

Conforming and Consequential Amendments Arising from Proposed ISSA 5000¹ [MARKED FROM ED-5000]

This Agenda Item includes revisions to the conforming and consequential amendments across the IAASB standards that may be affected as a result of proposed ISSA 5000, *General Requirements for Sustainability Assurance Engagements*, marked from ED-5000.² The proposed conforming and consequential amendments arising from Proposed ISSA 5000 are shown in marked text as they were presented in ED-5000 (new text underlined and deleted text in strikethrough).

All changes from ED-5000 are shown in track changes.

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. A ~~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 [Proposed International Standard on Sustainability Assurance \(ISSA\) 5000, General Requirements for Sustainability Assurance Engagements, and Proposed Conforming and Consequential Amendments to Other IAASB Standards.](#)

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

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6A. International Standards on Sustainability Assurance (ISSAs) are to be applied in assurance engagements on sustainability information.³

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

~~7A. International Standards on Sustainability Assurance (ISSAs) are to be applied in assurance engagements on sustainability information.~~⁴

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9. ISAs, ISREs, ISSAs, 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, a 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.

⁴ ~~Other than circumstances in which the relevant ISSA indicates that another International Standard applies.~~

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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

CONTENTS

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International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, should be read in conjunction with the Preface to the International Quality Management, Auditing, Review, Sustainability and Other Assurance, and Related Services Pronouncements.

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Definitions

16. For purposes of this ISQM, the following terms have the meanings attributed below:

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- (i) Firm – A sole practitioner, partnership or corporation or other entity of professional accountants or practitioners, or public sector equivalent. (Ref: Para. A18)
- ...
- (p) Professional standards – IAASB Engagement Standards, as defined in the IAASB's Preface to the International Quality Management, Auditing, Review, Sustainability and Other Assurance, and Related Services Pronouncements, and relevant ethical requirements.
- ...
- (t) Relevant ethical requirements – Principles of professional ethics and ethical requirements that are applicable to professional accountants or practitioners when undertaking engagements that are audits or reviews of financial statements or other assurance or related services engagements. Relevant ethical requirements ordinarily comprise the provisions of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) related to audits or reviews of financial statements, or other assurance or related services engagements, together with national requirements that are more restrictive. (Ref: Para. A22–A24, A62)
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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)⁵ and ISAE 3000 (Revised)⁶ for the engagement partner, and ISSA 5000⁷ for the engagement leader.⁸ ~~for the management of quality at the engagement level.~~
- A2. The IESBA Code⁹ contains requirements and application material for professional accountants or practitioners that enable professional accountants and practitioners to meet their responsibility to act in the public interest. As indicated in paragraph 15, in the context of engagement performance as described in this ISQM, the consistent performance of quality engagements forms part of the professional accountant's or practitioner's responsibility to act in the public interest.

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Authority of this ISQM (Ref: Para. 12)

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- A9. This ISQM includes, under the heading “Definitions,” a description of the meanings attributed to certain terms for purposes of this ISQM. These definitions are provided to assist in the consistent application and interpretation of this ISQM, and are not intended to override definitions that may be established for other purposes, whether in law, regulation or otherwise. The Glossary of Terms relating to International Standards issued by the IAASB in the Handbook of International Quality Management, Auditing, Review, Sustainability Assurance, Other Assurance, and Related Services Pronouncements published by IFAC includes the terms defined in this ISQM. The Glossary of Terms also includes descriptions of other terms found in the ISQMs to assist in common and consistent interpretation and translation.

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Relevant Ethical Requirements (Ref: Para. 16(t), 29)

- A22. The relevant ethical requirements that are applicable in the context of a system of quality management may vary, depending on the nature and circumstances of the firm and its engagements. The term “professional accountant” may be defined in relevant ethical requirements. For example, the IESBA Code defines the term “professional accountant” and further explains the scope of provisions in the IESBA Code that apply to individual professional accountants in public practice or practitioners and their firms.

⁵ International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

⁶ International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

⁷ International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements

⁸ ISSA 5000, paragraph A25A48, states that the term engagement leader in ISSA 5000 is the equivalent of “engagement partner” in ISQM 1.

⁹ The International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code)

A23. The IESBA Code addresses circumstances when law or regulation precludes the professional accountant or practitioner from complying with certain parts of the IESBA Code. It further acknowledges that some jurisdictions might have provisions in law or regulation that differ from or go beyond those set out in the IESBA Code and that professional accountants or practitioners in those jurisdictions need to be aware of those differences and comply with the more stringent provisions, unless prohibited by law or regulation.

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Relevant Ethical Requirements (Ref: Para. 16(t), 29)

A62. The IESBA Code sets out the fundamental principles of ethics that establish the standards of behavior expected of a professional accountant or practitioner and establishes the International Independence Standards. The fundamental principles are integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The IESBA Code also specifies the approach that a professional accountant or practitioner is required to apply to comply with the fundamental principles and, when applicable, the International Independence Standards. In addition, the IESBA Code addresses specific topics relevant to complying with the fundamental principles. Law or regulation in a jurisdiction may also contain provisions addressing ethical requirements, including independence, such as privacy laws affecting the confidentiality of information.

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Engagement Documentation (Ref: Para. 31(f))

A83. Law, regulation or professional standards may prescribe the time limits by which the assembly of final engagement files for specific types of engagements are to be completed. Where no such time limits are prescribed in law or regulation, the time limit may be determined by the firm. In the case of engagements conducted under the ISAs, ISSAs or ISAEs, an appropriate time limit within which to complete the assembly of the final engagement file is ordinarily not more than 60 days after the date of the engagement report.

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A85. Law, regulation or professional standards may prescribe the retention periods for engagement documentation. If the retention periods are not prescribed, the firm may consider the nature of the engagements performed by the firm and the firm's circumstances, including whether the engagement documentation is needed to provide a record of matters of continuing significance to future engagements. In the case of engagements conducted under the ISAs, ISSAs or ISAEs, the retention period is ordinarily no shorter than five years from the date of the engagement report, or, if later, the date of the auditor's report on the group financial statements, when applicable.

ISQM 2, ENGAGEMENT QUALITY REVIEWS

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Definitions

13. For purposes of this ISQM, the following terms have the meanings attributed below:

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- (c) Relevant ethical requirements – Principles of professional ethics and ethical requirements that are applicable to a professional accountant or practitioners when undertaking the engagement quality review. Relevant ethical requirements ordinarily comprise the provisions of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) related to audits or reviews of financial statements, or other assurance or related services engagements, together with national requirements that are more restrictive. (Ref: Para. A12–A15)

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Application and Other Explanatory Material

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Relevant Ethical Requirements (Ref: Para. 13(c), 18(b))

- A12. The relevant ethical requirements that are applicable when undertaking an engagement quality review may vary, depending on the nature and circumstances of the engagement or the entity. Various provisions of relevant ethical requirements may apply only to individual professional accountants or practitioners, such as an engagement quality reviewer, and not the firm itself.
- A13. Relevant ethical requirements may include specific independence requirements that would apply to individual professional accountants or practitioners, such as an engagement quality reviewer. Relevant ethical requirements may also include provisions that address threats to independence created by long association with an audit or assurance client. The application of any such provisions dealing with long association is distinct from, but may need to be taken into consideration in applying, the required cooling-off period in accordance with paragraph 19.

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- A15. Relevant ethical requirements may include requirements and guidance to identify, evaluate and address threats to objectivity. For example, the IESBA Code provides specific guidance, including examples of:
- Circumstances where threats to objectivity may be created when a professional accountant or practitioner is appointed as an engagement quality reviewer;
 - Factors that are relevant in evaluating the level of such threats; and
 - Actions, including safeguards, that might address such threats.

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

Engagement Partner or Engagement Leader Responsibilities in Relation to the Engagement Quality Review (Ref: Para. 24(b))

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- A26. ISAE 3000 (Revised)¹⁰ and ISSA 5000¹¹ also establishes requirements for the engagement partner and engagement leader, respectively, in relation to the engagement quality review.¹²

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ISRE 2400 (REVISED), ENGAGEMENTS TO REVIEW HISTORICAL FINANCIAL STATEMENTS

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Definitions

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16. The Handbook's Glossary of Terms¹³ (the Glossary) includes the terms defined in this ISRE as well as descriptions of other terms used in this ISRE, to assist in consistent application and interpretation. For example, the terms "management" and "those charged with governance" used throughout this ISRE are as defined in the Glossary.

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

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Scope

5. This ISAE covers assurance engagements other than audits or reviews of historical financial information or assurance engagements on sustainability 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)

¹⁰ ISAE 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*

¹¹ International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements

¹² ISSA 5000 paragraph A48A25, states that the term engagement leader in ISSA 5000 is the equivalent of "engagement partner" in ISQM 1

¹³ The Glossary of Terms relating to International Standards issued by the IAASB in the Handbook of International Quality Management, Auditing, Review, Sustainability and Other Assurance, and Related Services Pronouncements (the Handbook), published by IFAC

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 engagements¹⁴ (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

At the March 2024 meeting, the IAASB supported the recommendation of the SATF for ISSA 5000 to apply to all assurance engagements on sustainability information (including greenhouse gas-related information, regardless of form) and for ISAE 3410 to be withdrawn in accordance with due process. As ISAE 3410 is proposed to be withdrawn when ISSA 5000 becomes effective, the conforming amendments included in ED-5000 have been deleted and no further conforming and consequential amendments are proposed to ISAE 3410.

ISRS 4400 (REVISED), COMPILATION ENGAGEMENTS

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Definitions

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17. The Handbook's Glossary of Terms¹⁵ (the Glossary) includes the terms defined in this ISRS and also includes descriptions of other terms found in this ISRS, to assist in consistent interpretation. The following terms have the meanings attributed below for the purposes of this ISRS:

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¹⁴ 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.

¹⁵ The Glossary of Terms relating to International Standards issued by the IAASB in the Handbook of International Quality Management, Auditing, Review, Sustainability and Other Assurance, and Related Services Pronouncements (the Handbook), published by IFAC

ISA 720, THE AUDITOR'S RESPONSIBILITIES RELATING TO OTHER INFORMATION

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Application and Other Explanatory Material

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Definitions

Annual Report (Ref: Para. 12(a))

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A3. In some cases, an entity's annual report may be a single document and referred to by the title "annual report" or by some other title. In other cases, law, regulation or custom may require the entity to report to owners (or similar stakeholders) information on the entity's operations and the entity's financial results and financial position as set out in the financial statements (i.e., an annual report) by way of a single document, or by way of two or more separate documents that in combination serve the same purpose. For example, depending on law, regulation or custom in a particular jurisdiction, one or more of the following documents may form part of the annual report:

- Management report, management commentary, or operating and financial review or similar reports by those charged with governance (for example, a directors' report).
- Chairman's statement.
- Corporate governance statement.
- Internal control and risk assessment reports.
- Sustainability reports or other sustainability-related information.

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A5. An annual report is different in nature, purpose and content from other reports, such as a report prepared to meet the information needs of a specific stakeholder group or a report prepared to comply with a specific regulatory reporting objective (even when such a report is required to be publicly available). Examples of reports that, when issued as standalone documents, are not typically part of the combination of documents that comprise an annual report (subject to law, regulation or custom), and that, therefore, are not other information within the scope of this ISA, include :

- Separate industry or regulatory reports (for example, capital adequacy reports), such as may be prepared in the banking, insurance, and pension industries.
- Corporate social responsibility reports.
- Sustainability reports.
- Diversity and equal opportunity reports.
- Product responsibility reports.

- Labor practices and working conditions reports.
- Human rights reports.

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

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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), International Standards on Sustainability Assurance Engagements (ISSA) and International Standards on Assurance Engagements (ISAE) and International Standards on Sustainability Assurance (ISSA) (hereinafter referred to as Assurance Standards) apply.
2. This Framework is not a Standard and, accordingly, does not establish any requirements (or basic principles or essential procedures) for the performance of audits, reviews, sustainability or other assurance engagements.¹⁸ An assurance report cannot, therefore, claim that an engagement has been conducted in accordance with this Framework, but rather should refer to relevant Assurance Standards. Assurance Standards contain objectives, requirements, application and other explanatory material, introductory material and definitions that are consistent with this Framework, and are to be applied in audit, review, sustainability and other assurance engagements. Appendix 1 illustrates the ambit of pronouncements issued by the International Auditing and Assurance Standards Board (IAASB) and their relationship to each other and to the International Ethics Standards Board 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

¹⁸ See the *Preface to the International Quality Management, Auditing, Review, Sustainability and Other Assurance and Related Services Pronouncements*.

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

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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:

- The financial statements (outcome) result from measuring an entity's financial position, financial performance and cash flows (underlying subject matter) by applying a financial reporting framework (criteria).
- A statement about the effectiveness of internal control (outcome) results from evaluating the effectiveness of an entity's internal control process (underlying subject matter) by applying relevant criteria.
- Entity-specific performance measures (outcome) result from measuring various aspects of performance (underlying subject matter) by applying relevant measurement methodologies (criteria).
- ~~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).
- A statement about compliance (outcome) results from evaluating the compliance of an entity (underlying subject matter) with, for example, law and regulation (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 Professional Accountants (including International Independence Standards)* (IESBA Code) ~~IESBA Code of Ethics for Professional Accountants~~.

