

Sustainability Assurance – Respondents’ Detailed Comments to EM 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?

23.2 Agree with comments

1. Monitoring Group

Basel Committee on Banking Supervision (BCBS)

The Committee agrees with the proposal to include the relevant statements in the Basis for Conclusion section. We consider it reasonable to assume a reader of the report will read the report in its entirety. The Committee also supports the IAASB proposal that in a limited assurance engagement a summary of work performed is included in the assurance report (paragraph 170(i)).

4. Regulators and Audit Oversight Authorities

European Securities and Markets Authority (ESMA)

ESMA supports the IAASB’s approach of encompassing both limited and reasonable assurance by addressing and differentiating the work effort to be performed for each type of assurance and for relevant elements of the assurance engagement. Nonetheless, it is crucial to establish a clear delineation between limited and reasonable assurance for investor protection. This differentiation will enable an understanding of the specific tasks performed and assurance provided in each type of engagement. To bridge potential gaps in users’ expectation, ESMA considers that further prominence should be given and description provided to explain that the scope and nature of the work performed under a limited assurance engagement is considerably less than for reasonable assurance engagements. ESMA suggest that ED-5000 could provide additional clarifications in various sections including, the introduction, the definitions, the Basis for Conclusion in the assurance report and offer illustrative examples and guidance in the application material.

Financial Reporting Council – UK (FRC)

The inclusion of “substantially” is inconsistent with how the difference between limited and reasonable assurance is described elsewhere in ED-5000. For example, paragraph 7 says the work for limited assurance is “less”, but there is no inclusion here of “substantially”. Similarly, the definition of a limited assurance engagement refers to “greater” risk and to the procedures being more “limited” in terms of nature, timing and extent, but again “substantially” is absent.

This approach doesn’t help a user assess what level of assurance they could take, or to what extent the level of assurance could be seen as “meaningful” to them for decision making purposes.

5. National Auditing Standard Setters

Auditing and Assurance Standards Board Canada (AASB)

We agree that the explanation in the Basis for Conclusion section of the limited assurance report is sufficiently prominent. However, we noted some concerns regarding how limited assurance is described in the practitioner’s report.

Concern: Inconsistent reporting between a limited assurance engagement under ISSA and ISRE

During our outreach, we heard overall concerns around inconsistencies between a limited assurance report for Financial Statements (Review under ISRE 2400) and a limited assurance report on sustainability information under ED-5000. While this issue existed between ISRE 2400 and ISAE 3000, the reason for these differences were not well understood by our respondents and may contribute to users misunderstanding the level of assurance obtained.

The following specific concern was raised:

Both reports are identified as "limited assurance engagements" however the language used to describe the procedures performed varies between reports.

Limited assurance over financial statements (ISRE 2400) (from the practitioner's responsibility section) -The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

Limited assurance over sustainability information (ED-5000) (from the practitioner's responsibility section) - The practitioner designs and performs procedures that are responsive to disclosures in the sustainability information where material misstatements are likely to arise.

We acknowledge some user misunderstanding may be alleviated by the requirement in limited assurance engagements under ED-5000, to include a summary of the work performed, including describing the nature, timing and extent of procedures performed to enable users' understanding of limited assurance (paragraph 170(i), A484L-A486L). However, we think further steps could be taken to address the concern raised.

Suggest:

Develop non-authoritative guidance to describe the difference between limited assurance in a review engagement (ISRE) vs. limited assurance in the context of the ISAEs and ISSAs (see our suggestion in question 7), that includes:

An explanation of how the work performed in the review of financial statements may differ from the work performed in limited assurance engagement over sustainability information, despite both being limited assurance.

Content from application material A482 to A468L, with examples of the 'Summary of work performed' in different limited assurance reports with different factors (as described in paragraph A485L.

Make the requirement in paragraph 170(i), regarding including a 'Summary of work performed' section in the assurance report, applicable to both limited and reasonable assurance engagements. (See our suggestion in response to question 21)

Australian Auditing and Assurance Standards Board (AUASB)

As highlighted in our response to Question 7, limited assurance engagements are not well understood by users. Accordingly, the AUASB encourages the IAASB to facilitate or develop application material or guidance in this area to increase user and practitioner understanding. Education material should cover the difference between limited and reasonable assurance, and the trust and confidence that intended users could place on each level of assurance.

In addition, the caveat that a limited assurance engagement is substantially less than for a reasonable assurance engagement has been 'moved up' the assurance report compared to the IAASB's examples for other assurance reports. The IAASB should consider consistency in the format of the assurance report with the other ISAEs.

Comite Brasileiro de Sustentabilidade (CBPS)

As mentioned in question 21, we agree with the text included in the Basis for Conclusion session, however, there is a need to also complement the text in the Practitioner's Responsibilities session, which have small wording differences when compared to those in the same section in the report. reasonable assurance, which may not be perceived by report users. For this reason, we suggest that greater prominence be given to the fact that “A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks”, for example, repeating this text also at the beginning of this Practitioner's Responsibilities session. Even though the IAASB, in its final revision of the ED-5000, equalizes the risk assessment procedures for both types of assurance, we still believe that the phrase should also be included in the Practitioner's Responsibilities section, with alternative wording for: A limited assurance engagement is substantially less in scope than a reasonable assurance engagement.

Compagnie Nationale des Commissaires aux Comptes (CNCC) and Conseil Supérieur de l'Ordre des Experts-Comptables (CSOEC)

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 should be moved in the introduction to be more prominent.

As mentioned above, we suggest developing a specific guidance related to the first-time application of ISSA 5000.

Hong Kong Institute of Certified Public Accountants

We agree that it is suitable to draw users' attention to the differences in scope and nature of work performed for a limited assurance and a reasonable assurance engagement in the Basis for Conclusion section of the assurance report.

Additionally, we strongly recommend that the IAASB actively promote “sustainability assurance” among the general public to enhance their overall understanding and appreciation of the significance and impact of assurance within the field of sustainability reporting. It is crucial for stakeholders to recognize the value offered by and benefits of obtaining assurance on sustainability information, and to understand the level of assurance provided through engagements of both limited assurance and reasonable assurance.

In order to ensure consistent messaging and facilitate stakeholder understanding of the values and benefits of sustainability assurance, as well as the distinction in comfort levels between limited and reasonable assurance engagements, we urge the IAASB to consider developing promotional materials, such as slide decks or flyers with straightforward illustrations. These visual aids should effectively communicate the advantages of sustainability assurance and highlight the varying levels of confidence provided by limited and reasonable assurance engagements.

Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)

We believe that the positioning and 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 is sufficiently prominent and useful.

Japanese Institute of Certified Public Accountants (JICPA)

We agree with the proposal in ED-5000 with one comment below:

We suggest similar revision be considered as a consequential amendment to ISAE 3410 (Illustration 2).

7. Accounting Firms

BDO International Limited

We agree that providing such limited assurance 'warning' as prominently as feasible is highly desirable. While the IAASB has indicated in the Explanatory Memorandum that it 'did not consider it appropriate for these statements to be included in the conclusion section', given the potential user base for ED-5000 related assurance reports being broader and/or different from more traditional IAASB standards' assurance report users, we consider that the IAASB should reconsider this position.

Barring the inclusion of the warning paragraph as part of the conclusion section, inclusion near to the top of the report, in a separate paragraph, is the most desirable position. While inclusion as the second paragraph of the Basis for Conclusion is relatively prominent, compared to ISAE 3410 for example, additional prominence could be achieved by providing the paragraph as the first paragraph of the Basis for Conclusion section. While this may depart slightly from the construct of other limited assurance engagements (i.e., ISRE 2400), it would add more prominence to the paragraph.

Finally, additional 'strength' could be added to the paragraph to further emphasize the importance of the assurance level concept to users of the report, premised on the fact that the users of assurance reports on sustainability matters may not be as familiar with the concepts of limited and reasonable assurance as users of financial statement or other longer standing assurance standards. Wording such as the following, placed as the first paragraph under the Basis for Conclusion section, would provide additional prominence to the warning paragraph:

Our [qualified] conclusion is a limited assurance conclusion, and our engagement provides a substantially lower level of assurance than that of a reasonable assurance engagement. The procedures in a limited assurance engagement are less in extent, and vary in nature and timing, from a reasonable assurance engagement.

Crowe Global

It is important that an assurance report explains the scope of an engagement. We agree with the proposed explanation about limited assurance engagements.

Ernst & Young Global Limited

We are supportive of the explanation in the basis of conclusion section of the assurance report signifying that the scope and nature of work performed in a limited assurance engagement is substantially less than for a reasonable assurance engagement.

Grant Thornton International

We believe the proposed 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 is sufficiently prominent. We believe the explanation and its placement in the report provides an appropriate lens for users as they read the report.

KPMG International

We are supportive of the requirement to include a statement that the procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, those for a reasonable assurance engagement, and that the level of assurance obtained is substantially lower.

We also consider that the proposed placement of this statement, within the Basis for Conclusion paragraph, is the most appropriate placement as this paragraph immediately follows the Conclusion, and therefore gives this statement appropriate prominence as it is important context regarding the conclusion. We recognise that this placement is different to that under extant assurance standards, i.e., immediately following the summary of procedures performed, and prior to the limited assurance conclusion. We acknowledge the IAASB's intentions in making these changes, to align the structure and flow of ED-5000 to the new and revised reporting standards within the ISA 700 suite, in particular, the placement of the conclusion up front in the assurance report.

Consider a cross-reference from the explanation in the Basis for Conclusion section to the Summary of the Work Performed

Notwithstanding the above, we consider that under the extant assurance standards the placement of this statement immediately following the summary of work performed provides important context regarding those procedures and the limitations of these. Accordingly, we recommend that a cross-reference is included from the statement to the summary of work performed to emphasise this link more clearly.

MHA

The illustrative examples provided in Appendix 2 of ED-5000 are broadly consistent with expectations, however Illustration 2 (for limited assurance reports) does not provide a sufficient explanation of the differences between a reasonable assurance and limited assurance report or adequately emphasise that the assurance practitioner has performed fewer procedures in arriving at the report conclusion. We believe this difference is best disclosed in both the 'basis for conclusion' and 'summary of work performed' sections of the assurance report.

Nexia International

Yes, but we refer to our answer to Question 17 above regarding other aspects of the limited assurance report.

RSM International

We suggest adding 'substantially' to 'less in extent' to emphasize the significance of the difference in the extent of procedures between a limited and reasonable assurance engagement in paragraph 170(d)(ii)(a) of ED-5000. The revised paragraph 170(d)(ii)(a) would read as follows (bold, underlined text indicates the added language):

The procedures in a limited assurance engagement vary in nature and timing from, and are substantially less in extent than for, a reasonable assurance engagement.

8. Assurance Practitioner or Firm - Other Profession

ERM Certification and Verification Services Limited

We have no comment on the location of the statement within the Assurance Report. It is appropriate to indicate that the procedures performed vary from and are less in extent than for a Reasonable Assurance engagement and that the level of assurance obtained is lower. If the suggested changes to the approach to

Limited Assurance are made (i.e., the bar as defined in ED-5000 is raised to meet current practice) the word 'substantially' could be removed from the disclaimer.

10. Member Bodies and Other Professional Organizations

Accountancy Europe

We believe that the users will be more interested in engagement specific information which is to be provided under the "Summary of the work performed" section. The practitioner should strike the right balance between this specificity and comparability of the information provided to the users. To ensure this, the ISSA 5000 should include high-level principles on what to (and not to) include in this section of limited assurance reports.

ASSIREVI – Association of the Italian audit firms

We agree that the description provided in the "Basis for Conclusion" section of the limited assurance report clearly indicates the scope and nature of the work performed. It is sufficiently clear that the nature and timing of the procedures differ from those performed for a reasonable assurance engagement and, moreover, that the scope of such procedures is substantially less than for a reasonable assurance engagement.

We also agree with the inclusion of the "Practitioner's Responsibilities" and "Summary of the Work Performed" sections and their contribution to further explain the characteristics of the work performed for a limited assurance engagement.

With respect to the "Summary of the Work Performed" section (paragraph 170.(i)), the related guidance (A484L and A486L) provide the practitioner with a guideline about the level of detail to be provided in the descriptions of the procedures performed for a limited assurance engagement. The application material of ED-5000 could be supplemented with specific examples of descriptions of the procedures performed to provide greater comparability among assurance reports.

Center for Audit Quality

While it is sufficiently prominent, there are various interpretations on how much assurance limited assurance provides, and therefore what "substantially less" in fact means. As a result, there is a public interest need to educate users to minimize expectation gaps, especially since sustainability reporting user groups may be more diverse than financial statement users and less knowledgeable about traditional financial reporting and related audit reports. Recognizing the IAASB's capacity and resource challenges, and its mandate, we encourage the IAASB to collaborate with other bodies (e.g., IFASS, professional accountancy organizations (PAOs)), and monitoring group members (e.g., IOSCO)) to support users' understanding of these assurance engagements and how to interpret assurance reports. The CAQ is willing to support the IAASB with this in the US.

Given that users may not understand what limited assurance is and what procedures are performed on limited assurance engagements, we support efforts to provide transparency on what procedures were performed by the practitioner (e.g., para 170(i)) to help mitigate the expectations gap). However, we believe additional application guidance is needed to reinforce that the procedures listed should focus on more primary procedures versus an extensive listing. Users may mistakenly equate longer listings of procedures with higher quality engagements.

Paragraph A484L states, "It also may be appropriate to include a description of procedures that were not performed that would ordinarily be performed in a reasonable assurance engagement." We believe that

describing what wasn't done versus what was done would create confusion and suggest that this sentence be deleted.

Please also see Question 21 bullet 3 for the challenges and recommendations associated with circumstances when the report includes a combination of reasonable assurance and limited assurance.

Colegio de Contadores Públicos de Costa Rica

It is an issue that has already been seen before when using other attestation standards and therefore we are already clearly aware of this difference.

Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (CNDCEC)

It's true that we can consider ISSA 5000 an evolution of ISAE 3000 (Revised) and ISAE 3410.

In ISAE 3410 the information about a lower level of assurance obtained in a limited assurance engagement is located at the end of the limited assurance report.

In ISSA 5000 the same statement could be found in the Basis for Conclusion section in a limited assurance report.

Perhaps it would be appropriate to shed light on the difference in terms of reliability of limited assurance compared to reasonable assurance. In fact, for reasonable assurance, the practitioner must carry out a more demanding and complex task and, at the same time, the organization has to face higher costs.

CPA Ireland

While the wording in the Basis for Conclusion is clear, there is a need that this distinction is also carried across other sections/paragraphs in the Standard.

European Federation of Accountants and Auditors for SMEs (EFEAA)

We agree that for limited assurance engagements the assurance report explanation that the scope and nature of work performed is substantially less than for a reasonable assurance engagement is sufficiently prominent.

We wonder whether analogous text explaining that the scope and nature of work performed is substantially more than for a limited assurance engagement might be appropriate for inclusion in the assurance report for reasonable assurance engagements. This will help stress the benefits of reasonable over limited assurance.

Institute of Chartered Accountants in England and Wales (ICAEW)

It is important to provide clarity over how much assurance is being provided - especially where there are both limited and reasonable assurance in the same report (hybrid engagements). While we accept that the wording of the explanation provided is reasonable, we have concerns about whether it is sufficiently clear to the wider intended users of sustainability reports.

We suggest the IAASB considers the placement of the statement in particular whether it would be more useful in either the work performed or even in the limited assurance Conclusion itself. We note that the wording of the limited assurance report is similar to the reasonable assurance report wording. We believe that the work performed section of the limited assurance report does not clearly articulate the difference in work effort from a reasonable assurance report. More clarity and clearer language would be welcome.

Institute of Chartered Accountants of the Maldives

Yes, for limited assurance engagements, 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 is sufficiently prominent.

Institute of Singapore Chartered Accountants (ISCA)

Any changes to the format of the assurance report under ED-5000 should be consistently applied to other ISAE 3000 (Revised) reports as well.

Instituto Mexicano de Contadores Publicos (IMCP)

We support that this explanation has been brought upfront in the report as it benefits the readers and users to have a better understanding of the level of assurance applied in the execution of the work; however, we consider that having a short sentence, such as... the section "Basis for Limited Assurance Conclusion" of this report describes the level of assurance that is provided by a Limited Assurance report... as the last paragraph of the "Limited assurance conclusion section" will enhance even more such understanding. We recognize that there is no ideal place to include such explanation but the most prominent it is presented in the conclusion report the more benefits for the users and readers.

International Federation of Accountants (IFAC)

The explanation provided is sufficiently prominent, but it would be useful to provide further clarity on the meaning of "substantially" in this context. Some of the procedures for limited and reasonable assurance are similar, so there is scope to increase clarity in this area.

New York State Society of Certified Public Accountants (NYSSCPA)

Response: Yes. Although we agree with the inclusion of the explanation in the Basis for Conclusion section of the assurance report, we recommend that the IAASB consider making the placements consistent with the current requirement for Review Engagements in existing limited assurance reports under both ISRE 2400 and ISRE 2410. We also recommend that the IAASB consider a more prominent placement of these explanations in the assurance report to give them sufficient prominence and, therefore, bring them to the attention of all users.

Nordic Federation of Public Accountants (NRF)

The proposed short explanation in the Basis for Conclusion serves its purpose.

However, we do believe that the users will be more interested in engagement specific information which is to be provided under the "Summary of the work performed" section. ED-5000 should include high-level principles on what to (and not to) include in this section of limited assurance reports.

Pan African Federation of Accountants

It is recommended that more clarity be provided on the meaning of "substantial" within this context. Some of the procedures seem similar suggesting that it may not be sufficiently clear as to the differences between procedures noted between limited and reasonable assurance engagement and how materially different these are to each other.

Pennsylvania Institute of Certified Public Accountants (PICPA)

The committee agrees that the explanation of the assurance report is sufficiently prominent. At the same time this has historically been an area of confusion among assurance report users.

11. Academics

Accounting and Finance Association of Australia and New Zealand

We agree, although we suggest disclosing even more specific detail.

We agree with highlighting “less work” and “lower level of assurance” in a prominent section as the “Basis for conclusion”.

We suggest that there needs to be greater specificity around the scope and nature of work performed in this section as the literature shows (1) accounting and non-accounting CSR assurance providers use different means to differentiate themselves from one another with differences of firm outcomes (Channuntapipat et al. 2020); and (2) the way CSR assurance is conducted varies significantly among different assurance providers (Channuntapipat et al. 2019). Such examples show that the need to explain more clearly the actual scope and nature of the work undertaken because such information will incentivize assurance providers to act in a certain way and also users in terms of their comprehension of the work completed.

12. Individuals and Others

We Mean Business Coalition

See reply on question 21.

23.3 Neither agree or disagree

7. Accounting Firms

Baker Tilly International

The relative prominence of the explanation is satisfactory, but the statement itself is not supported by the work effort required by the ED ISSA 5000 for LA which is not much less than for RA.

HLB International

there appears to be a discrepancy between the conclusion section of the assurance report and the work effort requirement where the standard does not make a clear enough distinction between limited assurance and reasonable assurance.

10. Member Bodies and Other Professional Organizations

Chamber of Financial Auditors of Romania (CAFR)

The IAASB's intention to differentiate and highlight the variance in the scope and nature of work between limited and reasonable assurance engagements in the assurance report is a crucial step toward ensuring transparency and understanding for users. Placing these statements within the Basis for Conclusion section of a limited assurance report, as decided, offers prominence to the explanation.

European Group of International Accounting Networks and Associations (EGIAN)

It is sufficiently prominent but the statement “...[LA work effort] is substantially less than for [RA]” is inconsistent with the work effort required by ED ISSA 5000 which is insubstantially less for LA than RA.

Instituto Nacional de Contadores Públicos de Colombia (INCP)

As stated in the answer to question 7, we consider that the requirements for the auditor to issue a report with limited assurance and reasonable assurance should be further clarified, since there is the option to participate in a combination of a limited and reasonable assurance engagement, which could be confusing during performance for preparers, auditors and users of information. This is a key issue that requires wide dissemination so that everyone is clear about the differences.

23.4 Disagree with comments

2. Preparer and Users of sustainability information

Ceres, Inc.

See discussion above in response to No. 7, Differentiation of Limited Assurance and Reasonable Assurance.

5. National Auditing Standard Setters

New Zealand Auditing and Assurance Standards Board

Drawing from existing material where known issues already exist heightens the expectation gap risk. The NZAuASB considers there is a good opportunity for the IAASB to continue to learn about other professions approaches, through co-ordinated mapping and ongoing engagement to re-examine how best to build trust and confidence in sustainability information.

As articulated in response to question 7, we have concerns that limited assurance is not well understood. Refer to our response to question 21 for our suggestions to better meet users' needs.

Royal Dutch Institute of Chartered Accountants

As noted in the second bullet of our response to Question 21, and along the lines set out in our response to Question 1, we disagree with a wide range of assurance levels being 'limited assurance', and rather propose a clear and narrow(er) definition of limited assurance. Therefore an elaborate explanation of what assurance is provided in a limited assurance engagement would not be necessary, since there would be a consistent and clear level of 'limited assurance'. We re-emphasize that such consistency in what entails limited assurance would be in the public interest.

7. Accounting Firms

Altaf Noor Ali Chartered Accountants

23.1 No

23.2 There are so many matters in the ED that to say that it is sufficiently prominent is not reasonable. If this matter is important, it should be a part of the ED.

23.3 We recommend that this matter is given its place in the FAQs.

Mazars

It is imperative that the assurance report provides clarity over the level of assurance being provided and over which information, especially in hybrid engagements where both limited and reasonable assurance is provided in the same report.

Whilst the wording provided in ED-5000 is sufficient at a high level to explain that the level of work performed is substantially less, we believe that the assurance report could be enhanced to provide greater clarity to users by:

Incorporating this statement in the Conclusion itself rather than in the basis of conclusions, meaning that when reading the conclusion it is clear that the work performed is less than a reasonable assurance engagement rather than finding that statement elsewhere in the report where it may be missed by the reader,

It may also be worth repeating in the explanation of the work performed section of the report, where it will link clearly to the description of work performed,

Amending the overall limited assurance report, which is very similar to the reasonable assurance report to make a clearer distinction. In particular, in the illustrated reports in ED-5000 it is not really clear that there is a difference in work effort from a reasonable assurance engagement. Greater clarity over the procedures performed in a limited assurance engagement would help the reader understand the work which has actually been performed (see comments on Q21 above)

PricewaterhouseCoopers International Limited

We welcome the elevation, to the basis for conclusion section, of the statement explaining that the scope and nature of work performed in a limited assurance engagement is substantially less than for a reasonable assurance engagement. It is important to users' understanding of the nature of the assurance engagement performed that this statement is sufficiently prominent.

In that context, we believe the statement should be elevated further, to immediately follow the assurance conclusion, i.e., precede the basis for conclusion section.

8. Assurance Practitioner or Firm - Other Profession

SGS

Mentioned by earlier comments, thresholds of limited assurance and reasonable assurance engagement are still quite blurred and complex, which may cause huge variance in practice by different practitioners. Limited Assurance itself extends very wide scope with a lower end and a higher end, which can't be identified by the intended users.

We recommend more detailed clarification with quantified guidance.

TIC Council

Mentioned by earlier comments, thresholds of limited assurance and reasonable assurance engagement are still quite blurred and complex, which may cause huge variance in practice by different practitioners. Limited Assurance itself extends very wide scope with a lower end and a higher end, which can't be identified by the intended users.

We recommend more detailed clarification with quantified guidance.

9. Public Sector Organizations

Government Accountability Office - US

We do not believe the explanation of the work performed is sufficiently prominent for limited assurance engagements. We support the importance to make clear to the users of the assurance report that procedures performed are significantly less in a limited assurance engagement. However, the explanation of procedures to be included in a limited assurance report may result in practitioners including details that cause report users to interpret a higher level of assurance from the information presented than may be warranted. We believe that this risk is heightened in a limited assurance engagement where the practitioner is concluding on compliance with legal or regulatory criteria. We suggest that the Board consider requiring more extensive disclosure of the procedures performed in a limited assurance engagement and consider adding additional requirements related to evaluating whether a meaningful level of assurance has been obtained in limited assurance engagements where the practitioner is concluding on compliance with legal or regulatory criteria.

Further, reports in limited assurance engagements should have a clear disclaimer to the user of the sustainability report that the engagement does not provide reasonable assurance, including the distinguishing the practitioner work effort to highlight the incremental procedures that would be required for a shift from a limited assurance engagement to a reasonable assurance engagement.

10. Member Bodies and Other Professional Organizations

Belgian Institute of Registered Auditors

While the explanation is appropriate for an assurance standard and is understood by auditors, it is possible that the user may not understand what it is saying. For this reason, it is important to reconsider the location of the statement so that it is more prominent and easier for users to understand.

One suggestion is to include the statement in the Limited Assurance Conclusion itself. This would ensure that users are aware of the limitations of the assurance engagement before they read the rest of the report. Another suggestion is to include the statement in the summary of work performed. This would help users to understand the scope of the assurance engagement and the procedures that were performed.

Examples should be provided.

Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)

The EM states that the purpose is to make it clear that the scope and nature of the work performed is “substantially lower”. However, the wording in the example assurance reports merely uses “less than”. This is not the same as “substantially lower” and is more subjective to the user’s interpretation of “less”. If “substantially lower” is what is intended, then that is the language that should be used.

Chartered Accountants Ireland

We don't believe the paragraph is sufficiently prominent given that it is the second paragraph in a six-paragraph section. We would suggest the second paragraph is made more prominent by including it in a separate paragraph and given its own clear heading, e.g., "limitations of conclusion".

CPA Australia

As outlined in our response to question 21 above, we suggest further clarity to the Basis for Conclusion section for limited assurance engagements as detailed below:

Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard of Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements, issued by the International Auditing and Assurance Standards Board.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on the sustainability information.

Saudi Organization for Chartered and Professional Accountants (SOCPA)

SOCPA believes the explanation of the scope and nature of work performed for a limited assurance engagement should be more prominent in the assurance report. The explanation is buried in the “Basis for Conclusion” section of the assurance report and is not prominent enough to have the weight it deserves. The users should be clearly aware of the differences between limited assurance and reasonable assurance engagements before they make any decisions based on the assurance report.

We believe that the explanation should be moved to the beginning of the assurance report, before the Basis for Conclusion section. The explanation should be expanded to provide more details about the differences between limited assurance and reasonable assurance engagements and a separate heading should be added to the explanation that clearly states its purpose.

South African Institute of Chartered Accountants (SAICA)

SAICA recommends that more clarity be provided on the meaning of “substantial” within this context. Some of the procedures seem similar hence it may not be sufficiently clear as to the differences between procedures noted between limited and reasonable assurance engagement and how materially different these are to each other.

12. Individuals and Others

International Accreditation Forum (IAF)

As mentioned in earlier comments, thresholds of limited assurance and reasonable assurance engagement are still quite blurred and complex, which may cause huge variance in practice by different practitioners. Limited Assurance itself extends very wide scope with a lower end and a higher end, which can't be identified by the intended users.

IAF recommends more detailed clarification with quantified guidance.