome the G20's continued and increasing involvement. By adopting these recommendations and collaborating closely with the accountancy profession, we can build a sustainable future that leaves no one behind."

### 3. IFAC CONVENES CRITICAL PLAYERS IN MIDDLE EAST NORTH AFRICA REGION TO DRIVE PROGRESS IN SUSTAINABILITY REPORTING AND ASSURANCE

The International Federation of Accountants (IFAC) in partnership with the Emirates Association for Accountants & Auditors (EAAA) and under the patronage of H.E. Abdulla bin Touq Al Marri, Minister of Economy, has in end of October 2024 convened regional and global leaders representing finance, accountancy, securities and audit regulators, the investment community, and the standard setting community with the aim of advancing sustainability reporting, assurance, and capacity building in the Middle East North Africa region (MENA).

The event, IFAC Connects MENA, is the third in a series of IFAC Connects events created by IFAC around the world to encourage broad, solutions-oriented dialogue about key regional issues with global impact. IFAC recently held similar events in Singapore and in Bogota, Colombia, and in each of these cases collaborated with local professional accountancy organizations as well as the Forum of Firms -- an association of international networks of accounting firms that promotes consistent and high-quality standards of financial reporting and auditing practices worldwide.

Lee White, IFAC Chief Executive Officer, said, "Connected learning, innovation, a strong collective voice and commitment to the public interest are central characteristics of IFAC's members, and critical to driving positive momentum. Moreover, in order to respond meaningfully to global challenges related to climate and sustainability matters, we need alignment and cooperation between governments, regulators, standard setters, and the accountancy profession."

His Excellency Saif Al-Muheiri, Chairman of the Emirates Association for Accountants and Auditors (EAAA), said: "The accountancy profession that EAAA represents in the UAE is critical to how corporate reporting evolves to incorporate sustainability-related information, especially for use in capital allocation and investment decisions. Our skills with data, systems, processes and analysis are critical to this transformation which will create an ongoing dialogue with important regulatory bodies such as the Ministry of Economy."

IFAC recently released its latest report, ***Beyond the G20: The State of Play in Sustainability Disclosure & Assurance***, which provides a focal point for discussions between accounting, regulatory, and policy leaders and has a specific focus on the unique challenges and opportunities faced by six representative jurisdictions from MENA.

**4. IFAC RECOGNIZES AND SUPPORTS IAASB’S NEWLY PUBLISHED SUSTAINABILITY STANDARD; WARNS OF RISK TO INVESTOR AND CONSUMER PROTECTIONS IF ALL ASSURANCE PROVIDERS ARE NOT HELD TO CONSISTENT REQUIREMENTS**

The International Federation of Accountants (IFAC) has welcomed the International Audit and Assurance Standards Board (IAASB) publishing its International Standard on Sustainability Assurance (ISSA) 5000. The International Organization of Securities Commissions (IOSCO) has also issued *its public statement of support*.

Lee White, IFAC Chief Executive Officer, said “In recent years there has been a significant transformation with the reporting of sustainability-related information. Assurance plays an essential role in ensuring the quality, comparability, and trustworthiness of this information, as it does with financial information. IOSCO has shown proactive leadership in the development of the sustainability transformation journey, and its support for the work of the IAASB on ISSA 5000 is another important step.”

As a profession-agnostic standard, ISSA 5000 is available for use by practitioners outside of the accountancy profession. If non-professional accountants assert to using ISSA 5000 for assurance, it is absolutely critical for investor and consumer protection that such providers are held by jurisdictional regulators to the same regulatory oversight and requirements that apply to professional accountants.

Mr. White continued, “IFAC’s professional accountancy member organizations around the globe, which represent millions of individual accountants, are champions of integrity and quality. Our profession is united by a deep commitment to work with regulators, practitioners, and organizations globally to facilitate smooth and timely implementation of international standards, such as ISSA 5000, in order to serve the public interest need.”

IFAC has developed a high-level overview to help stakeholders – preparers, auditors, and investors – anticipate *what to expect from sustainability assurance*, especially in its early days.

***For further information: <http://www.ifac.org>***

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