

RESPONSE TEMPLATE FOR EXPOSURE DRAFT OF PROPOSED ISSA 5000, *GENERAL REQUIREMENTS FOR SUSTAINABILITY ASSURANCE ENGAGEMENTS*

Guide for Respondents

Comments are requested by **December 1, 2023**. *Note that requests for extensions of time cannot be accommodated due to the accelerated timeline for finalization of this proposed standard.*

This template is for providing comments on the Exposure Draft of proposed International Standard on Sustainability Assurance Engagements™ (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements* (ED-5000), in response to the questions set out in the Explanatory Memorandum to ED-5000. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate the IAASB's automated collation of the responses.

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Then below that include any detailed comments, as indicated.
- When providing comments:
 - Respond directly to the questions.
 - Provide the rationale for your answers. If you disagree with the proposals in ED-5000, please provide specific reasons for your disagreement and specific suggestions for changes that may be needed to the requirements, application material or appendices. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view.
 - Identify the specific aspects of ED-5000 that your response relates to, for example, by reference to sections, headings or specific paragraphs in ED-5000.
 - Avoid inserting tables or text boxes in the template when providing your responses to the questions because this will complicate the automated collation of the responses.
- Submit your comments, using the response template only, without a covering letter or any summary of your key issues, instead identify any key issues, as far as possible, in your responses to the questions.

The response template provides the opportunity to provide details about your organization and, should you choose to do so, any other matters not raised in specific questions that you wish to place on the public record. All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

Use the "**Submit Comment**" button on the [ED-5000 webpage](#) to upload the completed template.

Responses to IAASB’s Request for Comments in the Explanatory Memorandum for ED-5000, General Requirements for Sustainability Assurance Engagements

PART A: Respondent Details and Demographic information

Your organization’s name (or your name if you are making a submission in your personal capacity)	Irish Auditing and Accounting Supervisory Authority (IAASA)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Kevin Prendergast, Chief Executive
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Aoife Warren, Senior Standards and Policy Manager
E-mail address(es) of contact(s)	aoife_warren@iaasa.ie
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on ED-5000). Select the most appropriate option.	Europe
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option.	Other (if none of the groups above apply to you)
	If “Other”, please specify Responsible for auditor oversight and national auditing standards
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	IAASA is responsible for the oversight of statutory auditors in Ireland. IAASA is also responsible for adopting standards on auditing, professional ethics and internal quality control. Auditors are required to carry out statutory audits in accordance with these standards.

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional.** The IAASB’s preference is that you incorporate all your views in your comments to the questions (also, the last question in Part B allows for raising any other matters in relation to ED-5000).

Information, if any, not already included in responding to the questions in Parts B and C:

PART B: Responses to Questions in in the Explanatory Memorandum for ED-5000

For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.

Overall Questions

1. Do you agree that ED-5000, as an overarching standard, can be applied for each of the items described in paragraph 14 of this EM to provide a global baseline for sustainability assurance engagements? If not, please specify the item(s) from paragraph 14 to which your detailed comments, if any, relate (use a heading for each relevant item).

(See Explanatory Memorandum Section 1-A, paragraph 14)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

IAASA supports the IAASB's project to develop international sustainability assurance standards to promote consistent high quality engagements. While the standard represents a good starting point, the IAASB will need to devote resources to developing further standards in this area over the coming years as ED-5000 is too high level and lacks detail in a number of key areas such as:

- Materiality
- Groups and value chains
- Forward looking information/estimates
- Reporting

Given the importance of sustainability assurance, it is essential that assurance providers are required to comply with a comprehensive suite of standards that contain sufficient detail to ensure that they perform high quality engagements. This is particularly important to ensure that reasonable assurance engagements are performed to the same standard as an audit conducted in accordance with the ISAs.

With regards to the aim that ISSA 5000 is usable by all practitioners, it does not deal with situations where both sustainability assurance and the audit are performed by the same practitioner (see response to Question 21).

Public Interest Responsiveness

2. Do you agree that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal? If not, why not?

(See Explanatory Memorandum Sections 1-B, and Appendix)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

The proposals are responsive to the public interest in that they recognize the need for a sustainability assurance standard. However the standard is high level and, in some areas, lacks sufficient detailed

requirements and guidance for assurance providers to be used long term without the development of a full ecosystem of supporting standards, similar to the ISAs, covering topics such as those listed in response to Question 1.

In addition, a clear plan for a post implementation review and amendment of ISSA 5000 will be key to its long term use and acceptance as it is unlikely that the first iteration will fully meet all requirements given the demanding timeline for its finalization and the speed with which the IAASB has developed its proposals in this area.

We welcome the IAASB's objective to develop a standard for all assurance practitioners. It is in the public interest that the same requirements apply to assurance on sustainability reporting, regardless of the professional qualifications of those providing the assurance, and that sustainability assurance is subject to the same level of quality management and ethics as the audit of financial statements.

Specific Questions

Applicability of ED-5000 and the Relationship with ISAE 3410

3. Is the scope and applicability of ED-5000 clear, including when ISAE 3410 should be applied rather than ED-5000? If not, how could the scope be made clearer?

(See Explanatory Memorandum Section 1-C)

Overall response: [No, with comments below](#)

Detailed comments (if any):

There is considerably more explanation regarding the interaction between ED5000 and ISAE 3410 in the explanatory memorandum than in the proposed standard. It is unclear from paragraph 2 of ED5000 whether the conclusion on greenhouse gases should be in a separate report or may be a separate part of the overall sustainability assurance report. It should further be clarified that ISAE 3410 is not to be used where greenhouse gases are part of a wider scope sustainability assurance engagement.

For improved clarity, paragraph 8 should be placed before paragraph 7 and the explanatory material in paragraphs in A11-A12 should also include relevant material from the explanatory memorandum regarding how and when ISAE3410 applies.

Additionally, the language in paragraph A490(a) should be amended as it may give the impression that ISSA 5000 should be used where sustainability information relates to "... a single aspect, such as green house gases..."

Otherwise the scope and applicability of ED5000 is very broad as it applies to all types of assurance on any form of sustainability information produced by any entity. As noted in response to Question 1 above, an ecosystem of ISSAs needs to be developed to ensure consistency of approach and high quality assurance engagements, including in particular that reasonable assurance engagements are subject to equivalent requirements to an audit.

Relevant Ethical Requirements and Quality Management Standards

4. Is ED-5000 sufficiently clear about the concept of “at least as demanding” as the IESBA Code regarding relevant ethical requirements for assurance engagements, and ISQM 1 regarding a firm’s responsibility for its system of quality management? If not, what suggestions do you have for additional application material to make it clearer?

(See Explanatory Memorandum Section 1-D)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

While the concept of ‘at least as demanding’ as the IESBA Code and ISQM1 will be familiar to auditors, it may not be apparent to other practitioners that compliance with appropriate ethics and quality management standards are required. Guidance is needed in this area. In addition, it is unclear who is responsible for making this assessment. It may be preferable to require national standard setters to refer to the relevant local requirements when adopting ISSA 5000 to provide clarity for users and ensure they perform assurance engagements to an appropriately high standard. In this regard, it would be helpful to include high level assessment criteria for both quality management and ethics in ISSA 5000.

Paragraph 5(a) states that ISSA 5000 is based on the premise that “members of the engagement team and the engagement quality reviewer ... are subject to the provisions of the ... IESBA Code related to assurance engagements” This should be amended to the provisions of the IESBA Code for audit and review engagements to ensure that reasonable assurance engagements for sustainability are subject to the same ethical and independence standards as those for audit.

In addition, while paragraph 29 requires the engagement leader to be a member of a firm that applies the ISQMs, it should be clarified in the requirements section of the standard that engagement quality reviews, where required, shall be conducted in accordance with requirements that are at least as demanding as ISQM2.

Paragraph A48 states that paragraphs A45-A47 may assist practitioners in assessing whether professional requirements are at least as demanding as the IESBA Code. It should be clarified that this only applies if that assessment has not already been made by the national standard setter or other authorized body.

With regards to the engagement leader’s responsibility for managing and achieving quality, paragraph 133(e) should specify that completion of the engagement quality review includes appropriate response to any issues identified during the review. In addition, the language in paragraph A60 explaining that the engagement leader remains responsible for compliance with the standards should be moved to the requirements section.

Definitions of Sustainability Information and Sustainability Matters

5. Do you support the definitions of sustainability information and sustainability matters in ED-5000? If not, what suggestions do you have to make the definitions clearer?

(See Explanatory Memorandum Section 1-E, paras. 27-32)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

ED 5000 should describe the specific aspects of sustainability information in more detail to allow users to understand the nature of sustainability information assurance and the fundamental differences to financial statement audits, and the impact of those differences on the procedures to be performed, including:

- Procedures required to be performed in respect of the entity's materiality process (Question 9)
- Enhanced materiality provisions for practitioners (Question 12)
- Additional requirements and material relating to forward looking information, estimates and fraud (Questions 16 and 19)
- Enhanced communication with the statutory auditors (Question 25)
- The definition of sustainability matters in paragraph 17(vv) should include "governance" matters to ensure ESG (Environment Social Governance) and human rights are fully covered.

6. Is the relationship between sustainability matters, sustainability information and disclosures clear? If not, what suggestions do you have for making it clearer?

(See Explanatory Memorandum Section 1-E, paras. 35-36)

Overall response: Not Applicable

Detailed comments (if any)

Differentiation of Limited Assurance and Reasonable Assurance

7. Does ED-5000 provide an appropriate basis for performing both limited assurance and reasonable assurance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the assurance engagement? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 45-48)

Overall response: Yes, with comments below

Detailed comments (if any):

The standard provides very wide latitude to practitioners in limited assurance engagements. ISSA 5000 should provide further guidance on the minimum work effort required to ensure consistency in approach as far as possible and high quality assurance engagements as well as enforceability for regulators.

In addition, the standard should make it clear that although certain requirements apply only to reasonable assurance engagements this does not prevent a practitioner from applying them in a limited assurance engagement where considered appropriate. It should be further clarified that, in such cases, the relevant application material is also relevant for example design and evaluation of controls in paragraph A223, the use of substantive testing alone in paragraph A225 and obtaining evidence about the effectiveness of an entity's controls in paragraph A228.

It is also unclear why the guidance in paragraph A21R regarding the level of assurance provided is limited to reasonable assurance engagements as the same factors are also relevant to limited assurance engagements.

In addition, care needs to be taken to ensure the work effort required in a limited assurance engagement is at an appropriate level throughout ISSA 5000, including:

- The example provided in paragraph A361(a) should be amended to omit the phrase ‘if any’ in front of tests of controls and obtaining evidence from external sources as this may give the impression that inquiries of management and analytical procedures alone are sufficient for a limited assurance engagement.
- Paragraph A377L states that the further procedures in a limited assurance engagement ‘may’ include substantive procedures. It is unlikely that that it would be appropriate to have none.

Preliminary Knowledge of the Engagement Circumstances, Including the Scope of the Engagement

8. Is ED-5000 sufficiently clear about the practitioner's responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported and the scope of the proposed assurance engagement? If not, how could the requirements be made clearer?

(See Explanatory Memorandum Section 1-F, para. 51)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

See response to Question 10.

9. Does ED-5000 appropriately address the practitioner's consideration of the entity's "materiality process" to identify topics and aspects of topics to be reported? If not, what approach do you suggest and why?

(See Explanatory Memorandum Section 1-F, paras. 52-55)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

The importance of the preparer's materiality assessment should be emphasized. Relevance and reliability (particularly, the attribute of completeness) are essential for sustainability information that assists decision-making by the intended users. Consequently, the standard should clearly identify the procedures the practitioner is required to perform on the preparer's process to identify the material information to be reported. While there are some provisions on this topic in ISSA 5000, it would be helpful to include them in as requirements in a more streamlined and targeted manner to enhance understandability and consistency of approach by practitioners.

The application material in ED-ISSA 5000 covers both the entity's processes for determining materiality and how the assurance provider considers and determines materiality for the purposes of the assurance engagement. It would be helpful to clearly distinguish between these two topics, for example through the use of appropriate headings in the application material.

Suitability and Availability of Criteria

10. Does ED-5000 appropriately address the practitioner’s evaluation of the suitability and availability of the criteria used by the entity in preparing the sustainability information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 56-58)

Overall response: [No, with comments below](#)

Detailed comments (if any):

It is unclear from paragraph 72, the extent to which the auditor is required to evaluate the criteria where a framework such as the European Sustainability Reporting Standards (ESRS) is being used. It would seem simpler to specify that if an accepted framework such as ESRS or ISRS is used by the entity then this section of ED5000 is not relevant. For ease of use, it may be preferable to shorten this section and consider including the majority of this material in an annex to the standard for use by practitioners in situations where an accepted framework is not being used as it is our understanding that this should be a minority of engagements.

11. Does ED-5000 appropriately address the notion of “double materiality” in a framework-neutral way, including how this differs from the practitioner’s consideration or determination of materiality? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 59-60 and 68)

Overall response: [Click to select from dropdown menu](#)

Detailed comments (if any):

We welcome the IAASB’s attempt to address this challenging area through references to impact materiality and the inclusion of some application material. Further material would be helpful, including consideration as to whether the application of double materiality to reporting by the entity impacts the work required to be performed by the assurance provider and whether the assurance provider should be required to consider double materiality when identifying potential misstatements, regardless of the entity’s materiality process

Materiality

12. Do you agree with the approach in ED-5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 65-74)

Overall response: [Disagree, with comments below](#)

Detailed comments (if any):

1. “Consideration” of qualitative materiality

The requirement to ‘consider’ materiality for qualitative disclosures is not sufficiently clear as it may not be interpreted as an obligation to adequately assess materiality for qualitative disclosures. The common understanding of ‘consider’ is to think about a particular matter but it may not lead to any action by the practitioner. In this context, paragraph 91(a) should clarify that the practitioner must both consider materiality and then assess qualitative disclosures based on the outcome of that consideration.

Additionally, use of the term ‘consideration’ in the application material for both qualitative (paragraph A278) and quantitative (paragraph A279) materiality may lead to confusion for users.

The additional material provided in the explanatory memorandum and frequently asked questions issued by the IAASB in October should be incorporated into the final version of the standard to ensure consistent application of the requirement to consider qualitative materiality and so that this provision can be enforced by regulators.

2. Non-homogenous quantitative disclosures

The application material on quantitative materiality considerations in paragraph A279 should make it clear that, unlike for a financial statements audit, the same level of materiality for all quantitative disclosures in a sustainability assurance engagement is not appropriate given that they may relate to different matters such as headcount, future investment costs, project hours or emission levels. While there is some guidance on this topic in paragraph A412 in the context of the evaluation of uncorrected misstatements, guidance is also required in the section on setting materiality.

It is unclear from paragraph A399 how the practitioner could designate an amount below which misstatements are clearly trivial for quantitative disclosures that are not of a homogeneous nature for example financial amounts, employee numbers, hours, percentages etc.

3. Application materials that should in the main standard

The statement in paragraph A398 that ‘When there is any uncertainty about whether one or more items are clearly trivial, the misstatement is considered not to be clearly trivial’ is of such importance that it should be moved to the requirements section of the standard. In addition, there does not appear to be any guidance provided on the consideration of ‘clearly trivial’ for qualitative disclosures.

The statement in paragraph A418 that misstatements in qualitative information are as important as misstatements in quantitative information should be moved to the requirements section of ED 5000.

The statement in paragraph A270 that materiality is the same for both limited and reasonable engagements because it is based on the information needs of intended users should be moved to the requirements section of the standard.

4. Insufficient detail and guidance

Paragraph A409 should be expanded to note that, for both narrative and quantitative disclosures, correction of misstatements by management may involve the inclusion of information that had been omitted.

The requirements relating to planning for materiality are limited to paragraph 91 of ED5000 (with related application material in A270-A277 and A282).

The examples of factors that may be relevant to consideration of materiality for qualitative disclosures states that a practitioner may consider a potential misstatement to be material if it affected the threshold for

payment of carbon tax. It would seem more likely that the misstatement in this instance would relate to a quantitative disclosure as such thresholds are normally based on figures such as emission levels.

Understanding the Entity's System of Internal Control

13. Do you agree with the differentiation in the approach in ED-5000 for obtaining an understanding of the entity's system of internal control for limited and reasonable assurance engagements? If not, what suggestions do you have for making the differentiation clearer and why?

(See Explanatory Memorandum Section 1-F, paras. 75-81)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

It is unclear why the requirements at paragraph 102 are different for limited versus reasonable assurance engagements, specifically in respect of the entity's monitoring system and control activities. Consistent requirements between limited and reasonable assurance would drive greater consistency and help with the potential move from limited to reasonable assurance. At a minimum, a more robust understanding of the entity's system of internal control should be required for initial limited assurance engagements to provide an appropriate foundation for future limited assurance engagements.

As paragraph 102L requires the practitioner is to obtain an understanding of the control environment in a limited assurance engagement, the procedures in paragraph 103R should be applicable to both reasonable and limited assurance engagements.

Additionally, a practitioner providing limited assurance should be required to design and implement an overall response if management has not created and maintained a culture of honesty and ethical behavior (paragraph 116R (a)(i) refers).

Using the Work of Practitioner's Experts or Other Practitioners

14. When the practitioner decides that it is necessary to use the work of a firm other than the practitioner's firm, is ED-5000 clear about when such firm(s) and the individuals from that firm(s) are members of the engagement team, or are "another practitioner" and not members of the engagement team? If not, what suggestions do you have for making this clearer?

(See Explanatory Memorandum Section 1-G, paras. 82-87)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

In paragraph 49 the requirements relating to using the work of a practitioner's expert, particularly the evaluation of their objectivity and evaluation of the adequacy of their work, should be amended to be the responsibility of the engagement leader as the individual with overall responsibility for the engagement, or else another similarly experienced team member.

'Another practitioner' should be defined in ED 5000. It is unclear from paragraph 51 whether they are intended to be outside the engagement team. Further clarity is also needed in paragraphs 51 and 54 regarding how to determine if another practitioner's work is adequate and the extent of review of their work.

Paragraph A116 states the consistency of the expert’s work with other evidence may be relevant when evaluating the adequacy of that work. However there may be instances where an inconsistency is indicative of problems with the other evidence or audit procedures/planning rather than the work of the practitioner – the importance of professional skepticism and consideration of both corroborative and contradictory information should be emphasized throughout the standard.

The IAASB should consider including the table in section 1-G of the explanatory memorandum in ISSA 5000 to clarify the position regarding individuals participating in the engagement and the provisions of the standard that are relevant.

15. Are the requirements in ED-5000 for using the work of a practitioner’s external expert or another practitioner clear and capable of consistent implementation? If not, how could the requirements be made clearer?

(See Explanatory Memorandum Section 1-G, paras. 88-93)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

See response to question 18.

Estimates and Forward-Looking Information

16. Do you agree with the approach to the requirements in ED-5000 related to estimates and forward-looking information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 94-97)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We agree that estimates and forward-looking information could be addressed further in a separate topic-specific ISSA. In the meantime, the current requirements (paragraph 134) and related application material (A390 to A392) should be clarified and expanded to include stronger emphasis on the nature of estimates and forward-looking information in the context of sustainability reporting and assurance.

Whilst potential management bias in relation to estimates and forward-looking information is included in the “Evaluating the Evidence Obtained” section, it should also be highlighted in the “Estimates and Forward-Looking Information” requirements, including additional provisions regarding the importance of professional skepticism when assessing estimates and forward looking information.

Risk Procedures for a Limited Assurance Engagement

17. Do you support the approach in ED-5000 to require the practitioner to design and perform risk procedures in a limited assurance engagement sufficient to identify disclosures where material misstatements are likely to arise, rather than to identify and assess the risks of material misstatement as is done for a reasonable assurance engagement? If not, what approach would you suggest and why?

(See Explanatory Memorandum Section 1-G, paras. 98-101)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

Paragraph 94L on limited assurance requires the practitioner to design further procedures. However, unlike reasonable assurance, it is not clear in ISSA 5000 that those procedures must be “performed”. For example, in paragraph 107L use of the word ‘if’ implies that the practitioner may not test the operating effectiveness of any controls. We suggest replacing ‘if’ with ‘for those controls where the practitioner ...’ to make this requirement clearer. Paragraph 130L and 13L contain similar language in respect of analytical procedures, while paragraph 123L implies that the further procedures in a limited assurance engagement need not include any substantive procedures.

The standard should require practitioners to perform a variety of further procedures and provide additional guidance on the level of work required. As currently worded, the practitioner could use one type of further procedure only and be in compliance with ISSA 5000, which is not an appropriate approach.

Additionally, it should be made clearer in paragraph 94L that material misstatements may include omissions.

Groups and “Consolidated” Sustainability Information

18. Recognizing that ED-5000 is an overarching standard, do you agree that the principles-based requirements in ED-5000 can be applied for assurance engagements on the sustainability information of groups or in other circumstances when “consolidated” sustainability information is presented by the entity? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 102-107)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

ISSA 5000 could be used for group situations. However, significant additional detail is required to ensure consistency in approach by assurance providers when providing assurance on a group’s sustainability information. While paragraph 45 requires the engagement leader to take responsibility for the direction and supervision of the engagement team and the review of their work, the requirements of the standard and related application material are high level and do not deal sufficiently with situations where component auditors or other network firms are involved, as well as situations involving the assurance team operating in different locations.

As part of this, the “Using the Work of Another Practitioner” section should include more specific requirements, to address situations where sustainability information is gathered and consolidated from various external entities including information derived from the entity’s value chain. In this regard, the

requirements in paragraphs 51, 52 and 54 should be strengthened. The practitioner should be required to communicate with the 'other practitioner' regarding not only the findings from their work, but also the extent of work performed. The sustainability assurance provider should also be required to obtain confirmation from the other practitioner of their independence (paragraph 51 (a)).

Additionally, the application material in paras A322-A326 ('The Entity's Risk Assessment Process') is largely focused on reasonable assurance engagements – guidance in this area is also required for limited assurance engagements.

Fraud

19. Do you agree that ED-5000 appropriately addresses the topic of fraud (including “greenwashing”) by focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error? If not, what suggestions do you have for increasing the focus on fraud and why?

(See Explanatory Memorandum Section 1-G, paras. 108-110)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

The IAASB should consider including a stand back requirement to require the assurance provider to consider fraud on an overall basis prior to signing their report.

While there are numerous references to fraud throughout the requirements and application material, the IAASB should also consider the insertion of a single paragraph that cross-references all the fraud related provisions to assist practitioners.

Communication with Those Charged with Governance

20. Do you support the high-level requirement in ED-5000 regarding communication with management, those charged with governance and others, with the related application material on matters that may be appropriate to communicate? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 111-112)

Overall response: [No \(with no further comments\)](#)

Detailed comments (if any):

The requirements in paragraph 62 of ED5000 are too high level. In particular (for a reasonable assurance engagement) the practitioner should be required to communicate significant findings to those charged with governance, consistent with the requirements of ISA 260.

Additionally, the items listed in paragraph A137 as matters that it may be appropriate to communicate with those charged with governance should be moved to the requirements section.

Reporting Requirements and the Assurance Report

21. Will the requirements in ED-5000 drive assurance reporting that meets the information needs of users? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included.

(See Explanatory Memorandum Section 1-G, paras. 116-120, 124-130)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

Paragraph 170(h) should permit the practitioner to cross refer to the location on the standard setter's website where the practitioner's responsibilities are set out for consistency with the ISAs.

For consistency with ISA 620, paragraph 172 should provide that the assurance report shall not refer to the practitioner's expert in an unmodified report unless required to do so by law or regulation. ISSA5000 should also include requirements based on those in ISA620 for situations where the previous period's assurance report was modified or if the practitioner identified a misstatement in the prior period's sustainability information that was subject to assurance by another practitioner.

Paragraph 189 states "If the comparative information is not referred to in the practitioner's assurance conclusion and was not subject to an assurance engagement in the prior period, the practitioner shall state that fact in an Other Matter paragraph." It should further specify that this statement does not relieve the practitioner of the requirements in paragraphs 187 and 188 regarding appropriate presentation of the comparative information.

For clarity, paragraph 190 should specify that an "other matter" paragraph is not required where the practitioner provided the same level of assurance on the comparative information in the prior period.

The language in paragraph A465 is unclear regarding the use of headings. While it states that a practitioner 'may use headings, in addition to those required by this ISSA' it is unclear if the practitioner is required to use the all the headings in ISSA 5000.

The example provided in paragraph A471R(b)(i) for a conclusion under a compliance framework should not include reference to 'fairly stated'.

This section appears to be based on the assumption that the assurance report will be separate to the audit report, however this may not be the case where both the audit and sustainability assurance are performed by the same practitioner. The standard should contain requirements on what additional information is required to be included in the auditor report under the ISAs in respect of the sustainability information in such instances. In addition, the IAASB should consider a consequential amendment to ISA 720 regarding the consideration of sustainability information where the auditor also provides assurance on the sustainability information.

An additional illustrative report for situations where the auditor performs the sustainability assurance engagement would be helpful given that it is likely that some entities will request their existing auditors to perform this work when assurance for sustainability information becomes mandatory.

22. Do you agree with the approach in ED-5000 of not addressing the concept of “key audit matters” for a sustainability assurance engagement, and instead having the IAASB consider addressing this in a future ISSA? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 121-123)

Overall response: [No response](#)

Detailed comments (if any):

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?

(See Explanatory Memorandum Section 1-G, para. 131)

Overall response: [No response](#)

Detailed comments (if any):

Other Matters

24. Are there any public sector considerations that need to be addressed in ED-5000?

(See Explanatory Memorandum Section 1-I, para. 135)

Overall response: [No response](#)

Detailed comments (if any):

25. Are there any other matters you would like to raise in relation to ED-5000?

Overall response: [Yes, as further explained below](#)

Detailed comments (if any):

Interaction with audit:

The draft standard is largely silent on the interaction of the audit of financial statements with sustainability assurance.

There needs to be provisions in ISSA 5000 regarding interaction between the sustainability assurance engagement and the audit of the financial statements, both when performed by the same firm and when performed by a different firm. Paragraph A204 mentions obtaining agreement from management or those charged with governance to provide access to the auditor if other information includes the financial statements and the authority to share information requested by the auditor. However, communication with the financial statement auditor should be required unless prohibited by law or regulation. If communication is prohibited the practitioner should be required to consider the impact on their ability to accept or continue with the sustainability assurance engagement.

The standard also needs to deal with communications between auditor and sustainability practitioner especially where apparent inconsistencies in other information are identified by either party and sharing information / communications with those charged with governance of common interest etc

The sections on other information (paragraphs 154-158 and 181) and related application material (paragraphs A433-A443) should address how such information is to be considered when the audit and sustainability assurance are performed by the same practitioner and both are set out in a single combined document.

The standard should also clarify the level of communication expected with the auditor where the audit has been performed by another practitioner.

Following on from this, conforming amendments to the ISAs may be required, particularly ISA 700 on audit reports and ISA 720 on other information.

Future priorities

Following publication of the final ISSA 5000, the IAASB will need to develop further ISSAs to appropriately develop the sustainability assurance ecosystem. In particular, ISSAs will need to be developed to ensure audit quality and consistency of approach for groups and forward looking information.

Users increasingly expect information to be provided in digital (machine readable format). In this regard, we encourage the IAASB to develop appropriate requirements for practitioners to ensure public confidence in assurance provided over sustainability information provided in a digital format.

Also, a post implementation review of ISSA 5000 and refinement of the initial version of the standard will be required to address stakeholder expectations and any application challenges or deficiencies identified during its initial adoption.

The IAASB will need to ensure it has sufficient resources available to devote to these important areas in addition its continuing work on the auditing standards.

Definitions (paragraph 17)

For clarity a definition of 'another practitioner' should be included as this term is used in the standard but only explained in the application material (paragraph A22).

Attestation engagement – It is unclear why assurance engagement and attestation engagement are separately defined, or what is the difference being highlighted.

It is unclear why the definition of professional standards does not include the ISQMs (it only relates to the ISSAs and ethical standards).

Transitional Provisions

The IAASB should consider the need for transitional provisions in ISSA 5000 or guidance material setting out transitional provisions to deal with the fact that in many instances over the coming years sustainability assurance may be being carried out for the first time by a practitioner who has academic training only in the area.

Other suggestions

It may be helpful to refer to relevant sections within the standard, where appropriate, as well as the application material. For example direction and supervision in paragraph 31 could be cross referenced to paragraphs 45-48.

Paragraph 33 requires the practitioner to comply with relevant ethical requirements. The practitioner should also be obliged to inform the engagement leader of any threats to compliance with the relevant ethical requirements.

Given that direct assistance by the internal audit function is not permitted in many jurisdictions, paragraph 55 should be amended to clarify that it only applies where the use of internal audit in a sustainability assurance engagement is permitted by law or regulation. Alternatively, paragraph A126 should be amended to state that the first point an auditor should consider when assessing whether the work of the internal audit function may be used for the purposes of the engagement is whether this is permitted by law or regulation.

Paragraph 135L(b) provides that the practitioner shall obtain an understanding of material adjustments made by the entity. The importance of using professional skepticism to consider and challenge, where appropriate, these adjustments should be highlighted.

For a reasonable assurance engagement, there needs to be further explanation of the concept of a spectrum of risk as this will not be familiar to non-auditors, for example in paragraph 123R.

Paragraph A358 should make it clear that the practitioner's further procedures should include a combination of procedures rather than 'may' do so. It is not appropriate for a practitioner to rely on only one type of procedure when performing an assurance engagement, whether limited or reasonable.

The language in paragraph A396 should be strengthened to make reference to further procedures that the auditor may perform and the implications for the assurance report where there have been changes from the prior period that are not based on new circumstances or new information.

There are a number of instances where the application material should have related requirements to ensure consistency of application rather than listing actions that a practitioner 'may' take, including:

- Paragraph A116 related to matters that "may" be included in the practitioner and practitioner's expert agreement. There should be a requirement that there is a written agreement between the two.
- Paragraph A122 lists matters the engagement team "may" request another practitioner to communicate. There should be a related requirement that these communications are in writing.
- Paragraph A137 lists matters that "may" be communicated to management, those charged with governance or others. The matters listed should be moved to the requirements section, with the exception of identified deficiencies in internal control, which could be limited to significant deficiencies.

Part C: Request for General Comments

The IAASB is also seeking comments on the matters set out below:

26. Translations—Recognizing that many respondents may intend to translate the final ISSA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing ED-5000.

Overall response: [No response](#)

Detailed comments (if any):

27. Effective Date—As explained in paragraph 138 of Section 1-I – Other Matters, the IAASB believes that an appropriate effective date for the standard would be for assurance engagements on sustainability information reported for periods beginning or as at a specific date approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. Do you agree that this would provide a sufficient period to support effective implementation of the ISA. If not, what do you propose and why?

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

While in general 18 months is an appropriate effective date, the IAASB should make clear that national standard setters may choose to use an alternative date that is less than 18 months from approval of the final standard, for example in the EU where limited assurance engagements will be mandated from 2024 onwards. Without such a provision, European assurance providers would not be obliged to apply proposed ISSA 5000 until periods beginning on or after April 2026 based on the IAASB's current intention to finalize the standard in September 2024.