

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)	Pan African Federation of Accountants
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Lebogang Senne – Director: Technical Excellence
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	lebogangs@pafa.org.za
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.	Africa and Middle East
	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.	Assurance practitioner or firm - accounting profession
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	ETY sas (“ETY”, “we” and “our”) accounting firm with diverse clients in public and private sector

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):

ETY agrees that ED-5000, as an overarching standard, can be applied for each of the items described in paragraph 14 of the EM to provide a global baseline for sustainability assurance engagements.

However, we would like to highlight some concerns and improvements required in the standard in respect of the following matters:

Use by all assurance practitioners:

- We do have concerns around how the assessment of 'at least as demanding' will be made, monitored and enforced in jurisdiction where IESBA code and ISQMs are not adopted or adapted and resources are lacking for regular relevant jurisdictional regulations assessments against the code and ISQMs. In our view that can be specifically challenging in developing countries, we therefore strongly recommend considering issuing a guidance to assist in the assessment.

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 Section 1-B, and Appendix)

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

Detailed comments (if any):

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: [Yes \(with no further comments\)](#)

Detailed comments (if any):

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 requirements in their own are sufficiently clear, the reality of many jurisdictions is that there is no single body that regulates all professions who might apply the proposed standard. To that end, outside the accountancy profession in jurisdiction where the IESBA code and ISQMs are adopted or adapted, the effective implementation and monitoring of the concept of “at least as demanding” is questionable.

Additionally the concept “at least as demanding as” can be challenging to be made, monitored and enforced consistently in developing countries’ jurisdictions as mentioned above in question 1. We suggest additional application materials to make it clearer, including illustrative examples or guidance to assist PAOs, practitioners and regulators in the implementation

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 \(with no further comments\)](#)

Detailed comments (if any):

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: Yes, with comments below

Detailed comments (if any):

We recommend that the IAASB provide more practical examples to clarify the connection between sustainability matters, sustainability information, and disclosures across different sustainability engagement projects.

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):

In general, we agree with the differentiation in approach and recognize that this is in line with the general expectation that the procedures the practitioner will perform in a limited assurance engagement will vary in nature and timing from, and are less in extent than for a reasonable assurance engagement.

We will welcome guidance spotting that differentiation for practical use purposes by SMPs.

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 no further comments)

Detailed comments (if any):

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 no further comments)

Detailed comments (if any):

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: Yes (with no further comments)

Detailed comments (if any):

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: Yes (with no further comments)

Detailed comments (if any):

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: Agree (with no further comments)

Detailed comments (if any):

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):

In general, we agree with the differentiation in approach and recognize that this is in line with the general expectation that the procedures the practitioner will perform in a limited assurance engagement will vary in nature and timing from, and are less in extent than for a reasonable assurance engagement.

However we question whether sufficient guidance is given on Control environment and entity's risk assessment (103R and 104R of the ED) for Reasonable assurance engagements while leaving for the same components required for Limited Assurance engagements. Requirements for Limited Assurance engagements should be included if different from those for reasonable ones or the "R" deleted in order to clarify that paras 103 & 104 are requirements for both engagement types.

It is unclear what the distinction is in requirement between para 102L(b) referring to "The results of the entity's risk assessment process" vs para 102R(b) only stating "The entity's risk assessment process". We recommend that this difference be more clearly explained.

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 our view the requirement on paragraph 17(p) in isolation, it is not clear that "Another practitioner" does not form part of the engagement team. However we acknowledge that para 17(p) refers to paragraph A22, where it is explained who is referred to as "another practitioner". We recommend that the last part of para A22 be updated to include the definition of another practitioner for more clarity as noted under paragraph A17 (p).

There has also been a call for clarification on how the work of experts can be referenced by the assurance practitioner. ISA 620 prohibits any reference to using the work of an expert in the auditor's report. The ED does not have such a prohibition and the application material suggests the assurance practitioner could refer to the work of an expert in their assurance report where they issue a qualified opinion/conclusion.

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 no further comments)

Detailed comments (if any):

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 welcome detailed guidance in the standard on generally acceptable methods, assumptions, data, and the evaluation of any significant deviations/misstatements on the practitioner's report.

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):

We recommend more examples being provided to adequately distinguish the risk procedures. It is not clear what is meant by "identify disclosures where material misstatements are likely to arise" or how a practitioner would practically go about doing this.

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):

There is limited guidance on consolidated sustainability information presented by an entity especially where the group is diverse and has exposure to various industries. What would be considered material at group level? More guidance on the materiality process performed by management at group level and the determination of materiality by the practitioner including benchmarks and thresholds is welcomed.

For example, for a holding company with operations in different regions, how would a practitioner consider the overall impact on the audit report where misstatements identified in one region are offset by “good results” in another region on similar or different disclosures.

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 ED appropriately addresses the topic of fraud, but the guidance appears in various sections. We recommend a comprehensive single section and related application guidance on fraud being included to highlight the way fraud is addressed in public interest and make implementation for that specific requirements more practical.
- IAASB should clearly define Greenwashing or refer to an accepted definition, provide examples and guidance on intentional and non-intentional aspects as this usually difficult to distinguish in practice in a complex and evolving sustainability eco-system, particularly in respect of qualitative disclosures.

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: Yes (with no further comments)

Detailed comments (if any):

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):

There has been a request for more examples of sustainability assurance reports, including examples of inherent limitation paragraphs or wording for engagements assuring sustainability reporting information against common frameworks.

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: Agree (with no further comments)

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: Yes (with no further comments)

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: Yes, with comments below

Detailed comments (if any):

We recommend the IAASB follows the ongoing work of the IPSASB on sustainability in order to take into account emerging specific questions.

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

Overall response: No other matters to raise

Detailed comments (if any):

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: See comments on translation below

Detailed comments (if any):

We found some sentences in our view so long that we recommend the IAASB shortens or reword them to ease translation:

- Para 5 (a) “The members of the engagement team and the engagement quality reviewer (for those engagements where one has been appointed) are subject to 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 assurance engagements, or other professional requirements, or requirements in law or regulation, that are at least as demanding; and (Ref: Para. A4–A5, A44–A49)”
- Para 17 (d) (ii) “Limited assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner’s attention to cause the practitioner to believe the sustainability information is materially misstated.”

- Par 17 (d) (j) “Engagement circumstances – The broad context defining the particular assurance engagement, which includes: the terms of the engagement; the scope of the engagement and whether it is a reasonable assurance engagement or a limited assurance engagement; the characteristics of the sustainability matters; the applicable criteria; the information needs of the intended users; relevant characteristics of the entity and its reporting boundary; the characteristics of the entity’s management and those charged with governance; and other matters that may have a significant effect on the engagement.”

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: See comments on translation below

Detailed comments (if any):

In our view a 24 months period with earlier application permitted and encouraged will be more suitable to allow preparation and implementation as in some jurisdictions, resources are lacking. More educational material is to be prepared and stakeholders trained for effective implementation.