ISSA 5000 in Focus Webinar Series:

Webinar #3: Concluding and Reporting on Sustainability Assurance Engagements

October 14, 11:00 UTC | October 15, 18:00 UTC

Outline of Webinar #3

CONCLUDING AND REPORTING ON SUSTAINABILITY ASSURANCE ENGAGEMENT

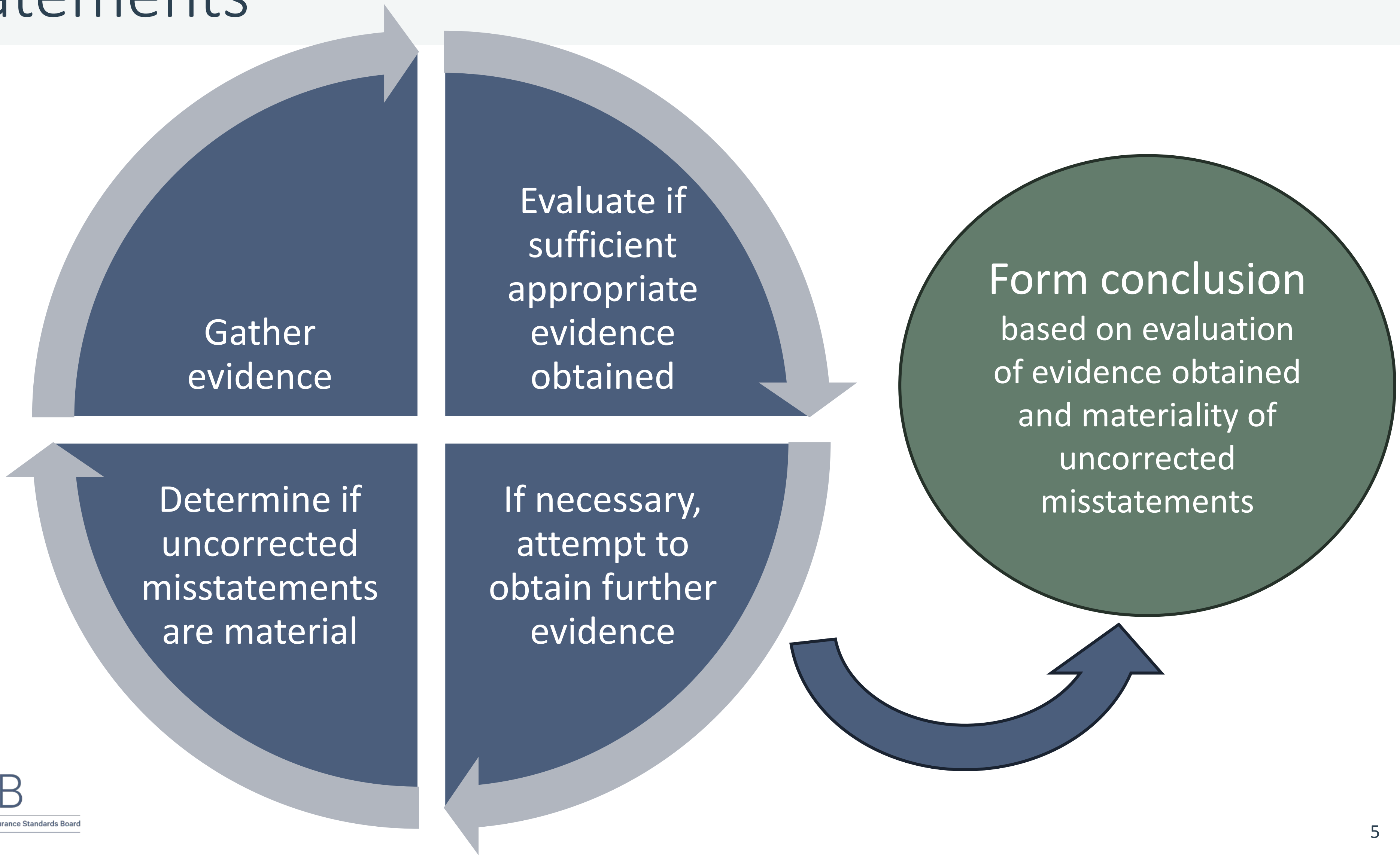
- Forming a Conclusion
  – Josephine Jackson, IAASB Vice Chair
  – Neil Morris, IAASB Member
- Finalizing the Engagement
  – Claire Grayston, IAASB Sustainability Assurance Lead
- Expressing the Conclusion and Preparing the Assurance Report
  – Kazuko Yoshimura, IAASB Senior Manager

Forming a Conclusion

Josephine Jackson, IAASB Vice Chair
Neil Morris, IAASB Member

Purpose of the Engagement

Relationship between Evidence and Uncorrected Misstatements



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Evaluating the Evidence Obtained

✓ **Evaluate the sufficiency and appropriateness of the evidence obtained by:**

- Evaluating whether the evidence obtained meets the intended purpose of the procedures, and
- Considering all evidence obtained, including evidence that is consistent or inconsistent with other evidence, and regardless of whether it appears to corroborate or contradict the disclosures.

If unable to obtain sufficient appropriate evidence a scope limitation exists.

✓ **Evaluate if there are indicators of possible management bias**

Where there is intention to mislead, management bias is fraudulent in nature.

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Accumulation and Consideration of Identified Misstatements

Accumulate identified misstatements

Fraud consideration required

Consider identified misstatements

The approach to the engagement may need to be revised

Communicate and correct misstatements

Request management to correct misstatements

Consider the need to revise materiality

Prior to evaluating the effect of uncorrected misstatements

Determine whether uncorrected misstatements are material

Consider the size and nature, circumstances of their occurrence

Specific Documentation Requirement

Evaluating the Effect of Uncorrected Misstatements

The practitioner is required to determine whether uncorrected misstatements are material, INDIVIDUALLY or in the AGGREGATE.

Apply **professional judgment** in the context of the applicable criteria and the engagement circumstances, including who the intended users are and what disclosures are likely to be important.

For example, consider:

- Are the misstatement(s) individually material?
- Is it appropriate for the misstatements to be aggregated?
- How can misstatements be aggregated?
- Do qualitative factors apply for quantitative misstatements?
- Can the misstatement be offset by other misstatements?
- Is there an indication of fraud?

Example: Aggregating Uncorrected Misstatements for Different Sustainability Matters

- Aggregate misstatements related to sustainability information measured using a common measurement basis (e.g., metric tons of carbon dioxide equivalent (*tCO2e*) or physical units).
- Group the misstatements together if they relate to a common topic of the sustainability matters (e.g., the practitioner may be able to group misstatements in occupational health and safety, and employee diversity, as they both relate to the social topic).

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Finalizing the Engagement

Claire Grayston, IAASB Sustainability Assurance Lead

Matters to be Addressed in Finalizing the Engagement

Other Information
- Respond to material inconsistencies or misstatements

Comparatives
- Determine if appropriately presented

Applicable Criteria
- Adequately referenced or described

Fair Presentation
- If applicable, SI presented in a manner that achieves FP

Subsequent Events
- Up to the date of the assurance report

Written Representations
- As required and any determined to be necessary

EL's Responsibilities Fulfilled
- Prior to dating the assurance report

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Other Information

Obtain

- Identify the other information (OI)
- Make arrangements to obtain the OI

Read and Consider

- Read the OI
- Consider if material inconsistency with SI or knowledge
- Remain alert for indications that the OI appears to be materially misstated

Respond to Possible Material Inconsistency/ Misstatement

- Discuss with management
- If necessary, perform other procedures
- Conclude if material misstatement of the OI or SI exists

Respond if a Material Misstatement Exists

- Request mgt/ TCWG to correct
- If not corrected > impact on report or withdraw
- Update to practitioner's understanding needed

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Considerations if Comparative Information is Required

Determine if appropriately presented

Evaluate whether:

- Comparatives consistent with those presented in prior period or inconsistencies addressed per the criteria
- Criteria consistent with current period or changes properly applied and disclosed

Other Matter paragraph required if comparatives NOT referred to in the assurance conclusion

- If NOT assured in the prior period – see para. 209
- If assured in the prior period by
  - Same practitioner – see para. 210(a)
  - Predecessor practitioner – see para. 210(b)

If comparatives may be materially misstated

- Discuss with mgt & perform procedures
- Consider effect on assurance report

If materially misstated and comparatives not restated

- If NOT referred to in conclusion, Other Matter Paragraph
- If referred to in conclusion, Qualified or Adverse Conclusion

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Engagement Leader’s Responsibilities

Requirements for Engagement Leader (EL) prior to dating the assurance report

Sufficiently and appropriately involved

- Determine the EL’s involvement has been sufficient and appropriate

Sufficient appropriate evidence obtained

- Determine, that sufficient appropriate evidence has been obtained to support the conclusions reached and for the assurance report to be issued
- Determine that the report to be issued will be appropriate

Engagement quality review completed

- If the engagement is subject to an engagement quality review, determine that the engagement quality review has been completed

Relevant ethical requirements fulfilled

- Determine whether relevant ethical requirements, including independence, have been fulfilled

Documentation

- Basis for EL’s determination that sufficient appropriate evidence has been obtained to support the conclusions & assurance report
- Basis for determination that EL had sufficient and appropriate involvement throughout the engagement

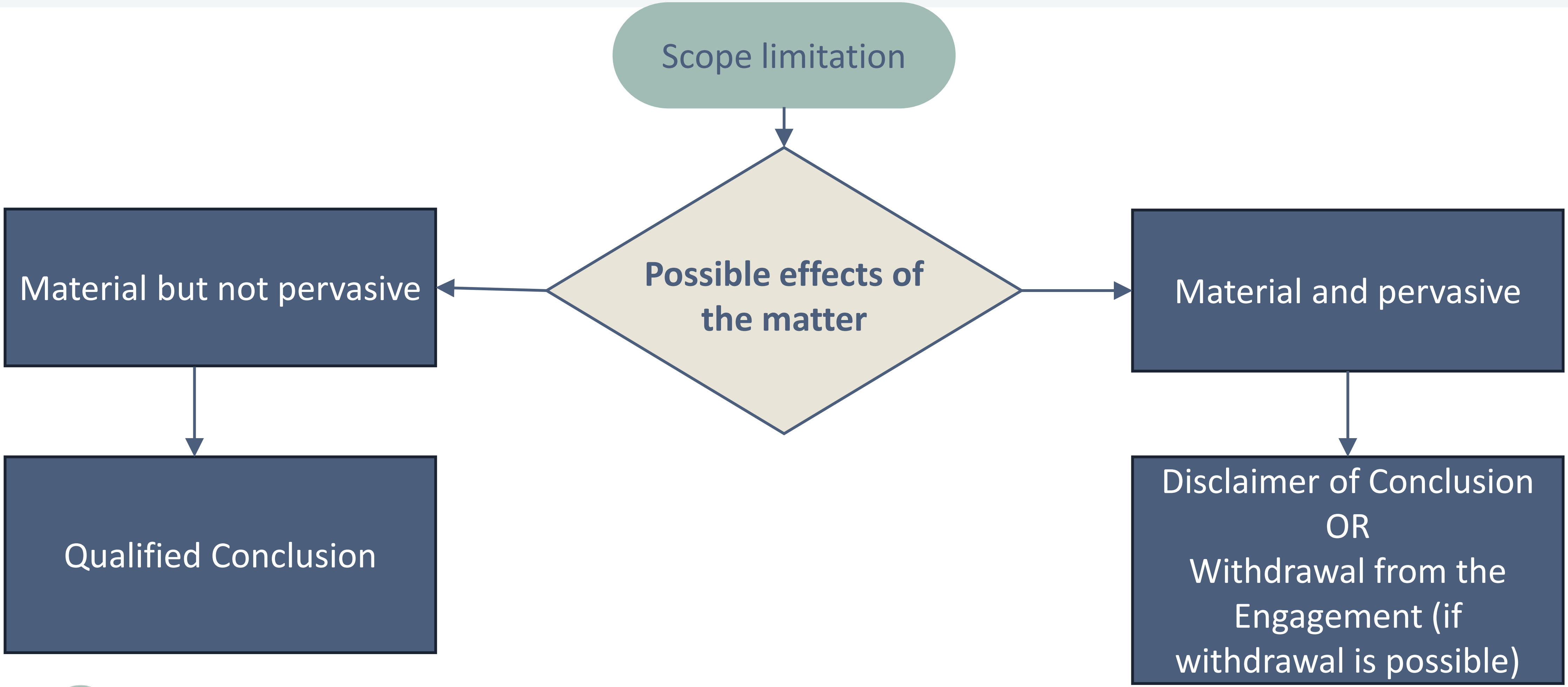
Changes to engagement or policies & procedures

- Determine any changes to the engagement & the firm’s related policies or procedures have been taken into account in applying ISSA 5000

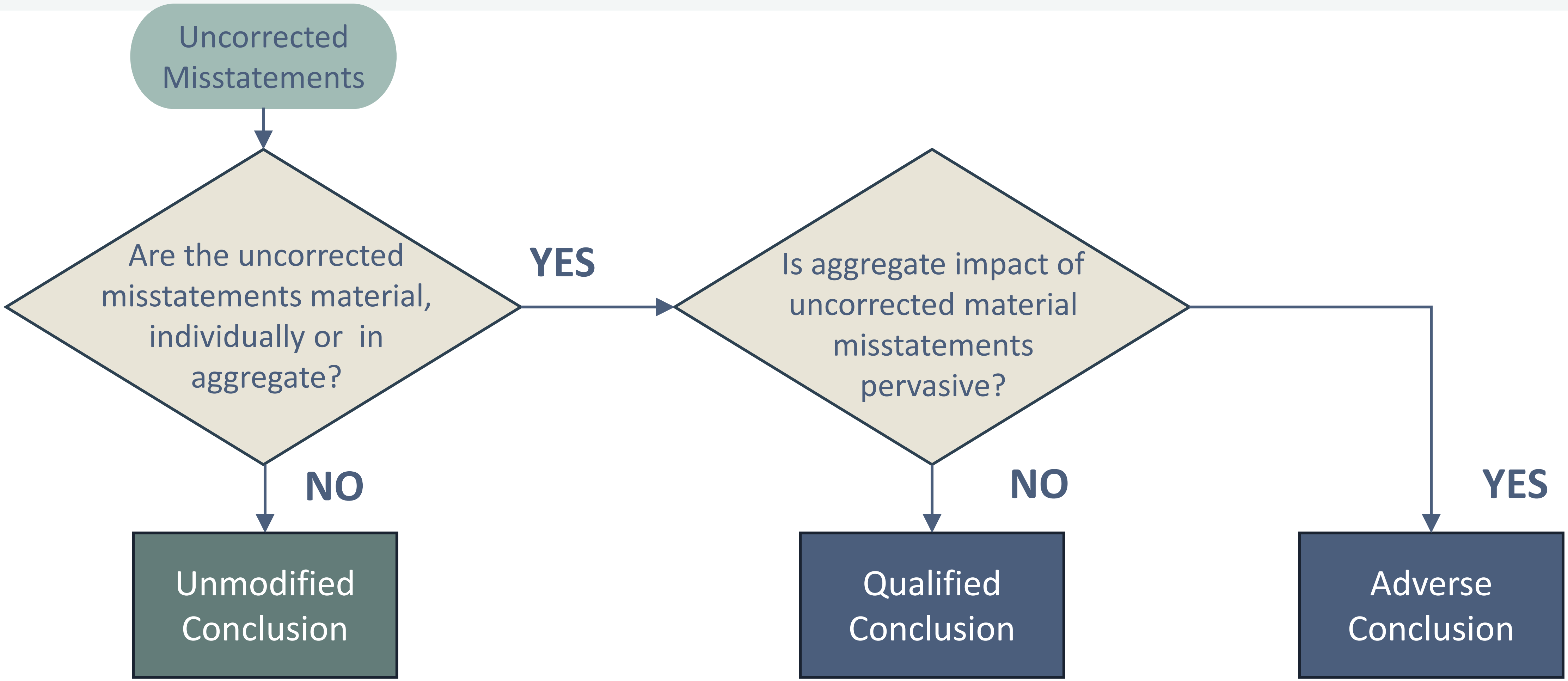
Expressing the Conclusion

Kazuko Yoshimura, IAASB Senior Manager

Inability to Obtain Sufficient Appropriate Evidence



Effect of Uncorrected Misstatements



Preparing the Assurance Report

Kazuko Yoshimura

Preparing the Assurance Report

KEY PRINCIPLES

- ➢ Provide in writing
- ➢ Clear communication, especially a clear expression of the practitioner's reasonable assurance opinion or limited assurance conclusion
- ➢ No standardized format required (tailor to the specific engagement circumstances)

Basic Elements to Be Included

- A title
- An addressee
- The practitioner's conclusion
- The basis for conclusion or opinion
- Other Information (where applicable)
- Responsibilities for the Sustainability Information
- Inherent limitations in preparing the Sustainability Information (if applicable)
- Practitioner's responsibilities
- Summary of work performed (for limited assurance)
- The practitioner's signature
- The location where the engagement leader practices
- The date of the assurance report

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Examples of Conclusions

Unmodified Conclusion	Modified Conclusion		
	Qualified	**Disclaimer**	**Adverse**
(Limited) **nothing has come to our attention** that causes us to believe that the [SI] is not fairly presented/ prepared (Reasonable) [SI] **is fairly presented/ prepared**	**except for** the possible effect of the matter described in the Basis for Qualified Conclusion/ Opinion section of our report	**Because of … we have not been able to obtain sufficient appropriate evidence** to form a conclusion on the [SI]. Accordingly, **we do not express a conclusion** on that [SI].	**Because of …** the [SI] **does not present fairly** the entity’s compliance with/ **is not prepared in accordance with** “XYZ criteria

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Inherent Limitations, Emphasis of Matters, Other Matters Paragraphs

Inherent Limitations in Preparing the Sustainability Information	Emphasis of Matter	Other Matter
Significant inherent limitations associated with the **measurement or evaluation of the sustainability matters** against the applicable criteria. This includes inherent limitations relating to **forward-looking information.**	Draws intended users' attention to a matter **presented or disclosed in the sustainability information** that, in the practitioner's judgment, is of such importance that it is fundamental to intended users' understanding of that information.	Communicates a matter other than those that are presented or disclosed in the sustainability information that, in the practitioner's judgment, is relevant to **intended users' understanding of the engagement, the practitioner's responsibilities or the assurance report**.
	• If not prohibited by law or regulation • Clearly indicates the practitioner's conclusion is not modified in respect of the matter	

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Other Considerations

Other Reporting Responsibilities

Different Engagement Scenarios (e.g., narrow scope, multiple reporting frameworks)

PIE or Listed Entity

ISSA 5000 and Other Assurance Standards

Reference to Practitioner's Expert

Other Information

Questions

ISSA 5000 in Focus Webinar Series

Webinar #1: **Foundational Principles and Concepts**

Webinar #2: **Engagement Planning, Risk Assessment and Response**

Webinar #3: **Concluding and Reporting on Sustainability Assurance Engagements**

Recordings will be made available here: [ISSA 5000 webpage]

Key Resources

ISSA 5000 *General Requirements for Sustainability Assurance Engagements*

ISSA 5000 Implementation Guide

ISSA 5000 Frequently Asked Questions: Applicability Matters

More Resources

TO LEARN MORE

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