

1 December 2023

International Auditing and
Assurance Standards Board
529 Fifth Avenue
New York, NY 10017
USA

Dear Sirs

**COMMENTS ON PROPOSED INTERNATIONAL STANDARD ON SUSTAINABILITY
ASSURANCE (ISSA) 5000 GENERAL REQUIREMENTS FOR SUSTAINABILITY
ASSURANCE ENGAGEMENTS**

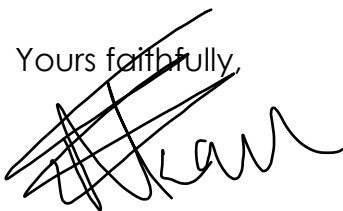
The Botswana Accountancy Oversight Authority (the Authority) takes this opportunity to comment on the Exposure Draft, Proposed International Standard on Sustainability Assurance (ISSA) 5000 General Requirements for Sustainability Assurance Engagements.

The Authority is responsible for providing oversight to accounting and auditing services and promotion of the standard, quality, and credibility of providing financial and non-financial information by Public Interest Entities (PIEs). This is attained through standard setting, financial reporting monitoring, audit practice reviews, corporate governance reviews, enforcement of compliance and oversight over Professional Accounting Organisations, and education and training of professional accountants in Botswana.

Please refer to our Appendix to this letter to see our response to the questions in the Exposure Draft.

Kindly e-mail us at enkanga@baoa.org.bw or phone directly on +267 3613014, if further clarity is required on any of our comments.

Yours faithfully,



Ephifania Nkanga
Acting Chief Executive Officer

Appendix

Overall Questions

Question 1

Do you agree that Exposure Draft (ED)-5000, as an overarching standard, can be applied for each of the items described in paragraph 14 of this Explanatory Memorandum (EM) to provide a global baseline for sustainability assurance engagements? If not, please specify the item(s) from paragraph 14 to which your detailed comments, if any, relate (use a heading for each relevant item).

We agree that the Exposure Draft (ED)-5000, as an overarching standard, can be applied for each of the items described in paragraph 14 of this EM to provide a global baseline for sustainability assurance engagements.

Question 2

Do you agree that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal? If not, why not?

We agree that the proposal in ED- 5000 is responsive to public interest.

Question 3

Is the scope and applicability of ED-5000 clear, including when ISAE 3410 should be applied rather than ED-5000? If not, how could the scope be made clearer?

The scope and applicability of ED-5000 including when ISAE 3410 should be applied is clear.

Question 4

Is ED-5000 sufficiently clear about the concept of “at least as demanding” as the IESBA Code regarding relevant ethical requirements for assurance engagements, and ISQM 1 regarding a firm’s responsibility for its system of quality management? If not, what suggestions do you have for additional application material to make it clearer?

Paragraph A3 of ED- 5000 is sufficiently clear about the concept of “at least as demanding” stating that “at least as demanding” shall be determined by the law, regulation, or professional requirements in each jurisdiction.

Question 5

Do you support the definitions of sustainability information and sustainability matters in ED-5000? If not, what suggestions do you have to make the definitions clearer?

We support the definitions of sustainability information and sustainability matters as set in the ED-5000 paragraph 17(uu) and 17(vv). The definitions are clear and understandable.

Question 6

Is the relationship between sustainability matters, sustainability information and disclosures clear? If not, what suggestions do you have for making it clearer?

Yes, the relationship between sustainability matters, sustainability information and disclosures are clear.

Question 7

Does ED-5000 provide an appropriate basis for performing both limited assurance and reasonable assurance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the assurance engagement? If not, what do you propose and why?

The ED has provided an appropriate basis for performing both limited and reasonable assurance engagements. It has also used a columnar format to appropriately address and differentiate the work effort between the two assurance engagements, which is easy to follow.

Question 8

Is ED-5000 sufficiently clear about the practitioner's responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported and the scope of the proposed assurance engagement? If not, how could the requirements be made clearer?

ED 5000 is sufficiently clear about the practitioner's responsibility. This will assist the practitioner to provide an appropriate basis for determining whether the preconditions for an assurance engagement are present in order to accept or continue with the assurance engagement.

Question 9

Does ED-5000 appropriately address the practitioner's consideration of the entity's "materiality process" to identify topics and aspects of topics to be reported? If not, what approach do you suggest and why?

The ED has appropriately addressed the practitioner's consideration of the entity's materiality process.

Question 10

Does ED-5000 appropriately address the practitioner's evaluation of the suitability and availability of the criteria used by the entity in preparing the sustainability information? If not, what do you propose and why?

The ED appropriately addresses the Practitioner's evaluation of the suitability and availability of the criteria. The ED also recognises that sustainability reporting frameworks and criteria are still evolving and may need to be supplemented by additional entity's developed criteria.

Question 11

Does ED-5000 appropriately address the notion of "double materiality" in a framework-neutral way, including how this differs from the practitioner's consideration or determination of materiality? If not, what do you propose and why?

The notion of double materiality is appropriately addressed and differentiated from the practitioner's consideration or determination of materiality.

Question 12

Do you agree with the approach in ED-5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures? If not, what do you propose and why?

We agree with the approach for the Practitioner to "consider" materiality for qualitative disclosures and "determine" materiality for quantitative disclosures. Given the nature of the disclosures of sustainability information, that is, qualitative and quantitative disclosures, it is not practicable to determine materiality for sustainability information as a whole and so a bifurcated approach introduced by the IAASB is a welcome decision.

Question 13

Do you agree with the differentiation in the approach in ED-5000 for obtaining an understanding of the entity's system of internal control for limited and reasonable assurance engagements? If not, what suggestions do you have for making the differentiation clearer and why?

We agree with the differentiation. The approach detailed in paragraph 79 clearly differentiates the key requirements related to the practitioner in obtaining an understanding of the entity's system of internal control for limited and reasonable assurance engagements.

Question 14

When the practitioner decides that it is necessary to use the work of a firm other than the practitioner's firm, is ED-5000 clear about when such firm(s) and the individuals from that firm(s) are members of the engagement team, or are "another practitioner" and not members of the engagement team? If not, what suggestions do you have for making this clearer?

Yes, ED-5000 is clear, as explained on application paragraph A22.

Question 15

Are the requirements in ED-5000 for using the work of a practitioner's external expert or another practitioner clear and capable of consistent implementation? If not, how could the requirements be made clearer?

Yes, the requirements are clear and capable of consistent implementation.

Question 16

Do you agree with the approach to the requirements in ED-5000 related to estimates and forward-looking information? If not, what do you propose and why?

Yes, we do agree, IAASB has considered the importance of addressing unique considerations related to estimates and forward-looking information in ED-5000.

Question 17

Do you support the approach in ED-5000 to require the practitioner to design and perform risk procedures in a limited assurance engagement sufficient to identify disclosures where material misstatements are likely to arise, rather than to identify and assess the risks of material misstatement as is done for a

reasonable assurance engagement? If not, what approach would you suggest and why?

Yes, we support the approach in ED-5000. The approach is aligned with the scope of work and conclusions made by the practitioner on each type of assurance engagement and ISAE 3000 (Revised).

The ED-5000 has, however, not covered the requirements that need to be followed when the risks of material misstatement over sustainability disclosures have been identified.

Question 18

Recognizing that ED-5000 is an overarching standard, do you agree that the principles-based requirements in ED-5000 can be applied for assurance engagements on the sustainability information of groups or in other circumstances when “consolidated” sustainability information is presented by the entity? If not, what do you propose and why?

We agree that the principles-based requirements in ED-5000 can be applied for assurance engagements on the sustainability information of groups or in other circumstances when “consolidated” sustainability information is presented by the entity, to the extent that any specific disclosures related to the individual entities do not disappear in the process.

Question 19

Do you agree that ED-5000 appropriately addresses the topic of fraud (including “greenwashing”) by focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error? If not, what suggestions do you have for increasing the focus on fraud and why?

Yes, ED -5000 requirements and application material appropriately address the topic of fraud (including 'greenwashing').

Question 20

Do you support the high-level requirement in ED-5000 regarding communication with management, those charged with governance and others, with the related application material on matters that may be appropriate to communicate? If not, what do you propose and why?

We support the high-level requirement in ED -5000 to communicate significant matters that would have come to the attention of the Practitioner with Management, Those Charged with Governance and Others. The requirement is consistent with ISAE 3000.

Question 21

Will the requirements in ED-5000 drive assurance reporting that meets the information needs of users? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included.

The requirements in ED-5000 drive assurance reporting and are sufficient to meet the information needs of users. Having a consistent report format and layout for both sustainability and financial statements audits will enable the ease of use and understanding of audited reports.

Question 22

Do you agree with the approach in ED-5000 of not addressing the concept of “key audit matters” for a sustainability assurance engagement, and instead having the IAASB consider addressing this in a future ISSA? If not, what do you propose and why?

Yes, we do agree with the approach in ED- 5000 of not addressing the concept of “Key audit matter” for sustainability assurance engagement based on the reasons provided.

Question 23

For limited assurance engagements, is the explanation in the Basis for Conclusion section of the assurance report that the scope and nature of work performed is substantially less than for a reasonable assurance engagement sufficiently prominent? If not, what do you propose and why?

Yes, we agree.

Question 24

Are there any public sector considerations that need to be addressed in ED-5000?

Sustainability reporting is also relevant to public sector entities and as such it is important that assurance standards are accommodative to the unique characteristics of public sector entities. One of the key factors that the IAASB should consider are the relevant laws and regulations that Public sector entities are often subject to. The standard should be flexible enough to accommodate these legal requirements.

Question 25

Are there any other matters you would like to raise in relation to ED-5000?

- a) Considering that ED-5000 is intended to also be used by non-accountant assurance practitioners, the IAASB should consider more neutral and principle-based references. For example replacing ISQM to a Standard on Quality Management (SQM) recognised by Practitioners, Professional, law or Regulatory Body and replacing the IESBA Code to a Professional Ethical Code recognised by sustainability Practitioner's profession, law, or Regulatory Body.
- b) The Board should consider its overall framing and classification of sustainability matters from the current users understanding of Environmental Social Governance (ESG), to the adopted view of Environmental, Social, Economic and Culture.

General Comments

The IAASB is also seeking comments on the matters set out below:

Question 26

Translations—Recognizing that many respondents may intend to translate the final ISSA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing ED-5000.

None

Question 27

Effective Date—As explained in paragraph 138 of Section 1-I – Other Matters, the IAASB believes that an appropriate effective date for the standard would be for assurance engagements on sustainability information reported for periods beginning or as at a specific date approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. Do you agree that this would provide a sufficient period to support effective implementation of the ISA. If not, what do you propose and why?

Yes, we agree, because we believe the proposed timeliness are reasonable. The proposals also encourage early adoption and strikes a balance between the urgency to enhance sustainability reporting and the need for adequate preparation by assurance providers.