

Please note: This Agenda Item includes the Proposed Conforming and Consequential Amendments Arising from Proposed ISSA 5000¹ Paper that will be discussed by the Board at the June 2023 IAASB quarterly meeting (Agenda Item 2-G). This paper is provided to the IAASB CAG Representatives in June 2023 for reference purposes.

CONFORMING AND CONSEQUENTIAL AMENDMENTS ARISING FROM PROPOSED ISSA 5000 – MARKED FROM EXTANT

This paper includes the paragraphs identified across the IAASB standards that may be affected as a result of the proposed International Standard on Sustainability Assurance (ISSA) 5000 *General Requirements for Sustainability Assurance Engagements*, except for those in ISRE 2410.² The proposed conforming and consequential amendments arising from Proposed ISSA 5000 are shown in markup.

PREFACE TO THE INTERNATIONAL QUALITY MANAGEMENT, AUDITING, REVIEW, SUSTAINABILITY AND OTHER ASSURANCE, AND RELATED SERVICES PRONOUNCEMENTS

Introduction

1. This preface to the *International Quality Management, Auditing, Review, Sustainability and Other Assurance, and Related Services Pronouncements* is issued to facilitate understanding of the scope and authority of the pronouncements the International Auditing and Assurance Standards Board (IAASB) issues, as set forth in the IAASB's Terms of Reference.

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The IAASB's Pronouncements

IAASB Authoritative Pronouncements

3. The IAASB's pronouncements govern audit, review, sustainability and other assurance, and related services engagements that are conducted in accordance with International Standards. They do not override the local laws or regulations that govern the audit of historical financial statements or assurance engagements on sustainability or other information in a particular country required to be followed in accordance with that country's national standards. In the event that local laws or regulations differ from, or conflict with, the IAASB's Standards on a particular subject, an engagement conducted in accordance with local laws or regulations will not automatically comply with the IAASB's Standards. ~~An professional accountant auditor or practitioner~~ should not represent compliance with the IAASB's Standards unless the ~~professional accountant auditor or practitioner~~ has complied fully with all standards relevant to the engagement.

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¹ Proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*

² ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

The Authority Attaching to International Standards Issued by the International Auditing and Assurance Standards Board

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7. International Standards on Assurance Engagements (ISAEs) are to be applied in assurance engagements other than audits or reviews of historical financial information.

7A. International Standards on Sustainability Assurance (ISSAs) are to be applied in assurance engagements on sustainability information.³

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9. ISAs, ISREs, ISAEs, ISSAs and ISRSs are collectively referred to as the IAASB's Engagement Standards.

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Other International Standards

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15. The basic principles and essential procedures of a Standard are to be applied in all cases where they are relevant in the circumstances of the engagement. In exceptional circumstances, however, an professional accountant-auditor or practitioner may judge it necessary to depart from a relevant essential procedure in order to achieve the purpose of that procedure. When such a situation arises, the professional accountant-auditor or practitioner is required to document how alternative procedures performed achieve the purpose of the procedure and, unless otherwise clear, the reasons for the departure. The need for the professional accountant-auditor or practitioner to depart from a relevant essential procedure is expected to arise only where, in the specific circumstances of the engagement, that procedure would be ineffective.

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Professional Judgment

17. The nature of the International Standards requires the professional accountant-auditor or practitioner to exercise professional judgment in applying them.

Applicability of the International Standards

18. The scope, effective date and any specific limitation of the applicability of a specific International Standard is made clear in the Standard. Unless otherwise stated in the International Standard, the professional accountant-auditor or practitioner is permitted to apply an International Standard before the effective date specified therein.

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ISQM 1, QUALITY MANAGEMENT FOR FIRMS THAT PERFORM AUDITS OR REVIEWS OF FINANCIAL STATEMENTS, OR OTHER ASSURANCE OR RELATED SERVICES ENGAGEMENTS

³ Other than circumstances in which the relevant ISSA indicates that another International Standard applies.

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Application and Other Explanatory Material

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Scope of this ISQM (Ref: Para. 3 - 4)

- A1. Other pronouncements of the IAASB, ~~including ISRE 2400 (Revised) and ISAE 3000 (Revised)~~, also establish requirements for the engagement partner or engagement leader, as applicable, for the management of quality at the engagement level, including ISRE 2400 (Revised)⁴ and ISAE 3000 (Revised)⁵ for the engagement partner, and ISSA 5000⁶ for the engagement leader.⁷ ~~for the management of quality at the engagement level.~~

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ISQM 2, ENGAGEMENT QUALITY REVIEWS

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Application and Other Explanatory Material

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Performance of the Engagement Quality Review (Ref: Para. 24–27)

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- A26. ISAE 3000 (Revised)⁸ and ISSA 5000⁹ also establishes requirements for the engagement partner in relation to the engagement quality review.¹⁰

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ISAE 3000, ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OR REVIEWS OF HISTORICAL FINANCIAL INFORMATION

Introduction

1. This International Standard on Assurance Engagements (ISAE) deals with assurance engagements other than audits or reviews of historical financial information, which are dealt with in International

⁴ International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

⁵ International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

⁶ International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*

⁷ ISSA 5000, paragraph A21, states that the term engagement leader in ISSA 5000 is the equivalent of “engagement partner” in ISQM 1

⁸ ISAE 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*

⁹ ISSA 5000, *General Requirements for Sustainability Assurance Engagement*

¹⁰ ISSA 5000 paragraph A21, states that the term engagement leader in ISSA 5000 is the equivalent of “engagement partner” in ISQM 1

Standards on Auditing (ISAs) and International Standards on Review Engagements (ISREs) respectively. In addition, assurance engagements on sustainability information are dealt with in International Standards on Sustainability Assurance (ISSAs). (Ref: Para. A21–A22)

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Scope

5. This ISAE covers assurance engagements other than audits or reviews of historical financial information, as described in the International Framework for Assurance Engagements (Assurance Framework). Where a subject-matter specific ISAE is relevant to the subject matter of a particular engagement, that ISAE applies in addition to this ISAE. (Ref: Para. A21–A22)

Application and Other Explanatory Material

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Conduct of an Assurance Engagement in Accordance with ISAE

Complying with Standards that Are Relevant to the Engagement (Ref: Para. 1, 5, 15)

- A21. This ISAE includes requirements that apply to assurance engagements¹¹ (other than audits or reviews of historical financial information or assurance engagements on sustainability information), including engagements in accordance with a subject matter-specific ISAE. In some cases, a subject matter specific ISAE is also relevant to the engagement. A subject matter-specific ISAE is relevant to the engagement when the ISAE is in effect, the subject matter of the ISAE is relevant to the engagement, and the circumstances addressed by the ISAE exist.
- A22. The ISAs and ISREs have been written for audits and reviews of historical financial information, respectively, and do not apply to other assurance engagements. They may, however, provide guidance in relation to the engagement process generally for practitioners undertaking an assurance engagement in accordance with this ISAE.

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ISAE 3410, ASSURANCE ENGAGEMENTS ON GREENHOUSE GAS STATEMENTS

Introduction

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Scope of this ISAE

2. This International Standard on Assurance Engagements (ISAE) deals with assurance engagements to report on an entity's GHG statement.
3. This ISAE applies in circumstances when a GHG statement is the only sustainability information presented by the entity and is the subject of the assurance engagement and the practitioner's

¹¹ This ISAE contains requirements and application and other explanatory material specific to reasonable and limited assurance attestation engagements. This ISAE may also be applied to reasonable and limited assurance direct engagements, adapted and supplemented as necessary in the engagement circumstances.

assurance conclusion. International Standard on Sustainability Assurance (ISSA) 5000¹² applies when The practitioner's conclusion in an assurance engagement may cover information in addition to a GHG statement, for example, when the practitioner is engaged to report on a sustainability report of which a GHG statement is only one part. In such cases: (Ref: Para. A1–A2)

- (a) GHG information other than a GHG statement is included as part of the overall sustainability information presented; or
- (ab) The This ISAE applies to assurance procedures performed with respect to the GHG statement other than when the GHG statement is a relatively minor part of the overall sustainability information presented and covered by the practitioner's assurance conclusion. subject to assurance; and
- (b) ISAE 3000 (Revised)¹³ (or another ISAE dealing with a specific underlying subject matter) applies to assurance procedures performed with respect to the remainder of the information covered by the practitioner's conclusion.

3A. The practitioner's conclusion in an assurance engagement on a GHG statement may cover information other than sustainability information in addition to the GHG statement. In such cases, ISAE 3000 (Revised)¹⁴ (or another ISAE dealing with a specific underlying subject matter) applies to assurance procedures performed with respect to the remainder of the information covered by the practitioner's conclusion.

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Application and Other Explanatory Material

Introduction

Assurance Engagements Covering Information in Addition to the GHG Statement (Ref: Para. 3)

- A1. In some cases, the practitioner may perform an assurance engagement on a report that includes GHG information, but that GHG information does not comprise a GHG statement as defined in paragraph 14(m). In such cases, ISSA 5000¹⁵ applies. However, this ISAE may provide guidance for such an engagement.
- ~~A2. Where a GHG statement is a relatively minor part of the overall information that is covered by the practitioner's conclusion, the extent to which this ISAE is relevant is a matter for the practitioner's professional judgment in the circumstances of the engagement.~~

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ISA 805, SPECIAL CONSIDERATIONS—AUDITS OF SINGLE FINANCIAL STATEMENTS AND SPECIFIC ELEMENTS, ACCOUNTS OR ITEMS OF A FINANCIAL STATEMENT

¹² International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*

¹⁴ International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

¹⁵ ISSA 5000, *General Requirements for Sustainability Assurance Engagements*, paragraph 9(a)

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Application and Other Explanatory Material

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Scope of this ISA (Ref: Para. 1, 6(c))

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- A4. A reasonable assurance engagement other than an audit of historical financial information is performed in accordance with International Standard on Assurance Engagements (ISAE) 3000¹⁶ (Revised) or ISSA 5000,¹⁷ as applicable.

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INTERNATIONAL FRAMEWORK FOR ASSURANCE ENGAGEMENTS

Introduction

1. This Framework is issued solely to facilitate understanding of the elements and objectives of an assurance engagement and the engagements to which International Standards on Auditing (ISA), International Standards on Review Engagements (ISRE), ~~and~~ International Standards on Assurance Engagements (ISAE) and International Standards on Sustainability Assurance (ISSA) (hereinafter referred to as Assurance Standards) apply.

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Description of Assurance Engagements

11. The outcome of the measurement or evaluation of an underlying subject matter is the information that results from applying the criteria to the underlying subject matter. For example:

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- A greenhouse gas statement (outcome) results from measuring an entity's greenhouse emissions (underlying subject matter) by applying recognition, measurement and presentation protocols (criteria).
- Sustainability information (outcome) results from measuring or evaluating an entity's sustainability matters (underlying subject matter) by applying a sustainability reporting framework (criteria).

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Appendix 1

Pronouncements Issued by the IAASB, and Their Relationship to Each Other and the IESBA Code

This Appendix illustrates the ambit of pronouncements issued by the IAASB, and their relationship to each other and to the International Ethics Standards Board for Accountants' International Code of Ethics for

¹⁶ ISAE 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*

¹⁷ International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements

Professional Accountants (including International Independence Standards) (IESBA Code) ~~IESBA Code of Ethics for Professional Accountants.~~

