

## 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)	European Confederation of Institutes of Internal Auditing (ECIIA)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Pascale Vandebussche
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	p.vandebussche@eciia.eu
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.	<a href="#">Europe</a>
	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.	<a href="#">Assurance practitioner or firm - other profession</a>
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	Info available on our website: <a href="http://www.eciia.eu">www.eciia.eu</a>

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

**Detailed comments (if any):**

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

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

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

**Detailed comments (if any):**

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

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

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

**Detailed comments (if any):**

*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):**

We suggest ED-5000 would be clearer if a definition of “preliminary knowledge” was added to the Definitions section. Adding information about gaining an understanding of industry best practices or benchmarking considerations would be helpful, as would providing specific examples of what is expected to achieve/demonstrate “preliminary knowledge.”

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

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

**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 comments below](#)

**Detailed comments (if any):**

It is hard to determine at a high-level how entities will be impacted with sustainability matters, so being as specific here as possible would be helpful. The process evaluating the materiality impact is key.

Moreover in Europe, EFRAG will issue not mandatory guidelines soon. The way to consider them by EA is important.

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

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

**Detailed comments (if any):**

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

**Detailed comments (if any):**

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

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

**Detailed comments (if any):**

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

**Detailed comments (if any):**

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

**Detailed comments (if any):**

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

**Detailed comments (if any):**

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

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

**Detailed comments (if any):**

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

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

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

**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):**

### **Definitions (Page 10)**

(x) Internal audit function – A function of an entity that performs assurance and ~~consulting~~ advisory activities designed to evaluate and improve the effectiveness of the entity’s governance, risk management and internal control processes. Use of the term “consulting” is changing to “advisory” in the newly revised [The IIA’s 2024 Global Internal Audit Standards](#)<sup>TM</sup> being published in early January.

### **Using the Work of the Internal Audit Function (Page 18)**

55. If the practitioner plans to use the work of the internal audit function, the practitioner shall: (Ref: Para. A126-A128) Recommend defining “practitioner.” The document currently reads: This project includes the development of ethics and independence standards for implementation and use by all sustainability assurance practitioners (i.e., professional accountants and other professionals performing sustainability assurance engagements.) These engagements could be second line or third line, so suggest further clarification.

(a) Evaluate the extent to which the internal audit function’s organizational status and relevant policies and procedures support the objectivity and independence of the internal auditors;

(b) Evaluate the professional background and levels of competence and experience of the internal audit function, including in sustainability matters and applicable criteria; As competence is not defined, suggest a better way to say this as: “Evaluate the professional background and levels of competence and experience of ....”

(c) Evaluate whether the internal audit function applies a systematic and disciplined approach, including a system of quality control and periodic reporting to the board/audit committee;

(d) Determine whether the internal audit function adheres to the most current global internal auditing standards, as promulgated by The IIA;

€ Determine whether the internal audit function has an established internal audit Quality Assurance and Improvement Program, as defined by the most current global internal auditing standards, as promulgated by The IIA;

(e) Determine whether, and to what extent, to ~~use~~ rely upon and reference specific work of the internal audit function; and

(f) Determine whether that work is adequate for the practitioner’s purposes. Suggest you could elaborate here. In (e) if it says “rely upon” the work of the internal audit function, then, once that is done, is the work reliable? Have they done a good job? Is it sufficient to achieve objectives?

### **Inquiries and Discussion with Appropriate Parties (Page 27)**

101. The practitioner shall make inquiries of appropriate parties and, when appropriate, others within the entity regarding whether: (Ref: Para. A310-A311)

(a) They have knowledge of any actual, suspected, or alleged fraud or non-compliance with laws and regulations affecting the sustainability information; and

(b) The entity has an internal audit function and, if so, makes further inquiries to obtain an understanding of the activities and ~~main~~ significant findings, if any, of the internal audit function with respect to the sustainability information. Suggest “main” is not clear, while “significant”

means impact on the organization. We also suggest to list domains where internal audit can help (ESG governance, ESG strategy, culture change.....)

## **Forming the Assurance Conclusion (Page 42)**

### *Evaluating the Evidence Obtained*

160. The practitioner shall evaluate the sufficiency and appropriateness of the evidence obtained, including evidence from the work performed by a practitioner's external expert, another practitioner or internal audit function, and, if necessary, in the circumstances, attempt to obtain further clarification including additional evidence. In making this evaluation, the practitioner shall: (Ref: Para. A444-A447)

(a) Evaluate whether the evidence obtained meets the intended purpose of the procedures and supports the conclusions; and

### *Documentation (Page 44)*

167. The practitioner shall include in the engagement documentation:

(a) The basis for the engagement leader's determination conclusion in accordance with paragraph 166(b) that sufficient appropriate evidence has been obtained, including:

## **Application and Other Explanatory Material**

### **Using the Work of the Internal Audit Function (Ref: Para. 55) (Page 79)**

A127. The extent to which the internal audit function's organizational status and relevant policies and procedures support the objectivity and independence of the internal auditors and the level of competence of the function are particularly important in determining whether to use and, if so, the nature and extent of the use of the work of the function that is appropriate in the circumstances.

A128. Factors that may affect the practitioner's evaluation of whether the internal audit function applies a systematic and disciplined approach include the following:

- The existence, adequacy and use of documented internal audit procedures or guidance (i.e., the most current global internal auditing standards, as promulgated by The IIA) covering such areas as risk assessments, work programs, documentation and reporting, the nature and extent of which is commensurate with the size and circumstances of an entity.
- Whether the internal audit function has appropriate quality control policies and procedures, for example, policies and procedures that would be applicable to an internal audit function (such as those relating to leadership, human resources and engagement performance and supervision) or quality control requirements in standards set by the relevant professional bodies for internal auditors. Such bodies may also establish other appropriate requirements such as conducting periodic external quality assessments.

## **Planning (Page 110)**

A262. The nature and extent of planning activities will vary with the engagement circumstances, for example, the complexity of the sustainability matters and applicable criteria. Examples of matters that may be considered include:

Suggest adding this bullet: A clearly defined scope, objectives and time period of review.

- The characteristics of the entity and its activities;
- Whether the engagement is a limited assurance engagement, reasonable assurance engagement or a combination of both.
- The nature of the disclosures.

- The expected timing and the nature of the communications required with management or those charged with governance.
- The reporting boundary. [Suggest clarifying what is meant in this bullet.](#)
- The practitioner’s understanding of the entity and its environment, including the risks that the disclosures may be materially misstated.
- The intended users and their information needs.
- The extent to which the risk of fraud is relevant to the engagement.
- The nature, timing and extent of resources necessary to perform the engagement, such as expertise required, including the nature and extent of the involvement of experts.
- If the entity has an internal audit function, ~~the impact on the engagement coordination exists between assurance providers to avoid duplication.~~

**The Entity’s Process for Monitoring the System of Internal Control (Ref: Para. 102R(c), 105R) (Page 125)**

A327R. Understanding the entity’s process for monitoring the system of internal control relevant to the preparation of the sustainability information may involve understanding:

- (a) Those aspects of the entity’s process that address:
- (i) Ongoing and separate evaluations for monitoring the effectiveness of controls, and the identification and remediation of control deficiencies identified;
  - (ii) The entity’s internal audit function, if any, including its nature, responsibilities, ~~and~~ activities, [and evaluation of the design and operating effectiveness of related internal controls; and](#)
- (b) The sources of information used in the entity’s process to monitor the system of internal control, and the basis upon which management considers the information to be sufficiently reliable for the purpose.

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

**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 ISSA. If not, what do you propose and why?

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

**Detailed comments (if any):**