



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

## **Response from the Public Accountants and Auditors Board (PAAB), Zimbabwe**

01 December 2023

The Public Accountants and Auditors Board (PAAB), Zimbabwe, was established by section 4 of the Public Accountants and Auditors Act, 1995 (as amended) (the Act). Public accountants (public auditors) are defined in the Act as any person registered by the PAAB to provide public accountancy services (public audit services) to any person, including a public company or statutory body. PAAB is the National Standards Setter in Zimbabwe responsible for endorsing and adopting international accounting standards, international standards on auditing and international public sector accounting standards when they meet certain criteria for prescription by statutory regulation by PAAB in accordance with section 44(2)(a) of the Act. PAAB is responsible for defining and enforcing ethical practice and discipline among registered public accountants and public auditors and setting Ethics standards (section 5(1)(d) of the Act); and representing the views of the accountancy profession on national, regional, and international issues (section 5(1)(g) of the Act). PAAB also plays a role in accountancy-specific education (section 5(1)(h) of the Act).

Further information about PAAB can be obtained at [www.paab.org.zw](http://www.paab.org.zw)

Any questions arising from this submission should be directed to:

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# PAAB

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1 December 2023

**PAAB ZIMBABWE COMMENT LETTER TO THE IAASB EXPOSURE DRAFT: PROPOSED ISSA 5000,  
GENERAL REQUIREMENTS FOR SUSTAINABILITY ASSURANCE ENGAGEMENTS**

Dear Chairman,

We are writing on behalf of the Public Accountants and Auditors Board Zimbabwe to comment on the IAASB's Proposed ISSA 5000, General Requirements for Sustainability Assurance Engagements. PAAB is pleased to present its comments on this Exposure Draft.

**General Comment on the Consultation paper**

Sustainability reporting and assurance is a new sphere of reporting and assurance. It will be expected that it may take time to fully grasp and the IAASB should provide periodic and regular guidance, examples, best practice and implementation methodology for all types of sector specific matters.

The PAAB followed a due process in coming up with this comment letter. Under the due process the PAAB technical staff conducted research, consulted key stakeholders, and drafted this comment letter.

**Response to Specific Matters for Comment**

Detailed comments on the Specific Matters for Comment are provided in the attached Annex.

Admire Ndurunduru  
Secretary, PAAB

Tanaka Zhangazha  
Technical Standards, PAAB

ANNEX 1: Exposure Draft (ED) ISSA 5000: Proposed Standard on general requirements for sustainability assurance engagements

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):** All mechanisms for reporting

However, the PAAB believes that in order to provide a global baseline for sustainability assurance engagements, the standard must deliver a global system for consistent and comparable assurance-sustainability information through establishment of a mandatory global reporting system of reporting sustainability related information.

*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 Public Interest Framework of the Monitoring Group report of July 2020 intimates that a report of November 2017 uncovered the following:

- (1) the public interest is not given sufficient weight throughout the standard-setting process,
- (2) stakeholder confidence in the standards is adversely affected as a result of the perception of influence of the accountancy profession on two grounds:
  - (a) IFAC's role in funding and supporting the standard-setting boards and running the standard setting board nomination process; and
  - (b) audit firms and professional accountancy bodies providing a majority of standard-setting board members and input to the consultation processes for development of standards, and
- (3) In a constantly changing audit and business environment, standards as currently developed might lack the necessary relevance and timeliness to underpin audit quality and user confidence.

Based on the Above, we agree with the IAASBs proposals. Further guidance is given in the appendix contained in the explanatory memorandum to answer qualitative standard-setting characteristics and standard-setting action in the project proposal.

## 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 comments below

**Detailed comments (if any):** The relationship is very clear and the standard detailed and scopes in where ISAE 3410 is relevant in particular reference to when a separate conclusion is being provided on with regards to Greenhouse gas statements which is clearly stipulated.

### *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:** No, with comments below

**Detailed comments (if any):** The concept of “at least as demanding” is not sufficiently clear as:

**Feedback1:** The intent behind the phrase “at least as demanding” is fairly clear, possibly not phrased appropriately. It appears to relate to meeting as a minimum requirement the threshold of, for example the IESBA code and if there is another regime in place like regulatory requirements which require a higher bar or standards then to follow such regulatory requirement and where the regulatory bar is not as high then follow the higher bar, which is the IESBA code.

**Feedback 2:** It is key to set out characteristics or indicators(such as scalability, is it a PIE, ETC) that may lead to the conclusion that the situation is at least as demanding as per ISQM or IESBA as certain entities may fail to comply with regulations highlighting that it was not at least demanded as per their own assessment.

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

**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 PAAB believes that there is an endeavor to 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.

*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 comments below](#)

**Detailed comments (if any):** The PAAB believes that framework may be proposed by the IAASB as a guideline to ensure uniformity and understandability (since this is a topic in its relative infancy) as materiality is inherently more challenging to determine as opposed to financial information. The practitioner will have to summon appropriate judgment, evaluate risks, avoid subjective bias and obtain a thorough understanding of the scope and nature of the engagement.

*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):** These are areas of novelty, complexity, subjective or wrong interpretation and judgment, which if not properly applied can lead to ultimately the wrong opinion being proffered. More guidance with practical simulated examples may help practitioners

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):**

**Feedback 1:** The notion on double materiality is clear though they may be need to include it under the definitions and clearly state out how it is scoped out of consideration when looking at the financial performance impact materiality as this may be a grey area and they maybe inclusion under the qualitative aspects relating to the financial performance impact.

**Feedback 2:** The notion of double materiality is explained well in the frequently asked questions document titled “Proposed ISSA 5000: The Application of Materiality by the Entity and the Assurance Practitioner”. Notwithstanding, application may be challenging particularly in situations where if the notion of double materiality is relevant to the engagement, the practitioner applies a double materiality “lens” (i.e., “looks both ways” at financial materiality and impact materiality) but considers or determines a single materiality for purposes of planning and performing procedures at the disclosure level and evaluating whether identified misstatements are material. The degree of subjectivity in respect of impact materiality remains and is as yet not clear cut in spite of the principles set forth. It will heavily rely on judgment and may lead to disagreements with management.

### *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 comments below](#)

**Detailed comments (if any):**

**Feedback 1:** This is a necessity and key focus to ensure that materiality is not biased or skewed and is cognizant of all factors. The explanation and guidance regarding qualitative factors in respect of disclosures being accurate and complete (i.e., do not omit information that may affect the users' decisions), and do not include information that obscures the presentation of the disclosures is a good side.

**Feedback 2:** The two are different and in distinguishing and setting out the parameters or elements to consider when reporting on qualitative and quantitative we will find reporting improving as it is easily done for the quantitative aspects and harder with regards to qualitative aspect.

### *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):** For both limited and reasonable assurance engagements, the extent, nature and coverage of obtaining an understanding and testing of internal controls needs to be determined on a case by case basis to the extent that it will assist in obtaining all the necessary and relevant information to form an opinion.

*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):** The distinction provided in paragraph A22 of the ED is clear as to who is referred to as "another practitioner".

What requires further explanation relates to a situation where a practitioner issues an opinion based on the work of another practitioner yet is unable to direct, supervise and review that work.

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):** Challenge of management and experts, together with a rigorous understanding of the subject matter/s will have to be brought to the fore in all engagements. Also audit techniques like corroboration, confirmation, inspection, observation may have to be strenuously applied since it is inherently more challenging to provide assurance on estimates and forward-looking matters.

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

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

**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:** [Disagree, with comments below](#)

**Detailed comments (if any):** Consideration of the fraud triangle and its significance and nature to the topic of fraud requires further consideration particularly opportunities. Pressure and rationalization has been covered to some extent. Working with these categories to determine what fraud may take place in reporting on sustainability will expand the fraud scope and be clearer to practitioners and preparers. Examples given of fraudulent situations in A296 are welcome, although it is difficult to determine if fraud occurred as per the last point in A296 which is “Immature systems of internal control over sustainability reporting”. Considering the potential for fraud when considering the risks to achieving the entity’s objectives is critical as per A325R (c). Further examples may be necessary over time based on post-implementation reviews and other interactions between stakeholders. Practitioners and preparers need to alive to emerging

trends and sophistication in fraud mechanisms.

### *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:** No, with comments below

**Detailed comments (if any):** The PAAB believes that there will be need for a continuous cycle of improvements, modifications, alterations and amendments to ensure it is fit for the purposes of user requirements.

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:** Disagree, with comments below

**Detailed comments (if any):** The PAAB believes that this should be addressed in this standard.

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:** No (with no further comments)

**Detailed comments (if any):** There is substantive overlap between public sector and non-public sector entities when reporting both on financial statements and or sustainability. Additional guidance or examples provided by public sector stakeholders may be considered if are considered relevant and will provide users of financial statements with more reliable, relevant and faithful presentation.

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

**Overall response:** Agree, with comments below

**Detailed comments (if any):** This will give ample time for understanding, training, and implementation.