

**Meeting:** IAASB

**Meeting Location:** Brussels, Belgium

**Meeting Dates:** March 16–20, 2015

## Agenda Item

# 8

### Integrated Reporting—Discussion

#### Objective of Agenda Item

1. The objectives of this agenda item are to obtain views from the Board on the Awareness Paper prepared by the Integrated Reporting Working Group (WG).

#### Integrated Reporting WG

2. The WG is comprised of the following members:
  - Merran Kelsall, IAASB Member and Chair of the Integrated Reporting WG
  - Sue Almond, IAASB Technical Advisor
  - Beth Schneider, Director Deloitte
  - Sandy van Esch, Representative of Independent Regulatory Board for Auditors
  - Michael Nugent, Technical Director International Integrated Reporting Council (IIRC) (Correspondent Member)
3. The Integrated Reporting WG was launched in September 2014.
4. At the December 2014 meeting The Integrated Reporting WG presented an “Update on Market Developments in Integrated Reporting and Emerging Assurance Issues”.

#### Summary of the IAASB Discussion at its December 2014 meeting

Ms. Kelsall provided an update to the IAASB on market developments in relation to integrated reporting and the need for assurance in this area and the related assurance issues relevant to the work of the IAASB. She also noted the current inconsistencies in practice in obtaining assurance on integrated reports. She further provided insight into the proposed activities of the Integrated Reporting WG and the anticipated milestones. She also explained how the consultation by the IIRC on the Discussion Papers on <IR> Assurance related to the future work of the IAASB in this area. Prof. Schilder reported that the IAASB had submitted a comment letter to the IIRC as a response to their consultation. He also noted that during the IAASB outreach activities, a number of stakeholders have urged the IAASB to take action in the area of developing guidance to obtain assurance on integrated reports.

### **Summary of the IAASB Discussion at its December 2014 meeting (continued)**

The activities were discussed and support was noted with the following suggestions made:

Some board members suggested that the IAASB leverage its activities in the public sector (e.g., with regard to performance reporting, as well as obtaining further insight into the activities of the public sector pioneer network recently initiated by the IIRC).

A Board member cautioned against acting too quickly and suggested spending sufficient time on exploring the scope and boundaries of the project, taking into account the competence of professional accountants as well as exploring the concept of integrated reporting in a wider corporate reporting context.

The Board supported continuing the interaction with the IIRC, as well as the dialogue more broadly in the corporate reporting supply chain. They also noted that the feedback statement that the IIRC will compile based on its consultation will be valuable input to the IAASB.

#### *IAASB CAG Chairman's Remarks*

Ms. de Beer noted that the topic had not yet been discussed in detail with the CAG, and suggested exploring the role of various assurance providers in the integrated reporting process (such as risk, internal audit, ESG auditors, etc.). She suggested that the IAASB give consideration to the extent to which the work of those assurance providers add to the credibility of the integrated report. She also suggested that it would be useful to explore a structure similar to that of the Framework for Audit Quality, where roles of different stakeholders are described at first, in considering the way forward for standard setting activity for assurance on integrated reporting.

#### *Way Forward*

The Integrated Reporting WG will work toward its next milestone, the Awareness Paper, and will take into account the suggestions made during the December 2014 IAASB meeting. This Awareness Paper will provide insight into the market developments in assurance on integrated reporting, the existing standards of the IAASB relevant to this area, the emerging assurance issues and the anticipated work of the IAASB.

### **Activities since December 2014, IAASB Meeting**

5. Since the December Board meeting, the WG has had one physical meeting in December and one teleconference in February and further liaised electronically. The WG has discussed the feedback from the December 2014 meeting and its impact on the proposed activities of the WG. Further, the WG has developed the Awareness Paper at Agenda Item 8-A.

### **Integrated Reporting WG Awareness Paper**

6. The IIRC started the debate on the need for assurance on integrated reporting during 2014 and anticipates publishing a Feedback Statement to its Discussion Papers in March 2015. The IAASB submitted a comment letter to the IIRC.<sup>1</sup>
7. In response to the feedback received from the Board and the CAG, the Integrated Reporting WG would like to continue this debate and provide more visibility about the IAASB's information-gathering activities on the topic. The preliminary information-gathering activities of the Integrated Reporting WG indicate that raising awareness on integrated reporting and the International Standards on Assurance

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<sup>1</sup> See [Comment letter IAASB to IIRC](#)

Engagements in this context would be helpful to assurance practitioners, being professional accountants in public practice, as well as other assurance practitioners who perform assurance engagements in this developing area. Therefore, the Integrated Reporting WG prepared the Awareness Paper, Agenda Item 8-A with the aim of:

- (a) Providing insight into the International <IR> Framework, and the need for assurance in the wider context of enhancing the credibility of integrated reports;
- (b) Highlighting the different elements of an assurance engagement in the context of assurance on integrated reporting with relevant aspects of ISAE 3000 (Revised) as the basis.
- (c) Where applicable, publicly raising awareness of the results of the Integrated Reporting WG's information-gathering activities to-date.

Although the primary targeted user group for the Awareness Paper is assurance practitioners, the Integrated Reporting WG believes that the Awareness Paper may also be of interest to other stakeholders, including investors, preparers of integrated reports and those charged with governance.

- 8. The Integrated Reporting WG intends to provide a more in-depth discussion on assurance issues in the context of integrated reporting in a Discussion Paper that is scheduled for the September 2015 IAASB meeting.

### **Action Requested**

- 9. The IAASB is asked to share its views on the Awareness Paper in particular the target group, the topics addressed and the described information-gathering activities of the Integrated Reporting WG.

### **Material Presented**

Agenda Item 8-A

*Assurance on Integrated Reports: An Emerging and Innovative Landscape – Awareness Paper*