

Meeting: IAASB
Meeting Location: Mainz
Meeting Date: June 14-18, 2010

Agenda Item 5

Assurance on a GHG Statement

Objectives of Agenda Item

1. To consider significant issues raised by respondents to the Greenhouse Gas (GHG) Consultation Paper.¹
2. To consider a first read draft ISAE “Assurance on a GHG Statement.”

Task Force

3. Members:
 - Prof. Roger Simnett, former IAASB Member, and chair of the IFAC Sustainability Experts Advisory Panel, Australia (co-chair)
 - Caithlin McCabe, IAASB Member, Australia (co-chair)
 - Denise Esdon,² IAASB Technical Adviser, former Deputy Chair IAASB
 - Dan Montgomery,² IAASB Member
 - Yoichi Mori, JICPA, Japan
 - Lynton Richmond, KPMG, UK
 - Christine Schuh, PwC, Canada

Background

4. The IAASB issued the GHG Consultation Paper and an accompanying Working Draft of an ISAE in October 2009. The comment period closed in February 2010. Thirty-five submissions were received.
5. The co-chairs presented a preliminary summary of responses to the IAASB at its March 2010 meeting.

¹ Consultation Paper “Assurance on a Greenhouse Gas Statement” issued by the IAASB in October 2009

² Ms. Esdon and Mr. Montgomery joined the Task Force in 2010, replacing Dr Nancy Kamp-Roelands (Ernst & Young, The Netherlands) who joined the Project Advisory Panel.

Significant Issues

6. The preliminary summary of responses presented at the March meeting was based on an initial review of responses to the GHG Consultation Paper. Since that time, the Task Force has considered all responses in detail and has confirmed the view expressed in March that respondents are generally very supportive of the direction of the project and of the particular positions taken in the Working Draft. The more significant issues raised in responses relate to the following topics, each of which is discussed in the Issues Paper at Agenda Item 5-A:
 - Limited assurance
 - Relationship with other standards, and regulatory and other guidance
 - Estimates and uncertainty
 - Materiality
 - Regulatory and voluntary reporting
 - Comparative information, emphasis of matter, and fair presentation
7. In addition, respondents made a number of drafting suggestions and raised other matters for consideration. Many of these are reflected in the marked version of the draft at Agenda Item 5-C. To ensure adequate attention is given to these matters, Agenda Item 5-C will be used in discussion at the meeting.

Diagram

8. The Task Force has added as Appendix 1 to the draft ISAE a diagram it developed last year to assist readers to understand visually how the different types of emissions, emissions deductions, reduction and other activities relate to each other.
9. Members may find it helpful to refer to this diagram when preparing for discussion at the meeting.

ISAE 3000

Generic issues

10. A “1st read” draft of ISAE 3000 is also being considered at this meeting. A number of the issues raised in the GHG consultation paper have generic application. In particular, those relating to:
 - Assurers who are not professional accountants
 - Integration of experts in a multidisciplinary team
 - The required objectivity/independence of experts
 - The number and nature of requirements
11. While the revised GHG draft accompanying this paper has taken account of the IAASB’s discussions of these issues to date, such issues will be primarily discussed as part of the ISAE 3000 agenda item at this meeting. Preparation of the draft GHG ISAE for the

September IAASB meeting will take account of further discussion of these matters at the June meeting.

Timing and Versions

12. At the March meeting, the timing of the GHG project relative to the ISAE 3000 project was discussed. Although there was some discussion about the desirability of both drafts being released together, it was accepted that the GHG draft needs to progress as quickly as possible. The IAASB acknowledged that it would not be practical to aim for exposure of the GHG draft in June, but that all efforts should be made for approval at the September IAASB meeting. The Task Force is also strongly of the view that all efforts should be made for approval in September given that this will be one year after the consultation paper was issued and six months after the comment period closed.
13. To allow the IAASB to focus only on GHG-specific issues during this meeting, any text in the Working Draft (i.e. the draft issued with the consultation paper) that is likely to be covered in revised ISAE 3000 has been removed (this is displayed in Agenda Item 5-D). The document that will be discussed in the meeting is Agenda Item 5-C, which is marked up from Agenda Item 5-D. For the September meeting, however, two versions of the GHG draft are expected to be presented: one with the ISAE 3000 material deleted, in case both the GHG and ISAE 3000 drafts are approved for exposure, and one with that material retained (revised as appropriate), in case the ISAE 3000 draft is delayed.

Discussion at the Meeting

14. Task Force will ask the IAASB to separately discuss the following two issues outlined in Agenda Item 5-A: Limited Assurance; and Relationship with other Standards, and Regulatory and other Guidance. All other issues in Agenda Item 5-A will be considered as the IAASB works through the draft ISAE.
15. The draft at Agenda Item 5-C will be used in the meeting. Because much of the GHG-specific material is included in the application material, and given the need to consider the entire document efficiently, the IAASB will be asked to consider the application material at the same time as the requirements. The Task Force aims to review the entire draft on the Tuesday of the meeting, leave the time allotted on Friday available to consider a revised draft or further discuss issues noted. This will be important to ensure that the IAASB is able to meet the target timing on this project as noted above.

Material Presented

Agenda Item 5-A Issues and IAASB Task Force Proposals

Agenda Item 5-B Draft ISAE “Assurance on a GHG Statement” (Clean)

Agenda Item 5-C Draft ISAE marked from Agenda Item 5-D

Agenda Item 5-D Working Draft attached to the Consultation Paper, marked to show deletion of text expected to be covered in ISAE 3000 rather than this ISAE

Action Requested

16. The IAASB is asked to consider and comment on the issues presented in **Agenda Item 5-A**.
17. The IAASB is asked to provide detailed comments on **Agenda Item 5-C**.

LIST OF RESPONDENTS

IFAC Member Bodies

AICPA	American Institute of Certified Public Accountants
ACCA	The Association of Chartered Certified Accountants
CGA	Certified General Association of Canada
CICA	Canadian Institute of Chartered Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
FEE	Federation des Experts Comptables Europeens
FSR	Foreningen af Statsautoriserede Revisorer (Denmark)
RAAP	Representatives of the Australian Accounting Profession (ICAA, NIA, CPAA)
IdW	Institut der Wirtschaftsprüfer
ICPAS	Institute of Certified Public Accountants of Singapore
ICAEW	The Institute of Chartered Accountants in England and Wales
ICAP	Institute of Chartered Accountants of Pakistan
ICAS	The Institute of Chartered Accountants of Scotland
ICJCE	Instituto de Censores Jurados de Cuentas de España
IMCP	Instituto Mexicano de Contadores Públicos
JICPA	The Japanese Institute of Certified Public Accountants
MIA	Malaysian Institute of Accountants

National Auditing Standard Setters

APB	Auditing Practices Board (United Kingdom)
AUASB	Auditing and Assurance Standards Board (Australia)
AASB	Auditing and Assurance Standards Board (Canada)
IRBA	Independent Regulatory Board for Auditors
PSB	New Zealand Institute of Chartered Accountants

Public Sector Organizations

OAG	Office of the Auditor General (Canada)
NAO	National Audit Office (UK)

Assurance on a GHG Statement (Cover Sheet)
IAASB Main Agenda (June 2010)

Firms

BDO	BDO Global Coordination B.V.
DTT	Deloitte Touche Tohmatsu
GT	Grant Thornton International
KPMG	KPMG
PwC	PricewaterhouseCoopers
Talal	Talal Abu Ghazaleh International

Others

Hermes	Hermes Management Pensions Ltd
CALpers	California Public Employees' Retirement System
CSA	Canadian Standards Association
Maresca	Joseph Maresca (<i>Not collated - include as Attachment 2</i>)
UNSW	Associate Professor Wendy Green and Anna Huggins