

## Accounting Reporting Assurance Coordinating Committee (ARACC) Report

### 1. Purpose

This paper seeks to provide an update to CAPA members on the progress of work carried out under the auspices of the ARACC for the year 2025.

### 2. Background Information

An amalgamation of 2 previous Committees, the Audit & Ethics Group, the newly created Committee has also been mandated with an expanded scope that covers auditing, accounting & sustainability reporting & assurance with a firm grounding to promote ethical compliance by accountants in public practice & those of the PAIBs.

The ARACC members for the 4-year terms from 2024 – 2027 were officially appointed in March 2024. The members composition of the Committee as at the date of this report is tabulated below:

Name	PAO – Country
1. Chun Wee, Chiew (Chair)	ACCA - Singapore
2. Amir Ghandar	CAANZ - Australia
3. Duan Shu	CICPA - China
4. Shin Dong-Myung	KICPA- S. Korea
5. Ram Subramanian	CPA Australia - Australia
6. Sabbir Ahmed	ICAB - Bangladesh
7. Sally Baker	ICAEW – UK
8. Brian Wilson	AICPA - US
9. Arslan Khalid	ICAP - Pakistan
10. Davaanyam Myagmar	MonICPA – Mongolia

### 3. Work Progress – 2025

The ARACC met up 4 times during the year on 23 April, 23 June, 6 August and 9 October 2025. As part of the TOR for the Committee, it will also be organizing a physical meeting in Jakarta on 5 December 2025 as a side activities after the IFAC Connect event.

Some of the major activities carried out during the year:

Objectives	Deliverables
<b>Contributing to the development of PAOs</b>	a) <b>CAPA Ethics Guide</b> - ARACC members provided technical support to the CAPA Ethics Guide, an initiative under the Member Development Committee (MDC). ARACC was requested to undertake a technical review, particularly focusing on the adoption of the latest Code of Ethics by the PAOs. This review was a valuable contribution to the project as several ARACC representatives have oversight on ethical updates and compliance within their respective PAOs in their daily work.

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<p><b>Promoting Ethical values and the benefits of High-quality accounting, reporting and assurance</b></p>	<p><b>(a) CAPA-IPSASB webinar (on climate disclosure ED) – Jan 22</b> ARACC together with the CAPA's Public Sector Advisory Group, in collaboration IPSASB organised an Asia-Pacific webinar to encourage PAOs to respond to IPSASB's first Exposure Draft on climate related disclosures for public sector. This topic has been gaining prominence as an increasing number of public sector entities are accessing government bonds to fund development projects and investors are increasingly requiring comprehensive climate-related information disclosure. The webinar was attended by close to 150 participants.</p> <p><b>(b) Surveys on ISA for LCE, Sustainability reporting &amp; assurance &amp; IFRS for SMEs</b> Surveys were conducted to obtain members feedback on ISA for LCE, sustainability reporting and assurance and the IFRS for SMEs. The survey findings will guide future discussions and the development of ARACC projects. Findings included the need for more awareness programmes on IFRS S1 and S2, as many jurisdictions are still in the early stages of implementation. The survey included questions on whether ARACC should further explore the ISA for LCE journey given that eight jurisdictions remain undecided. In addition, some feedback suggested the need for awareness initiatives for the IFRS for SMEs, as certain jurisdictions have introduced their own IFRS-aligned local variants.</p> <p><b>(c) Ethics webinar (organised in conjunction with Global Ethics Day) – Nov 6</b> Sabbir Ahmed, ARACC member &amp; the Chair of the SAFAS's Ethics &amp; Professional Independence Committee did the opening and closing for the webinar. The webinar featured a presentation from IESBA Deputy Chair, Channa Wijesinghe, who outlined the Board's priority projects for 2026-2027. These included the potential development for non-authoritative materials from the FCG project, rather than amendments to the Code as well as the rationale for IESBA's transition to its new standard-setting framework (SMART)</p> <p>In addition, CAPA Executive Directors presented a high-level overview of the NOCLAR survey findings conducted by ARAAC earlier in 2025 and a preview of the CAPA Ethics Guide to be launched soon. The webinar attracted over 100 registrations.</p>
<p><b>Speaking out as a voice of the accountancy profession</b></p>	<p><b>(a) Roundtables (RT) with standard setters – IESBA (April 28) &amp; IAASB - Oct 13</b> ARACC participated in two roundtables with global standard setters: The IESBA roundtable on Firm's Culture &amp; Governance (FCG) project and the IAASB roundtable on ISQM and Artificial Intelligence (AI). For the FCG project, ARACC drew insights from JICPA's regulatory development, particularly Japan's introduction of mandatory independent oversight for the Big Four firms and the ongoing efforts by the Financial Services Agency to extend such</p>

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	<p>oversight to mid-tier practices. ARACC was also briefed about the challenges faced by Japanese firms in implementing these changes.</p> <p>Ahead of the ISQM and AI Roundtable, ARACC convened a special session to gather input from its members which included key experts – Head of Assurance of ICAEW's and a Deloitte China partner who serves on CICPA's Technical Committee.</p> <p>Discussions highlighted insights from the European Union, on regulatory pressures following the role out of quality management tools which may be opaque, non-deterministic and prone to evolving adaptability after deployment. These characteristics are presenting significant oversight and monitoring challenges for regulators. At the end of spectrum, SMPs expressed need for additional guidance and other non-authoritative materials (NAM) to support their transition when using AI tools responsibly and with appropriate oversight.</p> <p>These perspectives were presented by the ARACC Chair and CAPA Executive Director who participated in the roundtables with the standard setters, both of which were held in the Securities Commission Malaysia, in Kuala Lumpur.</p> <p><b>(b) IFAC's Community of Practices (COPs) on International Standards discussion – 6 &amp; 7 Mar, 24 June</b></p> <p>i. 6 March – IAASB Public Interest Entity (PIE) Project The session focussed on the IAASB's proposed narrow scope amendments related to the Public Interest Entities (PIE) project and the use of experts – both of which are conforming amendments following recent updates to the IESBA Code of Ethics. CAPA contributed input to the draft response letter.</p> <p>ii. 7 March – IESBA Firm's Culture &amp; Governance (FCG) project To prepare for the IESBA Roundtable, the comment letter on FCG project was tabled and discussed at the ARACC meeting on 23 April. The valuable feedback received was then championed by CAPA representatives at the RT discussion.</p> <p>iii. 24 June – IAASB Exposure Draft on "Use of External Experts" Members noted that the proposed amendments are largely consequential to the IESBA's pronouncement issued in January 2025. One key observation was the lack of clarity on the required actions when an external expert's competence, capabilities or objectivity (CCO) is impaired – although some members argued that in such cases, the expert's work would be unsuitable for reliance. No amendments were proposed by ARACC to the draft comment letter.</p> <p>The above 3 meetings held virtually were attended by representatives from AICPA, CAANZ and CPA Australia – they are</p>

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	either ARACC members or other senior executives together with CAPA Executive Director. The series of COPs discussions concluded with the submission of IFAC's financial collective responses to the standard setters.

Members who wish to learn more about ARAAC and its activities or who require further information on the matters outline in this report, are welcome to contact Johnny Yong, CAPA Executive Director. He can be contacted at: [johnny@capa-apac.org](mailto:johnny@capa-apac.org)